

## Interim report January-September 2017

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### Third quarter, July-September 2017

- Net sales increased 12% and amounted to 459,726 KSEK (410,100 KSEK).
- EBITDA before items affecting comparability amounted to 41,781 KSEK (26,452 KSEK).
- Operating income (EBIT) before items affecting comparability amounted to 28,904 KSEK (14,471 KSEK).
- Operating income (EBIT) amounted to 22,658 KSEK (8,545 KSEK).
- In July, 60% of Solupak Oy (BEWi Insulation Oy), a Finnish manufacturer of EPS insulation material, was acquired. The acquisition strengthens BEWi's position in Finland as total supplier of insulation material.

### January - September 2017

- Net sales increased 13% and amounted to 1,347,398 KSEK (1,190,417 KSEK).
- EBITDA before items affecting comparability amounted to 78,202 KSEK (95,332 KSEK).
- Operating income (EBIT) before items affecting comparability amounted to 38,882 KSEK (60,065 KSEK).
- Operating income (EBIT) amounted to 35,802 KSEK (52,066 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 Oy 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 operations in the factory. BEWi intends to consolidate the operations of Lindesberg into BEWi's existing Packaging units and move production to existing production units in Sweden and Denmark.
- In June, a three-year senior secured bond of 550,000 SEK was issued.

### Performance summary in brief

<i>MSEK</i>	<b>July-Sept 2017</b>	<b>July-Sept 2016</b>	<b>Jan-Sept 2017</b>	<b>Jan-Sept 2016</b>	<b>Jan-Dec 2016</b>
Net sales	460	410	1 347	1 190	1 607
EBITDA before items affecting comparability	42	26	78	95	121
EBITDA	36	21	74	87	108
EBIT before items affecting comparability	29	14	40	60	74
EBIT	23	9	36	52	61
Items affecting comparability	-6	-6	-4	-8	-13
Adjusted EBITDA margin, %	9,1%	6,5%	5,8%	8,0%	7,5%
EBITDA margin %	7,7%	5,0%	5,5%	7,3%	6,7%
Adjusted EBIT margin, %	6,3%	3,5%	3,0%	5,0%	4,6%
EBIT margin, %	4,9%	2,1%	2,7%	4,4%	3,8%
Operating cash flow, before capital expenditure	17	-26	-27	14	91
Capital expenditure	-19	-10	-70	-31	-48
Equity ratio, %	28%	31%	28%	31%	35%

## COMMENTS BY CEO

A high pace of activity marked the first nine months of the year driven by acquisitions, investments and mergers of production activities, with the goal of becoming the leading fullrange supplier of cellular plastic in the Nordic countries, in terms of both volume and profitability.

The acquisition of 60 percent of the Finnish company Solupak in June of this year provided the Group with a broader product portfolio and strengthened BEWi's position in Finland as a fullrange supplier of EPS and XPS insulation material. The work on integrating Solupak into BEWi is proceeding according to plan.

A new production line for gray EPS, installed in the plant in Porvo, Finland, at the beginning of the year has been put into operation according to plan, and BEWi has now begun to commercialize this material in the external market. The launch was positive and a good response from customers was received; this is of strategic importance to BEWi as the material has excellent insulating properties and has captured significant shares of the European market.

Consolidation of production continued. The operations in the Lindesberg plant are being transferred, according to plan, to BEWi plants in Sweden and Denmark. A decision has been taken in Denmark to move the operations from the plant in S by to the plant in Hobro. The move will be carried out from September to November 2018, and the staff at S by will be offered continued employment in the operations in Hobro. Investments in modernizing existing BEWi facilities and adapting their capacity to the increased market volumes will take place in connection with these moves.

## THIRD QUARTER 2017

Sales increased 12.1 percent in the quarter compared with the year-earlier period. The increase is 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 in the quarter for the Raw Materials business area. The reason is the leveling off of margins in the market, which is taking place on a rolling basis over time, and advantageous purchases of raw materials.

The somewhat weaker profitability in the Insulation and Packaging business areas was due primarily to high capacity utilization in the production facilities, which led to higher costs for personnel and maintenance.

As of the third quarter, BEWi is the supplier of both XPS and EPS insulation material in Finland, which has been positively received by the market.

## JANUARY-SEPTEMBER 2017

Sales increased 13.2 percent over the first nine months of the year, compared with the year-earlier period. The increase is the result of larger volumes in Packaging and Insulation, acquisitions, and rising market prices, above all within the Raw Materials business area.

Profitability in Insulation and Packaging was affected by the extremely volatile market prices for styrene raw materials. Prices stabilized at the start of the third quarter but increased sharply again at the end of the quarter, only to drop once again at the start of the fourth quarter. The sharp swings hampered the setting prices in relation to BEWi's customers. Increased demand and rising volumes also resulted in adjustment costs for adapting production to a higher rate of manufacturing activity.

## FINANCIAL POSITION AND LIQUIDITY

The equity ratio was 28% (31%). Net debt was 551,454 KSEK (418,639 KSEK). The Group's net debt increased primarily due to investments in a new production line and three acquisitions completed in 2017.

During 2017, the Group refinanced in two stages. In March, 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 KSEK 550,000 was issued. The loan comprises the Group's core funding and additionally, there is an RCF with a framework of KSEK 100,000. 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 during the period. Higher interest expenses due to greater indebtedness, financial expenses attributable to terminated financing agreements as well as bridge financing and currency have impacted net financial items for the quarter and the full year. Most of the previous currency exposure was closed in the new financing structure.

## **CASH FLOW**

Cash flow from operating activities totalled 14,021 KSEK (-27,898 KSEK) in the quarter. A higher operating income and reduced tied-up capital contributed to improved cash flow.

## **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 investment amounts to about 65 MSEK and was launched during 2016. Investments during 2017 amounts to 70 MSEK (31 MSEK) and the majority are attributable to this project. Commercial production has started during the third quarter of 2017.

## **ACQUISITIONS**

In January, BEWi acquired the Finland-based XPS-manufacturer M-Plast Oy. 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 percent 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 Lindesberg, Sweden, and has continued operations in the factory. BEWi intends to consolidate the operations of Lindesberg into its existing Packaging operations.

In July, 2017, BEWi acquired 60% of the shares of Solupak, a Finnish manufacturer of insulation material.

## **EMPLOYEES**

At the end of the period, the number of full-time employees was 435 (314), of which 63 were added through acquisitions during 2017

## **PARENT COMPANY**

BEWi Group AB is parent company and a holding company. Income after tax amounted to -3,150 KSEK (-111 KSEK). Equity of the parent company amounts to 241,429 KSEK (244,573 KSEK) at September 30.

## **SIGNIFICANT RISKS AND 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 this description of the Group's or the Parent Company's risks and management of these risks.

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts in KSEK	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	Jan-Dec 2016
Net sales	459 726	410 100	1 347 398	1 190 417	1 606 929
Other operating income	0	-1	9 124	37	38
<b>Total operating income</b>	<b>459 726</b>	<b>410 099</b>	<b>1 356 522</b>	<b>1 190 454</b>	<b>1 606 967</b>
Raw materials and consumables	-258 980	-242 163	-785 778	-699 933	-951 675
Goods for resale	-14 375	-24 494	-52 536	-56 371	-75 718
Other external costs	-87 425	-72 264	-258 308	-202 237	-279 085
Personnel costs	-63 411	-46 066	-185 778	-139 994	-188 108
Depreciation/amortization and impairment of property, plant, equipment and intangible assets	-12 877	-11 981	-38 320	-35 267	-47 233
Other operating expenses	0	-4 586	0	-4 586	-4 586
<b>Total operating expense</b>	<b>-437 068</b>	<b>-401 554</b>	<b>-1 320 720</b>	<b>-1 138 388</b>	<b>-1 546 405</b>
<b>Operating income</b>	<b>22 658</b>	<b>8 545</b>	<b>35 802</b>	<b>52 066</b>	<b>60 563</b>
Financial income	207	153	337	245	133
Financial expense	-7 539	-3 256	-20 514	-7 435	-11 947
<b>Financial income and expense - net</b>	<b>-7 332</b>	<b>-3 103</b>	<b>-20 177</b>	<b>-7 190</b>	<b>-11 814</b>
<b>Income before tax</b>	<b>15 326</b>	<b>5 442</b>	<b>15 625</b>	<b>44 876</b>	<b>48 749</b>
Income tax	-263	-1 197	-2 097	-3 970	-5 354
<b>Net income for the period</b>	<b>15 063</b>	<b>4 245</b>	<b>13 528</b>	<b>40 906</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	-160	4 352	-658	8 673	7 671
<i>Items that will not be reclassified to the income statement</i>					
Remeasurement of defined benefit pension plans	-111	-324	155	-1 524	-718
Income tax pertinent to remeasurements of defined benefit pension plans	22	65	-31	305	144
<b>Other comprehensive income for the period net of income taxes</b>	<b>-249</b>	<b>4 093</b>	<b>-534</b>	<b>7 454</b>	<b>7 097</b>
<b>Total comprehensive income for the period</b>	<b>14 814</b>	<b>8 338</b>	<b>12 994</b>	<b>48 360</b>	<b>50 492</b>
<b>Income for the period attributable to:</b>					
Equity holders of the parent company	14 593	4 082	12 908	40 701	43 240
Non-controlling interest	470	163	620	205	155
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent company	14 344	8 175	12 374	48 155	50 337
Non-controlling interest	470	163	620	205	155

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Sept 30 2017	Sept 30 2016	Dec 31 2016
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	179 034	178 455	177 453
Other intangible assets	95 364	99 053	99 460
<b>Total intangible assets</b>	<b>274 398</b>	<b>277 508</b>	<b>276 913</b>
<b>Tangible assets</b>			
Lands and buildings	139 949	121 109	123 968
Plant and machinery	193 019	161 856	163 491
Equipment, tools, fixtures and fittings	13 085	11 004	10 817
Construction in progress and advance payments for property, plant and equipment	79 438	28 218	30 180
<b>Total tangible assets</b>	<b>425 491</b>	<b>322 187</b>	<b>328 456</b>
<b>Financial assets</b>			
Derivative instruments	8 908	0	0
Other long-term receivables	1 285	0	252
<b>Total financial assets</b>	<b>10 193</b>	<b>0</b>	<b>252</b>
Deferred tax asset	453	1 082	1 069
<b>Total non-current assets</b>	<b>710 535</b>	<b>600 777</b>	<b>606 690</b>
<b>Current assets</b>			
Inventory	199 969	133 205	115 883
<b>Current receivables</b>			
Account receivables	265 036	233 373	189 798
Tax asset	3 110	1 128	638
Other current receivables	25 857	10 709	816
Prepaid expenses and accrued income	14 908	6 964	18 762
Cash and cash equivalents	24 312	61 530	23 153
<b>Total current receivables</b>	<b>333 223</b>	<b>313 704</b>	<b>233 167</b>
<b>Total current receivables</b>	<b>533 192</b>	<b>446 909</b>	<b>349 050</b>
<b>TOTAL ASSETS</b>	<b>1 243 727</b>	<b>1 047 686</b>	<b>955 740</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>Amounts in KSEK</b>	<b>Sept 30 2017</b>	<b>Sept 30 2016</b>	<b>Dec 31 2016</b>
Share capital	103	103	103
Additional paid-in capital	244 868	242 918	244 868
Reserves	2 935	4 595	3 593
Accumulated profit or loss (including net profit for the period)	94 968	80 702	81 936
<b>Equity attributable to the equity holders of the Parent Company</b>	<b>342 874</b>	<b>328 318</b>	<b>330 500</b>
Non-controlling interests	9 883	1 095	1 045
<b>Total equity</b>	<b>352 757</b>	<b>329 413</b>	<b>331 545</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pensions and similar obligations	7 166	8 010	7 309
Other provisions	3 329	2 661	2 440
Deferred tax liabilities	9 722	8 352	9 815
Bond loan	536 752	0	0
Liabilities to credit institutions	30 612	219 589	210 641
Liabilities to associated companies	0	29 761	29 566
<b>Total non-current liabilities</b>	<b>587 581</b>	<b>268 373</b>	<b>259 771</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	8 402	149 429	71 231
Account payables	183 682	150 127	149 830
Current tax liabilities	5 628	1 685	4 883
Other current liabilities	41 441	110 652	84 790
Accrued expenses and deferred income	64 236	38 007	53 690
<b>Total current liabilities</b>	<b>303 389</b>	<b>449 900</b>	<b>364 424</b>
<b>Total liabilities</b>	<b>890 970</b>	<b>718 273</b>	<b>624 195</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 243 727</b>	<b>1 047 686</b>	<b>955 740</b>

## CHANGES IN CONSOLIDATED EQUITY

Amounts in KSEK	Jan-Sept 2017	Jan-Sept 2016	Jan-Dec 2016
Balance brought forward	331 545	268 532	268 532
Net profit for the period	13 528	40 906	43 395
Other comprehensive income	-534	7 454	7 097
<b>Total comprehensive income</b>	<b>12 994</b>	<b>48 360</b>	<b>50 492</b>
Transactions with shareholders			
Minority acquisition	8 218	0	0
New share issue	0	12 521	12 521
<b>Total transactions with shareholders</b>	<b>8 218</b>	<b>12 521</b>	<b>12 521</b>
<b>Balance carried forward</b>	<b>352 757</b>	<b>329 413</b>	<b>331 545</b>
<i>Attributable to non-controlling interest</i>	<i>9 883</i>	<i>1 095</i>	<i>1 045</i>

## CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	Jan-Dec 2016
Operating income	22 658	8 545	35 802	52 066	60 563
Adjustments for non-cash items	15 512	21 977	29 196	45 263	51 819
Financial items, net	-2 281	-317	-12 102	-7 190	-12 728
Income tax paid	-632	-1 266	-2 860	-3 934	-4 547
<b>Operating cash flow before changes to working capital</b>	<b>35 257</b>	<b>28 939</b>	<b>50 036</b>	<b>86 205</b>	<b>95 107</b>
Cash flow from working capital changes	-21 236	-56 837	-91 591	-83 396	-21 642
<b>Operating cash flow</b>	<b>14 021</b>	<b>-27 898</b>	<b>-41 555</b>	<b>2 809</b>	<b>73 465</b>
Net investments in tangible assets	-19 128	-9 651	-69 752	-31 079	-48 391
Company acquisitions	-12 753	0	-10 359	0	0
<b>Cash flow from investment activities</b>	<b>-31 881</b>	<b>-9 651</b>	<b>-80 111</b>	<b>-31 079</b>	<b>-48 391</b>
Borrowings and amortization of loans, net	2 891	5 476	122 996	-34 659	-129 406
New share issue	0	2 100	0	12 521	12 521
<b>Cash flow from financing activities</b>	<b>2 891</b>	<b>7 576</b>	<b>122 996</b>	<b>-22 138</b>	<b>-116 885</b>
<b>Cash flow of the period</b>	<b>-14 969</b>	<b>-29 973</b>	<b>1 330</b>	<b>-50 408</b>	<b>-91 811</b>
Cash and cash equivalent at the beginning of the period	39 529	93 335	23 153	111 582	111 582
Exchange rate differences in cash and cash equivalent	-248	-1 832	-171	356	3 382
<b>Cash and cash equivalent at the end of the period</b>	<b>24 312</b>	<b>61 530</b>	<b>24 312</b>	<b>61 530</b>	<b>23 153</b>

## INCOME STATEMENT OF THE PARENT COMPANY

Amounts in KSEK	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	Jan-Dec 2016
<b>Operating expenses</b>					
Other operating expenses	-1 107	-78	-1 956	-251	-924
<b>Total operating expense</b>	<b>-1 107</b>	<b>-78</b>	<b>-1 956</b>	<b>-251</b>	<b>-924</b>
<b>Operating income</b>	<b>-1 107</b>	<b>-78</b>	<b>-1 956</b>	<b>-251</b>	<b>-924</b>
Financial income	6 778	288	9 392	805	956
Financial expense	-6 829	-242	-10 586	-665	-799
<b>Financial income and expense - net</b>	<b>-51</b>	<b>46</b>	<b>-1 194</b>	<b>140</b>	<b>157</b>
Appropriations	0	0	0	0	662
<b>Profit or loss before tax</b>	<b>-1 158</b>	<b>-32</b>	<b>-3 150</b>	<b>-111</b>	<b>-105</b>
Tax on net income for the period	0	0	0	0	0
<b>Net income for the period</b>	<b>-1 158</b>	<b>-32</b>	<b>-3 150</b>	<b>-111</b>	<b>-105</b>

*The net income for the period is equivalent to the comprehensive income.*

## STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

Amounts in KSEK	Sept 30 2017	Sept 30 2016	Dec 31 2016
Fixed assets	818 129	263 769	263 574
Current assets	18 889	15 064	15 649
<b>Total assets</b>	<b>837 018</b>	<b>278 833</b>	<b>279 223</b>
Equity	241 429	244 573	244 579
Long term liabilities	573 281	32 231	31 379
Current liabilities	22 308	3 029	3 265
<b>Total equity and liabilities</b>	<b>837 018</b>	<b>279 833</b>	<b>279 223</b>



## **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 70 Solna.

BEWi Group's interim report July-September 2017 has been approved by the Board of Directors for publication on November 22, 2017.

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.

## **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 was 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 applying the effective 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**

The fair value of short-term financial instruments corresponds to their carrying amounts as the discount effect is not significant.

Carrying amount of the Group's borrowing is deemed to be a good approximation of its fair value since the loans have variable rates 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 good for resale as well as between other external costs and personnel expenses. Figures for 2016 have been adjusted in this financial report.

### 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.

Amounts in KSEK	July-Sept 2017	July-Sept 2016	Jan-Sept 2017	Jan-Sept 2016	Jan-Dec 2016
<b>Income</b>					
<b><i>Raw material</i></b>					
Segment income	304 489	276 772	845 208	792 347	1 063 952
Intra segment sales	-69 587	-41 867	-164 206	-100 312	-132 093
Income from external customers	234 902	234 905	681 002	692 035	931 859
<b><i>Insulation</i></b>					
Segment income	120 284	87 302	351 633	234 125	314 557
Intra segment sales	-14 840	-6 024	-50 158	-16 741	-23 000
Income from external customers	105 444	81 278	301 475	217 384	291 557
<b><i>Packaging</i></b>					
Segmentet income	120 574	96 156	370 247	288 233	391 890
Intra segment sales	-1 194	-2 239	-5 326	-7 235	-8 377
Income from external customers	119 380	93 917	364 921	280 998	383 513
<b>EBIT</b>					
Raw material	23 273	5 994	18 226	25 953	35 327
Insulation	-152	3 414	1 850	7 380	10 063
Packaging	4 074	4 029	28 809	29 863	33 809
Unallocated	-4 537	-4 892	-13 083	-11 130	-18 636
<b>Total, Group</b>	<b>22 658</b>	<b>8 545</b>	<b>35 802</b>	<b>52 066</b>	<b>60 563</b>
Financial items	-7 332	-3 103	-20 177	-7 190	-11 814
<b>Income before tax</b>	<b>15 326</b>	<b>5 442</b>	<b>15 625</b>	<b>44 876</b>	<b>48 749</b>

## Note 5 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 year, 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 arose amounting to 6,750 KSEK, which was recognized in conjunction with the acquisition.

### 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 TSEK 15,000. In an agreement with the receiver, TSEK 3,500 was repaid against certain machinery returning to the bankruptcy estate; see Note 6, Events after balance sheet date. In the acquisition, negative goodwill of TSEK 1,903 arose, which was recognized under Other operating income in connection with the acquisition.

### 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 KSEK 13,378 in cash and an earnout of KSEK 712. In accordance with the agreement, the seller has an option to divest the remaining shares to BEWi in accordance with 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	7 167
Inventory	3 435
Other receivables	4 726
Cash and cash equivalents	610
Other liabilities	3 465
<b>Total identifiable net assets</b>	<b>12 473</b>
<b>Goodwill</b>	<b>1 617</b>

The acquisition analysis is preliminary.

**Note 6 Significant events after the financial period**

As was previously communicated, assets from the Por-Pac bankruptcy estate were acquired at the beginning of the year with the intent of transferring the operations to BEWi's existing production units. During the move, BEWi's ownership rights to some of the machinery was called into question by the property owner.

In order to continue the important process of change of consolidating BEWi's production activities, it was judged that the most advantageous action in the prevailing situation would be to reach a new agreement with the receiver.

The agreement, which was signed in October, meant that part of the purchase sum was repaid, while certain items of equipment were left on the premises. In accordance with applicable accounting principles, the acquisition balances and the negative goodwill that arose at the time of acquisition – March 2017 – was corrected by nearly SEK 7.5 million. This should be viewed in light of the fact that transfer of production equipment from Lindesberg to BEWi's plants in Sweden and Denmark can continue according to plan, and at a lower cost. The adjustment of the acquisition balance has no effect on BEWi's cash flow.

A decision has also been taken in Denmark to move the operations from the plant in Såby to BEWi's production facility in Hobro. The move will be carried out from September to November 2018, and the staff at Såby will be offered continued employment in the operations in Hobro.

In connection with the consolidation of production, BEWi will invest in its facilities to create modern, efficient units. Combined, the measures will result in an optimal production structure, with streamlined units that make BEWi a strategic partner for its customers and an attractive investment for the owners. Consolidation of production activities, and upgrading and modernizing the units, are additional steps on the road to becoming a competitive entity in the Nordic countries.

## Note 7 Definitions

### **EBITDA**

Operating income before depreciations and amortization

### **EBIT**

Operating income

### **Adjusted EBITDA margin**

EBITDA before items affecting comparability in relation to net sales

### **Adjusted EBIT margin**

EBIT before items affecting comparability in relation to net sales

### **Operating cash flow**

EBIT, reversal of non affecting cash-items and working capital changes

### **Equity ratio**

Total equity in relation to total assets

The full year report for 2017 will be published on 20 February, 2018.

Solna, November 22, 2017

The Board of Directors and the CEO assure that this third quarter 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.

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Göran Vikström  
*Chairman*

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Per Nordlander  
*Member of the Board*

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Kristina Schauman  
*Member of the Board*

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Gunnar Syvertsen  
*Member of the Board*

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Bernt Thoresen  
*Member of the Board*

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Christian Bekken  
*CEO*

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