



## Full year report 2017-12-31

### BEWi Group AB (publ), org nr 556972-1128

#### Fourth quarter, October-December 2017

- Net sales increased 27 % and amounted to 528,135 KSEK (416,512 KSEK). Adjusted for currency, net sales increased 24%.
- EBITDA before items affecting comparability amounted to 31,630 KSEK (25,463 KSEK).
- Operating income (EBIT) before items affecting comparability amounted to 18,309 KSEK (13,497 KSEK).
- Operating income (EBIT) amounted to -960 KSEK (8,496 KSEK).
- In the quarter, production closed down in Lindesberg to consolidate the operations into BEWi's existing production units.

#### January-December 2017

- Net sales increased 17 % and amounted to 1,875,533 KSEK (1,606,929 KSEK). Adjusted for currency, net sales increased 15 %.
- EBITDA before items affecting comparability amounted to 110,239 KSEK (120,796 KSEK).
- Operating income (EBIT) before items affecting comparability amounted to 58,598 KSEK (73,563 KSEK).
- Operating income (EBIT) amounted to 34,842 KSEK (60,563 KSEK).
- Participations in two Finnish companies were acquired during the year. In January, 90 % of BEWi M-plast Oy was acquired, and in July, 60 % of Solupak Oy (BEWi Insulation Oy) was acquired. BEWi M-plast manufactures XPS-quality insulation material, and Solupak Oy manufactures EPS insulation material.
- In March 2017, the Group acquired assets from Por-Pac AB's production unit in Lindesberg, and has continued operation in the factory. In the fourth quarter, production closed down to consolidate the operations of Lindesberg into BEWi's existing production units.
- In June, a three-year senior secured bond of 550,000 KSEK was issued

#### Performance summary in brief,

MSEK

	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	528	417	1,876	1,607
EBITDA before items affecting comp.	32	25	110	121
EBITDA	12	20	86	108
EBIT before items affecting comp.	18	13	59	74
EBIT	-1	8	35	61
Items affecting comp.	-19	-5	-24	-13
Adjusted EBITDA-margin %	6.0%	6.1%	5.9%	7.5%
EBITDA margin %	2.3%	4.9%	4.6%	6.7%
Adjusted EBIT-margin %	3.5%	3.2%	3.1%	4.6%
EBIT margin %	-0.2%	2.0%	1.9%	3.8%
Operating cash flow, before capital expenditure	122	77	103	91
Capital expenditure	-26	-17	-96	-48
Equity ratio %	29%	35%	29%	35%

## Significant events after the financial period

In January 2018 BEWi acquired 60 % of the shares in Ruukin EPS, a Finnish manufacturer of insulation materials. The shares were acquired for 9,850 KSEK in cash and cash equivalents. Under the agreement, the seller has an option to divest the remaining shares to BEWi in accordance with a predetermined pricing mechanism and a given timeframe. According to the agreement, BEWi is also entitled to acquire the remaining shares, calculated according to the same pricing mechanism, given certain conditions.

### **Purchase price January 2, 2018**

Cash and cash equivalents	9,850
<b>Total purchase price</b>	<b>9,850</b>

### **Recognised amounts on identifiable acquired assets and liabilities**

Non-current assets	5,693
Inventory	1,314
Other receivables	1,719
Cash and cash equivalents	1,363
Other liabilities	3,177
<b>Total identifiable net assets</b>	<b>6,912</b>
Non-controlling interest	-2,765
<b>Goodwill</b>	<b>5,703</b>

The acquisition analysis is preliminary.

On February 14, an agreement was signed regarding the acquisition of Synbra – a specialist in particle foam that has established itself as a market leader in its home markets. The company has 900 employees in 14 production facilities in the Netherlands, Denmark, Germany and Portugal. The company has been private equity owned since 2000. The BEWi/Synbra combination will create a leading supplier of particle foam products in Europe, with strong potential for growth. The acquisition will be carried out under the assumption of the relevant Works Council and regulatory approval, as well as of financing. See the press release from February 14, 2018.

## COMMENTS BY CEO

2017 has been an intense and busy year: investments, consolidation of production, and business acquisitions – all in line with our growth strategy. During the year, BEWi also became a public company by issuing a bond loan that will finance our growth, and which is also listed on Nasdaq Stockholm.

The intended acquisition of Synbra, the Dutch particle foam specialist, is definitely the biggest change to BEWi's future operations. If the acquisition gains regulatory and Works Council approval, and provided that we can issue a bond loan for its financing, it will be carried out in early 2018. Synbra has particle foam operations in the Netherlands, Denmark, Germany and Portugal, which means a geographical supplementation and, in terms of turnover, more than doubling of BEWi's size. Synbra's European focus will fit very well with BEWi's existing operations in the Nordic countries. The acquisition is a logical step on the road towards our vision of becoming a market leader, and of working close to our customers.

In 2017, we acquired 90 percent of BEWi M-plast and 60 percent of Solupak (BEWi Insulation) in Finland. Both operations are now integrated into the Group. In January 2018, we also purchased 60 % of Ruukin, a Finnish manufacturer of insulating material. All together, we are now a strong contender in the Finnish market.

Much time and commitment was also required from BEWi's management group and employees for investments and consolidation of production: After an earlier decision about investing in extrusion technology at our plant in Porvoo, Finland, production of what is known as grey expanded polystyrene (grey EPS) – a material with very good insulating properties – could begin in the third quarter of 2017. By offering a broader product portfolio with grey standard and flameproof EPS, we have strengthened our position in northern Europe.

The consolidation plan for manufacturing continued to take shape as decisions were made to move operations in Denmark from the plant in Saby to the plant in Hobro. In connection with the move, which will take place during the latter half of 2018, we will also be investing in our existing plants for modernization and efficiency enhancements. Moving production also became of topical interest after the acquisition of assets from the Por-Pac

plant in Lindesberg in Sweden. We consolidated operations into our Packaging business area, and transferred production to BEWi's existing production facilities in Sweden and Denmark.

2017, an eventful year with its comprehensive strategy work and a simultaneous focus on continuing to deliver to our customers, will be followed by a 2018 that will largely deal with consolidation and integration of the new operations, work on operational improvements, and more efficient internal processes. The ground has been laid for a competitive European contender.

## **FOURTH QUARTER 2017**

Sales increased 27 % in the quarter compared to the same period last year, currency adjusted 24 %. The increase was the result of acquisitions, healthy volumes (chiefly within the Packaging business area) and rising market prices (chiefly within the Raw materials business area) as a result of increased styrene prices. Profitability improved significantly for the Raw Materials business area. The reason is the levelling off of margins in the segment on a rolling basis that is derived from the balance between the value of inventory held compared with actual market prices of raw materials and the customers' anticipated market prices for finished goods. We experienced favourable demand in the market, which generally strengthened sales prices. The Insulation business area reported weaker profitability in the quarter. During the quarter, raw material prices remained volatile and strong price competition was noted in all countries in which Insulation has operations. Demand was healthy in the Packaging segment. Profitability in the segment deteriorated due to direct costs attributable to the closure of the Lindesberg plant and indirect costs in the plants to which production was moved as a result of disruptions and inefficiencies in production caused by the relocation project. During the quarter, an agreement was reached with Por-Pac's receiver following the ownership rights to some of the machinery being called into question by the property owner. The agreement entailed the repayment of part of the purchase sum while certain items of equipment were left on the premises. On account of the agreement, activities within the scope of the project have been brought forward, causing larger disruptions and costs connected to the project than were previously estimated. Nonetheless, this was deemed the better alternative in order to move forward in the important change process.

## **FULL YEAR 2017**

Net sales increased 17 % compared with the previous year, currency adjusted 15 %. The increase was the result of larger volumes in Packaging and Insulation, acquisitions and rising market prices, chiefly within the Raw material business area. Volumes in the Raw material segment were lower in 2017 than in 2016 due to the stoppage that occurred in one of the reactors in March and the subsequent work that this entailed. However, the segment reported a significantly improved operating profit given that the selling price was favourable in relation to the cost of raw materials. Profitability in Insulation was impacted by the extremely volatile market price for styrene raw material, which made the setting of prices in relation to BEWi's customers more difficult. Increased demand and rising volumes also resulted in readjustment costs to adapt production to the higher rate of manufacturing. Operating profit for Packaging was on a par with the preceding year in terms of a level of profit excluding items affecting comparability. The higher volumes have yet to have an impact given that they have resulted in additional costs in production for adapting to a higher rate of manufacturing.

## **FINANCIAL POSITION AND LIQUIDITY**

The equity ratio was 29 % (35%). Net debt was 466,457 KSEK (364,562 KSEK). The Group's net debt increased primarily due to investments in a new production line, other production equipment and three acquisitions completed in 2017.

During 2017 the Group refinanced in two stages. In March, a bridge financing was entered into with a view, in a subsequent step to issue a bond loan. In June, 2017, a three-year senior secured bond of 550 MSEK was issued. The loan comprises the Group's core funding and additionally, there is an RCF with a framework of 100,000 KSEK. In addition to the bond loan, there are a number of loans in acquired units as well as financial leases. At the end of the period, no available liquidity in the RCF was utilised.

The financial expenses increased compared to last year, in the quarter as well as in the full year. It is the result of higher interest expenses due to greater indebtedness, financial expenses attributable to terminated financing agreements as well as bridge financing during the year, and to negative currency effects.

## **CASH FLOW**

Cash flow from operating activities totalled 105,226 KSEK (70,655 KSEK) in the quarter. The increase related primarily to a significantly better performance in working capital.

## **CAPITAL EXPENDITURE**

During 2016, a decision was taken to invest in a new production line for extrusion technology in the Porvoo factory in Finland. The aim is to increase production of EPS raw material. Mainly grey EPS will be manufactured which will be a new product in the product portfolio. The investments during the year amounted to 96 MSEK (48 MSEK) and the majority was attributable to the extruder production line and investments related to the production consolidations in Denmark (close down of Såby) and Sweden (close down of Lindsberg) where we invest in our existing production units to create modern and efficient units to achieve an optimal production structure.

## **ACQUISITIONS**

In January, the Finland-based XPS manufacturer M-Plast OY was acquired. XPS is a harder form of EPS and is used as an insulating material where extremely high strength requirements apply. The acquisition broadens BEWi's product range for insulation products. M-plast has a modern production facility in Kaavi with about 15 employees. The turnover amounted to 6.7 MEUR in 2016. BEWi owns 90 % and M-Plast is consolidated from the day of acquisition.

In March 2017, the Group acquired assets from Por-Pac AB's production unit in Lindsberg, Sweden, and has continued operations in the factory. BEWi intends to consolidate the operations of Lindsberg into its existing Packaging segment.

In July 2017, BEWi acquired 60 % of the shares in Solupak, a Finnish manufacturer of insulation material. The company is consolidated from the day of acquisition.

## **EMPLOYEES**

At the end of the period, the number of full-time employees was 398 (330). The increase is mainly attributable to operations acquired during the year.

## **PARENT COMPANY**

BEWI Group AB is the parent company of the Group. Income after tax for the full year 2017 amounted to -4,589 KSEK (-105 KSEK). Equity of the parent company amounts to 239,991 KSEK (244,579 KSEK) at December 31.

## **SIGNIFICANT RISKS AN UNCERTAINTIES**

The Group's and Parent Company's risk and risk management are described in the 2016 Annual Report. No significant events occurred during the year that influence or change the Group's or the Parent Company's risks and management of these risks.

## **DIVIDEND**

The Board proposes that no dividend be paid.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts in KSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net sales	528,135	416,512	1,875,533	1,606,929
Other operating income	158	1	9,282	38
<b>Total operating income</b>	<b>528,293</b>	<b>416,513</b>	<b>1,884,815</b>	<b>1,606,967</b>
Raw materials and consumables	-324,501	-251,742	-1,110,279	-951,675
Goods for resale	-15,925	-19,347	-68,461	-75,718
Other external costs	-109,860	-76,848	-368,168	-279,085
Personnel costs	-65,646	-48,114	-251,424	-188,108
Depreciation/amortization and impairment of property, plant, equipment and intangible assets	-13,321	-11,966	-51,641	-47,233
Other operating expenses	0	0	0	-4,586
<b>Total operating expense</b>	<b>-529,253</b>	<b>-408,017</b>	<b>-1,849,973</b>	<b>1,546,405</b>
<b>Operating income</b>	<b>-960</b>	<b>8,496</b>	<b>34,842</b>	<b>60,563</b>
Financial income	2,244	-112	2,581	133
Financial expense	-10,154	-4,512	-30,668	-11,947
<b>Financial income and expense, net</b>	<b>-7,910</b>	<b>-4,624</b>	<b>-28,087</b>	<b>-11,814</b>
<b>Income before tax</b>	<b>-8,870</b>	<b>3,872</b>	<b>6,755</b>	<b>48,749</b>
Income tax	34,929	-1,384	32,832	-5,354
<b>Net income for the period</b>	<b>26,059</b>	<b>2,488</b>	<b>39,587</b>	<b>43,395</b>
<b>Other comprehensive income:</b>				
<i>Items that may later be reclassified to the income statement</i>				
Exchange rate differences	10,441	-1,002	9,783	7,671
<i>Items that will not be reclassified to the income statement</i>				
Remeasurement of defined benefit pension plans	423	806	579	-718
Income tax pertinent to remeasurements of defined benefit pension plans	-85	-161	-116	144
<b>Other comprehensive income for the period, nett of income taxes</b>	<b>10,780</b>	<b>-357</b>	<b>10,246</b>	<b>7,097</b>
<b>Total comprehensive income for the period</b>	<b>36,839</b>	<b>2,131</b>	<b>49,833</b>	<b>50,492</b>
<b>Income for the period attributable to:</b>				
Equity holders of the parent company	25,885	2,538	38,793	43,240
Non-controlling interest	174	-50	794	155
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent company	36 665	2 181	49 039	50,337
Non-controlling interest	174	-50	794	155

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Dec 31 2017	Dec 31 2016
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Goodwill	183,734	177,453
Other intangible assets	95,719	99,460
<b>Total intangible assets</b>	<b>279,453</b>	<b>276,913</b>
<b>Tangible assets</b>		
Lands and buildings	150,394	123,968
Plant and machinery	243,477	163,491
Equipment, tools, fixtures and fittings	29,705	10,817
Construction in progress and advance payments	29,536	30,180
<b>Total tangible assets</b>	<b>453,112</b>	<b>328,456</b>
<b>Financial assets</b>		
Other long-term receivables	1,003	252
Interests in other companies	985	0
<b>Total financial assets</b>	<b>1,988</b>	<b>252</b>
Deferred tax asset	37,274	1,069
<b>Total non-current assets</b>	<b>771,827</b>	<b>606,690</b>
<b>Current assets</b>		
Inventory	183,712	115,883
<b>Current receivables</b>		
Account receivables	218,761	189,798
Tax asset	3,677	638
Other current receivables	30,551	816
Prepaid expenses and accrued income	15,477	18,762
Cash and cash equivalents	110,563	23,153
<b>Total current receivables</b>	<b>379,029</b>	<b>233,167</b>
<b>Total current assets</b>	<b>562,741</b>	<b>349,050</b>
<b>TOTAL ASSETS</b>	<b>1,334,568</b>	<b>955,740</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, contd.

<b>Amounts in KSEK</b>	<b>Dec 31 2017</b>	<b>Dec 31 2016</b>
Share capital	500	103
Additional paid-in capital	244,471	244,868
Reserves	13,376	3,593
Accumulated profit or loss (including net profit for the period)	121,192	81,936
<b>Equity attributable to the equity holders of the Parent Company</b>	<b>379,539</b>	<b>330,500</b>
Non-controlling interest	10,321	1,045
<b>Total equity</b>	<b>389,860</b>	<b>331,545</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Pensions and similar obligations	6,589	7,309
Other provisions	7,243	2,440
Deferred tax liabilities	9,845	9,815
Bond loan	537,794	0
Derivative instrument	2,748	0
Liabilities to credit institutions	30,590	210,641
Liabilities to associated companies	0	29,566
<b>Total non-current liabilities</b>	<b>594,809</b>	<b>259,771</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	8,636	71,231
Account payables	231,354	149,830
Current tax liabilities	5,109	4,883
Other current liabilities	34,850	84,790
Accrued expenses and deferred income	69,950	53,690
<b>Total current liabilities</b>	<b>349,899</b>	<b>364,424</b>
<b>Total liabilities</b>	<b>944,708</b>	<b>624,195</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,334,568</b>	<b>955,740</b>

## CHANGES IN CONSOLIDATED EQUITY

Amounts in KSEK	Jan-Dec 2017	Jan-Dec 2016
Balance brought forward	331,545	268,532
Net profit for the period	39,587	43,395
Other comprehensive income	10,246	7,097
<b>Total comprehensive income</b>	<b>49,833</b>	<b>50 492</b>
Transactions with shareholders		
Minority acquisition	8,482	0
New share issue	0	12,521
<b>Total transactions with shareholders</b>	<b>8,482</b>	<b>12,521</b>
<b>Balance carried forward</b>	<b>389,860</b>	<b>331,545</b>
<i>Attributable to non-controlling interest</i>	<i>10,321</i>	<i>1,045</i>

## CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	Oct-Dec 2017	Oct-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Operating income	-960	8,496	34,842	60,563
Adjustment for non-cash items	10,689	6,556	47,378	51,819
Financial items, net	-12,390	-5,538	-24,492	-12,728
Income tax paid	-3,941	-613	-6,801	-4,547
<b>Operating cash flow before changes to working capital</b>	<b>6,602</b>	<b>8,901</b>	<b>50,927</b>	<b>95,107</b>
Cash flow from working capital changes	111,920	61,754	20,329	-21,642
<b>Operating cash flow</b>	<b>105,318</b>	<b>70,655</b>	<b>71,256</b>	<b>73,465</b>
Net investments in tangible assets	-26,454	-17,312	-96,206	-48,391
Company acquisitions	-579	0	-10,938	0
<b>Cash flow from investment activities</b>	<b>-27,033</b>	<b>-17,312</b>	<b>-107,144</b>	<b>-48,391</b>
Borrowings and amortization of loans, net	0	-94,747	122,996	-129,406
New share issue	0	0	0	12,521
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-94,747</b>	<b>122,996</b>	<b>-116,885</b>
<b>Cash flow of the period</b>	<b>78,285</b>	<b>-41,404</b>	<b>87,108</b>	<b>-91,811</b>
Cash and cash equivalent at the beginning of the period	39,529	61,530	23,153	111,582
Exchange rate differences in cash and cash equivalent	473	3,027	302	3,382
<b>Cash and cash equivalent at the end of the period</b>	<b>118,287</b>	<b>23,153</b>	<b>110,563</b>	<b>23,153</b>



## INCOME STATEMENT OF THE PARENT COMPANY

<b>Amounts in KSEK</b>	<b>Oct-Dec 2017</b>	<b>Oct-Dec 2016</b>	<b>Jan-Dec 2017</b>	<b>Jan-Dec 2016</b>
Other operating expenses	-3,572	-673	-5,528	-924
<b>Total operating expense</b>	<b>-3,572</b>	<b>-673</b>	<b>-5,528</b>	<b>-924</b>
<b>Operating income</b>	<b>-3,572</b>	<b>-673</b>	<b>-5,528</b>	<b>-924</b>
Financial income	6,777	151	16,169	956
Financial expense	-7,394	-134	-17,980	-799
<b>Financial income and expense, net</b>	<b>-617</b>	<b>17</b>	<b>-1,811</b>	<b>157</b>
Appropriations	2,750	662	2,750	662
<b>Profit or loss before tax</b>	<b>-1,439</b>	<b>6</b>	<b>-4,589</b>	<b>-105</b>
Tax on net income for the period	0	0	0	0
<b>Net income for the period</b>	<b>-1,439</b>	<b>6</b>	<b>-4,589</b>	<b>-105</b>

## STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

<b>Amounts in KSEK</b>	<b>Dec 31 2017</b>	<b>Dec 31 2016</b>
Fixed assets	818,129	263,574
Current assets	32,770	15,649
<b>Total assets</b>	<b>850,899</b>	<b>279,223</b>
Equity	239,991	244,579
Long term liabilities	574,464	31,379
Current liabilities	36,444	3,265
<b>Total equity and liabilities</b>	<b>850,899</b>	<b>279,223</b>

## NOTES

### **Note 1 General information**

BEWi Group AB (publ), org no 556972-1128, is a holding company registered in Sweden with a registered office in Solna. Address: Evenemangsgatan 31, SE-169 79 Solna. BEWi Group's interim report October – December 2017 has been approved by the Board of Directors on February 19, 2018 for publication.

Amounts are given in thousand krona (KSEK), unless otherwise specified. Information in brackets pertain previous years.

### **Note 2 Accounting principles**

BEWi Group accounts have been prepared in accordance with Financial Reporting Standards (IFRS) in the form they have been adopted by the EU. The accounting principles adopted comply with those described in BEWi Group's Annual Report 2016. This interim report is prepared in accordance with IAS 34 Interim Reports and the Swedish Annual Accounts Act.

The reports for the parent company is prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities. The application of RFR 2 entails that, in the interim report for the legal entity, the parent company applies all of the IFRSs and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and in respect of the connection between accounting and taxation.

IFRS 15 Revenue from Contracts with Customers, which enters into force in 2018, affects when and how a company is to recognize revenue. The BEWi Group will apply the new standard as from 1 January, 2018. Under IFRS 15, revenue is to be recognized when the customer gains control over the asset or service sold and has the opportunity to use and receive benefit from the asset or service. IFRS 15 replaces IAS 18 and IAS 11, and the associated SIC and IFRIC. Over the year, BEWi has analysed the different forms of contracts occurring within the Group in order to identify material performance obligations towards customers. No material effects at the date of transition on 1 January 2017 have been noted on the basis of this analysis. Under IFRS 15, revenue from sales of assets will be recognized at a given point in time, in conformity with IAS 18. The transition will therefore have no effect on recognised sales and earnings.

IFRS 9 Financial Instruments, which enters force in 2018, addresses the recognition of financial assets and liabilities. The BEWi Group will apply the new standard as from 1 January, 2018. The standard has different measurement categories for financial assets and liabilities, and a new model for impairment testing. The primary impact of the standard related to a partially new process regarding credit losses. The transition will have no material effect on the Group's financial statements.

#### Bond

In June 2017, a three year senior secured bond of 550 MSEK was issued. The bond was initially recognised at fair value, net after transaction costs. The bond is subsequently recognized at amortized cost. Any difference between the amount received (net after transaction costs) and the repayment amount is recognised in profit and loss distributed over the loan period by applying the effective interest rate method. The bond is subject to a variable rate of interest of Stibor 3 m +4.40 percentage points and is listed on the corporate bond list of NASDAQ Stockholm. The issue amount was used to redeem earlier bank loans, for the repayment of shareholder loans and for general company purposes.

#### Financial instruments

Financial instruments are initially recognized at amortized costs equivalent to the fair value of the instrument with an addition for transaction costs. A financial instrument is classified on initial recognition based on factors such as the purpose for which the instrument was acquired. The Group classifies its financial assets and liabilities in the categories of loan receivables, accounts receivable, and other financial liabilities.

Under IFRS 7, disclosures on fair values for each financial asset and financial liability must be presented regardless of whether or not they are recognized in the balance sheet. The bond loan is listed on Nasdaq Stockholm, and thereby falls under level 1. The fair value at 31 December 2017 totalled 554,125 KSEK compared with the carrying amount on the loan, valued at amortized cost, of 537,794 KSEK. Participating interests in other companies of 985 KSEK fall under level 3, as do liabilities regarding earnouts of 1,817 KSEK; the fair value for these items correspond to the carrying amount. Other financial assets and liabilities on the balance sheet fall under level 2, and

the fair value of these items is deemed to be equivalent to the carrying amount. The Group's borrowing has a variable rate of interest.

#### Pledged assets

For the bond and for loans from credit institutes, collateral has been provided in the form of pledged shares in subsidiaries in accordance with earlier financing.

#### Amendments to previous periods

An incorrect classification was observed in the Consolidated statement of comprehensive income in the Annual Report 2016. The incorrect classification was between raw materials and goods for resale as well as between other external costs and personnel expenses. Figures for 2016 have been adjusted in this financial report. Furthermore, a reclassification was carried out between the lines for Equipment, tools, fixtures and fittings and Construction in progress and advance payments for property, plant and equipment compared with the presentation in the 2016 Annual Report. The reclassification relates to costs incurred as of December 31, 2016 for the new production line in Finland.

#### **Note 3 Related-party transactions**

The acquisitions during the year, M-plast Oy and assets from Por-Pac AB's factory in Lindesberg, took place via companies that are part of BEWi Holding AS. BEWi Holding AS owns 48.5% of BEWi Group AB. The transactions were conducted on normal market terms.

#### **Note 4 Segment information**

The business segments are reported in a manner that corresponds to the internal reporting submitted to the highest executive decision-maker. The Board corresponds to the highest executive decision-maker for the BEWi Group; it evaluates the Group's financial position and results, and takes strategic decisions. The company management has established the operating segments based on the information handled by the Board and used as a basis for allocating resources and evaluating the results. The Board assesses operations based on three operating segments: Raw Materials, Insulation and Packaging. Intra-group sales are conducted on normal market terms.

<b>Amounts in KSEK</b>	<b>Oct-Dec 2017</b>	<b>Oct-Dec 2016</b>	<b>Jan-Dec 2017</b>	<b>Jan-Dec 2016</b>
<b>Income</b>				
<b><i>Raw material</i></b>				
Segment income	344,380	271,605	1,189,588	1,063,952
Intra segment sales	-32,983	-31,781	-197,189	-132,093
Income from external customers	311,397	239,824	992,399	931,859
<b><i>Insulation</i></b>				
Segment income	107,061	80,432	458,694	314,557
Intra segment sales	-15,018	-6,259	-65,176	-23,000
Income from external customers	92,043	74,173	393,518	291,557
<b><i>Packaging</i></b>				
Segment income	124,922	103,657	495,169	391,890
Intra segment sales	-227	-1,142	-5,553	-8,377
Income from external customers	124,695	102,515	489,616	383,513
<b>EBIT</b>				
Raw material	26,306	9,374	44,532	35,327
Insulation	-5,540	2,683	-3,690	10,063
Packaging	-8,556	3,946	20,253	33,809
Unallocated	-13,170	-7,507	-26,253	-18,636
<b>Total, Group</b>	<b>-960</b>	<b>8,496</b>	<b>34,842</b>	<b>60,563</b>
Financial items	-7,910	-4,624	-28,087	-11,814
<b>Income before tax</b>	<b>-8,870</b>	<b>3,872</b>	<b>6,755</b>	<b>48,749</b>

## Note 5 Items affecting comparability

Items affecting comparability amounted to 19,269 KSEK (5,001 KSEK) in the quarter. About half of this amount is attributable to the closure of the plant in Lindesberg and primarily comprises moving costs and salaries in connection with termination of employment. The remainder is mainly related to consultant costs attributable to acquisitions and other strategic Group projects.

Items affecting comparability for the full-year amount to 23,756 KSEK (13,000 KSEK) and primarily comprise, in addition to items in the quarter, costs connected to the production stoppage in raw material production, costs for a settlement in a dispute with a former supplier, negative acquisition goodwill and consultant costs associated with the strategic Group projects.

## Note 6 Acquisitions

On January 2, 2017, the Group acquired 90 percent of the share capital in M-plast Oy for 11,951 KSEK with a right for the seller to sell the remaining 10 percent of the shares at a price agreed in advance. In the event of certain predefined results being achieved by the subsidiary during the 2017-2018 financial years, an earnout may be paid. The fair value of the conditional earnout was estimated by calculating the present value of future anticipated cash flows. In the acquisition, negative goodwill amounting to 6,750 KSEK arose, which was recognized in other operating income in conjunction with the acquisition. Since the liquid portion of the earnout was initially funded through a promissory note to the seller, which is recognized as a component of financing activities in the cash flow statement, the settlement of this promissory note is also recognized in cash flow from financing activities.

### **Purchase price January 2, 2017**

Cash and cash equivalents	11,951
Conditional earnout	1,817
Liability to non-controlling interest	956
<b>Total purchase price</b>	<b>14,724</b>

### **Recognised amounts on identifiable acquired assets and liabilities**

Non-current assets	48,101
Current assets	3,375
Inventory	9,485
Other liabilities	7,515
Cash and cash equivalents	2,409
Other liabilities	-47,919
Deferred tax liabilities	-1,492
<b>Total identifiable net assets</b>	<b>21,474</b>
<b>Negative goodwill</b>	<b>-6,750</b>

On March 1, 2017, the Group acquired the assets and liabilities of the Por-Pac AB plant in Lindesberg for 15,000 KSEK. In an agreement with the receiver, 3,500 KSEK was repaid against certain machinery returning to the bankruptcy estate. In the acquisition, negative goodwill of 1,903 KSEK arose, which was recognized under Other operating income in connection with the acquisition. Since the liquid portion of the earnout was initially funded through a promissory note to the seller, which is recognized as a component of financing activities in the cash flow statement, the settlement of this promissory note is also recognized in cash flow from financing activities.

### **Purchase price March 1, 2017**

Cash and cash equivalents	11,500
<b>Total purchase price</b>	<b>11,500</b>

### **Recognised amounts on identifiable acquired assets and liabilities**

Non-current assets	5,500
Inventory	7,903
<b>Total identifiable net assets</b>	<b>13,403</b>
<b>Negative goodwill</b>	<b>-1,903</b>

In July 2017, BEWi acquired 60 percent of the shares in Solupak, a Finnish manufacturer of insulation material. The shares were acquired for 13,378 KSEK in cash and an earnout of 712 KSEK. In accordance with the agreement, the seller has an option to divest the remaining shares to BEWi in accordance with a predetermined price mechanism and a given timeframe. According to the agreement, BEWi is also entitled to acquire the remaining shares, given certain conditions.

#### **Purchase price July 1, 2017**

Cash and cash equivalents	13,378
Conditional earnout	712
<b>Total purchase price</b>	<b>14,090</b>

#### **Recognised amounts on identifiable acquired assets and liabilities**

Non-current assets	11,947
Inventory	5,727
Other receivables	7,874
Cash and cash equivalents	1,016
Other liabilities	-5,775
<b>Total identifiable net assets</b>	<b>20,789</b>
Non-controlling interest	-8,316
<b>Goodwill</b>	<b>1,617</b>

The table above has been adjusted compared with how it was presented in the report for the third quarter, so that 100 percent of the value of identifiable acquired assets and liabilities is recognised and that non-controlling interests are presented as a deductible item. In the previous quarterly report, 60 percent of the identifiable acquired assets and liabilities were instead presented. The change in presentation involves no actual difference in the acquisition analysis, and goodwill is the same as in the preceding quarterly report. The acquisition analysis is preliminary. The goodwill item is non-deductible, and is deemed to arise from expected profitability and forecast synergies.

#### **Note 7 Definitions of alternative key performance measures not defined by IFRS**

EBITDA	Earnings before interest, taxes, depreciations and amortisations. EBITDA is a key performance measure that the Group considers to be relevant to understand profit generation before investments in fixed assets.
EBITDA %	EBITDA in relation to net sales expressed as a percentage. EBITDA is a key performance measure that the Group considers to be relevant to understand operating profitability and to use as a comparative benchmark.
EBITDA, adjusted.	Earnings before interest, taxes, depreciations and amortisations adjusted so that income is normalised, ie irregularities and deviations are deducted. EBITDA, adjusted is a key performance measure that the Group considers to be relevant to understand earnings adjusted for non-recurring items that impact comparability.
EBITDA %, adjusted	EBITDA adjusted in relation to net sales expressed as a percentage. EBITDA % adjusted is a key performance measure that the Group considers to be relevant to understand operating profitability and to use as a comparative benchmark.
EBIT	Earnings before interests and taxes. EBIT is a key performance measure that the Group considers to be relevant since it enables comparisons of profitability over time independent of corporate income tax rate and financing structure. Depreciations and amortizations, however, is included as a measure on resource consumption necessary to generate earnings.

EBIT-marginal	EBIT-margin in relation to net sales expressed as a percentage. EBIT-margin is a key performance measure that the Group considers to be relevant to understand the operation's profitability and to use as a comparative benchmark.
Justerad EBIT-marginal	EBIT before items affecting comparability in relation to net sales expressed as a percentage. Adjusted EBIT-margin is a key performance measure that the Group considers to be relevant to understand the operation's profitability and to use as a comparative benchmark.
Operating cash flow	Earnings before interests and taxes adjusted for items that are not cash inflows or outflows and change in working capital. The operating cash flow is a key performance measure that shows cash flow from operations that can be used for investments and acquisitions.
Equity/asset ratio	Total shareholder equity in relation to total assets. The equity-to-asset ratio is a key performance measure that the Group considers to be relevant for assessing the Group's financial leverage.

## **FUTURE REPORTS**

The interim report January – March 2018, will be published on May 17, 2018.

Stockholm, February 20, 2018

The Board of Directors and the CEO assure that this full-year report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings and describes the material risks and uncertainties to which the parent company and the companies included in the Group are exposed.

Göran Vikström  
Chairman

Per Norlander  
Member of the Board

Kristina Schauman  
Member of the Board

Gunnar Syvertsen  
Member of the Board

Bernt Thoresen  
Member of the Board

Christian Bekken  
CEO

This report has not been audited by the Company's auditors