



BEWi

Synbra

GROUP

REPORT
Q3 | 2019

HIGHLIGHTS FOR 2019

Numbers in parentheses refers to the corresponding period in the previous year.

THIRD QUARTER

- BEWiSynbra Group reported net sales of SEK 1,145.8 million for the third quarter (SEK 1,160.2 million), a decrease of 1.2 per cent compared to the corresponding quarter last year
- Adjusted EBITDA was SEK 137.2 million (SEK 98.3 million), while adjusted EBITA amounted to SEK 84.3 million (SEK 65.3 million)
- Earnings were negatively impacted by items affecting comparability of SEK 5.6 million for the quarter (negatively impacted by SEK 20.1 million)
- EBIT for the Group was SEK 60.7 million (SEK 33.2 million)
- In July, BEWiSynbra acquired 51 per cent of the Danish recycling company Eurec

FIRST NINE MONTHS

- Net sales amounted to SEK 3,443.6 million for the first nine months of 2019 (SEK 2,685.8 million), an increase of 28.2 per cent compared to the corresponding period last year
- Adjusted EBITDA was SEK 447.2 million (SEK 216.1 million), while adjusted EBITA amounted to SEK 286.1 million (SEK 149.2 million)
- Earnings have been negatively impacted by items affecting comparability of SEK 31.6 million (negatively impacted by SEK 4.2 million)
- EBIT for the Group was SEK 202.2 million (SEK 122.7 million)
- In March, BEWiSynbra acquired 51 per cent of the Belgian recycling company EcoFill and in July, 51 per cent of the Danish recycling company Eurec
- On 24 October, BEWiSynbra announced the launch of the world's first 100% recycled EPS

CONSOLIDATED KEY FIGURES*

	Third quarter			YTD 2019			Full year 2018
	2019	2019 excl. IFRS 16	2018	2019	2019 excl. IFRS 16	2018	
<i>Amounts in million SEK (except percentage and operational figures)</i>							
Net sales	1,145.8	1,145.8	1,160.2	3,443.6	3,443.6	2,685.8	3,905.3
Operating income/ EBIT	60.7	55.3	33.2	202.2	186.0	122.7	141.4
EBITDA	131.6	111.1	78.2	415.6	355.3	211.8	292.9
EBITDA margin (%)	11.5%	9.7%	6.7%	12.1%	10.3%	7.9%	7.5%
Adjusted EBITDA	137.2	116.7	98.3	447.2	386.9	216.1	316.7
Adj. EBITDA margin (%)	12.0%	10.2%	8.5%	13.0%	11.2%	8.0%	8.1%
Items affecting comparability	-5.6	-5.6	-20.1	-31.6	-31.6	-4.2	-23.8
EBITA	78.7	73.2	45.2	254.4	238.1	144.9	187.9
EBITA margin (%)	6.9%	6.4%	3.9%	7.4%	6.9%	5.6%	4.8%
Adjusted EBITA	84.3	78.8	65.3	286.1	269.7	149.2	211.7
Adj. EBITA margin (%)	7.4%	6.9%	5.6%	8.3%	7.8%	5.6%	5.4%
Net profit/loss for the period	28.8	29.6	-3.6	88.6	91.4	29.7	16.0
Capital Expenditure (CAPEX)	-27.9	-27.9	-41.5	-99.0	-99.0	-95.4	-142.4

*Definitions included on page 11

COMMENTS FROM THE CEO

(The below comments from the CEO are based on pro forma numbers)

BEWiSynbra Group delivers a stable performance. Revenues are affected by lower market prices in all our segments. The trend this quarter remains the same as for the first half year with decreasing volumes in the Nordics, besides in Finland, stable volumes in the Netherlands and positive volume development in Portugal. In Sweden we have been working hard during the year with a turnaround as previously communicated. We are now starting to see the results from those activities in our earnings. In Norway, volumes are affected by lower slaughter volumes in the factories we supply fish boxes to in 2019 compared to last year, which can vary from one year to another due to biological reasons.

In 2019, an increase in the general market supply of the EPS raw material, has put pressure on prices, and thus impacted both revenues and profitability in our RAW segment. On the other hand, lower raw material prices have positively impacted the margins in our downstream segments, Packaging & Components and Insulation. This proves that our integrated business model, from raw material to production of end-products, serves as a stabilizing factor for the Group, making us well positioned to meet various market scenarios.

As previously communicated, we have had operational challenges in one production line of the RAW segment this year. Unfortunately, the challenges are still affecting our profitability in this segment, but we expect to have the issues resolved by early 2020.

We are pleased to see that most of our regions are delivering positive contribution to our margin development both this quarter and for the first nine months of this year. Although this can partly be explained by the favourable raw material prices, there are numerous other factors also contributing; The measures we have implemented to reduce cost and improve efficiency in the Swedish operations are yielding positive results and so is the growth in Finland and Portugal as well as the synergies achieved from the merger with Synbra.

Finally, we are excited to see that our continuous efforts to innovate new and more sustainable materials and products, as well as our recycling activities are progressing well. We have said that we will *Lead the Change in the EPS industry* – and with our recent launch of the world's first EPS raw material made from 100 per cent recycled EPS, we are closing the EPS life-cycle loop. This means that we can reduce the usage of virgin fossil raw materials and reduce the waste from our industry – and at the same time contribute to protecting goods and people through the superior qualities of our products.

Rik Dobbelaere, CEO of BEWiSynbra Group AB

FINANCIAL REVIEW

In 2018, BEWiSynbra Group completed several acquisitions, including Ruukin EPS Oy in January, Synbra Holding in May and BEWi Produkter AS, BEWi Polar AS and BEWi Automotive AB in September. The acquisitions affect the comparable numbers for the corresponding periods.

Effective from 1 January 2019, International Accounting Standards Boards (IASB) issued a new standard, IFRS 16 "Leases", concerning the accounting of lease agreements. BEWiSynbra has implemented the standard as of 1 January this year, with significant effects on assets and liabilities. A further description is presented in Note 2 to the accounts. The above application means that the figures for the current year will not be fully comparable with previous years.

GROUP RESULTS

Information in parentheses refers to the corresponding period in the previous year.

Profit and loss

Net sales for the third quarter of 2019 amounted to SEK 1,145.8 million (SEK 1,160.2 million), representing a 1.2 per cent decrease, of which 12 percentage points (pp) is explained by acquisitions, 2 pp by currency and a negative 16 pp organic growth.

The main explanation for the negative organic growth is lower market prices in all segments. Furthermore, BEWiSynbra experience somewhat lower demand for fish boxes in Norway and a moderate decline in the demand for insulation products in most of its operating markets, except for Finland. Further comments are provided under each of the business segments.

For the first three quarters, net sales were SEK 3,443.6 million (SEK 2,685.8 million). The main explanation for the increase in sales is the acquisitions in 2018.

Operating expenses for the Group amounted to a total of SEK 1,087.0 million for the quarter (SEK 1,127.2 million) and SEK 3,249.3 million for the first nine months of the year (SEK 2,563.2 million).

Raw materials and consumables amounted to SEK 543.0 million for the quarter (SEK 669.6 million),

representing 47.4 per cent (57.5 per cent) of net sales. The percentage fluctuates mainly with the gross margin in the Raw segment and is mainly affected by the cost of the raw material styrene and a different product mix following the acquisition of Synbra. For the first three quarters of the year, raw materials totalled SEK 1,557.9 million (SEK 1551.0 million).

Personnel cost amounted to SEK 209.7 million for the quarter (SEK 187.7 million), representing 18.3 per cent (16.2 per cent) of net sales, and SEK 643.5 million for the first nine months (SEK 414.7 million).

At the end of the quarter, the Group had 1,244 full time equivalents, up from 1,210 at the end of 2018.

Operating income for the Group was SEK 60.7 million for the third quarter (SEK 33.2 million) and SEK 202.2 million for the first nine months (SEK 122.7 million).

Items affecting comparability amounted to SEK -5.6 million for the third quarter (SEK -20.1 million), of which SEK -3.6 million was severance and integration costs attributable to Personnel cost, SEK -0.5 million was transaction costs and SEK -1.5 million was related to other external costs.

For the first nine months, items affecting comparability were SEK -31.6 million (SEK -4.2 million), of which SEK -12.3 million was severance and integration costs and SEK -12.8 million was other restructuring cost attributable to Other external costs. For further information, please see an overview of the items on page 12.

Adjusted EBITDA, which is EBITDA adjusted for the items affecting comparability mentioned above, amounted to SEK 137.2 million for the third quarter this year (SEK 98.3 million). This represents an adjusted EBITDA margin of 12.0 per cent for the quarter (8.5 per cent). The positive margin development can mainly be explained by acquisitions, more favourable raw material prices and the impact from IFRS 16. Please see additional comments in Note 3, Pro-forma.

For the first nine months of 2019, adjusted EBITDA came in at SEK 447.2 million (SEK 216.1 million), representing a margin of 13.0 per cent (8.0 per cent).

Net financial items came in at SEK -26.8 million for the third quarter of 2019 (SEK -25.8 million), of which SEK -26.9 million was financial expenses. Approximately SEK -17.5 million relates to interest for financing and costs related to credit facilities and bank accounts, SEK -3.2 million relates to financing costs (non-cash items), SEK -6.6 million relates to the interest component of IFRS 16 and SEK 0.5 million relates to revaluation of intercompany balances and a fair value revaluation of derivatives (non-cash item).

For the first nine months this year, net financial items amounted to SEK -83.4 million (SEK -55.1 million). Of the SEK 86.9 million in financial expenses, approximately SEK -52.0 million relates to interest for financing and costs related to credit facilities and bank accounts, SEK -9.9 million relates to financing costs (non-cash items), SEK -20.0 million relates to the interest component of IFRS 16 and SEK -2.3 million relates to revaluation of intercompany balances and a fair value revaluation of derivatives (non-cash item).

Tax expenses were SEK 5.1 million for the quarter (SEK 10.9 million) and SEK 30.2 million for the first nine months of the year (SEK 38.0 million).

Net income for the quarter was a profit of SEK 28.8 million (SEK -3.6 million), whereas the Group recorded a profit of SEK 88.6 million for the first nine months (SEK 29.7 million).

SEGMENTS

BEWiSynbra Group is organised in three operating segments; RAW (Upstream), Packaging & Components (P&C) and Insulation. The RAW segment produces EPS beads, that is sold both internally as well as externally. The P&C segment offers products and solutions to a range of industries and applications. Examples are EPS boxes for transportation of fish, other food products or medicine, and components for cars and heating systems. The Insulation segment offers insulation products for the building and construction industry, as well as for infrastructure projects. Unallocated costs are costs that are more related to the headquarter than to a specific segment. Unallocated costs also include revenue and costs in relation to the Circular activities, which is currently under development and consequently not yet reported as a separate segment.

Comments on key pro forma figures for the segments can be found in Note 3, while detailed segment information is included in Note 5. Please also see a revenue bridge explaining the change in Net Sales for the segments and the Group from the corresponding periods in 2018 on page 12.

RAW

BEWiSynbra has two factories producing EPS beads, in Porvoo, Finland, and Etten-Leur, Netherlands, with a combined production capacity of 185,000 tonnes of EPS beads per year, divided between white EPS and grey EPS.

Key figures RAW

Amounts in SEK million	Q319	Q318	YTD19	YTD18
Segment sales	562.2	709,3	1,685.8	1,702,3
Adj. EBITDA	7.1	35.5	57.5	92.9
Adj. EBITDA margin (%)	1.3%	5.0%	3.4%	5.5%
Adj. EBITA	-2.4	27.8	29.8	73.2

Segment sales for RAW amounted to SEK 562.2 million for the third quarter (SEK 709.3 million), corresponding to a decrease of 20.7 per cent compared to the corresponding quarter last year, mainly explained by a negative organic growth.

For the first nine months, segment sales for RAW was SEK 1,685.8 million (SEK 1702.3 million), also showing a negative organic growth.

The negative organic growth in both the quarter and for the first nine months, is primarily a result of lower market prices. In the quarter, RAW is also experiencing lower volumes compared to the corresponding quarter of 2018 explained partly by one closed production line in Poorvo, Finland.

Adjusted EBITDA for the RAW segment amounted to SEK 7.1 million this quarter (SEK 35.5 million), representing a margin of 1.3 per cent (5.0 per cent). Earnings in individual quarters are in general impacted

by production and sales volumes where the time lag between changes in cost for raw material, i.e. styrene price, and the corresponding price adjustment towards the customers impacts margins in individual quarters. The lower profitability this quarter is mainly explained by significantly lower GAP this year, less volumes, the closed production line in Porvoo as mentioned above, and a general higher cost of energy in 2019. The pressure on the GAP is expected to be a result of high production capacity /product availability on the market.

For the first nine months of 2019, RAW recorded an adjusted EBITDA of SEK 57.5 million (SEK 92.9 million), representing a margin of 3.4 per cent (5.5 per cent). Earnings are lower for the same reasons as for the quarter. However, the lower volumes have less impact on the YTD numbers while the stand still in the production line had relatively more impact on the lower profitability in the beginning of the year

Packaging & Components (P&C)

The P&C segment offers products with a high degree of customer specialisation, explaining the higher margins normally achieved compared to the RAW and Insulation segments.

In total, BEWiSynbra has 15 facilities in 6 countries producing P&C products.

Key figures Packaging & Components

<i>Amounts in SEK million</i>	Q319	Q318	YTD19	YTD18
Segment sales	421.9	293,8	1.271.7	689,6
Adj. EBITDA	82.4	25.5	234.2	61.9
Adj. EBITDA margin (%)	19.5%	8.7%	18.4%	9.0%
Adj. EBITA	52.2	8.5	143.0	32.6

Segment sales for the quarter for P&C amounted to SEK 421.9 million (SEK 293.8 million), corresponding to an increase of 43.6 per cent. The segment has close to 46.2 per cent increase in net sales from acquisitions, while experiencing a small negative organic growth. The negative organic growth can mainly be explained by lower volumes in Sweden where the company have adjusted volumes to improve production plant efficiency. Volumes are stable in most other operating markets, whereas Portugal delivering healthy growth.

For the first nine months of 2019, segment sales for P&C amounted to SEK 1,271.7 million (SEK 689.6 million), corresponding to an increase of 84.4 per cent, mainly explained by acquisitions.

Adjusted EBITDA for the quarter amounted to SEK 82.4 million (SEK 25.5 million), representing a margin of 19.5 per cent (8.7 per cent). All regions contributed to the improved margin in the quarter, mainly explained by the favourable raw material prices. In addition, the acquisitions of the Norwegian entities BEWi Polar and BEWi Produkter in September 2018, the growth in Portugal, the turn-around measures implemented in the Swedish operations and the synergies achieved from the consolidation of the Danish operations following the merger with Synbra, were all positively impacting the margin for the quarter.

For the first nine months, adjusted EBITDA totalled SEK 234.2 million (SEK 61.9 million), corresponding to a margin of 18.4 per cent (9.0 per cent). The positive margin development for the first nine months is explained by the same reasons as for the quarter.

Insulation

The Insulation segment offers insulation products for the building and construction industry, as well as for infrastructure projects. Examples are road fillers, insulation boards, and various construction systems. Netherlands is the main contributor to the Insulation segment, representing more than 60 per cent of the total sales for the segment. In total, BEWiSynbra has 14 facilities in 6 countries producing Insulation products.

Key figures Insulation

<i>Amounts in SEK million</i>	Q319	Q318	YTD19	YTD18
Segment sales	367.7	393,9	1,136.4	834,5
Adj. EBITDA	57.4	44.6	183.4	78.7
Adj. EBITDA margin (%)	15.6%	11.3%	16.1%	9.4%
Adj. EBITA	44.9	36.7	147.6	61.9

Segment sales for the quarter for Insulation amounted to SEK 367.7 million (SEK 393.9 million), corresponding to a decrease of 6.7 per cent. The segment had a negative organic growth of 8.8 per cent.

For the first nine months of 2019, net sales for Insulation was SEK 1,136.4 million (SEK 834.5 million), including an increase of 43.2 per cent related to acquisitions and a negative organic growth of 9.3 per cent.

All markets experience decreasing volumes this quarter compared to the corresponding period last year, besides Finland. However, in the Netherlands the decreasing volumes are mostly related to sales into a German company that previously was owned by Synbra. From May 2018, the German company is co-owned by BEWiSynbra and has since then been phasing out the trading from the Netherlands to instead produce locally. The German company is consolidated into the Group's financials with BEWiSynbra's share of the company's net profit. In Sweden, the production in Dorotea was closed in the first quarter of 2019 as a part of a turn-around and in Denmark the company experience increased competition. The volume development for the first nine months is the same as for the quarter with lower volumes in general besides Finland.

Adjusted EBITDA for the segment Insulation amounted to SEK 57.4 million for the quarter (SEK 44.6

million), representing a margin of 15.6 per cent (11.3 per cent), and SEK 183.4 million for the first nine months (SEK 78.7 million), representing a margin of 16.1 per cent (9.4 per cent).

The improved margins in both the quarter and the first nine months of 2019 can mainly be explained by favourable raw material prices and higher volumes in the Finish operations. As for Packaging in Sweden, the turn-around in the Swedish Insulation operations has started to yield results and positively affect margins despite lower volumes. The Group's minority holding in a Germany Insulation operation delivered satisfactory results and also contributed to the positive earnings and margin development in the quarter as well as YTD.

Unallocated cost

Unallocated costs are costs that are more related to the headquarter than to a specific segment. Unallocated costs also include revenue and costs in relation to the Circular activities, which are currently under development and consequently not yet reported as a separate segment. The unallocated costs have increased, mainly due to acquisitions and the development of the Circular concept.

FINANCIAL POSITION AND LIQUIDITY

Consolidated cash flow

Cash flow from operating activities totalled SEK 241.6 million for the third quarter (SEK 70.6 million), including a net decrease in working capital by SEK 143.6 million (SEK 23.5 million).

For the first nine months of the year, cash flow from operating activities was SEK 172.9 million (SEK 25.8 million), including a net increase in working capital by SEK 106.6 million (SEK -52.5 million).

Cash flow used for investment activities was SEK -41.6 million (SEK 5.1 million) during the third quarter.

For the first nine months, cash flow from investment activities amounted to SEK -124.9 million (SEK -957.2 million). The major part of the investments in 2018 was related to the acquisition of Synbra.

Cash flow from financing activities amounted to SEK -96.1 million for the third quarter this year (SEK 7.6 million).

For the first nine months, cash flow from financing activities was SEK -59.5 million (SEK 985.8 million). In the corresponding period last year, BEWISynbra issued a new bond loan and new equity related to the acquisition of Synbra Holding.

Consolidated financial position

Total assets amounted to SEK 4,672.7 million as of 30 September 2019, up from SEK 4,110.8 million at 31 December 2018 and from SEK 4,258.4 million at 30 September 2018. The increase since the end of 2018 can mainly be explained by the impact of IFRS 16.

Total equity amounted to SEK 1,656.1 million at the end of the third quarter, representing an equity ratio of 35.4 per cent (37.4 per cent at year-end 2018 and 37.5 per cent at the end of the third quarter last year). At year-end 2018, the equity was SEK 1,537.3 million, while the equity was SEK 1,595.3 million at the end of the third quarter last year. The increase in equity during the first nine months is mainly attributable to positive results and exchange differences from translation of net assets in foreign operations.

Net debt excluding IFRS 16 amounted to SEK 1,167.2 million as of 30 September 2019, compared to SEK 1,123.4 million at the end of 2018 and down from SEK 1,229.9 million at the end of September last year. The increase from the end of 2018 mainly reflects seasonal effects in working capital.

Cash and cash equivalents were SEK 231.5 million at the end of September this year, down from SEK 235.3 million as of 31 December 2018 and up from SEK 167.3 million at the end of the third quarter 2018.

Capital expenditures

Capital expenditures in the operations totalled SEK 27.9 million for the third quarter (SEK 41.5 million) and SEK 99.0 million for the first nine months of 2019 (SEK 95.4 million).

THE PARENT COMPANY

The BEWiSynbra Group AB (publ.) is the Parent Company of the Group. Earnings after tax amounted to SEK 5.6 million for the third quarter (SEK -3.1 million) and SEK 9.8 million for the first nine months of 2019 (SEK -11.7 million).

As at 30 September 2019, the equity in the Parent Company was SEK 1,383.2 million, compared to SEK 1,373.4 million at 31 December 2018 and to SEK 1,386.7 million at 30 September 2018.

ACQUISITIONS

During 2018, BEWiSynbra Group completed several acquisitions, resulting in geographical expansion as well as strengthening of the Group's market positions in existing markets. So far in 2019, the Group has mainly focussed on acquisitions strengthening the Group's recycling activities, in addition to acquiring the remaining non-controlling interests in the three Insulation companies in Finland.

On 28 March 2019, BEWiSynbra Group announced the acquisition of 51 per cent of the recycling company Eco Fill. The acquisition price was SEK 4.3 million and SEK 6.3 million in loans in the acquired company were settled in connection with the acquisition.

In May 2019, BEWiSynbra Group acquired the remaining 40 per cent of the shares in BEWi Ruukin EPS Oy, held by non-controlling interests, for a cash consideration of SEK 7.4 million.

In July 2019, the Group acquired 51 per cent of the Danish recycling company Eurec. Eurec is engaged in the collection, compacting, processing and sales of recycled EPS waste and plastics. In addition, Eurec operates as an agent and lessor of baling presses and press containers.

In September, the Group acquired the 40 per cent non-controlling interest in BEWi Insulation Oy for a cash consideration of SEK 11.2 million and the 10 per cent non-controlling interest in BEWi M-Plast Oy by the settlement of a SEK 1.2 million liability

For further details on the acquisitions, see Note 8 to the financial accounts.

SHARE INFORMATION

At 30 September, the number of shares outstanding amounted to 138,937,980 with a quota value of SEK 0.0097. Each share entitles to one vote. All shares issued are fully paid.

BEWISYNBRA CIRCULAR

BEWiSynbra Circular is responsible for increasing the collection- and recycling of EPS in the BEWiSynbra Group. Since the establishment of Circular in October 2018, Circular has launched several activities, including establishment of one compacting station close to BEWiSynbra's facility at Frøya and one close to a major customer's fish slaughterery at Hitra. In addition, collecting stations have been set up at various locations. Circular is in active engagements with customers and partners to find the best ways to collect more used EPS.

In February 2019, BEWiSynbra launched the concept "Use-ReUse", aiming at raising awareness about recycling EPS and setting a new industry standard for collecting and recycling EPS. Since then, Circular has successfully organized a "Use-ReUse Day" and co-organized a "Sustainability Day" in Varberg, Sweden. Both events invited customers, thought leaders from the industry, as well as managers from the BEWiSynbra Group to talk about the importance of recycling EPS, as well as other sustainability initiatives.

During 2019, BEWiSynbra has acquired 51 per cent of two recycling companies; The Belgian company EcoFill in March and the Danish company Eurec in July. The two acquisitions further strengthen BEWiSynbra's work to increase the collection and recycling of used EPS.

ORGANISATION

At 30 September 2019, BEWiSynbra Group had 1,314 people employed, down from 1,317 at 30 June this year and up from 1,298 at 31 December 2018. At 30 September 2018, the Group had 1,285 people employed.

Through the first nine months of 2019, BEWiSynbra has strengthened its organisation on key Group functions.

SIGNIFICANT RISKS AND UNCERTAINTIES

BEWiSynbra is exposed to a number of risk factors, categorized into operational risks, including market risk and risk related to production, legal risks, sustainability related risks and financial risks. One of the most important risk factors, is the Group's exposure to the change in the price of the raw material styrene monomers. The raw material is traded on the world market and purchased with a combination of spot and contract prices. The purchase price is partly linked to the level of supply and demand, and partly to the price of oil.

The price of styrene is set in dollars and euro, and naturally entails a risk exposure against the Nordic currencies. The price of the final product to end customers in the Nordic countries is largely connected to the price of styrene, thus entailing a reduction of currency risk.

In 2018, the European Commission initiated an investigation into possible anti-competitive behaviour

in relation to styrene monomer purchasing. As part of the investigation, the European Commission has sent Synbra Technology B.V. (a company acquired by BEWiSynbra in 2018 as part of the acquisition of the Synbra Group) a request for information in relation to 2013 and 2014. No formal charges or allegations have been brought against BEWiSynbra or any of its subsidiaries.

A detailed description of the Group's and the Parent Company's risks and risk management are described in the 2018 Annual Report.

EVENTS AFTER THE CLOSE OF THE PERIOD

Launch of the world's first 100% recycled EPS

On 23 October, BEWiSynbra launched the world's first EPS made from 100 per cent recycled material, successfully closing the loop for EPS and reducing waste and the environmental impact of its products.

BEWiSynbra has planned customer trials during the next few months and the company expects to start commercial deliveries to a selected number of external customers early 2020.

Stockholm, 29 October 2019
The Board of Directors and CEO
BEWiSynbra Group AB

This report has not been audited

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA is a key performance indicator that the Group considers relevant for understanding the generation of profit before investments in fixed assets.
EBITDA margin	EBITDA as a percentage of net sales. The EBITDA margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
EBIT	Earnings before interest and tax. EBIT is a key performance indicator that the Group considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures. Depreciations are included, however, which is a measure of resource consumption necessary for generating the result.
EBIT margin	EBIT as a percentage of net sales. The EBIT margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Items affecting comparability	Items affecting comparability includes costs related to the planned IPO, transaction costs related to acquired entities, including release of negative goodwill from acquisitions, severance costs and other normalisations such as divestment of real estate, closing of facilities, unscheduled raw material production stops and other.
Adjusted (adj.) EBITDA	Normalised earnings before interest, tax, depreciation and amortization (i.e. items affecting comparability and deviations are added back). Adjusted EBITDA is a key performance indicator that the Group considers relevant for understanding earnings adjusted for items that affect comparability.
Adjusted (adj.) EBITDA margin (%)	EBITDA before items affecting comparability as a percentage of net sales. The adjusted EBITDA margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Adjusted EBIT	Normalised earnings before interest and tax (i.e. non-recurring items and deviations are added back). Adjusted EBIT is a key performance indicator that the Group considers relevant for understanding earnings adjusted for non-recurring items that affect comparability.
Operating cash flow	Earnings before interest and tax, adjusted for items not affecting cash flow and changes in operating capital. Operating cash flow is a key performance indicator that shows the contributions of the business to the cash flow for financing of investments and acquisitions.
Equity ratio	Total equity in relation to total assets. The equity ratio is a key performance indicator that the Group considers relevant for assessing its financial leverage.
Net debt	Interest-bearing liabilities excluding obligations relating to employee benefits, minus cash and cash equivalents. Net debt is a key performance indicator that is relevant both for the Group's calculation of covenants based on this indicator and because it indicates the Group's financing needs.

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Operating income (EBIT)	60.7	33.2	202.2	122.7	141.4
Amortisations	18.0	11.9	52.2	22.2	46.5
EBITA	78.7	45.2	254.4	144.9	187.9
Items affecting comparability	5.6	20.1	31.6	4.2	23.8
Adjusted EBITA	84.3	65.3	286.1	149.2	211.7
EBITA	78.7	45.2	254.4	144.9	187.9
Depreciations	52.8	33.1	161.2	67.0	105.0
EBITDA	131.6	78.2	415.6	211.8	292.9
Items affecting comparability	5.6	20.1	31.6	4.2	23.8
Adjusted EBITDA	137.2	98.3	447.2	216.1	316.7

ITEMS AFFECTING COMPARABILITY

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
IPO related costs		-7.5	-0.9	-7.5	-21.8
Severance and integration costs	-3.6	-10.0	-12.3	-22.0	-21.5
Restructuring costs			-12.8		
Transaction costs	-0.5	-2.7	-2.0	-26.0	-31.0
Additional purchase price			-1.5		
Capital gain from sale of real estate				51.6	51.6
Other	-1.5	0.1	-2.1	-0.3	-1.1
Total	-5.6	-20.1	-31.6	-4.2	-23.8

REVENUE BRIDGE: CHANGE IN NET SALES FROM CORRESPONDING PERIODS IN 2018

<i>Amounts in SEK million</i>	RAW	%	P&C	%	Insulation	%	Unallocated	%	Change intra-group revenue	Total net sales	%
Q3 2019											
Acquisitions	-	-	135.8	46.2%	-	-	7.6	81.7%	-2.3	141.1	12.2%
Currency	14.7	2.1%	6.5	2.2%	8.4	2.1%	-	-	-5.8	23.8	2.1%
Organic growth	-161.8	-22.8%	-14.2	-4.9%	-34.6	-8.8%	1.7	18.3%	29.6	-179.3	-15.5%
Total increase/decrease	-147.1	-20.7%	128.1	43.5%	-26.2	-6.7%	9.3	100.0%	21.5	-14.4	-1.2%

<i>Amounts in SEK million</i>	RAW	%	P&C	%	Insulation	%	Unallocated	%	Change intra-group revenue	Total net sales	%
YTD 2019											
Acquisitions	380.6	22.4%	615.0	89.2%	360.4	43.2%	14.3	80.3%	-180.6	1,189.7	44.3%
Currency	40.9	2.4%	15.4	2.2%	19.0	2.3%	-	-	-15.8	59.6	2.2%
Organic growth	-438.0	-25.8%	-48.3	-7.0%	-77.5	-9.3%	3.5	19.7%	68.8	-491.5	-18.3%
Total increase/decrease	-16.5	-1.0%	582.1	84.4%	301.9	36.2%	17.8	100.0%	-127.6	757.8	28.2%

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

CONSOLIDATED STATEMENT OF INCOME

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Net sales	1,145.8	1,160.2	3,443.6	2,685.8	3,905.3
Other operating income	1.9	0.1	7.9	0.1	15.7
Total operating income	1,147.7	1,160.3	3,451.5	2,685.9	3,921.0
Raw materials and consumables	-543.0	-669.6	-1,557.9	-1,551.0	-2,132.3
Goods for resale	-32.9	-18.7	-121.6	-61.5	-87.6
Other external costs	-234.0	-210.3	-720.4	-502.6	-828.2
Personnel cost	-209.7	-187.7	-643.5	-414.7	-638.2
Depreciation/ amortisation and impairment of tangible and intangible assets	-70.9	-45.0	-213.4	-89.1	-151.5
Share of income from associated companies	3.4	4.1	7.4	4.1	6.7
Capital gain from sale of assets	0.0	0.1	0.0	51.6	51.6
Total operating expenses	-1,087.0	-1,127.2	-3,249.3	-2,563.2	-3,779.6
Operating income (EBIT)	60.7	33.2	202.2	122.7	141.4
Financial income	0.1	1.0	3.5	3.1	1.7
Financial expenses	-26.9	-26.8	-86.9	-58.2	-76.9
Net financial items	-26.8	-25.8	-83.4	-55.1	-75.2
Income before tax	33.9	7.3	118.8	67.7	66.2
Income tax expense	-5.1	-10.9	-30.2	-38.0	-50.3
Net profit/ loss for the period	28.8	-3.6	88.6	29.7	16.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Profit/loss for the period	28.8	-3.6	88.6	29.7	16.0
Other comprehensive income					
Items that may later be reclassified to profit or loss					
Exchange rate differences	10.5	-10.4	77.3	17.5	-23.7
Items that will not be reclassified to profit or loss					
Remeasurements of net pension obligations	-10.2	-0.4	5.7	-0.6	-3.9
Income tax pertinent to remeasurements of net pension obligations	1.8	0.0	-1.4	0.0	0.2
Other comprehensive income/loss, net after tax	2.1	-10.9	81.6	16.8	-27.4
Total comprehensive income/ loss for the period	30.9	-14.5	170.2	46.5	-11.5

NET PROFIT/ LOSS ATTRIBUTABLE TO:

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Net profit/loss for the period attributable to:					
Parent Company shareholders	28.5	-3.4	88.3	30.1	16.7
Non-controlling interests	0.3	-0.2	0.3	-0.4	-0.7
Total comprehensive income attributable to:					
Parent Company shareholders	30.3	-14.3	169.4	46.3	-11.3
Non-controlling interests	0.6	-0.2	0.8	0.3	-0.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in SEK million</i>	30.09.2019	30.09.2018	31.12.2018
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	762.3	738.3	720.6
Other intangible assets	808.8	860.0	822.5
Total intangible assets	1,571.1	1,598.3	1,543.0
Property plant and equipment			
Land and buildings	690.4	391.8	396.5
Plant and machinery	744.6	668.9	657.8
Equipment, tools, fixtures and fittings	102.6	81.6	68.3
Construction in progress and advance payments	56.8	90.5	103.5
Total property, plant and equipment	1,594.4	1,232.7	1,226.1
Financial assets			
Shares in associates	17.7	4.1	6.7
Net pension assets	44.5	34.6	31.1
Other long-term receivables	0.5	1.1	1.2
Participation in other companies	2.6	2.6	2.6
Total financial assets	65.4	42.4	41.6
Deferred tax assets	47.2	36.1	51.8
TOTAL NON-CURRENT ASSETS	3,278.2	2,909.5	2,862.5
CURRENT ASSETS			
Inventory	468.9	380.3	431.4
Current receivables			
Accounts receivables	649.0	731.4	527.6
Tax assets	4.5	11.0	2.8
Other current receivables	24.5	41.3	32.2
Prepaid expenses and accrued income	16.1	15.8	18.7
Other financial assets	0.0	1.8	0.4
Cash and cash equivalents	231.5	167.3	235.3
Total current receivables	925.6	968.6	817.0
TOTAL CURRENT ASSETS	1,394.5	1,348.9	1,248.3
TOTAL ASSETS	4,672.7	4,258.4	4,110.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

<i>Amounts in SEK million</i>	30.09.2019	30.09.2018	31.12.2018
EQUITY			
Share capital	1.3	1.3	1.3
Additional paid-in capital	1,402.0	1,402.0	1,402.0
Reserves	66.7	29.6	-14.5
Accumulated profit (including net profit for the period)	191.4	151.2	137.9
Equity attributable to Parent Company shareholders	1,661.4	1,584.1	1,526.7
Non-controlling interests	-5.3	11.2	10.7
TOTAL EQUITY	1,656.1	1,595.3	1,537.3
LIABILITIES			
Non-current liabilities			
Pensions and similar obligations to employees	24.0	17.1	19.8
Other provisions	3.7	7.4	5.4
Deferred tax liability	251.7	278.6	278.5
Bond loan	787.0	1,290.8	1,290.2
Derivative liability	0.0	24.6	20.8
Other interest-bearing liabilities	326.9	62.2	52.4
Total non-current liabilities	1,393.3	1,680.7	1,667.1
Current liabilities			
Bond loan	546.7	0,0	0.0
Other interest-bearing liabilities	99.5	44.2	16.2
Derivative liability	38.8	0,0	0.0
Other financial liabilities	0.0	1.6	3.0
Accounts payable	467.7	519.9	478.4
Current tax liabilities	51.9	84.4	56.1
Other current liabilities	131.0	87.3	96.7
Accrued expenses and deferred income	287.7	245.0	256.1
Total current liabilities	1,623.3	982.4	906.4
TOTAL LIABILITIES	3,016.7	2,663.1	2,573.5
TOTAL EQUITY AND LIABILITIES	4,672.7	4,258.4	4,110.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

<i>Amounts in SEK million</i>	1.1.-30.09.2019	1.1.-30.09.2018	1.1.-31.12.2018
OPENING BALANCE	1,537.3	389.9	389.9
Change in accounting principles	-27.6		
ADJUSTED OPENING BALANCE	1,509.7	389.9	389.9
Net profit/ loss for the period	88.6	29.7	16.0
Other comprehensive income	81.6	16.8	-27.4
Total comprehensive income	170.2	46.5	-11.5
New share issue	0.0	1,165.0	1,165.0
Transaction cost	0.0	-6.7	-6.7
Dividend non-controlling interests	0.0	-0.8	-0.8
Acquisition non-controlling interest	-23.8	2.7	2.7
Divestment non-controlling interest	0.0	-1.3	-1.3
Total transactions with shareholders	-23.8	1,158.9	1,159.0
CLOSING BALANCE	1,656.1	1,595.3	1,537.3
<i>of which attributable to non-controlling interests</i>	-5.3	11.2	10.7

CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
EBIT	60.7	33.2	202.2	122.7	141.4
Adjustment for non-cash items etc.	66.5	36.8	203.8	26.0	81.2
Net financial items	-22.7	-21.9	-71.4	-42.4	-48.5
Income tax paid	-6.5	-1.0	-55.0	-28.1	-47.7
Cash flow from operating activities before changes in working capital	98.1	47.1	279.6	78.3	126.5
Changes in working capital	143.6	23.5	-106.6	-52.5	54.2
Cash flow from operating activities	241.6	70.6	172.9	25.8	180.7
Acquisitions non-current assets	-27.9	-41.5	-99.0	-95.4	-142.4
Divestment non-current assets	0.0	0.7	0.0	112.9	113.0
Business acquisitions/ financial investments	-13.7	46.0	-25.9	-974.8	-971.5
Cash flow from investing activities	-41.6	5.1	-124.9	-957.2	-1,000.9
Borrowings	0.0	30.2	1.9	785.1	750.9
Repayment of debt	-96.1	-21.8	-61.3	-191.8	-196.5
Dividend to non-controlling interests	0.0	-0.8	0.0	-0.8	-0.8
New share issue, net	0.0	0.0	0.0	393.3	393.3
Cash flow from financing activities	-96.1	7.6	-59.5	985.8	946.9
Cash flow for the period	103.9	83.3	-11.4	54.4	126.6
Opening cash and cash equivalents	125.6	84.0	235.3	110.6	110.6
Exchange difference in cash	1.9	-0.1	7.6	2.3	-1.9
Closing cash and cash equivalents	231.5	167.3	231.5	167.3	235.3

INCOME STATEMENT FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Net sales	6.3	2.5	18.9	7.2	11.8
Other external costs	-3.8	-4.6	-15.9	-10.9	-30.0
Personnel costs	-5.2	-2.9	-16.3	-8.0	-12.6
Total operating expenses	-9.0	-7.5	-32.3	-18.9	-42.6
Operating income	-2.7	-5.0	-13.4	-11.6	-30.8
Interest income and similar items	24.6	21.7	72.4	42.7	66.9
Interest expenses and similar items	-16.4	-19.8	-49.3	-42.8	-60.9
Total expenses from financial items	8.2	1.9	23.2	-0.1	5.9
Income before tax	5.6	-3.1	9.8	-11.7	-24.9
Tax on net profit/ loss for the period	0.0	0.0	0.0	0.0	0.0
Net loss for the period	5.6	-3.1	9.8	-11.7	-24.9

STATEMENT OF FINANCIAL POSITION FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	30.09.2019	30.09.2018	31.12.2018
Non-current assets	2,793.2	2,750.8	2,749.0
Current assets	18.2	52.5	59.0
TOTAL ASSETS	2,811.3	2,803.3	2,808.1
Equity	1,383.2	1,386.7	1,373.4
Non-current liabilities	821.9	1,328.1	1,326.9
Current liabilities	606.2	88.5	107.7
TOTAL EQUITY AND LIABILITIES	2,811.3	2,803.3	2,808.1

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

The Company and the Group

BEWiSynbra Group AB (publ), corporate registration number 556972-1128, is a holding company registered in Sweden with a registered office in Solna, address Gårdsvägen 13, SE-169 79 Solna, Sweden. The BEWiSynbra Group's interim report for January – September 2019 was approved by the Board of Directors on 29 October 2019 for publication.

Amounts are given in million kronor (SEK million) unless otherwise indicated. Information in parentheses refers to the comparative periods.

NOTE 2 Accounting policies

The BEWiSynbra Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied comply with those described in BEWiSynbra Group AB's Annual Report for 2018, with the exception of IFRS 16, as described below. This interim report has been prepared in accordance with IAS 34 Interim financial reporting and the Annual Accounts Act.

The Parent Company applies the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. The application of RFR 2 means that the Parent Company, in the interim report for the legal entity, applies all EU-approved IFRS and statements insofar as this is possible within the framework of the Annual Accounts Act and the Pension Obligation Guarantee Act, and with consideration given to the relationship between accounting and taxation.

Impact of IFRS 16

The Group applies IFRS 16 Leases from 1 January 2019. IFRS 16 introduces a single lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the old standard, i.e. lessors continue to classify leases as finance or operating leases.

The Group recognises new assets and liabilities for its operating leases of above all premises, forklifts and cars. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets (prepaid leasing fees) and liabilities (accrued leasing fees) only to the extent that there was a timing difference between actual lease payments and the expense recognised. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as. Instead, the Group will include the payments due under the lease in its lease liability.

The Group is applying the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance as of 1 January 2019, with no restatement of comparative information. The right-of-use assets to previous operating leases, split per asset class, are reported at the depreciated value from commencement date.

The Group has applied the practical expedient to grandfather the definition of a lease on transition. This means that IFRS 16 is applied to all contracts entered into before 1 January 2019 and identified as leases in previous

accounting standards. The Group has decided to apply the practical expedients for short-term leases and low-value assets. This means that contracts with shorter maturities than 12 months and leases of low value (value of assets when it is new of less than SEK 50,000) are not included in the calculation of right-of-use assets or leasing liabilities but continue to be reported with straight-line expense over the lease term. Examples of low value assets are computers, printers and copiers.

The operating profit for 2019 will increase compared to the previously applied accounting principles, due to the fact that part of the leasing fees is reported as interest expense. Cash flow from operating activities will increase and those of financing activities decrease, due to the fact that the amortization part of the leasing fees is reported as payment in the financing activities. The adoption of IFRS 16 is not impacting the maximum leverage threshold loan covenant for the Group, as the effect of the transition to IFRS 16 is excluded from that calculation.

The below table presents the effect of the IFRS 16 implementation on the opening balance of the relevant balance sheet items.

<i>Amounts in SEK million</i>	31.12.2018	Impact IFRS 16	Adjusted opening balance
Other intangible assets	822.5	0.1	822.6
Land and buildings	396.5	296.1	692.6
Plant and machinery	657.8	13.8	671.6
Equipment, tools, fixtures and fittings	68.3	28.8	97.1
Deferred tax asset	51.8	7.4	59.2
Prepaid expenses and accrued income	18.7	-9.3	9.4
Equity	1,537.3	-27.6	1,509.7
Non-current interest-bearing liabilities	1,342.5	295.1	1,637.6
Current interest-bearing liabilities	16.2	69.4	85.6

NOTE 3 Pro-forma figures (excl impact from IFRS 16)

Pro-forma definition

The pro-forma numbers above include the old BEWi Group AB (publ), now BEWiSynbra Group AB (publ), less capital gain from the sale and leaseback transaction in 2018 involving five factories in Sweden and Denmark (but including rental expenses for those factories as from January 2018), the Synbra Holding BV group excluding Isobouw GmbH in Germany, BEWi Produkter AS (adjusted for Norplasta divestment), BEWi Polar AS and BEWi Automotive AB.

Segment sales

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
RAW	562.2	706.5	1,685.8	2,186.1	2,846.3
Packaging & Components (P&C)	421.9	426.7	1,271.7	1,340.8	1,802.1
Insulation	367.7	391.6	1,136.4	1,167.0	1,570.7
Unallocated	9.3	0.0	17.8	0.0	0.0
Intra-group revenue	-215.2	-281.2	-668.1	-930.5	-1,235.9
Total net sales	1,145.8	1,243.6	3,443.6	3,763.4	4,983.2

Adjusted EBITDA

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
RAW	6.2	35.2	55.2	124.7	151.9
Packaging & Components (P&C)	67.3	50.1	189.6	161.8	199.4
Insulation	53.8	44.4	172.5	123.9	175.8
Unallocated corporate cost	-10.6	-8.3	-30.3	-22.4	-38.5
Total adjusted EBITDA	116.7	121.4	386.9	388.0	488.6
<i>Adj. EBITDA margin (%)</i>	<i>10.2%</i>	<i>9.8%</i>	<i>11.2%</i>	<i>10.3%</i>	<i>9.8%</i>

Key figures RAW

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Segment sales	562.2	706.5	1,685.8	2,186.1	2,846.3
Adj. EBITDA	6.2	35.2	55.2	124.7	151.9
<i>Adj. EBITDA margin (%)</i>	<i>1.1%</i>	<i>5.0%</i>	<i>3.3%</i>	<i>5.5%</i>	<i>5.3%</i>
Adj. EBITA	-2.5	27.9	29.4	99.9	119.0

Segment sales for RAW amounted to SEK 562.2 million for the quarter (SEK 706.5 million), a decrease of 20.4 per cent compared to the corresponding period last year. Adjusted for currency, sales decreased 22.8 per cent. For the first nine months, segment sales for RAW came in at SEK 1,685.8 million (SEK 2,186.1 million), a decrease of 22.9 per cent compared to the corresponding period in 2018. Adjusted for currency, the decrease was 25.1 per cent. The lower sales for the third quarter and the first nine months of 2019 compared to the corresponding periods last year can mainly be explained by lower market prices this year. In the quarter, RAW is also experiencing lower volumes compared to the corresponding quarter of 2018 explained partly by one closed production line in Poorvo, Finland.

Adjusted EBITDA for the third quarter was SEK 6.2 million (SEK 35.2 million). The lower profitability is mainly explained by significantly lower GAP this year, less volumes, the continued stop in the production line in Porvoo as mentioned above, and a general higher cost of energy in 2019. The pressure on the GAP is expected to be a result of high production capacity /product availability on the market.

For the first nine months of 2019, adjusted EBITDA was SEK 55.2 million (SEK 124.7 million), representing a margin of 3.3 per cent. The lower EBITDA is explained by the same reasons as for the third quarter. However, the lower volumes have less impact on the YTD numbers while the stand still in the production line had relatively more impact on the lower profitability in the beginning of the year

Key figures Packaging & Components

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Segment sales	421.9	426.7	1,271.7	1,340.8	1,802.1
Adj. EBITDA	67.3	50.1	189.6	161.8	199.4
<i>Adj. EBITDA margin (%)</i>	<i>16.0%</i>	<i>11.7%</i>	<i>14.9%</i>	<i>12.1%</i>	<i>11.1%</i>
Adj. EBITA	47.8	27.2	129.8	102.9	120.5

Segment sales for P&C amounted to SEK 421.9 million for the third quarter this year (SEK 426.7 million), representing a decrease of 1.1 per cent. Adjusting for currency effects the decrease was 3.1 per cent. The negative sales growth is explained by lower demand for fish boxes in Norway due to less slaughter volumes in slaughterhouses the company supplies to and lower volumes in Sweden where the company has adjusted volumes to improve production plant efficiency. In other operating markets volumes are stable. BEWiSynbra currently experiences the strongest growth in Portugal.

For the first nine months, segment sales for P&C amounted to SEK 1,271.7 million (SEK 1340.8 million), down 5.2 per cent. Adjusted for currency the decrease was 7.0 per cent. This is again explained by lower demand from customers in the fish farming industry in Norway and lower demand and production optimization in Sweden.

Adjusted EBITDA for the quarter amounted to SEK 67.3 million (SEK 50.1 million), representing a margin of 16.0 per cent (11.7 per cent). For the first nine months of 2019, adjusted EBITDA amounted to SEK 189.6 million (SEK 161.8 million) representing a margin of 14.9 per cent (12.1 per cent).

All regions contributed to the improved margin in the quarter, mainly explained by the favourable raw material prices. In addition, the growth in Portugal, the turn-around measures implemented in the Swedish operations and the synergies achieved from the consolidation of the Danish operations following the merger with Synbra, were all positively impacting the margin for the quarter. The positive margin development for the first nine months is explained by the same reasons as for the quarter, although the Group experienced a negative margin contribution from the Norwegian operations due to lower volumes.

Key figures Insulation

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Segment sales	367.7	391.6	1,136.4	1,167.0	1,570.7
Adj. EBITDA	53.8	44.4	172.5	123.9	175.8
Adj. EBITDA margin (%)	14.6	11.3%	15.2%	11.2%	11.2%
Adj. EBITA	44.1	36.5	145.2	100.3	143.1

Segment sales for the quarter for Insulation amounted to SEK 367.7 million (SEK 391.6 million). This corresponds to a decrease of 6.1 per cent. Adjusted for currency, net sales declined 8.4 per cent. All markets except Finland experienced a decline in sales compared to the corresponding quarter last year. For the first nine months of 2019, segment sales totalled SEK 1,136.4 million (SEK 1,167.0 million), representing a decrease of 2.6 per cent. Adjusted for currency, net sales decreased by 5.0 per cent.

All markets experience decreasing volumes besides Finland. However, in the Netherlands the decreasing volumes are mostly related to sales into a German company that previously was owned by Synbra. From May 2018, the German company was co-owned by BEWiSynbra and has since then been phasing out the trading from the Netherlands to instead produce locally. The German company is consolidated into the Group's financials with BEWiSynbra's share of the company's net profit. In Sweden, the production in Dorotea was closed in the first quarter of 2019 as a part of a turn-around and in Denmark the company experience increased competition. The volume development for the first nine months is the same as for the quarter with lower volumes in general besides Finland.

Adjusted EBITDA amounted to SEK 53.8 million for the quarter (SEK 44.4 million), representing a margin of 14.6 per cent (11.3 per cent), and to SEK 172.5 million for the first nine months of 2019 (SEK 123.9 million), representing a margin of 15.2 per cent (11.2 per cent).

The improved EBITDA margin for the quarter and for the first nine months of the year can mainly be explained by favourable raw material prices and higher volumes in the Finish operations. As for Packaging in Sweden, the turn-around in the Swedish Insulation operation has started to pay off, resulting in improved earnings despite lower volumes. The Group's minority holding in a Germany Insulation company delivered satisfactory results and also contributed to the positive earnings and margin development in the quarter as well as YTD.

NOTE 4 Related party transactions

Sales to the 34 percent owned IsoBouw GmbH and 34 percent owned Hirsch Porozell GmbH totalled SEK 86.0 million during the third quarter and SEK 227.1 million during the first nine months of the year. During the second quarter, a settlement agreement was reached with KMC Family AS, entitling KMC Family AS to an additional consideration of SEK 2.9 million for the sale of BEWi M-Plast Oy to BEWiSynbra Group AB in 2017. KMC Family AS is owned by members of the Bekken family, including Christian Bekken who is a member of the Board of BEWiSynbra Group AB. In addition, during the third quarter and the first nine months of the year, SEK 8.4 million and SEK 22.1 million respectively, was paid in rent for premises owned by members of the Bekken family.

NOTE 5 Segment information

Operating segments are reported in a manner that corresponds with the internal reporting submitted to the chief operating decision maker. The Executive Committee constitutes the chief operating decision maker for the BEWiSynbra Group and takes strategic decisions in addition to evaluating the Group's financial position and earnings. Group Management has determined the operating segments based on the information that is reviewed by the Board and used for the purposes of allocating resources and assessing performance. The Board assesses the operations based on three operating segments: Raw Material, Insulation and Packaging & Components. Sales between segments take place on market terms.

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
RAW					
Segment revenue	562.2	709.3	1,685.8	1,702.3	2,362.5
Intra-group revenue	-203.1	-203.4	-624.8	-462.2	-726.5
Revenue from external customers	359.1	505.9	1,061.0	1 240.1	1,636.0
Insulation					
Segment revenue	367.7	393.9	1,136.4	834.5	1,238.2
Intra-group revenue	-4.7	-23.9	-19.1	-56.6	-80.6
Revenue from external customers	363.0	370.0	1,117.3	777.9	1,157.6
Packaging and Components					
Segment revenue	421.9	293.8	1271.7	689.6	1,150.8
Intra-group revenue	-6.6	-9.5	-23.2	-21.8	-39.3
Revenue from external customers	415.3	284.3	1248.4	667.8	1,111.5
Unallocated					
Segment revenue	9.3	0.0	17.8	0.0	0.0
Intra-group revenue	-0.9	0.0	-0.9	0.0	0.0
Revenue from external customers	8.4	0.0	16.9	0.0	0.0
Total					
Total segment revenue	1,361.1	1,397.0	4,111.7	3,226.3	4,751.5
Total Intra-group revenue	-215.2	-236.8	-668.1	-540.6	-846.4
Total revenue from external customers	1,145.8	1,160.2	3,443.6	2,685.8	3,905.1

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Adj. EBITDA					
RAW	7.1	35.5	57.5	92.9	120.1
Insulation	57.4	44.6	183.4	78.7	130.6
Packaging and Components	82.4	25.5	234.2	61.9	99.5
Unallocated	-9.7	-7.2	-27.9	-17.3	-33.5
Total adj. EBITDA	137.2	98.3	447.2	216.1	316.7
EBITDA					
RAW	6.9	33.8	56.9	91.2	117.9
Insulation	55.2	44.4	171.1	100.9	152.7
Packaging and Components	82.2	20.3	229.9	84.6	121.8
Unallocated	-12.8	-20.1	-42.3	-64.9	-99.4
Total EBITDA	131.6	78.3	415.6	211.8	292.9
EBITA					
RAW	-2.6	26.1	29.3	71.5	90.0
Insulation	42.7	36.4	135.3	84.1	126.7
Packaging and Components	52.0	3.3	138.6	55.2	72.5
Unallocated	-13.4	-20.6	-48.8	-66.0	-101.3
Total EBITA	78.7	45.2	254.4	144.9	187.9
EBIT					
RAW	-5.0	24.1	23.1	67.4	84.5
Insulation	38.0	31.3	121.2	76.0	106.0
Packaging and Components	42.6	-0.5	110.3	46.9	54.9
Unallocated	-14.8	-21.8	-52.4	-67.6	-104.1
Total EBIT	60.7	33.2	202.2	122.7	141.4
Net financial items	-26.8	-25.8	-83.4	-55.1	-75.2
Income before tax	33.9	7.3	118.8	67.7	66.2

External Segment revenue by country (selling company's geography)

<i>Amounts in SEK million</i>	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Finland (Porvoo)	194.3	318.3	559.8	927.2	1,155.4
Netherlands (Etten-Leur)	164.9	187.6	501.2	312.9	480.6
RAW	359.1	505.9	1,061.0	1,240.1	1,636.0
Packaging & Components and Insulation					
Total Finland	48.4	46.2	123.0	115.1	151.2
Total Sweden	120.3	118.5	381.0	359.4	500.3
Total Denmark	145.7	142.4	450.4	337.4	482.3
Total Norway	127.3	17.6	332.7	38.0	183.9
Total Netherlands	289.2	278.7	931.2	510.7	817.7
Total Portugal & Span	55.9	50.9	164.4	85.2	134.1
Total P&C and Insulation	786.7	654.3	2,382.6	1,445.7	2,269.3
Total Group	1,145.8	1,160.2	3,443.6	2,685.8	3,905.3

NOTE 6 The Group's borrowings

Amounts in SEK million	30.9.2019	30.9.2018	31.12.2018
Non-current liabilities			
Bond loan	787.0	1,290.8	1,290.2
Liabilities to credit institutions	18.4	21.9	17.6
Liabilities leases	308.5	40.3	34.8
Total	1,113.9	1 353.0	1,342.5
Current liabilities			
Bond loan	546.7		
Liabilities to credit institutions	0.6	0.6	4.3
Liabilities leases	89.3	3.3	3.2
Debt factoring	9.6	8.1	7.7
Overdraft		31.2	
Liabilities to non-controlling interests		1.0	1.0
Total	646.2	44.2	16.2
Total liabilities	1,760.1	1,397.2	1,358.7
Liabilities capitalised in accordance with IFRS 16 included in table above			
Non-current liabilities leases	286.3		
Current liabilities leases	75.1		
	361.4		
Interest-bearing liabilities excluding IFRS 16 effect	1,398.7	1,397.2	1,358.7
Cash and cash equivalents	231.5	167.3	235.3
Net debt	1,167.2	1,229.9	1,123.4

The Group's current loan structure

The Group was refinanced in the spring of 2017, at which point the Parent Company issued a corporate bond of SEK 550 million. In the spring of 2018, the Parent Company issued a EUR 75 million bond as part of the financing of the Synbra acquisition. Both bonds are listed on the Nasdaq Stockholm corporate bond list.

Issued amount	Maximum amount	Date of issuance	Maturity date
550 MSEK	750 MSEK	June 8, 2017	June 8, 2020
75 MEUR	100 MEUR	April 19, 2018	April 19, 2022

The bonds are recognized under the effective interest method at amortized cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognized during the quarter are presented in the table below.

Interest rates bonds					
Bond loans	Interest terms	Nominal interest		Average interest	
		1.7-30.9.2019	1.1-30.9.2019	1.7-30.9.2019	1.1-30.9.2019
550 MSEK	Stibor 3m + 4.40%	4.35-4.39%	3.93-4.39%	5.30%	5.30%
75 MEUR	Euribor 3m + 4.75%	4.35-4.44%	4.43-4.44%	5.43%	5.56%

The Group's principal bank has granted the Group an overdraft facility of SEK 275 million. The overdraft facility was unutilised at 30 September 2019. In addition, the Group has a number of liabilities in acquired companies, such as liabilities to credit institutions and liabilities related to factoring and financial lease contracts. As from 2019, the Group applies IFRS 16 and therefore recognises interest-bearing liabilities for basically all lease contracts, also those previously referred to as operating lease contracts. As a consequence, the interest-bearing liabilities presented on the face of the balance sheet have increased substantially since last year. As to the effect of capitalizing operating leases in accordance with IFRS 16, please refer to the table above and to note 2.

In order to hedge the EUR exposure on intra-group lending to subsidiaries, the Group entered into a currency interest swap in connection with issuing of the first bond, where the Group borrows EUR 41.2 million and lends the equivalent amount in SEK, valued at the swap entrance at SEK 401.7 million. The swap expires in April 2020. The swap is reported net in the balance sheet as a derivative, and the carrying amount at 30 September 2019 amounted to SEK 39.0 million (20.8 at 31 December 2018). The currency interest swap carries an interest margin of 0.24% between borrowing and lending.

Pledged assets

For the overdraft facility and bonds, collateral has been lodged in the form of business mortgages and pledged shares in subsidiaries.

NOTE 7 Fair value and financial instruments

<i>Amounts in SEK million</i>	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies			2.6	2.6	2.6
Total			2.6	2.6	2.6
Financial liabilities measured at amortised cost					
Bond loans	1,384.5			1,384.5	1,333.8
Total	1,384.5			1,384.5	1,333.8
Financial liabilities measured at fair value through profit and loss					
Derivative liability		38.8		38.8	38.8
Total		38.8		38.8	38.8

Financial instruments are initially measured at fair value, adjusted for transaction costs, except for financial instruments subsequently measured at fair value through profit and loss. For those instruments, transactions costs are recognized immediately in profit and loss. The Group is classifying its financial instruments based on the business model applied for groups of financial instruments within the Group and whether separate financial instruments meet the criteria for cash flows that are solely being payments of principal and interest on principal amount outstanding. The Group is classifying its financial instruments into the Group's financial assets and financial liabilities measured at fair value through profit and loss and financial assets and financial liabilities measured at amortized cost. The table above shows the fair value of financial instruments measured at fair value, or where fair value differs from the carrying amount because the item is recognized at amortized cost (the bond loan). The carrying amount of the Groups' other financial assets and liabilities is considered to constitute a good approximation of the fair value, since they either carry floating interest rates or are of a non-current nature.

Level 3 – Changes during the period (SEK million)	Participation in other companies	Earnings
At 31 December 2018	2.6	1.6
Liability settlement	–	-0.2
Reversal through income statement		-1.4
At 30 September 2019	2.6	–

* Level 1 – listed prices (unadjusted) on active markets for identical assets and liabilities.

* Level 2 – Other observable data for the asset or liability are listed prices included in Level 1, either directly (as price) or indirectly (derived from price).

* Level 3 – Data for the asset or liability that is not based on observable market data.

NOTE 8 Business combinations

Acquisition of Eco Fill

On 28 March 2019, BEWiSynbra Group acquired 51% in Pingxi NV (referred to as Eco Fill), active in the recycling business through its wholly owned subsidiaries Eco Fill and Chadi. The acquisition is an important step in the launch of BEWiSynbra Circular and the concept Use-ReUse. The company, located in Belgium, has an annual revenue today of approximately MEUR 2. The acquisition price was SEK 4.3 million and SEK 6.4 million in loans in the acquired company were settled in connection with the acquisition. Goodwill arising in connection with the acquisition pertains to expected profitability and estimated synergies. Goodwill is not tax-deductible. Non-controlling interests have been valued at the proportional share of the interest in the recognized value of the identifiable net assets of the acquired company. As locally booked goodwill did not represent an identifiable asset, the identifiable net assets became negative in the acquisition analysis, resulting in a negative non-controlling interest. Transaction costs attributable to the acquisition totalled SEK 0.5 million and are recognized under Other external costs in the income statement. Eco Fill was consolidated from the date of acquisition and has contributed SEK 12.3 million to the Group's net sales and SEK 0.5 million to EBIT in 2019. The purchase price and fair value of assets and liabilities acquired are shown in the table below.

Amounts in SEK million

Cash purchase price at 28 March 2019	4.3
Total purchase price	4.3
Recognized amount of identifiable assets acquired and liabilities assumed	
Non-current assets	4.0
Current assets	3.7
Cash and cash equivalents	2.1
Interest-bearing liabilities	-14.3
Current liabilities	-6.8
Total identifiable net assets	-11.3
Non-controlling interests	5.5
Goodwill	10.0

* The acquisition analysis is preliminary.

Acquisition remaining 40% of BEWi Ruukin EPS Oy

In May 2019, BEWiSynbra Group acquired the remaining 40% of the shares in BEWi Ruukin EPS Oy, held by non-controlling interests, for a cash consideration of SEK 7.4 million. The difference between the acquisition price and the book value of non-controlling interests, SEK 5.1 million, is reported as a reduction of retained earnings.

Acquisition of Eurec A/S

On 3 July 2019, BEWiSynbra Group acquired 51% in Eurec A/S, active in the recycling business. The company, located in Denmark, has an annual revenue today of approximately MDKK 8. The acquisition price was SEK 0.7 million. Net identifiable assets amounted to SEK 0.9 million, of which SEK 0.4 was attributable to non-controlling interests, leading to a goodwill of SEK 0.2 million.

Acquisition remaining 40% of BEWi Insulation Oy

In September 2019, BEWiSynbra Group acquired the remaining 40% of the shares in BEWi Insulation Oy, held by non-controlling interests, for a cash consideration of SEK 11.2 million, which was settled in October. The difference between the acquisition price and the book value of non-controlling interests, SEK 2.0 million, is reported as a reduction of retained earnings.

Acquisition remaining 10% of BEWi M-Plast Oy

In September 2019, BEWiSynbra Group acquired the remaining 10% of the shares in BEWi M-Plast Oy, held by non-controlling interests, by settling the SEK 1.2 million in liabilities to those non-controlling interests already in the books of the Group.

Acquisition-related liabilities

In 2019, SEK 0.2 million of the SEK 1.6 million in liabilities for earnouts provided for in 2017, for the acquisition of BEWi M-Plast Oy, were settled and the remaining SEK 1.4 million was reversed through the income statement, as the sellers were no longer entitled to any earnouts after the fiscal year 2018. However, a separate settlement agreement was reached in 2019, which entitled the sellers of that same company to SEK 2.9 million in additional consideration, also recognised through the income statement. Consequently, a net expense of SEK 1.5 million was recognised in 2019. In addition, SEK 1.2 million in liabilities to the non-controlling liabilities in BEWi M-Plast Oy were settled as consideration for the remaining 10% of the company.

<i>Amounts in SEK million</i>	Earnouts	Liabilities to non-controlling interests
Acquisition-related liabilities		
At 31 December 2018	1.6	1.0
Exchange rate differences	–	0.2
Liability settlement	-0.2	-1.2
Reversal through income statement	-1.4	–
At 30 June 2019	–	–