BEIJER REF

Annual Report 2017

CONTENTS

Across large parts of the world, products from Beijer Ref contribute to the right temperature and a stable indoor climate. Refrigeration, heating and air conditioning are hygiene factors for many businesses that must be able to rely on systems working properly.

Beijer Ref's customers install and maintain equipment in shops, offices, restaurants and many other environments. The Group meets their needs with a broad, high-quality product range and with modern, eco-friendly technology.

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 2016 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 2018.

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 42-43 and 54-84.

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.

The year in brief

New acquisitions and launches of eco-friendly technology.

• Beijer Ref acquires the refrigeration wholesaler TecsaReco In South Africa. The transaction provides Beijer Ref with access to a large distribution network and new sales channels, reinforcing the Group's presence in South Africa.

• Another acquisition is made when Beijer Ref buys the Toshiba distributor DX Por. This establishes the Group in a new market - Portugal. The acquisition also reinforces the Group's presence on the Iberian peninsula.

• Beijer Ref's proprietary product CUBO$_2$ Smart is launched. It is the first eco-friendly chiller that has been adapted for installations in places such as small shops, petrol stations and restaurants.

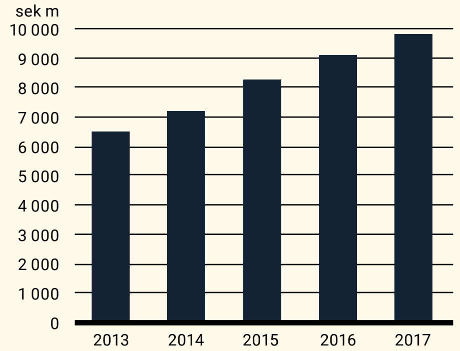
• The Group's subsidiary SCM Frigo is chosen by the retail chain Metro to supply their first environmentally adapted refrigeration system in a store in Beijing, China. This order opens the possibility of more installations in the Chinese market.

• The TripleAqua heat pump is named the best innovation project at the European Technology and Innovation Platform on Renewable Heating & Cooling in Brussels. The technology is based on the natural refrigerant propane and uses a triple-pipe system that both cools and heats different rooms simultaneously, and also stores energy.

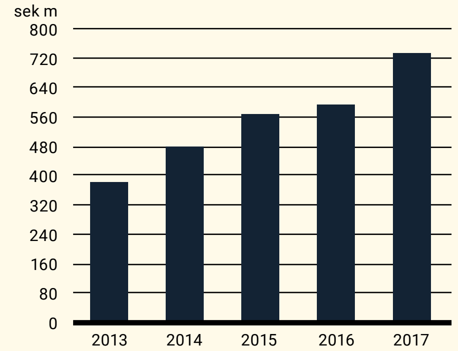
• Beijer Ref delivers Chile's first eco-friendly CO_2 order. The system is installed in a store that is part of one of Chile's biggest food retail chains. The activity was carried out with support from the Chilean Ministry of the Environment and the global initiative CCAC (Climate and Clean Air Coalition).

• The Group opens a large new logistics centre in Eindhoven in the southern Netherlands. The facility, which covers just over 12,000 m^2, will be a new logistical hub for Beijer Ref's companies in Benelux and Central Europe. With offices, meeting rooms, showrooms and a large assembly hall, the logistics centre brings new opportunities for efficient stock management and the development of new, green technology.

SALES



OPERATING PROFIT



KEY FIGURES

	2017	*2016*	*2015*	*2014*	*2013*
Sales, sek m	9 830	9 045	8 361	7 189	6 595
Operating profit, sek m	725	593	567	481	412
Profit after tax, sek m	521	399	373	325	269
Profit per share, sek	12.06	9.17	8.64	7.46	6.10
Proposed dividend per share, sek	5.75	5.50	5.25	5.00	4.75
Market value, sek	316.5	216.0	200.5	127.5	140.0

KEY FIGURES BY QUARTER 2017

Q1 2017 Compared with the same period 2016.	**Q2 2017** Compared with the same period 2016.	**Q3 2017** Compared with the same period 2016.	**Q4 2017** Compared with the same period 2016.
Net sales increased by 13% to SEK 2 218M.	Net sales increased by 10% to SEK 2 657M.	Net sales increased by 4% to SEK 2 555M.	Net sales increased by 9% to SEK 2 401M.
Operating profit increased by 20% to SEK 107M.	Operating profit increased by 20% to SEK 223M.	Operating profit increased by 25% to SEK 217M.	Operating profit increased by 24% to SEK 179M.
Profit for the period increased by 18% to SEK 72M.	Profit for the period increased by 27% to SEK 154M.	Profit for the period increased by 28% to SEK 149M.	Profit for the period increased by 47% to SEK 146M.

This is Beijer Ref

One of the world's biggest refrigeration wholesalers.

Commercial refrigeration

Refrigeration installations for, among others, food stores, shopping malls and hotels.

Industrial refrigeration

Process refrigeration supplied to, for example, ice rinks, manufacturing industry and the offshore sector.

Comfort cooling (HVAC)

Climate control and ventilation for homes, offices and shops.

Own manufacturing (OEM)

In-house manufacturing of eco-friendly refrigeration systems and heat pumps.

Beijer Ref is a trading group of companies that provides customers all over the world with a broad range of solutions in the fields of commercial and industrial refrigeration, as well as heating and air conditioning. The company is listed on Nasdaq Stockholm.

PRODUCTS

The products consist primarily of refrigeration systems, components for refrigeration systems, air conditioning technology and heat pumps. Most of the product range comes from leading suppliers such as Toshiba, Danfoss, Carrier, Mitsubishi Heavy and Bitzer. A small proportion of sales comes from in-house manufacturing.

GEOGRAPHICAL COVERAGE

The Group has around 2,700 employees working in 35 countries. Beijer Ref's base and head office have been in Malmö for just over 150 years. With wholly-owned subsidiaries in Europe, Africa, Asia and Oceania, the Group is one of the biggest refrigeration wholesalers in the world.

CUSTOMERS AND MARKET

Beijer Ref's products in the field of cooling, refrigeration and air conditioning systems can be found in modern buildings, in everything from department stores and shops to petrol stations and offices. The products meet demand primarily in four segments:

Commercial refrigeration
Industrial refrigeration
Comfort cooling (HVAC)
In-house manufacturing (OEM)

The end customer might be, for example, a department store with refrigerated display counters or a restaurant or office that needs air conditioning. They often buy their refrigeration and air conditioning solutions through an installation contractor. Orders can be for both complete product solutions and spare parts. The after-sales market accounts for a significant element of Beijer Ref's net sales.

OEM

For a number of years, Beijer Ref has also been focusing on in-house product development and the manufacturing of refrigeration systems and heat pumps. Work is carried out on innovation and product development in the OEM segment, with the production of more eco-friendly alternatives. In-house manufacturing has been implemented in subsidiaries in France, the Netherlands, Sweden, South Africa and Thailand. These companies currently supply markets in large parts of the worlds with standard solutions and customised total concepts.

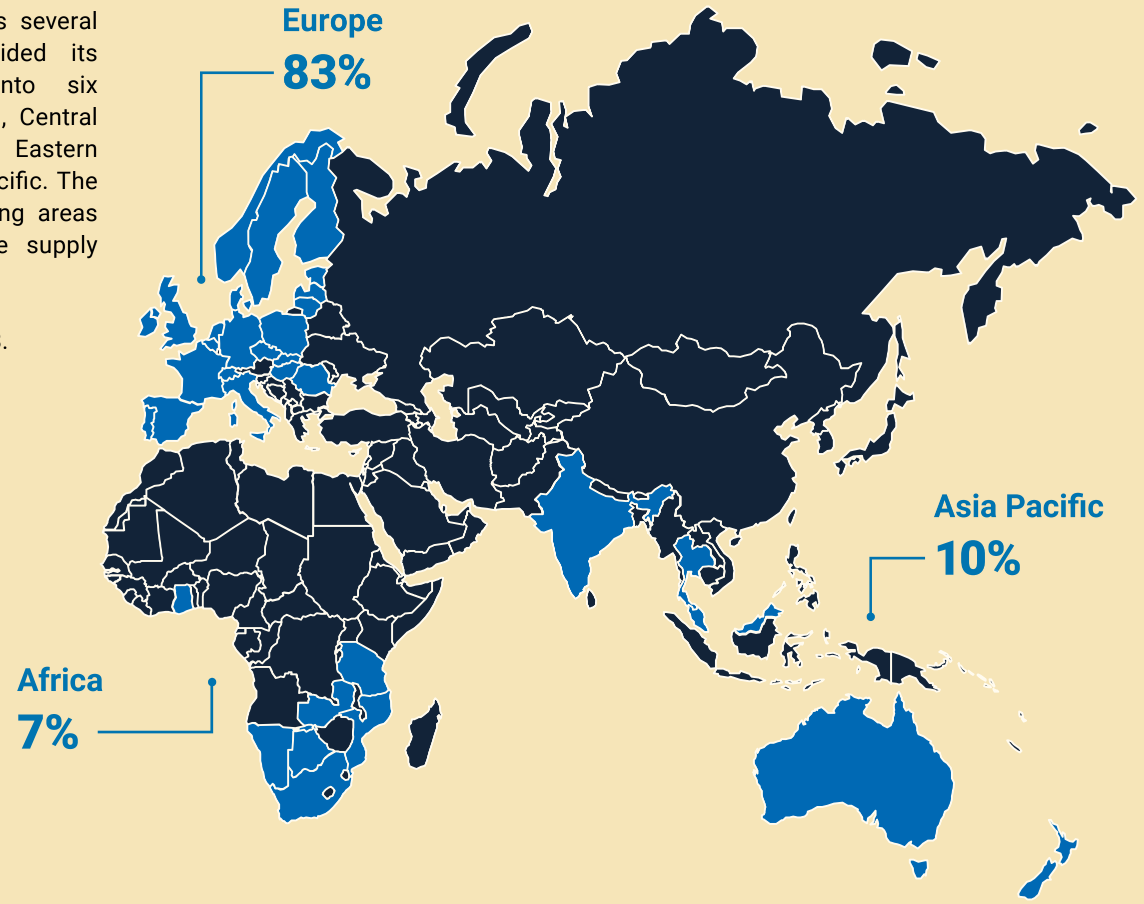
DISTRIBUTION AND SALES

Beijer Ref distributes its products through its own network of wholesalers. These consist of offices and branches, as well as warehouses and logistics centres in each country. The subsidiaries trade either under Beijer Ref's name or under their local names.

SIX GEOGRAPHICAL REGIONS

Beijer Ref operates across several continents and has divided its geographical markets into six regions: the Nordic region, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific. The structure of regional trading areas achieves efficiency in the supply chain, sales and logistics.

Read more on pages 28 - 33.



Our History

From grains and coal to a world leading group within refrigeration.

1866

G&L Beijer is founded in Malmö

1953

Oil replace coal as primary source of energy

1992

G&L Beijer is reconstructed, Skrinet acquires 62% of the shares

1995

Skrinet changes its name to G&L Beijer

2000

Beijer Electronics is handed out to the shareholders and becomes an independent company

2004

Beijers acquires Danfoss' wholesaler business, with operation in six European countries

2009

Beijers makes its largest transaction so far with the American Carrier Corporation, with operation in seven countries in Europe as well as in South Africa

2010

Beijer Tech business area is sold to Beijer Alma

2011

Exclusive distribution contract in eleven European countries with Japanese company Toshiba

2014

G&L Beijer Group changes its name to Beijer Ref

2015

Beijer Ref extends its global presence by a number of acquisitions in Asia and Oceania

2018

Some 150 years after the Beijer brothers start their operation, their surname has become synonymous with one of the world's leading refrigeration groups

New times bring new opportunities

We can look back with satisfaction on 2017 – our strongest year so far. Beijer Ref grew, both organically and through acquisition. Our OEM green technology was sold to customers all over the world, and work on digitalisation reached a milestone at the end of the year with the launch of the e-commerce solution.

Net sales are approaching SEK 10 billion, and we are now a Group of a significant size that is making a serious difference in the refrigeration and HVAC (comfort cooling) industry.

Our organic growth in 2017 reached five per cent, and for the year as a whole we achieved a record-breaking increase in profit of 22 per cent. These figures can be explained by the fact that we have created a solid, successful base for the Group with dispersed geographical coverage, effective partnerships with suppliers and leading brands, and an efficient logistics chain that creates the conditions for high availability and short lead times.

NEW ACQUISITIONS TAKE US FORWARDS

Beijer Ref has been building up its presence in the market through strategic acquisitions for many years. 2017 was no exception. Two companies were added to the Group, one of the biggest refrigeration wholesalers in South Africa, TecsaReco, and the Toshiba distributor DX Por in Portugal. TecsaReco comes onto our books in the first quarter of 2018.

Both acquisitions give us stronger positions in important markets. The purchase of TecsaReco sees us expanding our presence in South Africa significantly, as the company has more than 300 employees and 23 branches in South Africa, Namibia and Botswana. The acquisition also gives us more exciting brands in new segments, enhancing our customer offering.

The purchase of DX Por means that we are adding one more country to our map of the world. The Iberian peninsula is a region with a high demand for comfort cooling in particular. Our extended presence there brings benefits and the conditions for growth, also in the commercial segment.

EXPERIENCE BRINGS SUCCESS

We have extensive experience of integrating companies into our Group structure and have created a successful model for achieving synergies, resulting in an increased gross margin for acquired companies. Apart from the fact that we have an attractive purchasing and logistics chain that the new acquisitions can quickly access, our strength also lies in our ability to add more products and brands, as well as new knowledge of green technology. We hope to be able to add more companies to the Group in 2018.

A FOCUS ON STRATEGIC AREAS

The fact that we are expanding outside our home market in Europe places stricter demands on stringency and strategy. In 2017 we therefore created six strategic focus areas, which now form the basis of our work. These areas are acquisition, OEM (in-house manufacturing), purchasing, logistics, digitalisation and CSR. We essentially have a decentralised organisational model in which the subsidiaries operate under their own responsibility. As we have become bigger, expectations of us as a Group have become greater. We therefore expanded our organisation during the year

to include more central functions that support strategic work within each area.

THE TRANSITION BRINGS OPPORTUNITIES

When the EU and the UN adopted resolutions in 2015 and 2016 respectively on the phasing out of F-gases, with the aim of reducing the greenhouse effect, it was obvious that the market is heading for a major transition. Refrigeration systems all over the world need to be converted or replaced. The EU is leading the way in driving the rate at which they are being phased out, while other UN countries are facing changes in the slightly longer term. These rule changes mean that there is an increased need for systems based on eco-friendly refrigerants. Beijer Ref is well-prepared to meet this demand. Our OEM business develops and manufactures advanced refrigeration systems based primarily on CO_2, propane and ammonia, and in recent years there has been a strong increase in sales. The Nordic countries are showing the greatest desire to switch to the latest technology, closely followed by the rest of Europe. The transition is also starting to be seen in other parts of the world. Evidence of this comes in the form of orders we received during the year from Chile, China, South Africa and Australia. This is paving the way for further investments in our green technology.

EXPORTING ENVIRONMENTAL EXPERTISE

There is an ambition to export the unique competence that exists within Beijer Ref to more markets. For some time now we have therefore had OEM operations in Sweden, France, the Netherlands, South Africa and Thailand, so that the manufacturing of modern, eco-friendly refrigeration technology can be carried out at more geographical locations. This enables us to retain our business model, i.e. to be close to our customers and be able to offer a high level of delivery reliability. It is our aim that the OEM area will continue to grow, both organically and through acquisition. The companies that manufacture the technology are also gathered under an umbrella name - SCM Ref - which emphasises our commitment in this area.

A MARKET IN TRANSITION

It is important to emphasise that the conversion to new green technology takes time, and while it is under way the market is in a transitional phase. Existing technology needs to be maintained, while at the same time customers need to invest and plan for the implementation of new technology. Our strength is that we can offer products and service for both scenarios so that customers can feel confident that they will receive deliveries, no matter at what stage of the process they are.

Although the Nordic region is leading the way in converting to new technology, we estimate that only around fifteen per cent of food shops in Sweden have upgraded their refrigeration equipment. This means that there is still a significant share of the market to which green technology can be supplied. There is also a perception that markets outside the EU have different time frames for planning the change in technology. The UN has therefore allocated around SEK 540 million to help countries outside Europe to get started in changing the technology so that F-gases can be replaced in due course. This is of course positive for Beijer Ref, but a situation may also arise where large parts of the market that have not responded to the information about the phase-out quotas are suddenly faced with legal requirements. To avoid this, we ourselves are passing on information about the phase-out programme at all levels, and encouraging people to plan to update their technology as soon as possible.

MARKET DEVELOPMENT 2017

In 2017 the Group's net sales grew by 9 per cent to SEK 9,830M. Net sales are distributed between six geographic regions, four of which are in Europe, one in Africa and one in Asia Pacific. The programme to phase out F-gases is having a largely positive effect in Europe, with increased interest in our eco-friendly refrigeration technology in all markets. Another factor that has contributed to our growth is our launch of a partnership with a main owner Carrier, under which we have been able to offer their product range in the field of air conditioning exclusively to most countries in Europe and South Africa.

It is worth making special mention of growth in the Central Europe region, where our companies in the UK and Ireland performed strongly in a mature market. The rate of growth in Central Europe during 2017 was around 14 per cent, and the profit increased by 34 per cent. The figures reflect, among other things, the effects of the fact that we have now incorporated our earlier acquisition in the UK, HRP, and merged the company's back office functions and logistics with the Group's two other refrigeration wholesalers in the market. Increased refrigerant prices because of import restrictions also contribute to the improved profit.

The Nordic region had a positive trend, growing by 3 per cent. Our traditional refrigeration business performed strongly, while our offshore business in Norway brings down the profit as a whole. The transition to green technology is very distinct here, with the food retail chains driving demand. The profit increased by 34 per cent.

Southern Europe, our biggest market, experienced a hot summer in 2017. This resulted in increased demand above all for comfort cooling, which generated growth of 9 per cent and a profit increase of 31 per cent. Our exclusive partnerships with Toshiba and Carrier are performing particularly well in these markets. There is also growth in Eastern Europe. Net sales increased by 12 per cent and the region reports a profit increase of around 36 per cent.

We can see a stable trend in the Asia Pacific region, especially in Australia. During the quarter the Group received its first order for a transcritical installation from a leading food retail chain. It is believed that demand for green technology will increase as new import restrictions are imposed on environmentally hazardous refrigerants in 2018. Thailand, Malaysia and India are all exciting markets with hot climates, and we believe they will contribute to our growth, also in the OEM segment. The sales increase for the region as a whole was 4 per cent and the profit rose by 13 per cent.

Africa is the only one of our regions reporting somewhat lower growth for 2017. South Africa was in recession for a few quarters, which restricted the level of sales. The market does, however, remain extremely interesting for Beijer Ref. When the economy recovers, there is a large population that is gradually acquiring greater purchasing power. This will also increase demand for air conditioning and refrigeration. Demand for green technology is also increasing, and Beijer Ref has already delivered the first transcritical installation to a food retail chain in Johannesburg.

E-COMMERCE BEING ROLLED OUT

Offering the opportunity to buy via various digital channels is a must in most industries, and ours is no exception. We have carried out thorough preparatory work by building our own e-commerce platform that can serve as a shared tool for all our companies. The e-commerce solution is based on a system in which the companies' and our suppliers' different article registers are coordinated so that we have increased visibility throughout the entire value chain. This enables us to offer our customers a smooth ordering channel, while at the same time we can reduce the number of products held in stock and coordinate deliveries to a greater degree. This will generate cost savings for Beijer Ref, and it will also be a more sustainable solution with fewer and smarter transport operations. The e-commerce platform was launched at the end of the year in the German market and will be introduced in more markets during 2018.

SUSTAINABILITY AT ALL STAGES

The profit figures we report would not have been possible without a sustainable approach. This applies not only to strategy and finance, but also the environment and people. We are a company that was founded more than 150 years ago, and our motto for many years has been to work with a long-term approach. Now this also includes working strategically on issues relating to the environment and CSR. We have taken more and important steps to clarify and formalise this work. With an enhanced organisation at central level and more resources that can offer support the subsidiaries in these issues, I know that we can add perspective and professionalism. Above all, we are involved in driving the development of eco-friendly technology that contributes to a better climate, something of which we are proud.

In the 2000s, Beijer Ref generated a total return for shareholders of 5,030%, compared with 216% for SIXRX. With the odd exception, we have also increased the dividend for almost successive 20 years, proof of the quality in our company. 2018 will be an exciting year, as we continue to work in line with our ambition to grow both organically and via acquisitions. We will also be further developing our green technology, driving our rate of digitalisation and creating more logistically efficient solutions. This is possible thanks to our engaged employees, who with their open attitudes enable us to be a Group that meets the challenges of the today with the solutions of the future. This paves the way for continued healthy growth for Beijer Ref.

Malmö i mars 2018
Per Bertland
CEO

A sustainable business concept

To be a trading group of companies that creates added value.

Beijer Ref's business concept is to be a trading group of companies that uses value-adding products to offer its customers competitive solutions in the areas of refrigeration and air conditioning.

BUSINESS MODEL AND VALUE CHAIN

Beijer Ref's business model is based on making Group-wide purchases from leading suppliers and brands, creating added value in the form of maintaining stocks, distribution, technical support and customer adaptation, before making sales and delivering to customers. The Group also manufactures and sells its own eco-friendly refrigeration technology.

Sales are made primarily to refrigeration installation contractors, service companies and contracting companies. They in turn deliver and install solutions for end customers, such as a food shop or an office. The products, which can be anything from complete refrigeration systems to small components and spare parts, are sold via just over 350 branches located across Beijer Ref's markets.

DIGITAL SOLUTIONS ON THE RISE

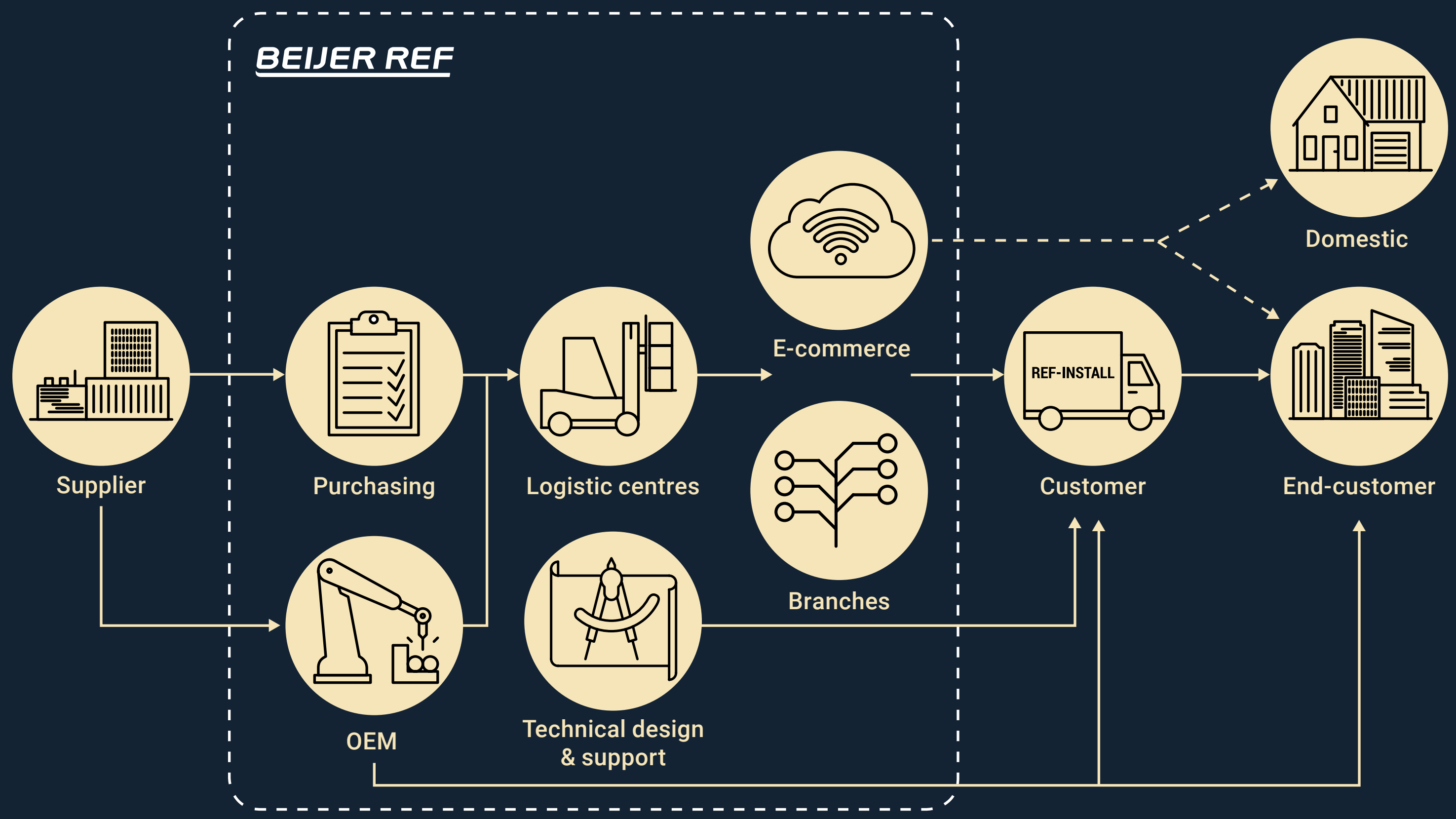
To best serve the market of the future, the business model is reviewed continuously. Like most industries, Beijer Ref's area of activity is moving towards a transition to digital solutions at several levels. Work is therefore under way to create new business solutions that can reach customers in new channels and at the same time add both quality assurance and cost savings.

SUSTAINABILITY STRENGTHENS THE CHAIN

The business model involves working with sustainability, which concerns both long-term financial success and issues relating to the environment and safety. Through close relationships with leading suppliers, Beijer Ref conducts a dialogue on product development that is adapted to the environment and the market's needs. Beijer Ref also contributes by developing and manufacturing its own eco-friendly technology, which is based on natural refrigerants.

A STABLE MODEL

Beijer Ref's business model has been durable and stable through the years. By focusing on trading activities and the distribution of refrigeration components, refrigeration systems and air conditioning, efficiency and good financial results have been achieved.



The value that Beijer Ref adds to the value chain from manufacturer to customer consists of holding stock, distribution, knowledge, technical support and customer adaptation, through both design and manufacturing. The fact that the Group also manufactures its own eco-friendly refrigeration technology is also of major importance in the creation of an attractive customer offering. As trading is gradually launched in digital channels, also aiming at the target group of consumers, some sales patterns may in future assume new forms.

Strategy and goals

To be the world's leading Group in the distribution of products for refrigeration and temperature control.

Beijer Ref has a stated mission - to provide the market with global expertise in the field of temperature-controlling products. By growing more quickly than the market, the goal is to attain a position as a world-leading operator.

THE BUSINESS'S FOCUS

Beijer Ref's business activity focuses on commercial and industrial refrigeration, air conditioning and heat pumps. By maintaining long-term, close partnerships with leading suppliers and brands, Beijer Ref aims to create added value for customers through its broad market presence and distribution.

Resources are concentrated primarily on the wholesale business, but there is also investment in the in-house manufacturing of advanced eco-friendly refrigeration system. This supplements the existing trading business and opens up possibilities in new market segments.

IN-HOUSE MANUFACTURING

In 2011 the company SCM Frigo was acquired, specialising in manufacturing complete refrigeration systems, refrigeration installations and heat pumps with a significantly eco-friendlier profile. The model quickly became successful, and in 2015 the Group made a decision to create manufacturing units in Sweden and France too, which together with the facilities in the Netherlands, Thailand and South Africa constitute what is known as the Group's OEM (Original Equipment Manufacturing) business. It is also gathered under an umbrella name - SCM Ref. The business is driven by customers' demand for bigger, eco-friendlier and in many cases customised solutions. The goal is to continue to develop modern, environmentally adapted technology as a good alternative to products based on refrigerants with high GWP (Global Warming Potential) values.

PURCHASING AND PARTNERSHIPS

The purchasing function is an important part of Beijer Ref's business model. Procurement takes place at both central and local level in order to achieve synergies and an advantageous price level. A significant element of this work is to create long-term, stable relationships with key suppliers. Dialogue and close collaboration provide greater knowledge of the market, which generates components and products that meet the requirements and needs of customers.

LOGISTICS AND DISTRIBUTION

With the objective of providing customers on several continents with a broad range of quality, Beijer Ref operates warehousing and distribution activities that are directly linked to the subsidiaries. This means that the Group has more than 25 local logistics centres and around 350 branches that specialise in supplying refrigeration and air conditioning. This provides rapid access to spare parts for service, maintenance and repairs. The Group has also established a number of regional central warehouses in order to optimise the logistics chain.

DIGITALISATION

One element of Beijer Ref's strategy is to look to the future at all times. For this reason, various digital programmes are now under continuous construction. The ambition is to be a clear leader in the industry when it comes to digital development. Beijer Ref is gradually expanding the current e-commerce structure, and the Group's digitalisation process will also result in new business opportunities, improved delivery quality and cost savings. The objective is that at least ten per cent of sales will come from digital channels in 2021.

SUSTAINABILITY AND CSR

Beijer Ref works strategically with sustainability and has created a framework for issues relating to the environment and CSR that is implemented at local level by the Group's subsidiaries. Goals are set in each area and form part of a specially developed sustainability framework.

VALUE GENERATION

Beijer Ref shall continue to grow organically and supplement this with acquisitions in existing and new markets in Europe and the rest of the world. The Group shall prioritise a long-term approach and stability in its business relationships.

The primary groups of stakeholders are shareholders, customers, employees and suppliers. Value is created for shareholders through a positive trend in the share price, through dividends and through growing with a good return on capital invested.

Value is created for the Group's customers by developing new, attractive products and services, further developing and improving the existing offering and guaranteeing good availability and short delivery times. Working in close collaboration with suppliers, shared market insights are translated into attractive products and services. Value is created for employees by means of Beijer Ref offering a stimulating job with competitive remuneration, good opportunities for skills development and a safe, healthy work environment.

ORGANIC GROWTH OVER GDP

The majority of Beijer Ref's markets are mature. Despite this, the Group's rate of growth exceeds GDP in these markets by an average of around two to three per cent. This is primarily because Beijer Ref's business has a strong link with the food industry, which has good underlying growth.

Over the period of the last ten years, 2008-2017, Beijer Ref has reported annual average organic growth of 3 per cent.

SUPPLEMENTARY ACQUISITIONS

A significant element of growth consists of expansion in new markets and a stronger present in markets where Beijer Ref already had a presence. The rate of acquisition was high in 2015, with acquisitions in places including Australia and New Zealand. HRP, the leading refrigeration wholesaler in the UK, was acquired in 2016. More acquisitions were then added in 2017, when the Toshiba distributor DX POR in Portugal was added, as was the major refrigeration wholesaler TecsaReco in South Africa. The latter acquisition will be consolidated into the Group's accounts during the first quarter of 2018.

GOALS

- Beijer Ref shall further strengthen its position as one of the leading operators in the world within the field of refrigeration and HVAC and continue to grow as a global operator. The goal is to grow more quickly than the market.
- The Group shall achieve a return on capital employed of at least 12 per cent.
- The Group shall have good cash flows and high dividend capacity. The goal is to distribute more than 30 per cent of the profit after tax. This level shall, however, be balanced every year against the Group's capital requirements and prospects for the future.
- The equity ratio shall not fall below 30 per cent.
- The Group is considering the adoption of a non-financial goal in 2018.

An expanding market

Driven by environmental decisions and a higher standard of living.

Beijer Ref has a presence in Europe, Asia, Africa and Oceania, with Europe being the main market.

Beijer Ref has a strong position in its markets, especially in the commercial and industrial refrigeration segment. Its competitors consist primarily of a few global companies and a lot of local operators. In Sweden, for example, one of the companies operating in Beijer Ref's market is Ahlsell, and a main competitor in Finland is the wholesaler Onninen.

THE REFRIGERATION MARKET

The market for refrigeration can be divided into two main areas - commercial and industrial refrigeration. Beijer Ref is one of the largest refrigeration distributors in the world, and the biggest in the European home market. The commercial refrigeration segment deals with a lot of well-known products such as compressors, heat exchangers, refrigerants and associated components. End customers might be, for example, food shops, shopping malls, cafés and hotels. Industrial refrigeration includes, among other things, process refrigeration, which makes sure that ice rinks and offices, for example, maintain the correct temperature.

INCREASED DEMAND FOR REFRIGERATION

The market for refrigeration technology is driven by a number of factors. One of them is the way we eat. The urbanisation and higher disposable incomes of recent years have led to an increase in demand for chilled and frozen ready meals. All in all, this is contributing to a need to invest and increased demand in both traditional food retail and in totally new retail categories. This requires more refrigerated display counters and extended distribution facilities.

ENVIRONMENTAL DECISIONS DRIVE EXPANSION

By far the biggest driving factor in the refrigeration market is the political decisions made in recent years. Changes to laws and regulations are expected to have a major impact on Beijer Ref's market in the decades ahead.

One of the key components in a refrigeration system is the refrigerant. It diverts heat and thus contributes to the cooling process. Historically, many refrigerants have been based on hydrofluorocarbons, known as F-gases. In recent years, however, the EU and the UN have made decisions that will result in a major environmental shift in the refrigeration industry, the aim of which is to reduce the impact on the greenhouse effect.

F-GASES TO BE PHASED OUT

Refrigerants are used in fridges, freezers, heat pumps and air conditioning. Certain kinds of refrigerants, also known as F-gases, are classified as environmentally hazardous as they contribute to the greenhouse effect when they are emitted. This was why the EU introduced an F-gas regulation on 1 January 2015. This places a gradual ban on refrigerants with a greenhouse effect, with the aim that by the end of 2030 these will only constitute 21 per cent of current levels. In October 2016, 170 UN member states signed an agreement that intends to achieve a gradual phasing out of HFC refrigerants in all countries. The time horizon for the UN decision is, however, much longer than the one within the EU. Australia will also be introducing quotas for F-gases as from January 2018.

These decisions mean that there will be a wide-ranging restructuring of the refrigeration industry over the next few decades, with a major need to invest in eco-friendly refrigeration technology. Beijer Ref is seeing a major increase in interest among customers for installations with a low environmental impact. The Group is also seeing an increased need for advice and the designing of new, eco-friendly refrigeration systems. At the same time, most markets are lagging far behind in the implementation of the technology shift. This means that the transition may become intensive when the import restrictions on F-gases are tightened significantly, and Beijer Ref believes that far from all countries will be able to implement the phase-out within the defined deadline.

INCREASED FOCUS ON OEM

A large number of installations all over Europe will need to be replaced or converted as a consequence of the new regulations, which will have a positive impact on the market. Beijer Ref can meet this increased demand through the OEM area of its business. The Group has the competence and the capacity to design and build efficient, eco-friendly systems and installations based on natural refrigerants.

Europe and in particular the Nordic countries are leading the way in the transition to eco-friendly refrigeration technology, which gives Beijer Ref a competitive advantage, as these have traditionally been the Group's home markets. Beijer Ref is also seeing increasing demand in markets such as Australia and New Zealand, where it has already delivered several installations. This shows that Beijer Ref has the capacity to deliver eco-friendly refrigeration systems globally.

GREATER NEED FOR COMFORT COOLING

There are several factors in the comfort cooling (HVAC) segment that are driving an increase in demand. The installation of heat pumps and air conditioning in the home is becoming more common, even in northern parts of Europe. The technology is increasingly being acknowledged to be energy-efficient, safe and eco-friendlier than other alternatives.

The trend in the heating segment is moving towards replacing traditional oil and gas boilers with far more energy-efficient air/water heat pumps. All in all, this benefits demand for Beijer Ref's products.

The growing middle class in Asia is also contributing to increased demand for comfort cooling. The same holds true for Africa, where the middle class is expected to grow strongly over the next few years, which means that many more will be able to buy air conditioning.

What the markets have in common is that demand for new installations is to a large extent affected by the general economy, while demand for repair and maintenance work is more stable. The regulatory resolutions also affect all countries, albeit in slightly different time frames.

Strong brands are our hallmark

Long-term, close partnerships with key suppliers offer breadth and quality.

Down the years, Beijer Ref has carefully built up a strong supplier network, with a product portfolio that consists of products from more than one hundred suppliers and brands. The suppliers in turn have access to Beijer Ref's extended distribution network and customer base.

EXCLUSIVE AGREEMENTS

The brand portfolio is based on exclusive agreements with certain key brands. The biggest of these is the agreement with Toshiba, which grants Beijer Ref exclusive rights in 11 European countries for the distribution of Toshiba's air conditioning installations and heat pumps. Toshiba is a leading brand in Europe and is known for high quality and low energy consumption. Toshiba is one of the four leading brands in Europe in the comfort cooling market.

Beijer Ref also has an exclusive distribution agreement with the world-leading American refrigeration group Carrier and with Mitsubishi Heavy Industries. The agreement with Carrier grants Beijer Ref exclusive rights to sales and service of the DX comfort cooling products in most European countries and in South Africa. The agreement with Mitsubishi Heavy Industries grants Beijer Ref exclusive rights to sell the brand's air conditioning technology in the Nordic region, the UK and the Netherlands.

Other strong global brands that Beijer Ref offers are Danfoss, Bitzer, Embraco, Alfa Laval, Tecumseh, Honeywell, Lu-Ve, Cupori, Carel, Armacell and Daikin.

The product portfolio also includes own brands with a focus on eco-friendly solutions, such as SCM, TripleAqua and Cubo.

PARTNERSHIPS AND INNOVATIONS

Having exclusive agreements with key suppliers is important for a trading group of companies such as Beijer Ref. Continuously cementing effective partnerships is part of the business strategy. This provides an even better market position and stronger guarantees of availability. Close partnerships also create a valuable sharing of information, which results in product development that meets the customers' needs. Collaboration with organisations such as Carrier and Danfoss was extended during the year.

Additional initiatives were also undertaken to achieve greater coverage for the proprietary brands SCM, Cubo and TripleAqua. The market of the future will increasingly be demanding their green technology, and further investments will therefore be made in this product segment.

VALUABLE PRODUCT RANGE

The mix of brands and suppliers has been carefully composed and provides Beijer Ref with unique breadth in its product range. The size of the supplier network also means that the Group has an independent position in the market.

The product portfolio contains brands covering the whole spectrum from the low price segment to the premium level. Each market must be able to provide customers with at least two strong and well-known brands. Quality is a watchword, and Beijer Ref's motto is to have a product portfolio that is not only seen to be the biggest, but is also the best in terms of quality.

Strength in efficient purchasing processes

Enhanced visibility creates competitive strength.

For a trading group of companies, the purchasing function is one of the most important tools for the creation of profitability. With an objective to present customers on several continents with a broad, high-quality range of products, Beijer Ref adopts a structured approach to procurement at both central and local level.

LONG-TERM RELATIONSHIPS
Beijer Ref has consistently and methodically built up long-term partnerships with leading suppliers in the industry. The Group purchases large volumes at competitive prices, and suppliers have access to Beijer Ref's extensive distribution network.

Close partnerships also enable suppliers to plan their production in greater detail, resulting in lower purchasing costs. Creating mutual, profitable relationships generates synergies and is the key to success.

DIGITAL PROCESSES
Beijer Ref evaluates supplier relationships and internal processes on an ongoing basis in order to optimise the product portfolio and guarantee that prices are competitive in all markets. Visibility is a key factor. The Group's size and global coverage provide significant benefits in this respect.

In order to increase transparency in the purchasing market, the Group has implemented a global business support system that makes it possible to make internal comparisons. This enables Beijer Ref to both optimise and consolidate its purchases, resulting in lower costs.

COMPETITIVE PURCHASES
Work on the business support system was intensified in 2017 by including an even bigger part of the product range in the comparative base data. The increased visibility provides better opportunities for negotiation and competitive prices. This is also a major benefit in an acquisition context, as newly-arrived companies have immediate access to the Group's purchase prices.

NEW PRODUCT RANGE STRATEGY
More initiatives have been implemented in order to achieve higher efficiency. As from 2018, Beijer Ref has appointed a number of Category Managers, who will work at central level on certain product categories. Their responsibility includes setting out a product range strategy encompassing everything from defining what a product range is to contain to assessing demand, performing purchases, managing stock levels and finding the right sales channels. This optimises the chain for Beijer Ref, its suppliers and customers.

RANGE OF GREEN ALTERNATIVES
To further optimise procurement, Beijer will continue to develop collaboration with the biggest and closest suppliers. Channelling higher volumes through these key suppliers brings not only lower prices, but also an opportunity for the Group to guide the product range towards more environmentally sustainable alternatives. This also means that purchasing processes are more efficient and Beijer Ref can in turn provide even better service to its customers.

Logistics drives the business

Strategically located logistics centres bring benefits.

Having an efficient logistics chain is decisive when you run a wholesale business, especially in an industry where the after-sales market accounts for the majority of sales and it must be possible to perform assignments quickly.

LOCAL UNITS
Beijer Ref currently has a warehouse and distribution operation that is linked directly to the subsidiaries that are dispersed across markets in Europe, Africa, Asia and Oceania. This means that Beijer Ref has more than 25 local logistics centres and around 350 branches that specialise in delivering refrigeration and air conditioning.

BENEFITS OF LOGISTICS CENTRES
Beijer Ref works to a large extent according to a national strategy that is based on the principle of having one logistics centre for each market. Articles are called off from here to the branches in each market, which in turn receive customer orders. Deliveries to customers go either directly from the logistics centre or via a branch. The use of national logistics centres has been a good way to create efficient solutions while at the same time maintaining proximity to customers.

REGIONAL INITIATIVES
Beijer Ref works in a seasonal industry, which means that warehousing and distribution operations must be based on a flexible model. To also make use of the benefits of being a leading operator with good geographical coverage, the Group has started to work with central logistical solutions. By merging certain key markets and creating distribution centres that cover several countries, Beijer Ref aims to increase efficiency, reduce costs and improve the customer offering.

BENELUX MERGED
One telling example is the Beijer Ref Support Center created by the Group for the four subsidiaries in the Benelux region. This is a logistics centre covering just over 12,000 m^2, containing a warehouse, offices, meeting rooms, showrooms, training facilities and an assembly hall for the Group's OEM production. Stock management is largely automated. The plant was built during 2017 and was ready to move into in December - a milestone for Beijer Ref.

Another example is the logistics centre outside Milan, which was created through an external partner. This provides several companies within the Group with products and components. The geographical location combined with an efficient flow of well-structured logistics provides major benefits for companies in the local markets.

INCREASED VISIBILITY
To further improve availability and increase stock turnover rates, Beijer Ref has used a business support system that covers most units. This provides the Group with the opportunity to see the status in all warehouses - an important parameter in achieving higher efficiency. The business support system also provides an opportunity to coordinate purchasing between warehouses. This creates greater visibility and makes it possible to monitor and manage stock throughout the whole chain. This in turn creates opportunities to influence the product range and give better customer service.

Green technology on the rise

New environmental laws increase demand for Beijer Ref's OEM refrigeration systems and heat pumps.

With the acquisition of the Italian manufacturing company SCM Frigo, Beijer Ref departed from the strategy of only conducting business as a wholesaler and distributor. It was clear that more and more end customers were demanding green technology that was customised and ready-made.

NATURAL REFRIGERANTS

The OEM division manufactures refrigeration systems and heat pumps based on natural refrigerants such as CO2, propane and ammonia. These have far less environmental impact than traditional HFC gases, which were previously the standard solution and give rise to global warming.

GROWTH IN OEM MANUFACTURING

In 2015, when the EU adopted the resolution to gradually phase out refrigerants with a high GWP value, the potential for Beijer Ref's OEM manufacturing became even more tangible. The increased demand, combined with access to Beijer Ref's extensive distribution network, has resulted in a significant increase in net sales for the OEM area, with annual growth of around 7 per cent. In the last few years Beijer Ref has extended OEM manufacturing to include more companies within the Group. These operations are now taking place in Sweden, France, the Netherlands, South Africa and Thailand. The plan is that this area will continue to grow, both organically and through acquisition. The companies are gathered under one umbrella name, SCM Ref, which reflects the Group's intention to further invest in this segment.

DRIVING THE TRANSITION

Beijer Ref is known nowadays for being one of the most successful European companies in driving the transition to eco-friendly solutions in the refrigeration industry. With its unique technical expertise in the field of technology based on natural refrigerants, the company has developed innovative products that are installed all over the world. The technology is suitable for everything from large food retail chains to small offices and shops.

INTEREST ON MORE CONTINENTS

It is not only in Europe that the market is demanding eco-friendly refrigeration technology. In Asia and Australia too, the major food retail chains are gradually replacing refrigeration installations with more sustainable solutions. By way of example, earlier this year the Metro retail chain ordered its first environmentally adapted refrigeration system, a transcritical carbon dioxide solution, for its hypermarket in Beijing, China. SCM Frigo was chosen to supply the refrigeration system, which was installed at the end of the year. There are believed to be good prospects for more installations in the Chinese market. The Group is also seeing increased demand in markets such as Australia and New Zealand, where it has already delivered several installations.

INNOVATIONS FOR THE FUTURE

Structured work on innovation is an important element of developing the eco-friendly technology of the future. In order to lead the way in the industry, SCM Frigo is involved in far-reaching collaboration with the highly respected University of Padova in Italy.

So far the collaboration has generated important product innovations above all in the field of CO_2 transcritical refrigeration systems. Another joint project involved the development of refrigeration systems with natural refrigerants designed for low temperatures. Innovation work is currently under way to optimise and develop the Group's CO_2 compressors.

CONTINUED INITIATIVE

The initiative in the area of OEM is important for Beijer Ref. Demand is expected to rise strongly as the phasing out of HFC gases proceeds, not just in Europe but all over the world. Production capacity must therefore be bigger and additional resources must be appointed in both sales and purchasing.

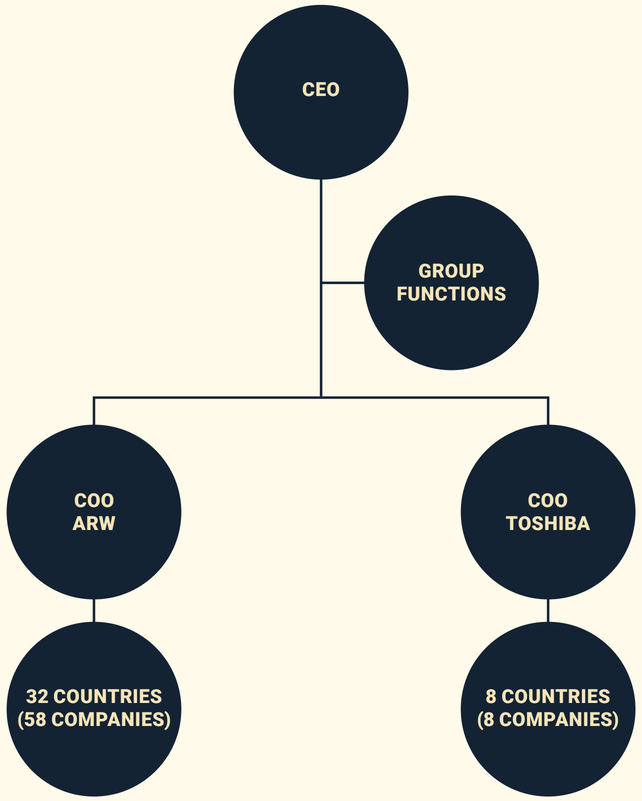
Our values

A Group with strong team spirit.

Despite the fact that Beijer Ref operates in more than 30 markets on four continents, there is a clear, common corporate culture that keeps the Group together. An entrepreneurial mentality combined with a high degree of independence and good team spirit are some of the values that distinguish and characterise Beijer Ref's work method. This is also summarised in the Group's core values, which are committed, engaged, straightforward and united.

LOCAL AND CENTRAL OPERATIONS
Of around 2,700 employees in the Group, 20 or so work in central functions. The goal is to create effective local companies that work closely with their markets and receive the support they need from head office.
In most acquisitions completed, the management team and organisational structure have been retained in order to make use of competence and maintain a focus on the customer.

GROUP FUNCTIONS SUPPORT
The intention is that the Group Functions support the business strategy and the work of the companies, and deal with issues such as corporate and financial governance, logistical optimisation, general communication and marketing, issues relating to sustainability, acquisitions, legal matters and purchasing. Ongoing management is performed through representation on local Boards, an advanced reporting system and a close dialogue.



Nordic region

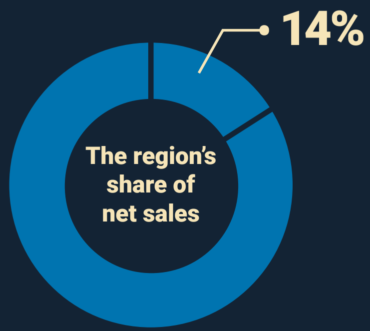
New green technology takes its place as the market makes the transition.

Denmark
Finland
Norway
Sweden

Net sales, sek m
1 369

EBIT, sek m
164

ROWC, %
39



In the Nordic region, Beijer Ref's companies operate mainly as distributors in the field of refrigeration. Direct customers are usually refrigeration installation contractors and service companies, while end customers are largely shops with refrigeration and freezer systems. Beijer Ref's operations in the Nordic region have extensive experience of and tremendous competence in refrigeration technology, and supply everything from small components to comprehensive refrigeration system solutions.

STRONG GREEN TREND DRIVING CONVERSION

Since the EU adopted the resolution to phase out refrigerants with a high GWP value, a major transition has been under way in the market. The Nordic region is moving at the fastest pace when it comes to the technical upgrade. The requirement applies to all businesses that have refrigeration technology installed, but it is often the major food retail and department store chains that are driving the conversion process. Despite this, Beijer Ref estimates that only fifteen per cent of food shops in the Swedish market have upgraded their refrigeration technology. This means that there is still a significant proportion who will need to perform the conversion over the next few years.

HVAC TO GROW

The market for comfort cooling (HVAC) is smaller in the Nordic region than in other regions, largely because of the cooler climate. Demand for air conditioning is nevertheless growing, and Beijer Ref sees potential in gaining additional market shares. By targeting resources at this segment to a greater extent than before, the goal is to reach new sales channels and customers.

Central Europe

Coordinated logistics and launch of e-commerce enhances customer offering.

Beijer Ref has a presence in the UK, one of the biggest markets in Central Europe, in the form of three refrigeration wholesalers. Each of these distributes leading brands in a market where demand is high for upgrading existing refrigeration and HVAC technology. The Group has implemented a number of efficiency measures during the year in order to optimise the business. Logistics and administration have been coordinated, producing results in the form of reduced costs, high service levels and a broader offering to customers with more brands. The bigger customer offering combined with increased prices of refrigerants because of import restrictions has driven sales growth in the market to record levels.

Germany is one of Toshiba's biggest markets, and the sales trend was positive during the year.

NEW CENTRAL WAREHOUSE IN BENELUX

During the year, Beijer Ref established and opened a large central warehouse and support centre in the Netherlands. With a warehouse that is largely automated, the centre serves as an efficient hub for the surrounding markets. One of the halls is also intended for OEM assembly, which means that the Group is now better able to bring attractive, eco-friendly solutions to the region.

GERMANY FIRST WITH E-COMMERCE

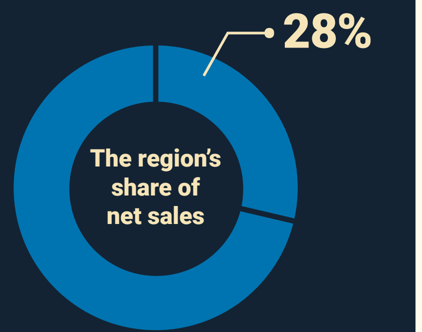
More significant initiatives were carried out during the year, including in Germany, where a number of customers had the opportunity to test Beijer Ref's new e-commerce solution. The project is to be evaluated and fine-tuned before being rolled out into more markets during 2018. E-commerce is a complement to other sales channels and the aim is that it will contribute to additional growth.

Belgium
Germany
Ireland
Netherlands
Switzerland
UK

Net sales, sek m
2 732

EBIT, sek m
172

ROWC, %
23



Southern Europe

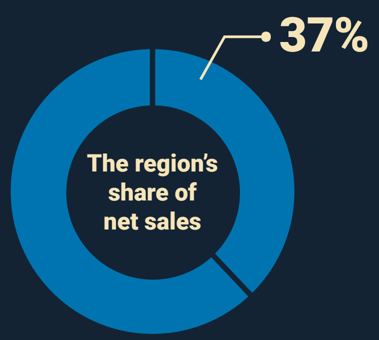
A hot summer increased the need for comfort cooling.

France
Italy
Portugal
Spain

Net sales, sek m
3 793

EBIT, sek m
302

ROWC, %
27



Southern Europe is Beijer Ref's biggest region. The area is also one of the biggest for the Group's HVAC segment, as the need for air conditioning is greater in markets with a warmer climate. Beijer Ref, which is the sole distributor of Toshiba's products in these markets, has also focused on developing a partnership with Carrier over the last two years. Holding the exclusive distribution rights for two such well-known brands in major markets brings the Group significant benefits and a strong position in the region. In addition, the Toshiba distributor DX Por in Portugal was acquired during the year, further enhancing Beijer Ref's presence on the Iberian peninsula.

LONG SUMMER BROUGHT INCREASED SALES

Summer 2017 in Southern Europe started earlier than usual and was hotter than normal. In such conditions, refrigeration technology and air conditioning are used far more and for longer periods, resulting in a greater need to replace spare parts. Sales of both new products and components for the after-sales market therefore increased during the year.

LOGISTICS CENTRE IN ITALY SUPPORTS THE BUSINESS

One of Beijer Ref's strengths is the fact that it has an efficient logistics chain and high stock availability. In line with this strategy, the Group has developed its logistics centre outside Milan. The location was carefully considered and means that the logistics centre can serve as an extra warehouse for many of Beijer Ref's subsidiaries. In due course it will also be able to provide the whole Group with certain main components, not least as more markets launch e-commerce solutions.

Eastern Europe

Demand for eco-friendly refrigeration systems increases in a fragmented market.

LEADING POSITION IN FRAGMENTED MARKET

In the Eastern Europe region, the Group has a presence in six markets that are generally fragmented. Beijer Ref has therefore established most of its businesses itself. Work to build up a presence in the region has been under way for many years and has resulted in Beijer Ref now holding a leading position in the area.

CENTRAL FILLING STATION

To be able to develop the presence in the region, the Group has continued to invest in its filling station for refrigerants in Hungary. This station is a significant hub for Beijer Ref's companies in Hungary, Romania, the Czech Republic and Slovakia, and a precondition for continued growth in Eastern Europe.

TRANSCRITICAL REFRIGERATION SYSTEMS IN DEMAND

Demand for more eco-friendly technology to replace older refrigeration and HVAC systems is growing steadily, and Beijer Ref is leading the way as a supplier of transcritical refrigeration systems in the region. Romania, the Baltic States and Poland are prominent as markets where purchasing demand is highest, and the Group sees significant potential for further growth within this segment.

MORE COMFORT COOLING IN POLAND

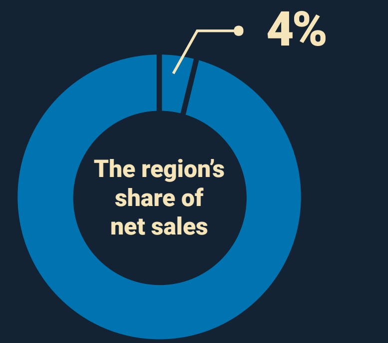
In Poland, Toshiba distributes comfort cooling as well as larger AC systems, using what is known as VRF (variable refrigeration flow) technology. The year was successful, with a good sales trend and rising demand.

Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Romania
Slovakia

Net sales, sek m
388

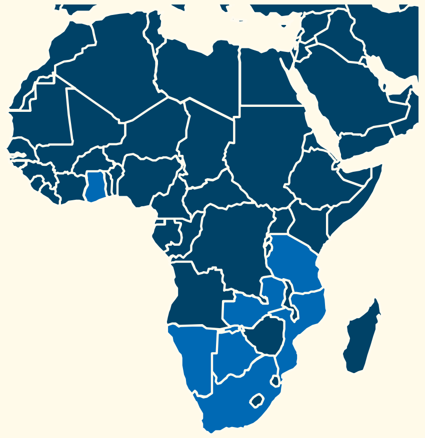
EBIT, sek m
35

ROWC, %
22

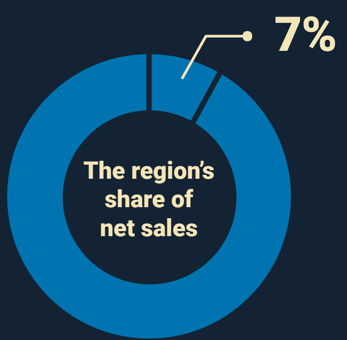


Africa

New acquisition strengthens Beijer Ref's position in a growing market.



Botswana Ghana Mozambique Namibia South Africa Tanzania Zambia	Net sales, sek m **734** EBIT, sek m **47** ROWC, % **14**



Beijer Ref has been operating in the Africa region since 2009 and is growing through acquisitions.

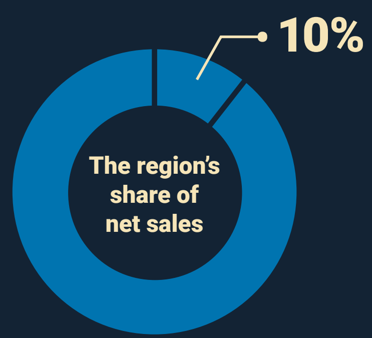
MAJOR ACQUISITION IN SOUTHERN AFRICA
A major acquisition took place during 2017 when the Group bought one of the leading refrigeration wholesalers in southern Africa – TecsaReco. The acquisition brings with it a large product range with many brands in complementary segments. With new branches and sales channels, Beijer Ref also has more opportunities to find customers for its own technology, which is manufactured in-house and is more eco-friendly. Above all, the acquisition provides the Group with a firmer foothold in an expansive market with a population that is gradually achieving greater purchasing power.

EXCLUSIVE AGREEMENTS CREATE CONDITIONS FOR GROWTH
Even though purchasing power is increasing in the longer term, South Africa suffered a recession during a couple of quarters. Beijer Ref, which had previously seen sales increase by around ten to fifteen per cent annually in the region, therefore experienced lower growth due to macroeconomic factors in Africa during 2017. An increasing growth trend should return once the economy recovers. Demand for refrigeration and HVAC is growing. With new product launches and exclusive rights to distribute strong brands such as Carrier and Bitzer, the Group takes a positive view of the future trend.

Asia Pacific

Natural refrigerants increasingly important outside Europe too.

Australia India Malaysia Nya Zealand Thailand	Net sales, sek m **989** EBIT, sek m **75** ROWC, % **21**



INCREASED INTEREST IN GREEN TECHNOLOGY IN AUSTRALIA
In one of the biggest markets in the region, Australia, two of the Group's refrigeration wholesale companies have merged to form one unit under the Beijer Ref name. The purpose was to achieve benefits of scale and increase market shares. The outcome has been positive, with a broad range of products and brands that meet the high demand in particular for comfort cooling. Interest in green technology is also increasing as Australia introduces quotas for HFC refrigerants during 2018. Beijer Ref received many orders for transcritical systems during the year.

FOCUS ON OEM
One of the Group's companies in Thailand installs refrigeration systems. Thanks to a transfer of knowledge from the Group's OEM unit SCM Frigo, preparations are now under way to enable this company to also manufacture transcritical refrigeration systems and heat exchangers. In due course the Thai company will become a significant base for Beijer Ref's OEM offering in Asia Pacific.

POTENTIAL IN INDIA
India is another market that is growing strongly as its large population acquires greater purchasing power. The hot climate is driving demand for refrigeration and HVAC, and Beijer Ref saw sales increase at a double-digit level during the year. There is believed to be major potential for further growth.

The future of commerce is digital

New information platform lays the foundations for future e-commerce.

Beijer Ref's industry is also undergoing a digital transformation. The Group has therefore created structures, information platforms and e-commerce platforms that aim to make it possible to achieve smart, efficient and cost-saving solutions that benefit the entire value chain.

Beijer Ref has a clear goal – to be the leading operator in the field of e-commerce for refrigeration systems and air conditioning.

COMMON E-COMMERCE PLATFORM

To create successful digital solutions, a fundamental action plan is needed that creates the conditions for effective digital commerce. Beijer Ref is therefore building a common e-commerce platform for all subsidiaries. To achieve this, an information platform is needed, what is known as a PIM (Product Information Management) system. This is a central master database for all articles in the Group.

The PIM system collects all product data and technical information around all articles within the Group. It also supports e-commerce with all relevant product information. The system also makes it possible to display current prices and stock status in real time.

E-COMMERCE BEING ROLLED OUT

In parallel with work on the PIM system, Beijer Ref has developed an e-commerce module that will gradually be implemented in the Group's companies. Beijer Ref Deutschland was the first to launch it at the end of the year. As the database is refined and additional article data is added, Beijer Ref is increasing the pace of implementing e-commerce in other markets.

OMNICHANNEL OFFERING

Beijer Ref's ambition is that customers shall be able to choose for themselves how they make purchases or obtain technical information. This means that the Group must be prepared to meet the orderer in what is known as omnichannel. It must be possible to buy from Beijer Ref whether you are using a tablet, computer, mobile phone or physically visiting a branch.

LESS CAPITAL TIED UP

The e-commerce solution is based on coordinating the companies' various article registers and identifying a general approach to the way article data is managed. This in itself provides a user-friendly view of goods in stock. With greater visibility, the Group can reduce the number of products held in stock and thereby release capital that is tied up. The availability of coordinated deliveries is increased at the same time, in due course generating cost savings for Beijer Ref.

The increasing spread of digitalisation is resulting in new behavioural patterns. Beijer Ref has an ambition to be available in what is known as omnichannel, which means that customers must be able to choose for themselves where they want to place their order or collect technical information.

A sustainable business

The ambition is to have a work method that naturally combines financial success with a healthy attitude towards people and the environment.

In recent years, sustainability-related issues within Beijer Ref have moved up to central level, and management has assumed a leading role in directing this work. Regulations and policies covering all subsidiaries have been drawn up. They aim to ensure that employees can work under safe conditions, that customers are provided with sustainable solutions and that Beijer Ref can create competitive advantages that are sustainable over time. This makes Corporate Social Responsibility (CSR) a cornerstone of the Group's long-term strategy.

A CENTRAL FRAMEWORK

The centralisation of work on sustainability and CSR started in 2016, when Beijer Ref decided to conduct a wide-ranging review of the business. With the aid of external expertise, a large questionnaire was drawn up, aimed at the subsidiaries. A vast amount of information was then collected and processed during the year, giving Beijer Ref a clearer picture of what needs to be done and what has to be prioritised. The questionnaires provided a carefully developed volume of base data that guided work to create a framework for sustainability-related issues. The framework, which concentrates on five relevant focus areas, is a mainstay in the creation of results. The areas relate to the environment, employees, business ethics and anti-corruption, responsible supply chain and partnerships.

One important factor that forms the basis of all guidelines is that Beijer Ref is an international group of companies with strong ethical values that must be reflected throughout the whole organisation and in all focus areas. This means that laws concerning human rights must be observed and internal working conditions must be based on healthy core values. Beijer Ref has also drawn up a suppliers' code, which means that suppliers must also guarantee that they comply with ethical rules.

Work at both central and local level

Beijer Ref's CSR framework provides general guidance on how the Group and its companies shall work with sustainability commitments. The Group provides the subsidiaries with relevant policy documents such as a code of conduct for employees and suppliers, transport guidelines and KPIs. The subsidiaries report results in each area on an ongoing basis. Beijer Ref then compiles the information, measures and follows up. At the other end, the Group expects all companies to assume active responsibility for their local operations and the management of each company to have a committed approach to CSR-related issues and to drive these forwards.

Local CSR managers

The focus on sustainability at a local level was developed during 2017. Each company has appointed a CSR manager who reports directly to the subsidiary's CEO. The same person is responsible for all sustainability reporting and statistics, and must contribute to proactively promoting the Group's CSR goals.

ENVIRONMENT

Beijer Ref operates in an industry where several factors affect the environment, everything from products to refrigerants and transport operations. One the Group's main initiatives is to continue to contribute to the development of eco-friendlier products. A quicker transition to more eco-friendly refrigerants will slow down the increase in greenhouse gases. Other methods of contributing to a better environment include working to reduce the Group's own direct impact through the efficient use of energy and other resources. The Group has also started to measure its own CO_2 emissions and the internal consumption of electricity.

Education disseminates knowledge

One way of influencing is to disseminate knowledge. There is in the Group, for example, a training programme known as the Beijer Ref Academy. The training programme is based at the subsidiary SCM Frigo in Italy, where both suppliers and customers are invited to access information and the latest news about the impact of various refrigerants on the environment and how they can use new technology that is more eco-friendly. The training is being developed continuously, with the aim of constantly improving competence in the areas of the environment and sustainability. It also contributes to strengthening relationships and the sharing of information with close partners and suppliers. One result of this close collaboration is a shared focus on developing energy-efficient, eco-friendly products that support the new refrigerants.

Guidance from environmental policies

Beijer Ref has drawn up policies for all companies in the Group regarding internal resource consumption. The subsidiaries have been given a gross list of suggestions for how to apply different methods in order to measure and reduce their environmental impact. Measured values are reported to Beijer Ref, which then gives feedback.

Eco-friendly refrigerants

When the EU and the UN took decisions on the F-gas regulation and a global phasing out of HFC refrigerants in 2015 and 2016, new and improved conditions were created for the transition to more eco-friendly products. The resolutions describe how environmentally hazardous refrigerants with high GWP (Global Warming Potential) values must be gradually phased out over the years between now and 2030.

The new provisions contribute to a lower global climate impact and are fully in line with Beijer Ref's business strategy. The Group has for a number of years been investing more and more in the in-house manufacturing of eco-friendly alternatives based on natural refrigerants such as CO_2, propane and ammonia, as well

The Beijer Ref framework for sustainability

Environment | **Employees** | **Business ethics and anti-corruption** | **Responsible supply chain** | **Partnerships**

as synthetic refrigerants such as those known as HFOs. The new phasing-out provisions mean that Beijer Ref is gradually increasing the production of these eco-friendly solutions. The aim for the Group is to achieve an annual increase in the proportion of eco-friendly OEM products with a low GWP value, and this too is measured continuously.

EMPLOYEES

A successful business is ultimately reliant on a well-structured organisation. This in itself demands long-term, consistent work that takes account of both diversity and the development of talent. The goal is clear - Beijer Ref wants to attract and retain the best talents. It is therefore important to create a diverse and inclusive workplace.

Developing an attractive culture

A sustainable, healthy organisation is a prerequisite for being able to generate good profits and create value for shareholders. Just as in sport, you must look after both the individual and the team. This means that fostering a corporate culture in which employees feel that they are seen and have opportunities to develop is an important precondition. This results in stronger companies that can cope with the ups and downs, with creative solutions that pave the way ahead.

A healthy, safe workplace

All companies in the Group shall carry out systematic work environment management, which also includes working conditions. Beijer Ref has for many years had a policy in place, clarifying that all companies in the Group must offer a safe, non-discriminatory workplace that promotes health and well-being. Requirements for preventive work to minimise accidents and illness have been communicated throughout the Group. It is the responsibility of each company to map out work environment risks, to conduct safety inspections and to report sick leave and incidents.

Work on greater equality

It is Beijer Ref's ambition to have a more even distribution between women and men in the organisation, both in the Group as a whole and in all management teams. This means having to work on various initiatives. One way is to work with new kinds of recruitment processes. This in itself requires knowledge and methodology, which must be developed constantly. The current ambition is that there must be at least one woman among the final candidates in each recruitment process.

BUSINESS ETHICS AND ANTI-CORRUPTION

Beijer Ref has zero tolerance of corruption and other unethical business methods. All employees and others who act on behalf of the company shall act in accordance with the Group's ethical guidelines.

Ethical guidelines apply to everyone

To guarantee an understanding of such an important area, Beijer Ref has drawn up ethical guidelines that all subsidiaries must observe. These list a number of requirements for conduct. Each company is responsible for conveying the provisions to their employees. In 2018, Beijer Ref will be developing a training programme to assure itself that everyone is aware of and complying with the standards. There will be an ongoing inventory of how many people have taken the course.

RESPONSIBLE SUPPLY CHAIN

In 2017, Beijer Ref produced a central code of conduct for suppliers, valid for the business partners of all companies. This lists the Group's requirements in areas such as human rights, social and labour law conditions, business ethics and anti-corruption. The code is to be seen as a tool to be used actively in the dialogue with suppliers. Such requirements and discussions can be used to resolve any negative situations that arise.

Code of conduct defines requirements

The goal is to distribute the code of conduct to all major suppliers, a task that started in 2017 and will continue in 2018. It is at the same time the responsibility of each subsidiary to specify requirements for local purchases.

PARTNERSHIPS

Beijer Ref has high ambitions for its CSR strategy and some of the issues require, or can be dealt with more efficiently by, partnerships with experts outside the Group.

One of the most important issues facing the industry is to make sure that more customers switch to eco-friendly products and solutions. As a wholesaler and system supplier, Beijer Ref wants to be able to have an influence by sharing knowledge in a dialogue with both customers and suppliers - and by involving suitable partners in this work.

Local engagement

The subsidiaries are often engaged at a local level. Initiatives take the form of, for example, sponsorship and the creation of relationships with other businesses that in various ways support Beijer Ref's core values. This is a natural way of driving the Group's CSR work forwards.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Beijer Ref AB (Publ), corporate identity number 556040-8113

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2017 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinion

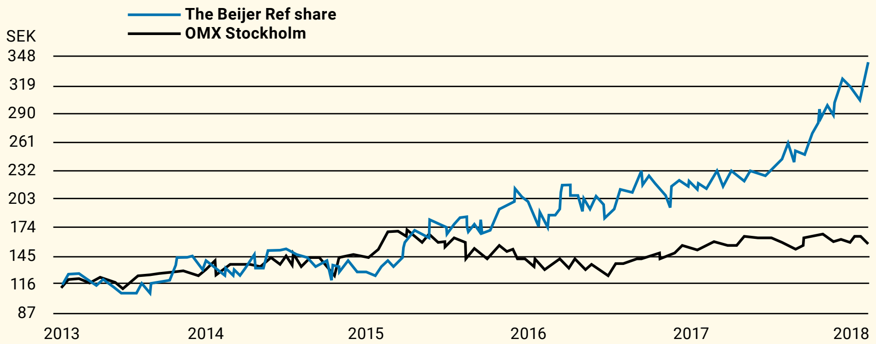
A statutory sustainability report has been prepared.

Malmö den 7 March 2018
PricewaterhouseCoopers AB

Lars Nilsson
Authorized Public Accountant
Auditor-in-Charge

Mikael Nilsson
Authorized Public Accountant

The share's performance



At the end of the year, Nasdaq OMX Stockholm had risen by 6.4 per cent (5.8) since the beginning of the year. The price paid for Beijer Ref's class B share rose during 2017 by 46.5 per cent (7.7).

SHAREHOLDERS

Beijer Ref's class B share has been publicly listed since 1983 and is currently on Nasdaq OMX Stockholm's Mid Cap list. The share capital in Beijer Ref totals SEK 371,684,512.5, divided into 42,478,230 shares, each with a quota value of SEK 8.75. Beijer Ref had 4,963 shareholders on 31 December 2017. There are two share classes: 3,306,240 class A shares and 39,171,990 class B shares. Each class A share represents ten votes and each class B share one vote. The distribution of ownership is set out in the table on page 41.

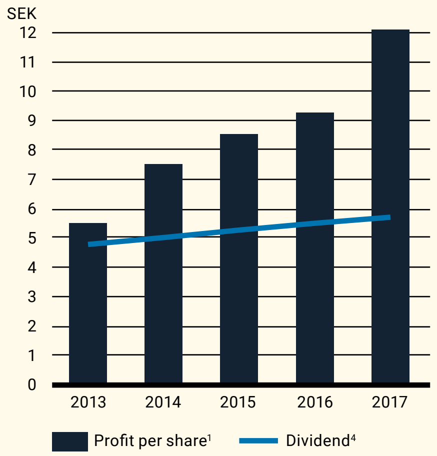
GOOD LONG-TERM YIELD

The profit per share after tax totalled SEK 12.06 (9.17). The total yield for the Beijer Ref class B share was 49.1 per cent, which may be compared with the SIXRX index, which had a yield of 9.47 per cent. Over the last five years, the class B share has had a total average yield of 30.1 per cent per annum. The corresponding figure for the SIXRX index 2 is 14.7 per cent per annum.

SHARE PRICE AND TRADING

In 2017, a total of 3,898,864 Beijer Ref shares were traded (2,305,953). The total value of trading in the share was SEK 986,668,088 (464,778,483). The average daily trading volume was 15,533 shares (9,114) or SEK 3.9M (1.8). The highest price paid during the year was recorded on 11 December at SEK 330, and the lowest on 6 February at SEK 211. There is further information about the Beijer Ref share at www.beijerref.com.

PROFIT AND DIVIDEND



SHARE DIVIDEND

The Board of Directors has proposed a dividend of SEK 5.75 (5.50) for the financial year 2017. The proposed dividend corresponds to 48 per cent (60) of the Group's profit after tax for 2017 and 7.5 per cent (8.0) of equity at the end of the year. The direct yield, i.e. the proposed dividend as a percentage of the year's final price paid, is 1.8 per cent (2.5).

OWNERSHIP, 10 LARGEST SHAREHOLDERS AND OTHER OWNERS

on 2017-12-31	*A shares*	*B shares*	*Total*	*Capital*	*Votes*
Carrier	717 420	16 273 872	16 991 292	40,0%	32,5%
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		3 023 999	3 023 999	7,1%	4,2%
Lannebo fonder		2 523 331	2 523 331	5,9%	3,5%
Fjärde AP-Fonden		2 191 011	2 191 011	5,2%	3,0%
Hain, Jan (private and companies)	160 000	125 000	285 000	0,7%	2,4%
Handelsbanken fonder		1 449 067	1 449 067	3,4%	2,0%
Verdipapirfonde Odin Sverige		1 162 098	1 162 098	2,7%	1,6%
Total, 10 largest shareholders	**3 265 040**	**26 944 180**	**30 209 220**	**71,0%**	**82,5%**
Other owners	41 200	12 140 610	12 181 810	29,0%	17,5%
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	*Number of shareholders*	*Number of A shares*	*Number of B shares*	*Holding (%)*	*Votes (%)*	*Market value (sek k)*
1 - 500	4 007	560	398 633	0,94	0,55	125 987
501 - 1000	382	2 640	294 943	0,70	0,42	93 438
1001 - 2000	243	–	371 082	0,87	0,53	116 916
2001 - 5000	166	–	546 033	1,29	0,77	173 443
5001 - 10000	70	–	511 295	1,19	0,70	159 926
10001 - 20000	32	–	455 415	1,07	0,63	144 139
20001 - 50000	16	40 000	480 388	1,24	1,23	153 942
50001 - 100000	17	–	1 232 176	2,73	1,61	367 575
100001 -	30	3 263 040	34 882 025	89,97	93,56	11 062 570
Total 2017-12-31	**4 963**	**3 306 240**	**39 171 990**	**100,00**	**100,00**	**12 397 935**

SHARE DATA (sek)

	2017	*2016*	*2015*	*2014*	*2013*
Profit per share [1]	12.06	9.17	8.64	7.46	5.51
Equity per share [2]	78	70	62	62	57
Cash flow per share [3]	14.97	11.27	11.52	9.12	6.09
Dividend [4]	5.75	5.50	5.25	5.00	4.75
Market value [5]	316.5	216.0	200.5	127.5	140.0
Yield, % [6]	1.8	2.5	2.6	3.9	3.4

Definitions
1) 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) Cash flow from the current operation before changes in working capital divided by average number of outstanding shares.
4) For 2017, in accordance with the Board of Directors' proposal.
5) On 31 December.
6) Dividend in relation to market value on 31 December.

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.

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 2017 financial year.

The Beijer Ref Group is one of the world's largest commercial refrigeration wholesalers focused on the trade and distributor business in commercial and industrial refrigeration as well as for heating. 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. 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 294M (245) for the 2017 financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Beijer Ref announced a binding agreement to acquire refrigeration wholesaler Tecsa Reco in South Africa. After that, the competition authority in South Africa (CompCom SA) has assessed the deal and gave its final approval in January 2018. Tecsa will be included in the consolidated accounts as from 1 March 2018 and strengthen Beijer Ref's presence in southern Africa.

Beijer Ref also acquired the assets of DX Por in Portugal, distributor of Toshiba. The acquisition complements the presence in the Iberian Peninsula.

SALES AND RESULTS

Consolidated sales increased by 8.7 per cent to SEK 9,830M (9,045). Organically, the sales increase was 5.2 per cent compared with the previous year. 2017 was characterised by stable demand and increased prices. Commercial and industrial refrigeration reported sales of SEK 5,921M (5,553) and accounted for 60 per cent (61) of total sales. Comfort cooling reported sales of SEK 3,480M (3,091) and accounted for 35 per cent (34) of sales. OEM amounts to 5 per cent (5) of its sales.

Consolidated operating profit for the 2017 full year amounted to SEK 725M (593). The Group's financial income/expense amounted to SEK -26M (-33) for the full year. Profit before tax amounted to SEK 699M (560) and profit after tax to SEK 521M (399) for the full year. Profit per share amounted to SEK 12.06 (9.17).

PROFITABILITY

Return on operating capital amounted to 14.9 per cent (13.4) and 13.7 per cent (12.3) respectively. Return on equity was 16.6 per cent (14.2).

CAPITAL EXPENDITURE, LIQUIDITY AND EMPLOYEES

Cash flow from investment operations amounted to SEK 99M (80). Liquid funds, including unutilised bank overdraft facilities, were SEK 983M (782) at the year end. The average number of employees was 2,717 (2,667).

CASH FLOW, FINANCING AND EQUITY RATIO

The cash flow from the current operation was SEK 500M (65). The net debt was SEK 1,649M (1,815). Shareholders' equity amounted to SEK 3,294M (2,967). The change in shareholders' equity amounted to SEK 326M (333), corresponding net comprehensive income for the year of SEK 561M (556) and a deduction for a dividend of SEK 233 (223) to the parent company's shareholders and a dividend to holders with no controlling influence of SEK 1M (1). The equity ratio amounted to 44.1 per cent (43.3) at the year end.

Financial review	2017	2016
Operating income, SEK M	9 830	9 045
EBITDA, SEK M	810	671
Operating profit, (EBIT), SEK M	725	593
Operating margin (EBIT), %	7.4	6.6
Profit for the year, SEK M	521	399
Return on average capital employed, %	13.7	12.3
Return on average equity, %	16.6	14.2
Return on average operating capital, %	14.9	13.4
Equity ratio, %	44.1	43.3
Number of employees	2 717	2 667
Profit per share after tax, SEK	12.06	9.17
Shareholders' equity per share	78	70

RESEARCH AND DEVELOPMENT

Beijer Ref's presence in the market is important for the suppliers' research and development, in order to be able to develop more environmentally-friendly products in the future.

OUTLOOK FOR 2018

The stable demand for refrigeration products, and also for air conditioning systems, is expected to continue in 2018. The link to food distribution is a critical factor in the stability of demand for refrigeration products, as this is the largest end-user area.

Environmental aspects affect the market to a significant extent, and Beijer Ref is well-advanced and at the forefront of product development – so as to be able to meet the heightened environmental requirements. A construction of a new logistics centre in the Netherlands for delivery in the Benelux countries has been completed during the year.

The efforts for the Group's digitalisation continues. Digitalisation is expected to bring both new business opportunities, as well as improved quality assurance and cost savings. The activity related to acquisitions is expected to continue in 2018.

SUSTAINABILITY

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. With a view to reducing the impact on the greenhouse effect, the EU and the UN have made decisions entailing Freon gases are to be replaced with other types of refrigerants. A phase-out programme for what is referred to as "F-gases" (fluorinated gases) has been established which the market must comply with, and this of course also applies to Beijer Ref.

Beijer Ref is not involved in any environmental disputes. For further information about Beijer Ref's environmental work, see pages 36-39.

Corporate governance and corporate responsibility

Beijer Ref is a Swedish public limited company quoted on the Nasdaq OMX Stockholm Mid-Cap list.

THE CHAIRMAN OPENS

One of the most important responsibilities of the Board of Directors is to ensure that Beijer Ref has a well-functioning corporate governance which establishes and maintains confidence in us in the financial markets and with other stakeholders. In order to achieve our ambitious goals, we operate within clearly defined frameworks. The Board of Directors has the responsibility to ensure that the procedures and structures ensure that Beijer Ref complies with the relevant laws and regulations. This ensures that the Company is managed in a sustainable, responsible and efficient manner.

The Board of Directors works according to an annual plan that is to be carefully followed. This plan covers typical issues that a Board of Directors is to be dealing with. In addition to this, I, as the Chairman of the Board, engage in discussions with the CEO before each Board of Directors meeting in order to determine if there are other specific issues or decisions that need to be taken up at an upcoming Board of Directors meeting. During 2017 we have continued to discuss the strategic growth plans that will lead to both organic growth and acquisitions. The further development of our production (as an OEM) is a priority area, as is how the market relates to the F-Gas Regulation. Sustainability issues have gained even greater attention. The improving of skills and further development of talents are also areas that we consider to be important to make plans for. In addition, we continuously review risk assessment and our management of these risks.

The composition of the Board of Directors is based on that the members should represent a wide range of knowledge and experience from various different sectors. My colleagues and I have now had the privilege of working together for the past few of years, which provides continuity and efficiency in our work. The largest shareholders are represented on the Board of Directors, which is also regarded as being of benefit to us. Having strong owners involved in the work of the Board of Directors facilitates matters when it comes to making decisions and pursuing issues along with implementation.

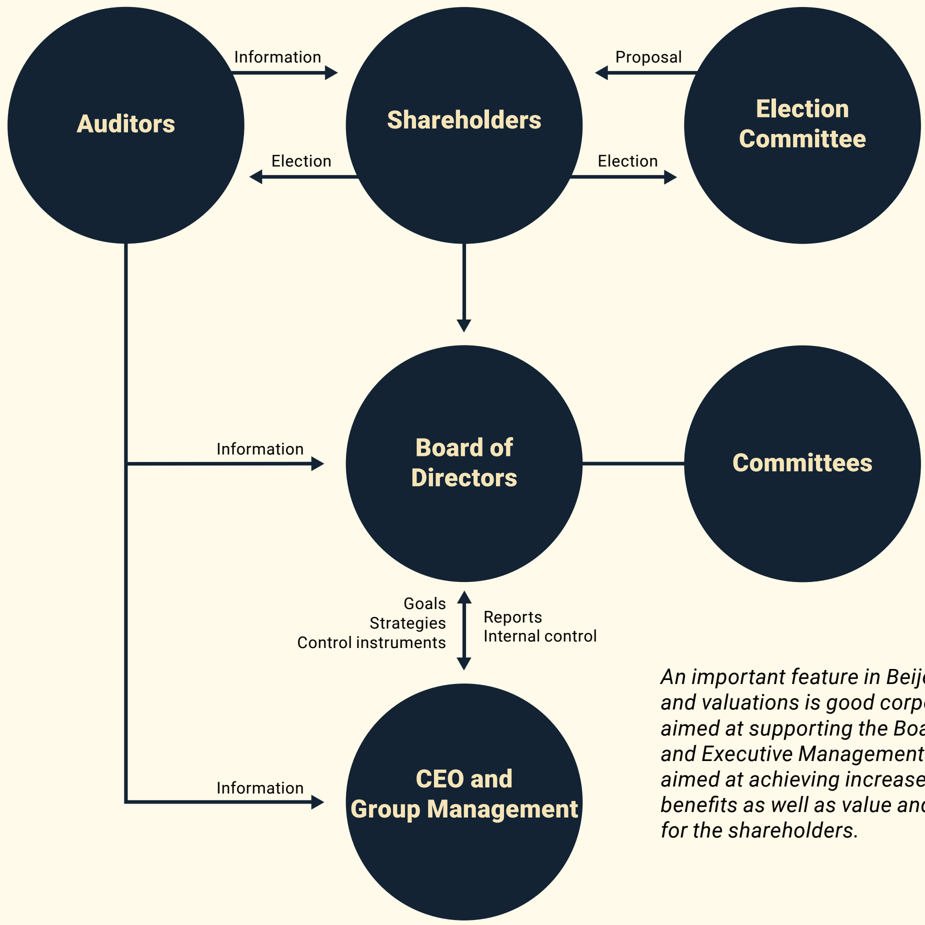
We are continuously evaluating our work, both within the Board of Directors and via external analysis, in order to determine if there might be room for improvement. This has resulted in the appointment of an audit committee in 2016, consisting of Frida Norrbom Sams and myself. The committee works according to a defined annual plan and reports back to the Board, which then decides on matters assigned to the Audit Committee to analyse or investigate. Our evaluation shows that this initiative has been working out well and this helped to free up more time for the Board of Directors to focus on the company's business operations. In addition, the evaluation has provided given positive opinions in the sense that the work has been managed in an optimal manner.

As Chairman of the Board, I am pleased that Beijer Ref has had, once again, a very successful year. Sales figures and profits have exceeded previous years' figures, and the Group continues to create value for both customers and shareholders via organic growth as well as acquisitions. Beijer Ref has now reached a size on the market that provides significant advantages, both from the point of view of growth and diversification of risk. Being a trading group is today another strength, it is a form of business that is generally attractive in the market.

The fact that the Group continues to act as a global and decentralised company, where the subsidiaries hold the responsibility for their respective local markets, is both a strength and a challenge when it comes to implementing wide-ranging decisions. Beijer Ref, and the industry as a whole, needs to plan for succession, and how to attract future customers and employees. It is my firm conviction that we will continue to work with perseverance in a long-term perspective and always have the ambition to be at the forefront, both in terms of development of in-house talent and our solutions in the form of products and practices that protect the environment. Other prioritised future issue for the Board of Directors include strategic growth initiatives, optimisation of operating capital, risk management and continued preparation for the transformation that the market is going through as a result of the EU and other geographical regions F gas regulations.

And to conclude for now, I would like to express my appreciation to Beijer Ref's senior management, other employees, and members of the Board of Directors for their work and efforts during 2017, and am very much looking forward to 2018 as we continue to prioritise growth and sustainable development.

Bernt Ingman
Chairman of the Board



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.

Beijer Ref applies the Swedish Code for Corporate Governance and here submits its Corporate Governance Report for 2017. An examination of the corporate governance report in accordance with RevU 16 has been carried out by the company's Auditor.

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.

2017 ANNUAL MEETING OF SHAREHOLDERS

The 2017 Annual Meeting of shareholders was held on 6 April 2017 in Malmö. The meeting was attended by 153 shareholders, personally or through proxies. Together, they represented approximately 84 per cent of the total votes. Four shareholders, Carrier, Peter Jessen Jürgensen, Joen Magnusson and Per Bertland, together represented around 79 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 Bill Striebe and Ross B Shuster.

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 5.50 per share for the 2016 financial year.

• Re-election of the Board Members: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Ross B Shuster, Monica Gimre and Frida Norrbom Sams. Bernt Ingman was re-elected

as Chairman of the Board of Directors.
• 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 Pricewaterhouse Coopers AB as the Company's Auditor for 2017.

The next Annual Meeting of Beijer Ref's shareholders will be held on 5 April 2018 in Malmö. For further information about the next Annual Meeting, see page 90 in this Annual Report.

For information about shareholders and the Beijer Ref share, see pages 40-41 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 2018 ANNUAL MEETING OF SHAREHOLDERS
The Election Committee was appointed in October 2017. 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 2017 Election Committee has held 3 (3) meetings. The Election Committee has carried out its work by evaluating the work, composition and competence of the Board of Directors.

PROPOSAL FOR THE 2018 ANNUAL MEETING OF SHAREHOLDERS
The Election Committee has worked out the following proposal to be submitted for resolution by the 2018 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 Pricewaterhouse-Coopers AB as the Company's Auditor for 2018.

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 2017
In 2017, 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 50-51 and Note 6, page 72.

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 50-51. 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 2017, 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 2017 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.

All of the Board Members participated in all six Board Meetings.

EVALUATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO IN 2017
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 2017, 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
The Board of Directors has appointed an Audit Committee consisting of Bernt Ingman, Chairman, and Frida Norrbom Sams.

The Audit Committee held 5 (8) Meetings during 2017. 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.

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 Mikael A Nilsson. Lars Nilsson is the auditor in charge. PricewaterhouseCoopers AB was elected by the 2017 Annual Meeting of shareholders as Beijer Ref's auditor for a term until the 2018 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 48-49.

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 2017 year end, the Group Management consisted of nine persons. For further information about the Group Management, see page 52-53.

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 72 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.
Concerning sustainability risks, the Group has developed a framework that deals with procedures and guidelines in areas such as the environment, employees, business ethics and efforts to avoid corruption, responsible supply chain and partnerships. The framework is disseminated to all subsidiaries, which then report back on action plans and results. Regarding risks concerning compliance with new environmental laws and resolutions for HFC gases, Beijer Ref has conducted a review of its own management of the issues and has found that there is no particular risk present. Concerning risks related to ethical working conditions (social and environmental standards), business ethics and code of conduct, and the measures to guard against corruption, the Group has evaluated its own and its subsidiaries' management of these issues. Via establishing a Code of Conduct that must be signed by both employees and suppliers, risks in the areas of ethical working conditions, business ethics and corruption should be minimised.

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, acquired companies, main processes and specific risk areas.

IDENTIFIED RISKS	EXPOSURE AND MANAGEMENT OF RISKS
Risks in the product range	The risk that Beijer Ref does not get new environmentally-friendly products on the market. This risk is militated against by a central category manager for each product segment taking responsibility for the product throughout its entire life cycle and who is also responsible for bringing in new products.
Access to capital and interest rate risks	New banking requirements and higher interest rates, as well as the general the economic situation, may affect the availability of capital. This is militated against by that Beijer Ref has financing with a number of different banks with varying maturities.
Stagnating markets	The risk that the growth rate cannot be maintained unless Beijer Ref enters new and developing markets. A significant part of Beijer's future growth is in new markets.
Currency risks	The Company is exposed to currency fluctuations, and continually hedges the foreign exchange exposure in subsidiaries so as to counterbalance this risk.
Risk of fire, destruction and natural disasters	In emerging markets, the risk of natural disasters is greater and the Company weaves this risk into its insurance coverage and business interruption insurance so as to minimise the risk of harm and losses.
Beijer Ref's corporate culture	There is a risk that Beijer Ref's corporate culture will be depleted unless the culture is preserved and maintained on a regular basis. In 2017, Beijer Ref implemented a Code of Conduct in order to strengthen and maintain the culture.
Digitalisation and E-commerce	Digitalisation and E-commerce create new trade patterns and behaviours that are continuously being evaluated. The risk is minimised by working under various different brands and via a differentiated product offering.
Risk related to dealers – Customers deal directly with suppliers	Customers tend to contract directly with suppliers, in order to obtain lower prices. Beijer Ref has many smaller customers, which can counterbalance this risk.
Increased competition and concentration in Europe	Beijer has a strong position in Europe and has historically had a head start, which could lead to downward price pressure on the market prices. Better products and new markets may reduce this risk.
Suppliers sell directly to larger customers and by-pass the wholesaler	Beijer has many small and very few global customers, which tends to reduce the risk of concentration and central purchasing.
Risks related to product liability	Poor quality products always negatively affect the Beijer Ref brand. The Company always works with at least two brands at a minimum in all markets, and within different price segments.
Risk of irregularities	Beijer Ref has a decentralised organisation and its subsidiaries are governed by regular Board of Directors' meetings.
Dependency on Toshiba	Toshiba is a major supplier to Beijer within HVAC. Beijer has however, the strategy of having at least one supplier within each price segment and at least two suppliers in each market.
Risks in the new markets	Before Beijer enters new markets, a market analysis of the market is conducted, in order to become aware of the risks and to be able to better manage them.
Risk related to data retrieval (computer crashes and data breaches)	Computer crashes or a general failure will naturally have an impact on Beijer Ref's sales and customer relationships. We have many different sales channels, in order to be able to work with Beijer, which reduces this risk.
Changed legal requirements and regulations	Changed legal and regulatory requirements affect Beijer Ref's business, not least, changes in environmental requirements. The Company regularly monitors these requirements as part of its global surveillance.
Competition with existing customers	In pace with Beijer Ref delivering more and more systems, the installation is usually included, which can compete with existing customers. The risk is mitigated by educating and offering services that customers take responsibility for.
Political risks	Political risks can affect liquidity and the general business climate. Beijer Ref continuously monitors and complies with current monitors the political situation as part of the business analysis and avoids particularly vulnerable markets.

Board of Directors

BERNT INGMAN
Chairman. Born 1954. Elected 2006.
Education: MBA.
Other assignments: Management Consultant. Chairman of SBC Sveriges BostadsrättsCentrum AB. Chairman of Handelsbankens lokalkontor i Kista. Chairman of Pricer AB.
Not dependent.
Work experience: CFO of Munters AB. CFO of Husqvarna AB.
Shareholding in Beijer Ref 2017: 40,000 A shares, 6,000 B shares.

MONICA GIMRE
Board Member. Born 1960. Elected 2015.
Education: Master of Science in Chemical Engineering.
Other assignments: EVP Tetra Pak Processing Systems.
Not dependent.
Work experience: 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.
Shareholding in Beijer Ref 2017: 0.

PETER JESSEN JÜRGENSEN
Board Member. Born 1949. Elected 1999.
Education: Graduate engineer and MBE in Denmark.
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.
Dependent of the largest shareholders. Not dependent of the company and the management.
Work experience: 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 Denmark.
Shareholding in Beijer Ref 2017: 560.620 A-aktier.

WILLIAM STRIEBE
Board Member. Born 1950. Elected 2009.
Education: Doctor of Laws degree from University of Connecticut Law School, BA in history, Fairfield University.
Other assignments: Vice President, Global Business Development, UTC Climate, Controls & Security.
Dependent of the largest shareholders. Not dependent of the company and the management.
Work experience: 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.
Shareholding in Beijer Ref 2017: 0.

FRIDA NORRBOM SAMS
Board Member. Born 1971. Elected 2015.
Education: M. Sc. in Business Administration.
Other assignments: EVP, Head of Applications Division, nkt cables A/S, Board Member of Ballingslöv International AB.
Not dependent.
Work experience: 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.
Shareholding in Beijer Ref 2017: 3.200 B shares.

ROSS B SHUSTER
Board Member. Born 1965. Elected 2016.
Education: MBA and Bachelor of Science of Mechanical Engineering.
Other assignments: President of International for United Technologies' Climate, Controls & Security business unit.
Dependent of the largest shareholders. Not dependent of the company and the management.
Work experience: President of Asia for United Technologies Carrier business unit.
Shareholding in Beijer Ref 2017: 0.

JOEN MAGNUSSON
Board Member. Born 1951. Elected 1985.
Education: MBA.
Other assignments: Kungliga Fysiografiska Sällskapets Ekonomiska råd and other assignments.
Dependent of the largest shareholders. Not dependent of the company and the management.
Work experience: Managing Director of G & L Beijer AB until 30 June 2013. Employed in Teglund Marketing AB, Statskonsult AB, Skrinet AB.
Shareholding in Beijer Ref 2017: 1,040,000 A shares, 70,802 B shares.

Group Management

MARIA RYDÉN
CFO & Executive Vice President. Born 1966. Employed since 2017.
Education: MBA, University of Växjö.
Other assignments: Chairman of Kompis Assistans, Board Member of Swedish Growth Fund.
Work experience: MD Ikano Vårdboende, CFO Ikano Fastigheter, Dole, Switchcore and Arthur Andersen.
Shareholding in Beijer Ref 2017: 200 B shares.

PER BERTLAND
CEO & President. Born 1957. Employed since 1990.
Education: MBA, University of Lund.
Other assignments: Chairman of Dendera Holding, Board Member of Lindab AB.
Work experience: COO, Beijer Ref. CFO, Indra AB and Ötab Sport AB within the Aritmos Group.
Shareholding in Beijer Ref 2017: 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 in Beijer Ref 2017: 39,600 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 in Beijer Ref 2017: 0.

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 in Beijer Ref 2017: 0.

JOHAN BERN
CIO and Vice President Beijer Ref AB, MD 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 in Beijer Ref 2017: 66,000 B shares.

AUDITORS
PricewaterhouseCoopers AB

LARS NILSSON
Authorised Public Accountant, auditor in charge. Born 1965.
Auditor in the Beijer Group since 2012.

MIKAEL NILSSON
Authorised Public Accountant. Born 1981.
Auditor in the Beijer Group since 2017.

Financial Information

Consolidated profit and loss account

SEK K	Note	2017	2016
OPERATING INCOME			
Net sales	5	9 829 830	9 044 758
Other operating income	7	21 470	39 384
Total income		**9 851 300**	**9 084 142**
OPERATING EXPENSES			
Raw materials and necessities		-245 796	-426 727
Goods for resale		-6 585 405	-5 898 581
Other external costs	8, 9	-785 136	-777 807
Personnel costs	6	-1 398 190	-1 307 991
Depreciation and write-down of intangible and tangible fixed assets	18, 19	-85 364	-77 963
Other operating expenses		-26 455	-2 311
Operating profit		**724 954**	**592 762**
RESULT OF FINANCIAL INVESTMENTS			
Financial income	11	4 996	2 995
Financial expenses	12	-31 435	-35 839
Profit before tax		**698 515**	**559 918**
Tax on the year's profit	14	-177 709	-161 386
Net profit for the year	15	**520 806**	**398 532**
Attributable to:			
The parent company's shareholders		511 271	388 843
Non-controlling interests		9 535	9 689
The year's profit per share, sek [1]	16	12,06	9,17
Dividend per share, sek [2]	17	5,75	5,50

1) No dilution exists
2) For 2017, in accordance with the Board of Directors' proposal

The Group's report on other comprehensive income

SEK K	Note	2017	2016
Net profit for the year		520 806	398 532
OTHER COMPREHENSIVE INCOME			
Items which will not be reversed in the profit and loss account			
Revaluation of the net pension commitment		288	-11 972
Items which can later be reversed in the profit and loss account			
Exchange rate differences		43 497	163 969
Hedging of net investment		-4 044	4 923
Cash flow hedging	3, 14	–	1 008
Other comprehensive income for the year		**39 741**	**157 928**
Total comprehensive income for the year		**560 547**	**556 460**
Attributable to:			
The parent company's shareholders		551 596	544 160
Non-controlling interests		8 951	12 300

Consolidated balance sheet

SEK K	Note	2017-12-31	2016-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	18	1 678 541	1 643 931
Tangible fixed assets	19	311 821	306 382
Financial assets available for sale	21	24 844	24 844
Deferred tax assets	27	121 146	121 811
Other receivables	22	90 682	83 619
Total fixed assets		**2 227 034**	**2 180 587**
Current assets			
Inventories	23	2 631 179	2 485 274
Trade debtors and other receivables	22	2 042 834	1 832 448
Income taxes recoverable		2 356	14 430
Liquid funds	24	559 387	342 080
Total current assets		**5 235 756**	**4 674 232**
TOTAL ASSETS		**7 462 790**	**6 854 819**
SHAREHOLDERS' EQUITY			
Share capital	25	371 685	371 685
Other contributed capital		901 172	901 172
Reserves		-30 253	-70 290
Profit brought forward		1 991 065	1 712 657
Total		**3 233 669**	**2 915 224**
Non-controlling interests	35	60 014	52 033
Total equity		**3 293 683**	**2 967 257**
LIABILITIES			
Long-term liabilities			
Borrowing	26, 31	1 625 544	1 550 525
Other long-term liabilities		11 863	22 564
Deferred tax liabilities	27	88 199	88 483
Pension commitments	28	117 433	124 814
Other provisions	29	25 355	24 135
Total long-term liabilities		**1 868 394**	**1 810 521**
Current liabilities			
Trade creditors and other liabilities	32	1 741 464	1 534 042
Borrowing	26, 31	464 959	482 063
Current tax liabilities		65 725	37 519
Other provisions	29	28 565	23 417
Total current liabilities		**2 300 713**	**2 077 041**
Total liabilities		**4 169 107**	**3 887 562**
TOTAL LIABILITIES AND EQUITY		**7 462 790**	**6 854 819**

Consolidated changes in equity

	Attributable to the parent company's shareholders				Non-controlling interests	Total equity	Note
SEK K	Share capital	Other contributed capital	Reserves	Profit brought forward			
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**	
Net profit for the year				511 271	9 535	520 806	
Revaluation of the net pension commitment				288		288	
Exchange rate differences			44 081		-584	43 497	
Hedging of net investment			-4 044			-4 044	
Other comprehensive income for the year	**–**		**40 037**	**288**	**-584**	**39 741**	
Total comprehensive income for the year	**–**		**40 037**	**511 559**	**8 951**	**560 547**	
Dividend for 2016				-233 151		-233 151	17
Dividend to holders with no controlling influence					-970	-970	
	–	–	–	-233 151	-970	-234 121	
Shareholders' equity on 2017-12-31	**371 685**	**901 172**	**-30 253**	**1 991 065**	**60 014**	**3 293 683**	

Consolidated cash flow statement

SEK K	Note	2017	2016
CURRENT OPERATIONS			
Operating profit		724 954	592 762
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	18, 19	85 364	77 963
Change in pension, guarantee and other provisions		-2 922	3 162
Profit on sale of tangible fixed assets		-177	-7 405
Total		**807 219**	**666 482**
Paid interest	12	-30 205	-32 977
Paid income tax		-135 323	-155 617
Cash flow from current operations before changes in working capital		**641 691**	**477 888**
CHANGES IN WORKING CAPITAL			
Change in inventories		-122 308	-260 500
Change in operating receivables		-171 391	38 485
Change in operating liabilities		154 175	-191 148
Cash flow from current operations		**502 167**	**64 725**
INVESTMENT OPERATIONS			
Received interest	11	3 469	2 995
Acquisition of shares and participations		-14 508	-11 676
Acquisition of tangible and intangible fixed assets	18, 19	-87 078	-96 099
Liquid funds in acquired operations	33	—	2 557
Sale of shares and participations		1 620	730
Acquisition of operations	33	-6 594	-10 468
Sale of tangible fixed assets		1 962	32 019
Cash flow from investment operations		**-101 129**	**-79 941**
FINANCIAL OPERATIONS			
Raising of loans		46 678	212 983
Paid dividend to shareholders		-233 151	-222 553
Dividend to holders with non-controlling interest		-970	-842
Cash flow from financial operations	30	**-187 443**	**-10 412**
Change in liquid funds		**213 595**	**-25 628**
Exchange rate difference, liquid funds		3 712	20 024
Liquid funds on 1 January		342 080	347 684
Liquid funds on 31 December	24	**559 387**	**342 080**

Parent company profit and loss account

SEK K	Note	2017	2016
OPERATING INCOME			
Other operating income	7	48 803	42 949
Total income		**48 803**	**42 949**
OPERATING EXPENSES			
Other external costs	8	-26 351	-20 999
Personnel costs	6	-30 709	-23 101
Depreciation and write-down of intangible and tangible fixed assets	18, 19	-1 950	-1 169
Operating profit		**-10 207**	**-2 320**
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	10	260 454	225 313
Financial income	11	43 284	35 829
Financial expenses	12	-40 033	-38 067
Profit after financial investments		**253 498**	**220 755**
APPROPRIATIONS			
Appropriations	13	59 047	31 813
Profit before tax		**312 545**	**252 568**
Tax on the year's profit	14	-11 533	-7 609
Net profit for the year	15	**301 012**	**244 959**

Parent company's report on other comprehensive income

SEK K	2017	2016
Net profit for the year	301 012	244 959
Total comprehensive income for the year	**301 012**	**244 959**

Parent company balance sheet

SEK K	Note	2017-12-31	2016-12-31
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalised expenditure for software	18	6 665	3 301
Total intangible fixed assets		**6 665**	**3 301**
Tangible fixed assets			
Buildings and land	19	2 037	2 161
Equipment, tools and installations	19	3 135	3 338
Total tangible fixed assets		**5 172**	**5 499**
Financial fixed assets			
Participations in Group companies	20	2 137 002	2 127 070
Financial assets available for sale	21	24 844	24 844
Receivables from Group companies		567 822	546 876
Other long-term securities holdings		1 000	1 000
Total financial fixed assets		**2 730 649**	**2 699 790**
TOTAL FIXED ASSETS		**2 742 486**	**2 708 590**
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		917 751	1 087 637
Other current receivables		10 066	9 691
Prepaid expenses and accrued income		1 400	1 624
Total current receivables		**929 217**	**1 098 952**
Cash and bank			
Cash and bank		181 509	—
TOTAL CURRENT ASSETS		**1 110 726**	**1 098 952**
TOTAL ASSETS		**3 853 212**	**3 807 542**
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		167 247	155 439
Net profit for the year		301 012	244 959
Total non-restricted equity		**1 369 863**	**1 302 002**
TOTAL EQUITY		**1 741 548**	**1 673 687**
LIABILITIES			
Long-term liabilities			
Borrowing	26	1 625 544	1 550 525
Long-term interest-bearing liabilities to Group companies	26	—	97 582
Other long-term liabilities		1 000	1 000
Total long-term liabilities		**1 626 544**	**1 649 107**
Current liabilities			
Trade creditors		5 253	1 522
Borrowing	26	436 246	451 565
Liabilities to Group companies		9 811	8 339
Tax liabilities		11 326	8 028
Other liabilities		2 674	970
Accrued expenses and prepaid income		19 810	14 324
Total current liabilities		**485 120**	**484 748**
TOTAL EQUITY AND LIABILITIES		**3 853 212**	**3 807 542**

Parent company changes in equity

SEK K	Share capital	Non-restricted equity	Total equity	Note
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**	
Net profit for the year		301 012	301 012	
Total comprehensive income for the year	**—**	**301 012**	**301 012**	
Dividend for 2016		-233 151	-233 151	17
Equity on 2017-12-31	**371 685**	**1 369 863**	**1 741 548**	

Parent company cash flow statement

SEK K	Note	2017	2016
CURRENT OPERATIONS			
Operating profit		-10 207	-2 320
Adjustment for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	18, 19	1 950	1 169
Total		**-8 257**	**-1 151**
Paid interest		-28 174	-26 920
Paid income tax		-8 235	-1 798
Cash flow from current operations before changes in working capital		**-44 666**	**-29 869**
CHANGES IN WORKING CAPITAL			
Change in operating receivables		207 854	-251 793
Change in operating liabilities		12 393	-46 655
Cash flow from current operations		**175 581**	**-328 317**
INVESTMENT OPERATIONS			
Received interest		43 284	35 729
Received dividend		273 341	236 259
Acquisition of shares and participations		-24 509	-22 297
Acquisition of intangible and tangible fixed assets	18, 19	-4 986	-2 321
Sale of shares and participations		1 690	730
Cash flow from investment operations		**288 820**	**248 100**
FINANCIAL OPERATIONS			
Raising of loans		–	302 770
Amortisation of liabilities		-49 741	–
Paid dividend		-233 151	-222 553
Cash flow from financial operations		**-282 892**	**80 217**
Change in cash and bank		**181 509**	**–**
Cash and bank on 1 January		–	–
Cash and bank on 31 December		**181 509**	**–**

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 2018.

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 2017, 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 2017, 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.

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.

Analyses of potential effects regarding the implementation of IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments have been performed at both the Group and Subsidiary level. The analyses show that the new standards will not have any material impact on the Group's financial statements other than increased disclosure requirements. At the first application, the forward-looking method will be applied.

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 2017, 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 pages 28-33.

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 Personnel Costs 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. 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.

As from 1 January 2018, the Company will apply a new accounting policy regarding revenues (IFRS 15). The new policy means that revenue from the Group's sales is recognised when the control of the products is transferred to the customer, which occurs when the products are delivered to the customer and there are no unfulfilled obligations that may affect the customer's acceptance and approval of the products. The products are often sold with volume discounts based on cumulative sales over a 12-month period. Revenues from sales are recognised based on the agreed price less any volume discounts and discounts for cash payment. Volume discounts are calculated on the basis of the expected sales volume and revenues are recognised only to the extent that it is highly likely that a significant reversal is unlikely to occur. A liability is recognised for the anticipated volume discounts in relation to sales until the close of the reporting period.

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. 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.

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 34.

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:

2017-12-31	*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	2 133 515		2 133 515
Liquid funds	559 387		559 387
Total	**2 692 902**	**24 844**	**2 717 746**

	Other financial liabilities	*Total*
Liabilities in the balance sheet		
Borrowing	2 090 503	2 090 503
Other long-term liabilities	11 863	11 863
Trade creditors and other liabilities	1 741 464	1 741 464
Total	**3 843 830**	**3 843 830**

1) Financial assets available for sale are valued in accordance with level 3. See Note 21.

2016-12-31	*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	2 032 588	2 032 588
Other long-term liabilities	22 564	22 564
Trade creditors and other liabilities	1 534 042[2]	1 534 042
Total	**3 589 194**	**3 589 194**

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.

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 Board of Directors of Beijer Ref continuously evaluates the issue of possibly committing to fixed interest rates. 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	**2017**	**2016**
Interest-bearing liabilities	2 207 936	2 157 402
Liquid funds	-559 387	-342 080
Net debt	1 648 549	1 815 322
Shareholders' equity	3 293 683	2 967 257
Debt ratio	0,50	0,61

Duration analysis 2017-12-31 Financial instruments	**0-3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**> 5 years**
Borrowing inclusive of interest payments	11 538	6 055	470 641	78 986	1 581 011	
Trade creditors and other long-term liabilities	1 189 991	79 410	19 553	11 843	2 671	11 661
Total	**1 201 530**	**85 465**	**490 194**	**90 829**	**1 583 682**	**11 661**

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**

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.

The segments reporting for the regions contains the profit and loss account up to and including operating profit, working capital, depreciation and investments. Internal sales within each segment are eliminated in net sales by operation, internal sales between segments are eliminated on total level. Previous were all internal sales eliminated within the segment independence on counterpart. Comparative figures for the previous period have been recalculated. The working capital included inventories, trade debtors and trade creditors and is an average based on monthly values for 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales	1 472	1 406	3 054	2 564	4 024	3 665	406	359	793	771	1 039	1 005	10 788	9 769
Internal sales	-103	-73	-322	-177	-231	-198	-18	-12	-59	-53	-50	-57	-783	-569
Net sales by segment	1 369	1 334	2 732	2 387	3 793	3 467	388	347	734	718	989	948	10 005	9 200
Internal sales by segment													-175	-155
Net sales													9 830	9 045
Result by operation	164	122	172	128	302	230	35	26	47	65	75	66	795	637
Undistributed costs													-70	-44
Operating profit													**725**	**593**
Financial net													-26	-33
Tax													-178	-161
Net profit													**521**	**399**
Working capital, average for the period	424	415	766	678	1 135	998	163	143	345	289	363	342	3 195	2 865
Depreciation	18	16	31	31	23	18	3	4	3	3	7	6	85	76
Investments	13	12	47	53	18	12	2	1	2	5	5	13	87	96

Net sales in Sweden amount to approximately SEK 371M (334). The individually significant country is France where net sales amount to approximately SEK 2,243M (2,048). Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 74M (73) 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 495M (488) and SEK 286M (303) respectively.

6 Employees and remuneration of employees

Average number of employees	2017		2016	
Parent Company	Total	of whom men	Total	of whom men
Sweden	15	60%	14	64%
Total in Parent Company	**15**	**60%**	**14**	**64%**
Subsidiaries	Total	of whom men	Total	of whom men
France	475	82%	483	82%
South Africa	391	87%	389	86%
UK	290	70%	268	76%
Italy	210	82%	199	82%
Netherlands	172	84%	176	84%
Spain	139	82%	131	79%
Sweden	86	90%	87	89%
Norway	101	89%	102	88%
Switzerland	75	79%	75	75%
Denmark	80	83%	76	84%
Thailand	117	41%	125	45%
Germany	72	85%	70	86%
Poland	44	82%	43	81%
Finland	40	83%	40	80%
Hungary	26	81%	25	84%
Romania	25	60%	25	64%
Belgium	22	86%	22	86%
Czech Republic	11	73%	11	82%
Mozambique	10	80%	9	78%
Ghana	2	100%	2	100%
Estonia	7	86%	7	86%
Ireland	9	56%	9	67%
Lithuania	9	78%	8	75%
Latvia	6	83%	7	86%
Zambia	7	100%	6	100%
Botswana	5	40%	5	60%
Slovakia	4	75%	4	75%
Namibia	4	100%	4	100%
Nya Zealand	125	78%	116	81%
Australia	83	90%	84	89%
India	30	93%	22	95%
Malaysia	21	62%	23	61%
Portugal	4	77%	–	–
Total in subsidiaries	**2 702**	**80%**	**2 653**	**81%**
Total Group	**2 717**	**80%**	**2 667**	**81%**

Salaries, other remuneration and social costs (sek k)	2017			2016		
	Salaries & other remuneration	*Social costs*	*Total remuneration of employees*	*Salaries & other remuneration*	*Social costs*	*Total remuneration of employees*
Parent Company [1]	25 229	11 881	37 110	22 191	10 495	32 686
of which pension costs [2]		4 821	4 821		3 901	3 901
Subsidiaries	1 031 058	250 551	1 281 609	983 342	237 751	1 221 093
of which pension costs		65 378	65 378		60 423	60 423
Group	**1 056 287**	**262 432**	**1 318 719**	**1 005 533**	**248 246**	**1 253 779**
of which pension costs [3]		**70 199**	**70 199**		**64 324**	**64 324**

1) The Parent Company's recognised personnel costs have been affected by repayment from the pension foundation.
2) Of the parent company's pension costs, SEK 1,591K (1,427) relate to the Board of Directors and the CEO.
3) Of the Group's pension costs, SEK 5,992K (5,240) relate to the Board of Directors and the CEO.

Benefits for senior executives

For 2017, a directors' fee of SEK 585K was paid to the Chairman and SEK 295K 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 7,798K (5,889), including a bonus payment of SEK 2 491K (810). An annual amount equivalent to 30 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 30 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. 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 Group's other senior executives, consists of one woman and two 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 52-53. They received salary, remuneration and other benefits amounting to SEK 8,028K (7,271) including bonus payments of SEK 1,942K (975). Pension solutions to two of the senior executives are contribution-based and amount to 25 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.

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	**2017**	**2016**
Rents	5 953	4 229
Exchange gains	1 861	2 967
Capital gain	787	8 103
Commission	130	114
Other	12 739	23 971
Total	**21 470**	**39 384**
Parent company		
Group revenues	47 820	41 997
Rent	976	976
Exchange loss / gain	7	-46
Other	–	22
Total	**48 803**	**42 949**

8 Remuneration of auditors

Group	**2017**	**2016**
PwC		
Audit assignment	6 278	7 008
Audit business in addition to audit assignment	581	150
Tax consultancy	1 000	866
Other services	1 078	1 439
Total	**8 937**	**9 463**
Other auditors		
Audit assignment	871	932
Tax consultancy	121	113
Total	**992**	**1 045**
Total	**9 929**	**10 508**
Parent company		
PwC		
Audit assignment	700	860
Audit business in addition to audit assignment	184	150
Other services	176	694
Total	**1 060**	**1 704**

9 Lease contracts

Group	**2017**	**2016**
The year's leasing cost	206 794	187 212
Leasing charge which falls due		
- within 1 year	187 668	155 389
- within 1-5 years	467 694	388 454
- later than 5 years	225 619	90 070

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	**2017**	**2016**
Dividends received, Group companies	273 341	236 259
Capital result from sold participations in Group companies	-12 887	-10 946
Total	**260 454**	**225 313**

11 Financial income

Group	**2017**	**2016**
Interest income	3 450	2 971
Exchange gain	1 527	–
Other financial income	19	24
Total	**4 996**	**2 995**
Parent company		
Interest income, Group companies	43 250	35 829
Interest income, external	34	–
Total	**43 284**	**35 829**

12 Financial expenses

Group	**2017**	**2016**
Interest expenses	-30 205	-32 977
Exchange loss	–	-1 780
Other	-1 230	-1 082
Total	**-31 435**	**-35 839**
Parent company		
Interest expenses, Group companies	-1 011	-1 021
Interest expenses, external	-27 163	-25 899
Exchange loss	-11 859	-4 067
Write-down of financial assets available for sale	–	-7 080
Total	**-40 033**	**-38 067**

13 Appropriations

Parent company	2017	2016
Group contribution	59 047	31 813
Total	**59 047**	**31 813**

14 Tax on the year's profit

Group	2017	2016
Current tax	-181 485	-144 344
Deferred tax (Note 27)	3 776	-17 042
Tax on the year's profit	**-177 709**	**-161 386**
Reconciliation of effective tax		
Profit before taxes	698 515	559 918
Tax expense calculated according to actual tax rate, 22% (22%)	-153 673	-123 182
Effect of different tax rates	-31 170	-23 900
Non-deductible costs	-10 987	-19 621
Non-taxable income	4 680	4 080
Tax attributable to previous years	1 304	196
Tax losses for which no deferred tax asset was recognised	7 620	8 434
Revaluation of prior years' losses	7 946	–
Other*	-3 429	-7 393
Net effective tax	**-177 709**	**-161 386**
Effective tax rate	25,4%	28,8%

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

Deferred tax expense in other comprehensive income amounts to SEK -30K (2,636) and relates to cash flow hedging 0K (-284) and pension provisions -30K (2,920).

Parent company	2017	2016
Current tax	-11 533	-7 609
Tax on the year's profit	**-11 533**	**-7 609**
Reconciliation of effective tax		
Profit before taxes	305 465	252 568
Tax expense calculated according to actual tax rate, 22% (22%)	-67 202	-55 565
Non-deductible costs	-4 464	-3 813
Non-taxable income	60 133	51 769
Net effective tax	**-11 533**	**-7 609**
Effective tax rate	3,8%	3,0%

15 Currency effect in result

Group	2017	2016
Currency effect in operating profit	1 861	2 967
Currency effect in financial income and expenses	1 527	-1 780
Currency effect in profit after tax	**3 388**	**1 187**
Parent company		
Currency effect in operating profit	7	-46
Currency effect in financial income and expenses	-11 859	-4 067
Currency effect in profit after tax	**-11 852**	**-4 113**

16 Profit per share

	2017	2016
Profit attributable to the parent company's shareholders	511 271	388 843
Weighted average number of outstanding shares	42 391 030	42 391 030
Profit per share, sek *	12,06	9,17

*) No dilution exists

17 Dividend per share

Dividends paid during 2017 and 2016 amounted to SEK 233,151K (SEK 5.50 per share) and SEK 222,553K (SEK 5.25 per share) respectively.

A dividend of SEK 5.75 per share for 2017, SEK 243,748K in total, will be proposed at the Annual Meeting of shareholders on 5 April 2018.

18 Intangible fixed assets

CAPITALISED EXPENDITURE FOR SOFTWARE

Group	2017	2016
Accumulated acquisition values		
On 1 January	151 759	126 241
Acquisitions during the year	20 559	20 473
Reclassification	8 086	-1 256
The year's translation differences	1 704	6 301
Total	**182 108**	**151 759**
Accumulated amortisation		
On 1 January	-111 637	-96 883
The year's amortisation	-13 795	-11 252
Reclassification	-5 897	1 652
The year's translation differences	-1 646	-5 154
Total	**-132 975**	**-111 637**
RESIDUAL VALUE	49 133	40 122

CAPITALISED EXPENDITURE FOR RESEARCH AND DEVELOPMENT, ETC

Group	2017	2016
Accumulated acquisition values		
On 1 January	6 301	4 800
Acquisitions during the year	1 291	1 313
Reclassification	2 813	–
The year's translation differences	215	188
Total	**10 620**	**6 301**
Accumulated amortisation		
On 1 January	-2 933	-2 334
The year's amortisation	-1 265	-543
Reclassification	-446	–
The year's translation differences	-80	-56
Total	**-4 724**	**-2 933**
RESIDUAL VALUE	5 896	3 368

AGENCIES AND CUSTOMER LISTS

Group	2017	2016
Accumulated acquisition values		
On 1 January	541 595	528 110
Acquisitions during the year	518	275
Acquisition of companies	3 778	10 225
Reclassification	1 725	-559
The year's translation differences	14 697	3 544
Total	**562 313**	**541 595**
Accumulated amortisation		
On 1 January	-83 900	-67 690
The year's amortisation	-16 852	-15 314
The year's translation differences	-2 955	-896
Total	**-103 707**	**-83 900**
RESIDUAL VALUE	458 606	457 695

GOODWILL

Group	2017	2016
Accumulated acquisition values		
On 1 January	1 142 746	995 734
Acquisition of companies	19 188	86 876
Reclassification	-2 004	559
The year's translation differences	4 976	59 577
RESIDUAL VALUE	1 164 906	1 142 746

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 (7.75) up to a maximum of 8.25 per cent (8.25). Calculated on the recoverable amount, it demonstrates a prudent safety margin of 31-53 per cent (19-70) 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 16-36 per cent (5-52). A sensitivity analysis relating to growth shows that at 0 per cent growth leads to a margin in the range of 29-47 per cent (24-64). On a sensitivity analysis of the operating margin with minus one percentage point per segment, it gives a margin in the range of 12-29 per cent (10-49).

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

GOODWILL PER SEGMENT	2017	2016
Nordic countries	350 777	411 411
Central Europe	296 330	295 905
Southern Europe	341 998	265 969
Eastern Europe	10 049	10 690
Africa	84 673	72 257
Asia Pacific	81 079	86 514
Total	**1 164 906**	**1 142 746**

TOTAL INTANGIBLE FIXED ASSETS

Group	2017	2016
Accumulated acquisition values		
On 1 January	1 842 401	1 654 885
Acquisitions during the year	22 368	22 061
Acquisition of companies	22 966	97 101
Reclassification	10 620	-1 256
The year's translation differences	21 592	70 866
Total	**1 919 947**	**1 842 401**
Accumulated amortisation		
On 1 January	-198 470	-166 907
The year's amortisation	-31 912	-27 109
Reclassification	-6 343	1 652
The year's translation differences	-4 681	-6 106
Total	**-241 406**	**-198 470**
RESIDUAL VALUE	1 678 541	1 643 931

CAPITALISED EXPENDITURE FOR SOFTWARE

Parent company	2017	2016
Accumulated acquisition values		
On 1 January	6 030	4 002
Acquisitions during the year	4 764	2 028
Total	**10 794**	**6 030**
Accumulated amortisation		
On 1 January	-2 729	-2 071
The year's amortisation	-1 400	-658
Total	**-4 129**	**-2 729**
RESIDUAL VALUE	6 665	3 301

19 Tangible fixed assets

BUILDINGS AND LAND

Group

Accumulated acquisition values	**2017**	**2016**
On 1 January	264 855	219 747
Acquisitions during the year	8 181	3 551
Acquisition of companies	–	47 977
Divestments and disposals	121	-11 543
The year's translation differences	412	5 123
Total	**273 569**	**264 855**
Accumulated depreciation		
On 1 January	-133 105	-101 228
The year's depreciation	-6 345	-5 147
Acquisition of companies	–	-27 852
Divestments and disposals	496	1 504
The year's translation differences	-1 183	-382
Total	**-140 137**	**-133 105**
RESIDUAL VALUE	133 432	131 750

MACHINERY AND OTHER TECHNICAL PLANT

Group

Accumulated acquisition values	**2017**	**2016**
On 1 January	148 944	89 559
Acquisitions during the year	8 555	19 491
Acquisition of companies	–	31 507
Divestments and disposals	-3 247	-123
Reclassification	49	1 241
The year's translation differences	-1 292	7 269
Total	**153 009**	**148 944**
Accumulated depreciation		
On 1 January	-101 446	-58 245
The year's depreciation	-9 493	-8 069
Acquisition of companies	–	-30 558
Divestments and disposals	2 790	85
Reclassification	-55	-177
The year's translation differences	1 107	-4 482
Total	**-107 097**	**-101 446**
RESIDUAL VALUE	45 912	47 498

EQUIPMENT, TOOLS AND INSTALLATIONS

Group

Accumulated acquisition values	**2017**	**2016**
On 1 January	539 217	470 063
Acquisitions during the year	46 988	34 829
Acquisition of companies	–	42 807
Divestments and disposals	-18 905	-14 225
Reclassification	-7 512	238
The year's translation differences	3 671	5 505
Total	**563 459**	**539 217**
Accumulated depreciation		
On 1 January	-415 083	-344 177
The year's depreciation	-37 614	-37 638
Acquisition of companies	–	-42 056
Divestments and disposals	17 223	12 632
Reclassification	6 398	-510
The year's translation differences	-2 773	-3 334
Total	**-431 849**	**-415 083**
RESIDUAL VALUE	131 610	124 134

CONSTRUCTION IN PROGRESS

Group	**2017**	**2016**
On 1 January	3 000	930
Accrued expenses during the year	986	3 201
Reclassification	-3 157	-1 188
The year's translation differences	38	57
RESIDUAL VALUE	867	3 000

TOTAL TANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	**2017**	**2016**
On 1 January	956 016	780 299
Acquisitions during the year	64 710	74 038
Acquisition of companies	–	122 291
Divestments and disposals	-22 031	-38 857
Reclassification	-10 620	291
The year's translation differences	2 829	17 954
Total	**990 904**	**956 016**
Accumulated depreciation		
On 1 January	-649 634	-503 650
The year's depreciation	-53 452	-50 854
Acquisition of companies	–	-100 466
Divestments and disposals	20 509	14 221
Reclassification	6 343	-687
The year's translation differences	-2 849	-8 198
Total	**-679 083**	**-649 634**
RESIDUAL VALUE	311 821	306 382

BUILDINGS AND LAND

Parent company

Accumulated acquisition values	**2017**	**2016**
On 1 January	5 875	5 875
Total	**5 875**	**5 875**
Accumulated depreciation		
On 1 January	-3 714	-3 589
The year's depreciation	-124	-125
Total	**-3 838**	**-3 714**
RESIDUAL VALUE	2 037	2 161

EQUIPMENT, TOOLS AND INSTALLATIONS

Parent company

Accumulated acquisition values	**2017**	**2016**
On 1 January	5 874	5 582
Acquisitions during the year	222	292
Total	**6 096**	**5 874**
Accumulated depreciation		
On 1 January	-2 536	-2 150
The year's depreciation	-425	-386
Total	**-2 961**	**-2 536**
RESIDUAL VALUE	3 135	3 338

20 Participations in Group companies

Parent company	**2017**	**2016**
On 1 January	2 127 070	2 151 539
Acquisitions	9 932	10 463
Reclassification	–	26 007
Reduction of share capital	–	-145 721
Shareholders contribution	–	84 782
Book value of shares in Group companies	**2 137 002**	**2 127 070**

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]	*Book value 2017*	*Book value 2016*
G & L Beijer Förvaltning AB	556020-8935	Malmö	100	7 418	7 418
freddox	559116-3372	Malmö	100	50	
GFF SAS	552130296	Lyon	100	611 643	611 643
Delclim SAS	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	158
Beijer Ref Czech s.r.o	16734874	Plzen	100	1 161	1 161
ECR Italy Srl	728980152	Milan	100	28 797	28 797
Frigoram Commerciale SpA	7202290156	Milan	100	30 805	30 805
SCM Frigo Srl	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	131 226
Metraclark South Africa (Pty) Ltd	2008/016731/07	Johannesburg	100	60 435	60 435
Beijer B.Grimm (Thailand) Ltd	105537024313	Bangkok	49	8 366	8 366
Beijer Ref Holdings Ltd, NZ	5654928	Auckland	100	48 161	48 161
Beijer Ref Holdings AU Pty Ltd	607082379	Victoria	100	73 625	73 625
HRP Holdings Ltd	393196	Leeds	100	36 470	36 470
Beijer Ref Support BV	68371063	Oirschot	100	191	
SCM Ref BV	68371160	Oirschot	100	191	
Beijer Ref Portugal	514531720	Vila do Conde	100	9 500	
Total Group				**2 137 002**	**2 127 070**

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.

Note 20 continues on page 78

20 Participations in Group companies

(continued)

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

Owned by the Group	*Company ID No.*	*Registered office*	*Indirect share of capital, %* [1]
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
Metraclark Botswana (Pty) Ltd	2003/5506	Gabarone	100
Metraclark (Zambia) Limited	109483	Lusaka	51
Metraclark Tanzania (Pty) Ltd	121736	Dar es-Salaam	100
Metraclark Ghana Ltd	CS578702015	Accra	100
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
Fridgehub.co.uk Ltd	8103679	Leeds	100
HRP Ltd	832237	Leeds	100

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	**2017**	**2016**
On 1 January	24 844	85 954
Reclassification	—	-61 110
Utgående balans	**24 844**	**24 844**
Parent Company		
On 1 January	24 844	57 931
Reclassification	—	-26 007
Write-down	—	-7 080
On 31 December	**24 844**	**24 844**

The book value of holdings in unlisted shares amounts to SEK 25M (25). 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 2017 in a reliable way and the valuation has, therefore, been made at the Group's acquisition value.

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	**2017**	**2016**
Trade debtors	1 726 243	1 559 224
Prepaid expenses and accrued income	162 699	117 662
Other receivables	244 574	239 181
Total	**2 133 516**	**1 916 067**
Minus long-term portion	-90 682	-83 619
Short-term portion	2 042 834	1 832 448

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	**2017**	**2016**
Non-matured receivables	1 327 364	1 174 835
Receivables due between 1-30 days	306 171	251 733
Receivables due between 31-60 days	60 618	74 701
Receivables due between 61-90 days	27 174	31 487
Receivables due >90 days	127 944	127 829
Total	**1 849 271**	**1 660 585**

Provisions for doubtful receivables	**2017**	**2016**
On 1 January	101 349	93 339
Costs for bad debt losses	-10 990	-15 140
Allocated during the period	32 669	23 150
On 31 December	**123 028**	**101 349**

23 Inventories

Group	**2017**	**2016**
Raw materials and supplies	92 448	89 846
Work-in-progress	48 159	31 932
Finished products and goods for resale[1)]	2 488 803	2 362 267
Advances to suppliers	1 769	1 229
Total inventories	**2 631 179**	**2 485 274**
1) Of which reported to net sales value	33 585	28 573

24 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 559,387K (342,080).

25 Share capital

Number of shares	**2017**	**2016**
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	167 247
Net profit for the year	301 012
Total	**1 369 863**

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

Dividend, SEK 5.75 per share	243 748
To be carried forward	1 126 115
Total	**1 369 863**

26 Borrowing

Group	2017	2016
Long-term		
Bank loans	1 625 544	1 550 525
Total long-term	**1 625 544**	**1 550 525**
Current		
Bank overdraft facilities	447 372	466 524
Bank loans	17 587	15 539
Total current	**464 959**	**482 063**
Total borrowing	**2 090 503**	**2 032 588**

The Group's borrowing by currency is as follows:

	2017	2016
EUR	1 074 082	997 564
SEK	374 280	450 271
GBP	313 123	270 141
NZD	153 926	165 104
CHF	69 548	74 539
PLN	28 327	25 994
NOK	25 750	25 069
DKK	-3 269	-12 197
THB	16 432	24 587
Other currencies	38 304	11 515
Total	**2 090 503**	**2 032 588**

Parent Company	2017	2016
Long-term		
Bank loans	1 625 544	1 550 525
Long-term liabilities to Group companies	—	97 582
Total long-term	**1 625 544**	**1 648 107**
Current		
Bank overdraft facilities	436 246	451 565
Total current	**436 246**	**451 565**
Total borrowing	**2 061 790**	**2 099 672**

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

	2017	2016
EUR	1 067 267	1 089 731
SEK	374 280	450 271
GBP	313 123	270 141
NZD	153 926	165 104
CHF	66 497	74 539
PLN	28 327	25 994
NOK	8 085	8 457
DKK	-3 269	-12 197
THB	16 432	20 866
Other currencies	37 122	6 766
Total	**2 061 790**	**2 099 672**

Of the parent company's total limits amounting to SEK 2,493 million, 28% become due in November 2019 and the remainder in November 2020. 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.

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 2017.

27 Deferred tax

	Amount on 2016 01-01	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2016 12-31	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2017 12-31
Group											
Deferred tax asset:											
Fixed assets	1 184	1 844	2 382		122	5 532		96		95	5 723
Trade debtors	6 672		-3 331		344	3 685		5 018		185	8 888
Inventories	6 468		606		595	7 669		317		-76	7 910
Provision for pensions	23 083		-1 595	2 920	587	24 995		-1 886	-30	253	23 332
Other provisions	16 110		1 119	-284	967	17 912		3 946		170	21 778
Loss carry forwards	64 902	9 861	-14 423		2 110	62 450		-7 896		645	55 449
Set-off	-125		-307			-432		-1 502			-1 934
Total deferred tax asset	**118 294**	**11 705**	**-15 549**	**2 636**	**4 725**	**121 811**		**-1 907**	**-30**	**1 272**	**121 146**
Deferred tax liabilities:											
Fixed assets	-70 768	-2 174	-4 792		-1 745	-79 479	-1 357	3 601		-4 053	-81 288
Inventories	-11 830		2 992		-598	-9 436		580		11	-8 845
Set-off	125		307			432		1 502			1 934
Total deferred tax liabilities	**-82 473**	**-2 174**	**-1 493**		**-2 343**	**-88 483**	**-1 357**	**5 683**		**-4 042**	**-88 199**
Deferred tax	**35 821**	**9 531**	**-17 042**	**2 636**	**2 381**	**33 328**	**-1 357**	**3 776**	**-30**	**-2 770**	**32 947**

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.

In addition to accumulated loss carryforwards, there is approx. SEK 7.3 million in accumulated losses that have not been capitalised due to uncertainty in their utilisation.

28 Pension commitments

Group	2017	2016
The amounts reported in the balance sheet have been calculated as follows:		
Current value of invested commitments [1]	298 983	264 609
Actual value of plan assets	-217 867	-172 610
Deficit in invested plans	**73 625**	**91 999**
Current value of uninvested commitments	36 317	32 815
Net liability in the balance sheet	**117 433**	**124 814**

1) 2017 value includes a liability for a direct pension of SEK 1,000K (1,000)

	2017	2016
The change in the defined benefit obligation during the year is as follows:		
On 1 January	296 424	259 697
Costs for service during the current year	10 431	13 771
Costs for service during previous years	-490	—
Interest expense	3 925	3 406
Contributions from employees	15 347	5 185
Revaluation effects	-1 635	14 888
Payments made	-20 412	-7 941
Settlement	38 141	-130
Other	289	-675
Translation difference	-7 720	8 223
On 31 December	**334 299**	**296 424**
The change in the actual value of plan assets during the year are as follows:		
On 1 January	172 610	152 593
Interest income	2 565	1 800
Revaluation effects	-1 317	-5
Contributions from the employer	5 221	10 824
Contributions from employees	15 347	5 185
Payments made	-10 461	-7 485
Settlement	39 805	—
Translation difference	-5 903	9 697
On 31 December	**217 867**	**172 610**
The plan assets consist of the following:		
Invested with pension managers	212 576	141 409
Interest-bearing securities	—	19 699
Properties	—	3 124
Shares	—	2 169
Cash	1 133	1 478
Other	4 157	4 731
Total	**217 867**	**172 610**
The amounts reported in other comprehensive income are the following (revaluations):		
Actuarial (profit) or loss on the current value of the commitment	(1 634)	14 888
Return on plan assets excluding amounts included in the interest expence	1 317	5
Total pension cost or (income)	**(318)**	**14 892**

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 2017 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 (1.8). Alecta's surplus can be distributed to the policy holders and/or the insured. At the 2017 year end, Alecta's surplus in the form of the collective consolidation level amounted to 154 per cent (149). 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:

2017	Holland	Switzerland	France
Discount rate, %	2.07	0.70	1.52

2016	Holland	Switzerland	France
Discount rate, %	2.06	0.65	1.56

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%	-12 174	
Discount rate, -0.5%		14 361
Switzerland		
Discount rate, +0.5%	-15 078	
Discount rate, -0.5%		17 362
France		
Discount rate, +0.5%	-1 783	
Discount rate, -0.5%		1 960

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:

2017	Holland	Switzerland	France	Other	Total
Present value of the obligation	88 824	188 193	29 491	28 791	335 299
Fair value of plan assets	-80 396	-133 314	-4 157		-217 867
Total	**8 429**	**54 879**	**25 334**	**28 791**	**117 433**

2016	Holland	Switzerland	France	Other	Total
Present value of the obligation	22 911	194 776	25 084	54 653	297 424
Fair value of plan assets	-9 267	-130 251	-3 905	-29 187	-172 610
Total	**13 644**	**64 526**	**21 179**	**25 466**	**124 814**

29 Other provisions

Group	2017	2016
Guarantee commitments	16 424	7 149
Other	37 496	40 403
Total	**53 920**	**47 552**
Long-term portion	25 355	24 135
Current portion	28 565	23 417
Total	**53 920**	**47 552**
Guarantee commitments		
Net value at the start of the period	7 149	7 041
Provisions made during the period	13 181	4 211
Amounts utilised during the period	-3 888	-3 970
Restored unutilised amount	-352	-89
Translation difference	334	-44
Net value at the period end	**16 424**	**7 149**
Other provision		
Net value at the start of the period	40 403	26 701
Acquisitions of companies	–	6 394
Provisions made during the period	41 203	44 176
Amounts utilised during the period	-37 091	-35 149
Restored unutilised amount	-8 690	-3 427
Translation difference	1 671	1 708
Net value at the period end	**37 496**	**40 403**

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 Net debt reconciliation

	2016	Cash flow	Foreign exchange adjustments	Non-cash movements	2017
Pension commitments	124 814	-6 746	-1 817	1 182	117 433
Long-term borrowing	1 550 525	66 587	8 432		1 625 544
Short-term borrowing	482 063	-19 909	2 805		464 959
Deduct:					
Liquid funds	342 080	213 595	3 712		559 387
Net debt	**1 815 322**				**1 648 549**

31 Contingent commitments/ Contingent liabilities

Group	2017	2016
Guarantees	12 371	–
Total	**12 371**	**–**
Parent company		
Guarantees, SHB for the benefit of subsidiaries	1 712	1 670
Guarantees, Nordea	6 682	1 148
Guarantees, other	4 233	4 596
Total	**12 627**	**7 414**
Guarantees for the benefit of Group companies	12 627	7 414
Total	**12 627**	**7 414**

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

32 Trade creditors and other liabilities

Group	2017	2016
Trade creditors	1 128 433	985 307
Advances from customers	8 589	6 697
Accrued expenses and prepaid income	427 079	375 415
Other current liabilities	177 363	166 623
Total	**1 741 464**	**1 534 042**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

33 Acquisitions of companies

2017
In September, the assets of the Portuguese refrigeration company DX Por (headquartered in Porto) were acquired. The company is the primary distributor of Toshiba HVAC (Heating, Ventilation, Air Conditioning) in Portugal. DX Por has been integrated into the Beijer Ref organisation and is included in the consolidated financial statements as from September 2017. DX Por was established in 2005 and has annual sales of approximately SEK 40 million. The company currently has 13 employees.

In October 2017, Beijer Ref AB entered into a binding agreement to acquire Tecsa (Pty) Ltd, owned by Westbrooke Investment. Subsequently, the competition authority in South Africa (CompCom SA) has examined the agreement (for more details on this acquisition, refer to Note 36).

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
Summa identifierbara			
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

34 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 179.6M (115.0) were made. Sales to Carrier are also made on normal commercial terms. During the year, sales at a value of SEK 99.6M (85.5) 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 728K (698) 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 5,410K (6,419) for the year.

Remuneration of senior executives is shown in Note 6.

35 Transactions with holders with no controlling influence

	2017	2016
On 1 January	52 033	40 575
Share of the year's result	9 535	9 689
Translation difference	-584	2 611
Dividend	-970	-842
On 31 December	**60 014**	**52 033**

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.

36 Events after the balance sheet date

In October 2017, Beijer Ref AB entered into a binding agreement to acquire Tecsa (Pty) Ltd, owned by Westbrooke Investment. Subsequently, the competition authority in South Africa (CompCom SA) has examined the agreement. In January 2018, the Authority gave its final approval, thus confirming that the acquisition will not affect the competitive situation in the South African refrigeration wholesaler market. Among other things, their decision states that two branches in Polokwane and Rustenburg in South Africa must be sold off. The parties have reached an agreement and accept the governmental authority's decision.

The competition authority in Namibia are expected to respond with their statements shortly. However the notification of their answer will have only a marginal impact on the transaction, as more than 95 percent of Tecsa's business operations are located in the South African market. Beijer Ref prepares for Tecsa (Pty) Ltd to be included in the consolidated financial statements as of 1 March 2018.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	167 247
Net profit for the year	301 012
Total	**1 369 863**

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

Dividend, SEK 5.75 per share	243 748
To be carried forward	1 126 115
Total	**1 369 863**

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 41 per cent.

The profit and loss account and balance sheet will be submitted for adoption to the Annual Meeting of shareholders on 5 April 2018. 9 April 2018 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 2018

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 7 March 2018
PricewaterhouseCoopers AB

Lars Nilsson
Authorised Public Accountant
Auditor in charge

Mikael Nilsson
Authorised Public Accountant

Auditor's report

To the general 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 2017 with the exception of the Corporate Governance Report on pages 44-53. The annual accounts and consolidated accounts of the company are included on pages 42-43 and 54-84 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 2017 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 2017 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 44-53. 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.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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 matter

Impairment of intangible assets

As of December 31, 2017, goodwill and other intangible assets amount to MSEK 1 679. 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 2017. 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

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.

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 1-41 and 88-90. This information is not a part of the annual report except for the statutory sustainability report and our opinion for it.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 except for the statutory sustainability report and our opinion for it, 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 2017 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 44-53 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.

PricewaterhouseCoopers AB, was appointed auditor of Beijer Ref AB (Publ) by the general meeting of the shareholders on the 6 april 2017 and has been the company's auditor since the 29 april 2005.

Malmö the 7 March 2018
PricewaterhouseCoopers AB

Lars Nilsson
Authorized Public Accountant
Auditor-in-Charge

Mikael Nilsson
Authorized Public Accountant

Five-year summary

SEK M	2017	2016	2015	2014	2013
Sales and results					
Net sales	9 830	9 045	8 361	7 189	6 595
Other operating income. etc	21	39	19	21	14
Operating expenses excluding amortisation	-9 041	-8 413	-7 743	-6 666	-6 171
Amortisation	-85	-78	-69	-62	-61
Operating profit	725	593	567	481	378
Net interest income and expenses	-26	-33	-42	-35	-31
Profit before taxes	699	560	525	447	347
Tax	-178	-161	-152	-122	-102
Net profit for the year	521	399	373	325	244
Attributable to:					
Parent company's shareholders	511	389	366	316	234
Non-controlling interests	10	10	7	8	10
Capital structure					
Cash and bank including unutilised bank overdraft facilities	983	782	751	504	563
Shareholders' equity	3 294	2 967	2 634	2 617	2 417
Capital employed (1)	5 513	5 147	4 504	4 309	3 829
Operating capital (2)	4 929	4 780	4 070	3 987	3 567
Interest-bearing liabilities	2 208	2 157	1 831	1 666	1 393
Total assets	7 463	6 855	6 040	5 699	5 108
Key figures (3)					
Equity ratio, % (4)	44.1	43.3	43.6	46.0	47.3
Return on equity after full tax, % (5)	16.6	14.2	14.2	12.9	10.1
Return on capital employed, % (6)	13.7	12.3	13.0	11.9	10.0
Return on operating capital, % (7)	14.9	13.4	14.1	12.7	10.6
Interest coverage ratio (8)	23.2	16.6	11.9	12.7	10.1
Debt ratio (9)	0.5	0.6	0.6	0.5	0.5
Operating margin, % (10)	7.4	6.6	6.8	6.7	5.7
Other information					
Average number of employees	2 717	2 667	2 506	2 215	2 137
of whom outside Sweden	2 616	2 566	2 411	2 115	2 028
Payroll excluding social security contributions	1 056	1 006	1 025	791	727
of whom outside Sweden	988	944	967	733	661
Cash flow from investment operations	99	80	237	81	54

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

Financial definitions

Δ% Change in percentage.

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.

GWP Global Warming Potential

HCFC HydroChloroFluoroCarbons, which affects the ozone layer and contribute to global warming.

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

HFO HydroFluoroOlefins, synthetic environmentally friendly refrigerants.

HVAC Heating, Ventilation, Air Conditioning.

OEM Original Equipment Manufacturer.

Transcritical Environmental-friendly.

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 Denmark, Finland, Norway, Sweden

Southern Europe France, Italy, Portugal, Spain

To the Shareholders

The Annual Meeting of shareholders will be held at 3 pm on Thursday 5 April 2018 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 28 March 2018.
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 28 March 2018 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 5.75 per share for the 2017 financial year and 9 April 2018 as the record day. Payment is expected to be remitted by Euroclear on 12 April 2018.

FINANCIAL INFORMATION 2018

- The Interim Report for the first quarter will be published on 23 April 2018.
- The Interim Report for the second quarter will be published on 13 July 2018.
- The Interim Report for the third quarter will be published on 22 October 2018.
- The Year-End Report for 2018 will be published on 30 January 2019.
- The Annual Report for 2018 will be published in March 2019.

Production: Beijer Ref AB/Trägårdh Kommunikation
Copywriting: Trägårdh Kommunikation
Photos: Linus Morales, Dio Zhao, Andreas Offesson m fl
Print: CA Andersson & Co, Malmö
Translation: Semantix, Malmö

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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