



**BEWi**

**Synbra**

GROUP

**REPORT**  
**Q2 | 2019**

## HIGHLIGHTS FOR 2019

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

### SECOND QUARTER

- BEWiSynbra Group reported net sales of SEK 1,221.6 million for the second quarter (SEK 1,034.4 million), an increase of 18 per cent compared to the corresponding quarter last year
- Adjusted EBITDA<sup>2</sup> was SEK 171.5 million (SEK 83.7 million), while adjusted EBITA amounted to SEK 116.0 million (SEK 61.9 million)
- Earnings were negatively impacted by items affecting comparability of SEK 3.3 million for the quarter (positively impacted by SEK 25.1 million)
- EBIT for the Group was SEK 95.0 million (SEK 78.8 million)

### FIRST HALF YEAR

- Net sales amounted to SEK 2,297.8 million for the first half of 2019 (SEK 1,525.6 million), an increase of 51 per cent compared to the corresponding period last year
- Adjusted EBITDA<sup>2</sup> was SEK 310.0 million (SEK 118.0 million), while adjusted EBITA amounted to SEK 201.7 million (SEK 84.3 million)
- Earnings have been negatively impacted by items affecting comparability of SEK 26.0 million so far this year (positively impacted by SEK 15.8 million)
- EBIT for the Group was SEK 141.5 million (SEK 89.7 million)
- BEWiSynbra Circular has further strengthened its recycling activities this year, including the acquisitions of 51 per cent of the Belgian recycling company EcoFill in March and the Danish recycling company Eurec in July

## CONSOLIDATED KEY FIGURES\*

	Second quarter			First half year			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	1,221.6	1,221.6	1,034.4	2,297.8	2,297.8	1,525.6	3,905.3
Operating income/ EBIT	95.0	89.6	78.8	141.5	130.8	89.7	141.4
EBITDA	168.2	147.6	108.8	284.0	244.2	133.8	292.9
EBITDA margin (%)	13.8%	12.1%	10.5%	12.4%	10.6%	8.8%	7.5%
Adjusted EBITDA	171.5	150.9	83.7	310.0	270.2	118.0	316.7
Adj. EBITDA margin (%)	14.0%	12.4%	8.1%	13.5%	11.8%	7.7%	8.1%
Items affecting comparability	-3.3	-3.3	25.1	-26.0	-26.0	15.8	-23.8
EBITA	112.7	107.2	87.1	175.7	164.8	100.0	187.9
EBITA margin (%)	9.2%	8.8%	8.4%	7.6%	7.2%	6.6%	4.8%
Adjusted EBITA	116.0	110.5	61.9	201.7	190.9	84.3	211.7
Adj. EBITA margin (%)	9.5%	9.0%	6.0%	8.8%	8.3%	5.5%	5.4%
Net profit/loss for the period	42.9	43.9	38.5	59.8	61.8	33.4	16.0
Capital Expenditure (CAPEX)	-35.9	-35.9	-38.1	-71.1	-71.1	-53.9	-142.4

\*Definitions included on page 11

## COMMENTS FROM THE CEO

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

BEWiSynbra experienced good demand and delivers stable volumes in most operating markets in the second quarter of 2019. Our Packaging & Components segment is still negatively affected by lower volumes sold in Norway due to lower activity in the fish slaughteries we serve and lower demand from the automotive industry in Sweden. The decline in slaughtered volumes follows normal fluctuations over time in the industry for salmon farming.

During the spring we have experienced high product availability in the EPS Raw material market which put pressure on profitability in segment RAW. However, the development in the raw material market had a positive impact on results and margins in our downstream segments, Packaging & Components and Insulation. This proves that our integrated business model, with control of the whole value chain from raw material production to finished goods, serves as a stabilizing factor for the Group as a whole and makes us well-equipped to face different market scenarios.

Within segment RAW we have experienced major operational challenges in one production line. This drive both direct and indirect costs due to inefficiency in production. The challenges are expected to be resolved early 2020.

We are pleased to see that the integration of BEWi and Synbra is progressing and that previously communicated cost reducing measures implemented in Sweden have a positive margin contribution also this quarter, although the region still experiences a challenging market situation.

In BEWiSynbra we are proud of our products and we believe that EPS is a unique material with superior qualities. EPS is 98 per cent air, which means that it has a range of benefits, such as being lightweight, thermal efficient and shock absorbing, all resulting in lower consumption of energy in the transportation of goods and insulation of buildings. However, we are fully aware of the responsibility it brings to be a producer of a material made from 2 per cent plastics. This is why sustainability is one of our strategic drivers.

EPS is 100 per cent recyclable and re-usable. Today, the main challenge related to recycling and re-using EPS is the collection of used EPS. Therefore, one of BEWiSynbra's strategic priorities has been to launch a series of recycling initiatives focusing on increasing the collection of used EPS.

Following our launch of BEWiSynbra Circular in October last year, we have acquired the Belgian recycling company EcoFill and the Danish recycling company Eurec, both with solutions that fit our ambitions going forward. In addition, we have established compacting- and collecting stations in various locations and launched the concept "Use-ReUse" to raise awareness on the ease and importance of recycling EPS.

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 are the main explanation for the increase in the numbers presented below.

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 second quarter of 2019 amounted to SEK 1,221.6 million (SEK 1,034.4 million), representing a 18 per cent increase, of which 33 percentage points (pp) is explained by acquisitions, 3 pp by currency and a negative -18 pp organic growth.

The main explanation for the negative organic growth is lower market prices in all segments. BEWiSynbra experience good demand in most of its operating markets, and the underlying development in volumes is good. Further comments are provided under each of the business segments.

For the first half of 2019, net sales was SEK 2,297.8 million (SEK 1,525.6 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 1,129.7 million for the quarter (SEK 955.6 million) and SEK 2,162.3 million for the first six months of the year (SEK 1,435.9 million).

**Raw materials and consumables** amounted to SEK 556.9 million for the quarter (SEK 597.5 million), representing 46 per cent (58 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 half of the year, raw materials totalled SEK 1,015.0 million (SEK 881.2 million).

**Personnel cost** amounted to SEK 211.2 for the quarter (SEK 159.2 million), representing 17 per cent (15 per cent), and SEK 433.8 million for the first six months (SEK 227.0 million).

At the end of the quarter, the Group had 1,233 full time equivalents, up from 1,210 at the end of 2018.

**Operating income** for the Group was SEK 95.0 million for the second quarter (SEK 78.8 million) and SEK 141.5 million for the first half year (SEK 89.7 million).

**Items affecting comparability** amounted to SEK -3.3 million for the second quarter (SEK 25.1 million), of which SEK -3.2 million was attributable to Other external costs and SEK -0.1 million to Personnel cost. For the first half year, items affecting comparability were SEK -26.0 million (SEK 15.8 million), of which SEK -7.8 million was attributable to Other external costs and SEK -18.2 million to Personnel cost. 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 171.5 million for the second quarter this year (SEK 83.7 million). This represents an adjusted EBITDA margin of 14 per cent for the quarter (8 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 half of 2019, adjusted EBITDA came in at SEK 310.0 million (SEK 118.0 million).

**Net financial items** came in at SEK -36.8 million for the second quarter of 2019 (SEK -17.5 million). Of the SEK -36.8 million, approximately SEK -17.0 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 -6.7 million relates to the interest component of IFRS 16 and SEK -9.0 million relates to revaluation of intercompany balances and a fair value revaluation of derivatives (non-cash item).

For the first six months this year, net financial items amounted to SEK -56.6 million (SEK -29.2 million). Of

the SEK -56.6 million, approximately SEK -33.0 million relates to interest for financing and costs related to credit facilities and bank accounts, SEK -6.7 million relates to financing costs (non-cash items), SEK -13.4 million relates to the interest component of IFRS 16 and SEK -2.8 million relates to revaluation of intercompany balances and a fair value revaluation of derivatives (non-cash item).

**Tax expenses** were SEK 15.3 million for the quarter (SEK 22.8 million) and SEK 25.2 million for the first half year (SEK 27.1 million).

**Net income** for the quarter was a profit of SEK 42.9 million (SEK 38.5 million), whereas the Group recorded a profit of SEK 59.8 million for the first half year (SEK 33.4 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	Q219	Q218	YTD19	YTD18
Segment sales	554.2	634.4	1,123.6	993.0
Adj. EBITDA	24.3	31.0	50.4	57.4
Adj. EBITDA margin (%)	4.4%	4.9%	4.5%	5.8%
Adj. EBITA	15.0	23.8	32.2	45.4

**Segment sales** for RAW amounted to SEK 554.2 million for the second quarter (SEK 634.4 million), corresponding to a decrease of 12.6 per cent compared to the corresponding quarter last year. The segment sales shows an increase due to the acquisition of Synbra last year, but since Synbra was consolidated into the BEWiSynbra accounts from 1 May 2018, the increase is modest. The segment experienced a negative organic growth in the quarter of approximately 30 per cent, mainly explained by lower market prices, as volumes remained stable.

For the first six months, segment sales for RAW was SEK 1,123.6 million (SEK 993.0 million), also showing a negative organic growth compared to the same period last year due to lower market prices.

**Adjusted EBITDA** for the RAW segment amounted to SEK 24.3 million this quarter (SEK 31.0 million), representing a margin of 4.4 per cent (4.9 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. In the quarter we have experienced a high product availability in the market, resulting in tighter margins and a GAP lower than the average range, while it was above the average range in the corresponding period last year. In addition, issues at one of the production lines have negatively impacted the performance this year.

For the first six months of 2019, RAW recorded an adjusted EBITDA of SEK 50.4 million (SEK 57.4 million), representing a margin of 4.5 per cent (5.8 per cent). Earnings are lower for the same reasons as for the quarter.

### 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

Amounts in SEK million	Q219	Q218	YTD19	YTD18
Segment sales	424.3	259.8	849.8	395.7
Adj. EBITDA	80.0	20.2	151.8	36.5
Adj. EBITDA margin (%)	18.9%	7.8%	17.9%	9.2%
Adj. EBITA	49.5	12.5	90.8	24.2

**Segment sales** for the quarter for P&C amounted to SEK 424.3 million (SEK 259.8 million), corresponding to an increase of 63.3 per cent. The segment has close to 70 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 driven by demand and adjustments in production volume to improve plant efficiency. Other markets are considered stable.

For the first half of 2019, segment sales for P&C amounted to SEK 849.8 million (SEK 395.7 million), corresponding to an increase of 114.8 per cent, mainly explained by acquisitions.

**Adjusted EBITDA** for the quarter amounted to SEK 80.0 million (SEK 20.2 million), representing a margin of 18.9 per cent (7.8 per cent).

For the first six months, adjusted EBITDA totalled SEK 151.8 million (SEK 36.5 million), corresponding to a margin of 17.9 per cent (9.2 per cent).

The improved margins in both the quarter and the first half of the year are mainly explained by the acquisitions and more favourable raw material prices.

### 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

Amounts in SEK million	Q219	Q218	YTD19	YTD18
Segment sales	443.9	347.9	782.1	440.6
Adj. EBITDA	77.9	39.3	126.0	34.1
Adj. EBITDA margin (%)	17.5%	11.3%	16.1%	7.7%
Adj. EBITA	65.3	33.1	102.7	25.2

**Segment sales** for the quarter for Insulation amounted to SEK 443.9 million (SEK 347.9 million), corresponding to an increase of 27.6 per cent, mainly explained by acquisitions. The segment has a negative organic growth of 6.1 per cent explained by lower

demand in Sweden as well as lower market prices.

For the first half of 2019, net sales for Insulation was SEK 782.1 million (SEK 440.6 million), whereas the increase relates to acquisitions and the organic growth is slightly negative, as explained above.

**Adjusted EBITDA** for the segment Insulation amounted to SEK 77.9 million for the quarter (SEK 39.3 million), representing a margin of 17.5 per cent (11.3 per cent), and SEK 126.0 million for the first half year (SEK 34.1 million), representing a margin of 16.1 per cent (7.7 per cent). The improved margins in both the quarter and the first half of 2019 can mainly be explained by the acquisitions and more favourable raw material prices. In addition, the measures initiated to reduce cost and improve efficiency in Sweden are yielding results and contributes to the improvement in the margins, while the operations in Finland are benefitting from higher volumes.

### 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 79.1 million in the second quarter (SEK -18.7 million), including a net increase in working capital by SEK 10.2 million (SEK 35.1 million).

For the first six months of the year, cash flow from operating activities was SEK -68.7 million (SEK -44.8 million), including a net increase in working capital by SEK 250.2 million (SEK 76.2 million).

**Cash flow used for investment activities** was SEK -44.0 million (SEK -937.3 million). The investments in the second quarter last year mainly relates to the acquisition of Synbra Holding.

For the first half year, cash flow from investment activities amounted to SEK -83.3 million (SEK 962.4 million).

**Cash flow from financing activities** amounted to SEK -60.6 million in the second quarter this year (SEK 980.5 million). The amount this year mainly relates to repayment of debt of SEK 61.8 million (primarily lease payments and reduced overdraft), while the amount in the corresponding period last year mainly relates to issuance of a new bond loan and new equity in the period, both related to the acquisition of Synbra Holding.

For the first six months, cash flow from financing activities was SEK 36.7 million (SEK 978.2 million).

### Consolidated financial position

**Total assets** amounted to SEK 4,611.3 million as of 30 June 2019, up from SEK 4,110.8 million at 31 December 2018 and from SEK 3,383.9 million at 30 June 2018. The increase since the end of 2018 can mainly be explained by the impact of IFRS 16.

**Total equity** amounted to SEK 1,635.9 million at the end of the second quarter, representing an equity ratio of 35.5 per cent. At year end 2018, the equity was SEK 1,537.3 million, while the equity was SEK 845.3 million at the end of the second quarter last year. The

increase in equity during the first half year 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 1,330.2 million as of 30 June 2019, compared to SEK 1,123.4 million at the end of 2018 and up from SEK 1,263.4 million at the end of June last year. The increase from the end of 2018 mainly reflects seasonal effects in working capital.

**Cash and cash equivalents** was SEK 125.6 million at the end of June this year, down from SEK 235.3 million as of 31 December 2018 and up from SEK 84.0 million at the end of the second quarter 2018.

### Capital expenditures

Capital expenditures in the operations totalled SEK 35.9 million for the second quarter (SEK 38.1 million) and SEK 71.1 million for the first six months of 2019 (SEK 53.9 million).

## THE PARENT COMPANY

The BEWiSynbra Group AB (publ.) is the Parent Company of the Group. Earnings after tax amounted to SEK 1.2 million for the second quarter (SEK -5.7 million) and SEK 4.2 million for the first half of 2019 (SEK -8.6 million).

As at 30 June 2019, the equity in the Parent Company was SEK 1,377.6 million, compared to SEK 1,373.4 million at 31 December 2018 and to SEK 624.7 million at 30 June 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 40 per cent of the shares in BEWi Ruuking EPS Oy.

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. Eco Fill was consolidated from the date of acquisition and has contributed SEK 6.7 million to the Group's net sales and SEK 0.1 million to EBIT in 2019.

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. 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.

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

## SHARE INFORMATION

At 30 June, the number of shares outstanding amounted to 138,937,980 with a quouta 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 Group's collection- and recycling of EPS. Since the establishment of Circular in October 2018, the Group has launched several activities to increase the collection- and recycling of EPS. This includes establishing compacting stations and collecting stations, in addition to 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 setting a new industry standard for collecting and recycling EPS. The company's ambition is to raise the awareness on the ease and importance of recycling EPS, and at the same time, offer a variety of solutions for collecting and recycling at all levels.

In March 2019, BEWiSynbra acquired 51 per cent of the Belgian recycling company EcoFill. EcoFill has been active in the circular economy for more than 15

years and has become the leading EPS-collector and recycler in Belgium. In addition, the Group acquired 51 per cent of the Danish recycling company Eurec in July this year. The acquisition of Eurec further strengthens BEWiSynbra's work to increase the collection and recycling of used EPS. Please see further details in the section "Events after the close of the period."

## ORGANISATION

At 30 June 2019, BEWiSynbra Group had 1,317 people employed, up from 1,305 at 31 March this year and from 1,298 at 31 December 2018. At 30 June 2018, the Group had 1,130 people employed.

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

## SIGNIFICANT RISKS AND UNCERTAINTIES

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

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.

**Stockholm, 26 August 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

<b>EBITDA</b>	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.
<b>EBITDA margin</b>	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.
<b>EBIT</b>	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.
<b>EBIT margin</b>	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.
<b>Items affecting comparability</b>	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.
<b>Adjusted (adj.) EBITDA</b>	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.
<b>Adjusted (adj.) EBITDA margin (%)</b>	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.
<b>Adjusted EBIT</b>	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.
<b>Operating cash flow</b>	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.
<b>Equity ratio</b>	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.
<b>Net debt</b>	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>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
<b>Operating income (EBIT)</b>	<b>95.0</b>	<b>78.8</b>	<b>141.5</b>	<b>89.7</b>	<b>141.4</b>
Amortisations	17.7	8.3	34.2	10.3	46.5
<b>EBITA</b>	<b>112.7</b>	<b>87.1</b>	<b>175.7</b>	<b>100.0</b>	<b>187.9</b>
Items affecting comparability	3.3	-25.1	26.0	-15.8	23.8
<b>Adjusted EBITA</b>	<b>116.0</b>	<b>61.9</b>	<b>201.7</b>	<b>84.3</b>	<b>211.7</b>
<b>EBITA</b>	<b>112.7</b>	<b>87.1</b>	<b>175.7</b>	<b>100.0</b>	<b>187.9</b>
Depreciations	55.5	21.7	108.3	33.8	105.0
<b>EBITDA</b>	<b>168.2</b>	<b>108.8</b>	<b>284.0</b>	<b>133.8</b>	<b>292.9</b>
Items affecting comparability	3.3	-25.1	26.0	-15.8	23.8
<b>Adjusted EBITDA</b>	<b>171.5</b>	<b>83.7</b>	<b>310.0</b>	<b>118.0</b>	<b>316.7</b>

## ITEMS AFFECTING COMPARABILITY

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
IPO related costs	-0.4		-0.9		-21.8
Severance and integration costs	-0.3	-12.8	-8.7	-12.8	-21.5
Restructuring costs			-12.8		
Transaction costs	-0.8	-13.5	-1.5	-22.8	-31.0
Additional purchase price	-1.5		-1.5		
Capital gain from sale of real estate		51.5		51.5	51.6
Other	-0.3	-0.1	-0.6	-0.1	-1.1
<b>Total</b>	<b>-3.3</b>	<b>25.1</b>	<b>-26.0</b>	<b>15.8</b>	<b>-23.8</b>

## 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	%
<b>Q2 2019</b>											
Acquisitions	96.6	15.2%	173.5	66.8%	107.7	31.0%	6.7	78.8%	-43.3	341.2	33.0%
Currency	16.1	2.5%	6.8	2.6%	9.3	2.7%	-	-	-5.7	26.5	2.6%
Organic growth	-192.9	-30.4%	-15.8	-6.1%	-21.0	-6.1%	1.8	21.2%	47.5	-180.4	-17.5%
<b>Total increase/decrease</b>	<b>-80.2</b>	<b>-12.6%</b>	<b>164.5</b>	<b>63.3%</b>	<b>96.0</b>	<b>27.6%</b>	<b>8.5</b>	<b>100.0%</b>	<b>-1.5</b>	<b>187.2</b>	<b>18.1%</b>

<i>Amounts in SEK million</i>	RAW	%	P&C	%	Insulation	%	Unallocated	%	Change intra-group revenue	Total net sales	%
<b>YTD 2019</b>											
Acquisitions	380.6	38.3%	479.1	121.1%	359.2	81.5%	6.7	78.8%	-177.1	1,048.5	68.7%
Currency	26.1	2.6%	9.0	2.3%	10.6	2.4%	-	-	-9.9	35.8	2.4%
Organic growth	-276.1	-27.8%	-34.0	-8.6%	-28.3	-6.4%	1.8	21.2%	24.5	-312.1	-20.5%
<b>Total increase/decrease</b>	<b>130.6</b>	<b>13.2%</b>	<b>454.1</b>	<b>114.8%</b>	<b>341.5</b>	<b>77.5%</b>	<b>8.5</b>	<b>100.0%</b>	<b>-162.4</b>	<b>772.2</b>	<b>50.6%</b>

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

### CONSOLIDATED STATEMENT OF INCOME

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Net sales	1,221.6	1,034.4	2,297.8	1,525.6	3,905.3
Other operating income	3.1	0.0	6.0	0.0	15.7
<b>Total operating income</b>	<b>1,224.7</b>	<b>1,034.4</b>	<b>2,303.8</b>	<b>1,525.6</b>	<b>3,921.0</b>
Raw materials and consumables	-556.9	-597.5	-1,015.0	-881.2	-2,132.3
Goods for resale	-48.6	-27.5	-88.7	-42.7	-87.6
Other external costs	-242.4	-193.1	-486.4	-292.4	-828.2
Personnel cost	-211.2	-159.2	-433.8	-227.0	-638.2
Depreciation/ amortisation and impairment of tangible and intangible assets	-73.2	-30.0	-142.5	-44.1	-151.5
Share of income from associated companies	2.5	0.0	4.0	0.0	6.7
Capital gain from sale of assets	0.0	51.5	0.0	51.5	51.6
<b>Total operating expenses</b>	<b>-1,129.7</b>	<b>-955.6</b>	<b>-2,162.3</b>	<b>-1,435.9</b>	<b>-3,779.6</b>
<b>Operating income (EBIT)</b>	<b>95.0</b>	<b>78.8</b>	<b>141.5</b>	<b>89.7</b>	<b>141.4</b>
Financial income	0.6	1.9	3.4	2.1	1.7
Financial expenses	-37.4	-19.4	-60.0	-31.3	-76.9
<b>Net financial items</b>	<b>-36.8</b>	<b>-17.5</b>	<b>-56.6</b>	<b>-29.2</b>	<b>-75.2</b>
<b>Income before tax</b>	<b>58.2</b>	<b>61.3</b>	<b>84.9</b>	<b>60.5</b>	<b>66.2</b>
Income tax expense	-15.3	-22.8	-25.2	-27.1	-50.3
<b>Net profit/ loss for the period</b>	<b>42.9</b>	<b>38.5</b>	<b>59.8</b>	<b>33.4</b>	<b>16.0</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
<b>Profit/loss for the period</b>	<b>42.9</b>	<b>38.5</b>	<b>59.8</b>	<b>33.4</b>	<b>16.0</b>
<b>Other comprehensive income</b>					
<b>Items that may later be reclassified to profit or loss</b>					
Exchange rate differences	22.6	8.7	66.8	27.5	-23.7
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements of net pension obligations	16.0	-0.3	15.9	-0.2	-3.9
Income tax pertinent to remeasurements of net pension obligations	-3.3	0.0	-3.2	0.0	0.2
<b>Other comprehensive income/loss, net after tax</b>	<b>35.3</b>	<b>8.4</b>	<b>79.4</b>	<b>27.3</b>	<b>-27.4</b>
<b>Total comprehensive income/ loss for the period</b>	<b>78.3</b>	<b>46.9</b>	<b>139.2</b>	<b>60.7</b>	<b>-11.5</b>

## NET PROFIT/ LOSS ATTRIBUTABLE TO:

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
<b>Net profit/loss for the period attributable to:</b>					
Parent Company shareholders	42.3	38.4	59.8	33.6	16.7
Non-controlling interests	0.6	0.1	0.0	-0.2	-0.7
<b>Total comprehensive income attributable to:</b>					
Parent Company shareholders	77.4	46.6	138.8	60.2	-11.3
Non-controlling interests	0.8	0.3	0.4	0.5	-0.3

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in SEK million</i>	30.06.2019	30.06.2018	31.12.2018
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	758.0	455.5	720.6
Other intangible assets	821.9	505.9	822.5
<b>Total intangible assets</b>	<b>1,579.9</b>	<b>961.4</b>	<b>1,543.0</b>
<b>Property plant and equipment</b>			
Land and buildings	694.5	399.2	396.5
Plant and machinery	696.7	482.2	657.8
Equipment, tools, fixtures and fittings	102.8	59.8	68.3
Construction in progress and advance payments	95.2	108.7	103.5
<b>Total property, plant and equipment</b>	<b>1,589.2</b>	<b>1,049.9</b>	<b>1,226.1</b>
<b>Financial assets</b>			
Shares in associates	12.3	0.0	6.7
Net pension assets	46.9	38.5	31.1
Other long-term receivables	0.5	19.5	1.2
Participation in other companies	2.5	2.5	2.6
<b>Total financial assets</b>	<b>62.2</b>	<b>60.5</b>	<b>41.6</b>
Deferred tax assets	45.5	35.2	51.8
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,276.8</b>	<b>2,107.0</b>	<b>2,862.5</b>
<b>CURRENT ASSETS</b>			
Inventory	485.4	368.7	431.4
<b>Current receivables</b>			
Accounts receivables	667.9	749.0	527.6
Tax assets	5.8	6.1	2.8
Other current receivables	29.2	44.3	32.2
Prepaid expenses and accrued income	20.6	24.8	18.7
Other financial assets	0.0	0.0	0.4
Cash and cash equivalents	125.6	84.0	235.3
<b>Total current receivables</b>	<b>849.1</b>	<b>908.3</b>	<b>817.0</b>
<b>TOTAL CURRENT ASSETS</b>	<b>1,334.5</b>	<b>1,277.0</b>	<b>1,248.3</b>
<b>TOTAL ASSETS</b>	<b>4,611.3</b>	<b>3,383.9</b>	<b>4,110.8</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

<i>Amounts in SEK million</i>	30.06.2019	30.06.2018	31.12.2018
<b>EQUITY</b>			
Share capital	1.3	1.0	1.3
Additional paid-in capital	1,402.0	637.3	1,402.0
Reserves	64.6	40.0	-14.5
Accumulated profit (including net profit for the period)	165.0	154.8	137.9
Equity attributable to Parent Company shareholders	1,632.9	833.1	1,526.7
Non-controlling interests	3.0	12.2	10.7
<b>TOTAL EQUITY</b>	<b>1,635.9</b>	<b>845.3</b>	<b>1,537.3</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Pensions and similar obligations to employees	17.9	21.2	19.8
Other provisions	4.1	9.5	5.4
Deferred tax liability	258.1	180.6	278.5
Bond loan	772.4	1,298.3	1,290.2
Derivative liability	0.0	25.4	20.8
Other interest-bearing liabilities	339.0	32.9	52.4
<b>Total non-current liabilities</b>	<b>1,391.5</b>	<b>1,567.9</b>	<b>1,667.1</b>
<b>Current liabilities</b>			
Bond loan	545.5	0.0	0.0
Other interest-bearing liabilities	167.3	16.2	16.2
Derivative liability	35.0	0.0	0.0
Other financial liabilities	0.0	2.5	3.0
Accounts payable	429.8	574.9	478.4
Current tax liabilities	43.5	36.1	56.1
Other current liabilities	118.7	115.2	96.7
Accrued expenses and deferred income	244.1	225.8	256.1
<b>Total current liabilities</b>	<b>1583.9</b>	<b>970.7</b>	<b>906.4</b>
<b>TOTAL LIABILITIES</b>	<b>2,975.4</b>	<b>2,538.6</b>	<b>2,573.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,611.3</b>	<b>3,383.9</b>	<b>4,110.8</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

<i>Amounts in SEK million</i>	1.1.-30.06.2019	1.1.-30.06.2018	1.1.-31.12.2018
<b>OPENING BALANCE</b>	<b>1,537.3</b>	<b>389.9</b>	<b>389.9</b>
Change in accounting principles	-27.6		
<b>ADJUSTED OPENING BALANCE</b>	<b>1,509.7</b>	<b>389.9</b>	<b>389.9</b>
Net profit/ loss for the period	59.8	33.4	16.0
Other comprehensive income	79.4	27.3	-27.4
<b>Total comprehensive income</b>	<b>139.2</b>	<b>60.7</b>	<b>-11.5</b>
New share issue	0.0	400.0	1,165.0
Transaction cost	0.0	-6.7	-6.7
Dividend non-controlling interests	0.0	0.0	-0.8
Acquisition non-controlling interest	-13.0	2.7	2.7
Divestment non-controlling interest	0.0	-1.3	-1.3
<b>Total transactions with shareholders</b>	<b>-13.0</b>	<b>394.7</b>	<b>1,159.0</b>
<b>CLOSING BALANCE</b>	<b>1,635.9</b>	<b>845.3</b>	<b>1,537.3</b>
<i>of which attributable to non-controlling interests</i>	<i>3.0</i>	<i>13.3</i>	<i>10.7</i>

## CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
EBIT	95.0	78.8	141.5	89.7	141.4
Adjustment for non-cash items etc.	68.9	-21.8	137.3	-10.8	81.2
Net financial items	-29.5	-14.6	-48.7	-20.5	-48.5
Income tax paid	-45.1	-26.0	-48.5	-27.1	-47.7
Cash flow from operating activities before changes in working capital	89.3	16.4	181.5	31.3	126.5
Changes in working capital	-10.2	-35.1	-250.2	-76.2	54.2
<b>Cash flow from operating activities</b>	<b>79.1</b>	<b>-18.7</b>	<b>-68.7</b>	<b>-44.8</b>	<b>180.7</b>
Acquisitions non-current assets	-35.9	-38.1	-71.1	-53.9	-142.4
Divestment non-current assets	0.0	112.3	0.0	112.3	113.0
Business acquisitions/ financial investments	-8.1	-1 011.5	-12.2	-1 020.7	-971.5
<b>Cash flow from investing activities</b>	<b>-44.0</b>	<b>-937.3</b>	<b>-83.3</b>	<b>-962.4</b>	<b>-1,000.9</b>
Borrowings	1.2	754.9	66.1	754.9	750.9
Repayment of debt	-61.8	-167.7	-29.4	-170.0	-196.5
Dividend to non-controlling interests	0.0	0.0	0.0	0.0	-0.8
New share issue, net	0.0	393.3	0.0	393.3	393.3
<b>Cash flow from financing activities</b>	<b>-60.6</b>	<b>980.5</b>	<b>36.7</b>	<b>978.2</b>	<b>946.9</b>
Cash flow for the period	-25.6	24.6	-115.3	-28.9	126.6
Opening cash and cash equivalents	149.2	57.3	235.3	110.6	110.6
Exchange difference in cash	2.0	2.2	5.7	2.4	-1.9
<b>Closing cash and cash equivalents</b>	<b>125.6</b>	<b>84.0</b>	<b>125.6</b>	<b>84.0</b>	<b>235.3</b>

## INCOME STATEMENT FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Net sales	7.0	2.5	12.6	4.8	11.8
Other external costs	-7.2	-4.5	-12.1	-6.3	-30.0
Personnel costs	-6.1	-2.7	-11.2	-5.1	-12.6
<b>Total operating expenses</b>	<b>-13.3</b>	<b>-7.2</b>	<b>-23.3</b>	<b>-11.4</b>	<b>-42.6</b>
<b>Operating income</b>	<b>-6.3</b>	<b>-4.7</b>	<b>-10.7</b>	<b>-6.6</b>	<b>-30.8</b>
Interest income and similar items	24.2	14.4	47.8	21.0	66.9
Interest expenses and similar items	-16.7	-15.4	-32.9	23.0	-60.9
<b>Total expenses from financial items</b>	<b>7.5</b>	<b>-1.0</b>	<b>14.9</b>	<b>-2.0</b>	<b>5.9</b>
<b>Income before tax</b>	<b>1.2</b>	<b>-5.7</b>	<b>4.2</b>	<b>-8.6</b>	<b>-24.9</b>
Tax on net profit/ loss for the period	0.0	0.0	0.0	0.0	0.0
<b>Net loss for the period</b>	<b>1.2</b>	<b>-5.7</b>	<b>4.2</b>	<b>-8.6</b>	<b>-24.9</b>

## STATEMENT OF FINANCIAL POSITION FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	30.06.2019	30.06.2018	31.12.2018
Non-current assets	2,776.5	1,986.3	2,749.0
Current assets	38.3	40.8	59.0
<b>TOTAL ASSETS</b>	<b>2,814.8</b>	<b>2,027.1</b>	<b>2,808.1</b>
Equity	1,377.6	624.7	1,373.4
Non-current liabilities	1,353.7	1,336.0	1,326.9
Current liabilities	83.4	66.3	107.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,814.8</b>	<b>2,027.1</b>	<b>2,808.1</b>

## 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 – June 2019 was approved by the Board of Directors on 26 August 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 exceptions 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 are 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 are 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.

<b>Amounts in SEK million</b>	<b>31.12.2018</b>	<b>Impact IFRS 16</b>	<b>Adjusted opening balance</b>
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)**Segment sales**

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
RAW	554.2	754.2	1,123.6	1,479.6	2,846.3
Packaging & Components (P&C)	424.3	454.2	849.8	914.1	1,802.1
Insulation	443.9	439.8	782.1	775.4	1,570.7
Intra-group revenue	-209.2	-309.1	-466.2	-649.3	-1,235.9
<b>Total net sales</b>	<b>1,221.6</b>	<b>1,339.3</b>	<b>2,297.8</b>	<b>2,519.8</b>	<b>4,983.2</b>

**Adjusted EBITDA**

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
RAW	23.5	38.6	48.9	89.5	151.9
Packaging & Components (P&C)	65.6	49.3	122.3	111.6	199.4
Insulation	73.4	52.3	118.7	79.5	175.8
Unallocated corporate cost	-11.9	-8.3	-19.7	-14.1	-38.5
<b>Total adjusted EBITDA</b>	<b>150.9</b>	<b>131.9</b>	<b>270.2</b>	<b>266.5</b>	<b>488.6</b>
<i>Adj. EBITDA margin (%)</i>	<i>12.4%</i>	<i>9.8%</i>	<i>11.8%</i>	<i>10.6%</i>	<i>9.8%</i>

**Key figures RAW**

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Segment sales	554.2	754.3	1,123.6	1,479.6	2,846.3
Adj. EBITDA	23.5	38.6	48.9	89.5	151.9
<i>Adj. EBITDA margin (%)</i>	<i>4.2%</i>	<i>5.1%</i>	<i>4.4%</i>	<i>6.0%</i>	<i>5.3%</i>
Adj. EBITA	14.8	29.9	32.0	72.0	119.0

**Segment sales** for RAW amounted to SEK 554.2 million for the quarter (SEK 754.3 million), a decrease of 26.5 per cent compared to the corresponding period last year. Adjusted for currency, sales decreased 28.3 per cent. For the first six months, segment sales for RAW came in at SEK 1,123.6 million (SEK 1,479.6 million), a decrease of 24.1 per cent compared to the corresponding period in 2018. Adjusted for currency, the decrease was 25.9 per cent. The lower sales for the second quarter and the first six months of 2019 compared to the corresponding periods last year can mainly be explained by lower market prices this year, as volumes were stable.

**Adjusted EBITDA** for the second quarter was SEK 23.5 million (SEK 38.6 million). Lower profitability is experienced in the quarter compared to the corresponding quarter last year explained by high product availability on the market which has pushed the GAP down and also that we last year had a GAP above the normal range. Issues at one of the production lines also impacted the financial performance negatively, as well as increased energy costs. For the first six months of 2018, adjusted EBITDA was SEK 48.9 million (SEK 89.5 million). The lower EBITDA is explained by the same reasons as for the second quarter.

## Key figures Packaging & Components

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Segment sales	424.3	454.2	849.8	914.1	1,802.1
Adj. EBITDA	65.6	49.3	122.3	111.6	199.4
Adj. EBITDA margin (%)	15.5%	10.8%	14.4%	12.2%	11.1%
Adj. EBITA	45.2	31.9	82.0	75.7	120.5

**Segment sales** for P&C amounted to SEK 424.3 million for the second quarter this year (SEK 454.2 million), representing a decrease of 6.6 per cent. Adjusting for currency effects the decrease was 8.1 per cent. The negative sales growth can mostly be explained lower volumes to customers in Norway to whom BEWiSynbra supplies fish boxes to and lower demand from the automotive industry in Sweden. Other markets are mostly stable.

For the first six months, segment sales for P&C amounted to SEK 849.8 million (SEK 914.1 million), down 7.0 per cent. Adjusted for currency the decline was 8.6 per cent. This is again explained by lower activity in the fish farming industry where the company supplies fish boxes to and lower demand from the automotive industry in Sweden.

**Adjusted EBITDA** for the quarter amounted to SEK 65.6 million (SEK 49.3 million), representing a margin of 15.5 per cent (10.8 per cent). For the first six months of 2019, adjusted EBITDA amounted to SEK 122.3 million (SEK 111.6 million) representing a margin of 14.4 per cent (12.2 per cent). The adjusted EBITDA margin, both in the quarter and YTD, is improving compared to last year and is explained by improved efficiency in the Danish operations, as a result of the integration work including closure of one facility in 2018, cost reduction measures implemented in the Swedish operations and favorable raw material prices. On the negative end, the Group has negative organic growth with lower volumes in Norway due to lower activity in the fish slaughtereries the company supplies fish boxes to, impacting EBITDA negatively compared to last year.

## Key figures Insulation

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Segment sales	443.9	439.8	782.1	775.4	1,570.7
Adj. EBITDA	73.4	52.3	118.7	79.5	175.8
Adj. EBITDA margin (%)	16.5%	11.9%	15.2%	10.3%	11.2%
Adj. EBITA	64.4	44.3	101.1	63.8	143.1

**Segment sales** for the quarter for Insulation amounted to SEK 443.9 million (SEK 439.8 million). This corresponds to an increase of 0.9 per cent. Adjusted for currency, net sales declined 1.1 per cent. Compared to the corresponding quarter last year, total volumes are fairly stable but Finland experienced higher volumes while Sweden lower.

For the first half of 2019, segment sales totalled SEK 782.1 million (SEK 775.4 million). Representing an increase of 0.9 per cent. Adjusting for currency impact, net sales declined 1.2 per cent. All markets experienced moderate sales growth except for Sweden where sales declined.

**Adjusted EBITDA** amounted to SEK 73.4 million for the quarter (SEK 52.3 million), representing a margin of 16.5 per cent (11.9 per cent), and to SEK 118.7 million for the first half of 2019 (SEK 79.5 million), representing a margin of 15.2 per cent (10.3 per cent). The improved EBITDA margin for the quarter and for the first half of this year can mainly be explained by favourable raw material prices in the period. In addition, earnings improvements in Sweden following cost reductions and higher volumes in the Finnish operation contributes positively.

## NOTE 4 Related party transactions

Sales to the 34 percent owned IsoBouw GmbH and 34 percent owned Hirsch Porozell GmbH totalled SEK 80.4 million during the second quarter and SEK 141.4 million during the first six 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 second quarter and the first six months of the year, SEK 6.9 million and SEK 13.8 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>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
<b>RAW</b>					
Segment revenue	554.2	634.4	1,123.6	993.0	2,362.5
Intra-group revenue	-180.0	-176.3	-421.8	-258.8	-726.5
<b>Revenue from external customers</b>	<b>374.2</b>	<b>458.1</b>	<b>701.9</b>	<b>734.2</b>	<b>1,636.0</b>
<b>Insulation</b>					
Segment revenue	443.9	347.9	782.1	440.6	1,238.2
Intra-group revenue	-19.7	-22.2	-27.8	-32.7	-80.6
<b>Revenue from external customers</b>	<b>424.2</b>	<b>325.7</b>	<b>754.3</b>	<b>407.9</b>	<b>1,157.6</b>
<b>Packaging and Components</b>					
Segment revenue	424.3	259.8	849.8	395.7	1,150.8
Intra-group revenue	-9.6	-9.2	-16.7	-12.3	-39.3
<b>Revenue from external customers</b>	<b>414.7</b>	<b>250.6</b>	<b>833.1</b>	<b>383.4</b>	<b>1,111.5</b>
<b>Unallocated</b>					
Segment revenue	8.5	0.0	8.5	0.0	0.0
Intra-group revenue	0.0	0.0	0.0	0.0	0.0
<b>Revenue from external customers</b>	<b>8.5</b>	<b>0.0</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>					
Total segment revenue	1,430.9	1,242.2	2,764.0	1,829.3	4,751.5
Total Intra-group revenue	-209.2	-207.7	-466.2	-303.8	-846.4
<b>Total revenue from external customers</b>	<b>1,221.6</b>	<b>1,034.4</b>	<b>2,297.8</b>	<b>1,525.6</b>	<b>3,905.1</b>

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
<b>Adj. EBITDA</b>					
RAW	24.3	31.0	50.4	57.4	120.1
Insulation	77.9	39.3	126.0	34.1	130.6
Packaging and Components	80.0	20.2	151.8	36.5	99.5
Unallocated	-10.8	-6.8	-18.2	-10.1	-33.5
<b>Total adj. EBITDA</b>	<b>171.5</b>	<b>83.7</b>	<b>310.0</b>	<b>118.0</b>	<b>316.7</b>
<b>EBITDA</b>					
RAW	24.0	31.0	50.0	57.4	117.9
Insulation	76.5	62.2	115.9	56.6	152.7
Packaging and Components	80.0	48.1	147.7	64.4	121.8
Unallocated	-12.3	-32.4	-29.6	-44.6	-99.4
<b>Total EBITDA</b>	<b>168.2</b>	<b>108.8</b>	<b>284.0</b>	<b>133.8</b>	<b>292.9</b>
<b>EBITA</b>					
RAW	14.6	23.7	31.9	45.4	90.0
Insulation	63.9	56.0	92.6	47.7	126.7
Packaging and Components	49.5	40.3	86.6	52.0	72.5
Unallocated	-15.4	-33.0	-35.4	-45.2	-101.3
<b>Total EBITA</b>	<b>112.7</b>	<b>87.1</b>	<b>175.7</b>	<b>100.0</b>	<b>187.9</b>
<b>EBIT</b>					
RAW	12.3	22.0	28.1	43.3	84.5
Insulation	59.2	53.0	83.2	44.7	106.0
Packaging and Components	39.9	37.3	67.8	47.5	54.9
Unallocated	-16.4	-33.5	-37.5	-45.7	-104.1
<b>Total EBIT</b>	<b>95.0</b>	<b>78.8</b>	<b>141.5</b>	<b>89.7</b>	<b>141.4</b>
Net financial items	-36.8	-17.5	-56.6	-29.2	-75.2
<b>Income before tax</b>	<b>58.2</b>	<b>61.3</b>	<b>84.9</b>	<b>60.5</b>	<b>66.2</b>

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

<i>Amounts in SEK million</i>	Q2 2019	Q2 2018	YTD 2019	YTD 2018	2018
Finland (Porvoo)	194.1	332.8	365.6	608.9	1,155.4
Netherlands (Etten-Leur)	180.1	125.3	336.3	125.3	480.6
<b>RAW</b>	<b>374.2</b>	<b>458.1</b>	<b>701.9</b>	<b>734.2</b>	<b>1,636.0</b>
<b>Packaging &amp; Components and Insulation</b>					
Total Finland	47.8	41.0	74.6	68.9	151.2
Total Sweden	137.2	125.5	260.6	240.8	500.3
Total Denmark	157.7	129.1	304.7	195.0	482.3
Total Norway	100.2	14.5	205.4	20.4	183.9
Total Netherlands	351.0	232.0	642.0	232.0	817.7
Total Portugal & Span	53.5	34.3	108.5	34.3	134.1
Total P&C and Insulation	847.4	576.3	1,595.9	791.3	2,269.3
<b>Total Group</b>	<b>1,221.6</b>	<b>1,034.5</b>	<b>2,297.8</b>	<b>1,525.6</b>	<b>3,905.3</b>

## NOTE 6 The Group's borrowings

Amounts in SEK million	30.6.2019	30.6.2018	31.12.2018
<b>Non-current liabilities</b>			
Bond loan	772.4	1,298.3	1,290.2
Liabilities to credit institutions	23.7	22.2	17.6
Liabilities leases	315.3	10.7	34.8
<b>Total</b>	<b>1,111.4</b>	<b>1,331.2</b>	<b>1,342.5</b>
<b>Current liabilities</b>			
Bond loan	545.5		
Liabilities to credit institutions	3.7	2.2	4.3
Liabilities leases	88.7	3.3	3.2
Debt factoring	9.7	9.7	7.7
Overdraft	64.1		
Liabilities to non-controlling interests	1.1	1.0	1.0
<b>Total</b>	<b>712.8</b>	<b>16.2</b>	<b>16.2</b>
<b>Total liabilities</b>	<b>1,824.2</b>	<b>1,347.4</b>	<b>1,358.7</b>
<b>Liabilities capitalised in accordance with IFRS 16 included in table above</b>			
Non-current liabilities leases	293.9		
Current liabilities leases	74.5		
	368.4		
<b>Interest-bearing liabilities excluding IFRS 16 effect</b>	<b>1,455.8</b>	<b>1,347.4</b>	<b>1,358.7</b>
Cash and cash equivalents	125.6	84.0	235.3
<b>Net debt</b>	<b>1,330.2</b>	<b>1,263.4</b>	<b>1,123.4</b>

### 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	
		1.4-30.6.2018	1.1-30.6.2019	1.4-30.6.2019	1.1-30.6.2019
550 MSEK	Stibor 3m + 4.40%	4.32-4.39%	3.93-4.39%	5.36%	5.30%
75 MEUR	Euribor 3m + 4.75%	4.44%	4.43-4.44%	5.60%	5.64%

The Group's principal bank has granted the Group an overdraft facility of SEK 275 million. SEK 64 million of that overdraft facility was utilized as at 30 June 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 June 2019 amounted to SEK 35.0 million (20.8 at December 31, 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
<b>Financial assets measured at fair value through profit and loss</b>					
Participation in other companies			2.5	2.5	2.5
<b>Total</b>			<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
<b>Financial liabilities measured at amortised cost</b>					
Bond loans	1,387.1			1,387.1	1,317.9
<b>Total</b>	<b>1,387.1</b>			<b>1,387.1</b>	<b>1,317.9</b>
<b>Financial liabilities measured at fair value through profit and loss</b>					
Derivative liability		35.0		35.0	35.0
<b>Total</b>		<b>35.0</b>		<b>35.0</b>	<b>35.0</b>

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.

<b>Level 3 – Changes during the period (SEK million)</b>	<b>Participation in other companies</b>	<b>Earnings</b>
At 31 December 2018	2.6	1.6
Exchange rate differences	-0.1	–
Liability settlement	–	-0.2
Reversal through income statement		-1.4
At 30 June 2019	2.5	–

\* 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 MSEK 4.3 and MSEK 6.4 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. 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 6.7 million to the Group's net sales and SEK 0.1 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
<b>Total purchase price</b>	<b>4.3</b>

### **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
<b>Total identifiable net assets</b>	<b>-11.3</b>
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-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 was recognised in 2019.

<i>Amounts in SEK million</i>	<b>Earnouts</b>	<b>Liabilities to non-controlling interests</b>
<b>Acquisition-related liabilities</b>		
At 31 December 2018	1.6	1.0
Exchange rate differences	–	0.1
Liability settlement	-0.2	–
Reversal through income statement	-1.4	–
At 30 June 2019	–	1.1