BEWI Synbra GROUP

Report

Q4 | 2018

HIGHLIGHTS FOR 2018

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

FOURTH QUARTER

- BEWiSynbra Group reported net sales of SEK 1,220 million (SEK 528 million), an increase of 131 per cent since the same period of 2017 of which 146 percentage points (pp) was explained by acquisitions
- Adjusted EBITDA[2] was SEK 101 million for the fourth quarter of 2018 (SEK 32 million)
- The earnings were negatively impacted by items affecting comparability of SEK 20 million for the quarter, mainly related to the planned IPO and transactions
- EBIT for the Group was SEK 19 million for the fourth quarter (SEK -1 million)
- In November, the Group announced its intention to launch an IPO and apply for a listing at Oslo Børs. The process was postponed due to deteriorating financial markets characterized by high uncertainty

FULL YEAR

- In 2018, the Group reported net sales of SEK 3,905 million (SEK 1,876 million), an increase of 108 per cent since 2017, whereof 98 pp relate to acquisitions
- Adjusted EBITDA[2] was SEK 317 million in 2018 (SEK 110 million)
- The earnings were negatively impacted by items affecting comparability of SEK 24 million in 2018
- EBIT for the Group was SEK 141 million for the full year of 2018 (SEK 35 million)
- During 2018, BEWiSynbra Group completed a number of acquisitions, the largest being the acquisition of Synbra Holding B.V. in May

CONSOLIDATED KEY FIGURES[1]

Amounts in million SEK (except percentage and operational figures)	**Q4 2018**	**Q4 2017**	**2018**	**2017**
Net sales	1,219.5	528.1	3,905.3	1,875.5
Operating income/ EBIT	18.7	-1.0	141.4	34.8
EBITDA	81.1	12.4	292.9	86.5
EBITDA margin (%)	*6.7%*	*2.3%*	*7.5%*	*4.6%*
Adjusted EBITDA[2]	100.6	31.6	316.7	110.2
Adj. EBITDA margin (%)	*8.2%*	*6.0%*	*8.1%*	*5.9%*
Items affecting comparability	-19.5	-19.3	-23.8	-23.8
EBITA	43.0	0.9	187.9	43.0
EBITA margin (%)	3.5%	0.2%	4.8%	2.2%
Adjusted EBITA	62.5	20.6	211.7	66.8
Adj. EBITA margin (%)	5.1%	3.9%	5.4%	3.6%
Operating cash flow	180.6	121.6	276.8	102.5
Capital Expenditure (CAPEX)	-47.1	-26.5	-142.4	-96.2
Cash and cash equivalents	235.3	110.6	235.3	110.6

[1] Definitions included on page 11
[2] Adjusted EBITDA is EBITDA before items affecting comparability

KEY FIGURES, PRO FORMA

Segment sales, pro forma

Amounts in million SEK (except percentage and operational figures)	Q4 2018	Q4 2017	2018	2017
RAW materials	660.2	657.6	2,846.3	2,460.3
Packaging & Components (P&C)	461.3	425.2	1,802.1	1,598.5
Insulation	403.7	359.3	1.570.7	1,385.9
Intra-group revenue	*-305.3*	*-266.8*	*-1,235.9*	*-1,166.5*
Total net sales	**1,219.9**	**1,175.3**	**4,983.2**	**4,278.2**

Adjusted EBITDA per segment, pro forma

Amounts in million SEK (except percentage and operational figures)	Q4 2018	Q4 2017	2018	2017
RAW materials	27.2	50.1	151.9	119.1
Packaging & Components (P&C)	37.6	41.9	199.4	196.2
Insulation	51.9	43.1	175.8	145.1
Unallocated corporate cost	*-16.1*	*-11.8*	*-38.5*	*-29.2*
Total adjusted EBITDA	**100.6**	**123.3**	**488.6**	**431.2**
Adj. EBITDA margin (%)	*8.2%*	*10.5%*	*9.8%*	*10.1%*

During 2018, BEWiSynbra Group completed several acquisitions, both expanding its geographic presence and strengthening its market positions in existing markets. The acquisitions include Ruukin EPS Oy in January, Synbra Holding in May and BEWi Produkter AS, BEWi Polar AS and BEWi Automotive AB in September.

BEWiSynbra Group experience good demand and development in all operating markets, except for Sweden, where the results were unsatisfactory in 2018. The Swedish insulation market is characterized by lower demand and increased competition, and the Packaging operations had efficiency challenges last year. However, during the fourth quarter of 2018 and into the first quarter this year the Group implemented measures to reduce cost and improve efficiency in Sweden, and the Group expects to see results from this throughout 2019.

Also, following the integration of Synbra Holding and BEWi Group, a facility in Denmark was closed and the production was transferred to Sweden, resulting in temporarily higher cost and lower efficiency in the Danish Packaging business in the second half of 2018. The transfer and the actual closure were finalized in mid-December.

The RAW segment had a positive development in 2018, with an increase in volumes of more than 10 per cent (pro forma figures) compared to 2017. However, the results for the fourth quarter are negatively affected by the fluctuating margins in this segment. As previously communicated, the margins in RAW are impacted by the time lag between changes in cost for raw material and the corresponding price adjustment towards customers.

In acquired entities, inventory is booked at market value at the time of the acquisition. This means that sales of inventory that was a part of the acquisition is not reflected in the income statement. This amounts to a total of SEK 12 million in 2018, of which SEK 1.7 million in the fourth quarter and SEK 10.3 million in the second quarter. Taking this into account, one should add back the SEK 12 million to reflect earnings under normal circumstances, resulting in an adjusted (pro-forma) EBITDA for 2018 of more than SEK 500 million.

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.

GROUP RESULTS

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

Profit and loss

Net sales for the fourth quarter of 2018 amounted to SEK 1,219.5 million (SEK 528.1 million), representing a 131 per cent increase, of which 146 percentage points (pp) is explained by acquisitions, 4 pp by currency and a negative 19 pp organic growth.

For the full year 2018, net sales amounted to SEK 3,905.3 million (SEK 1,875.5 million), up by 108 per cent compared to the full year 2017, whereof 98 pp relate to acquisitions, 5 pp to currency and 5 pp to organic growth.

BEWiSynbra experience good demand in all geographical markets, except for the Swedish insulation market which is currently experiencing tough market conditions characterized by lower demand and increased competition. As previously communicated, the performance in Sweden has been unsatisfactory, and the Group has therefore initiated measures to reduce cost and improve efficiency in the Swedish operations. Further information about the measures is listed under the segment information.

Operating expenses for the Group amounted to a total of SEK 1,216.4 million for the quarter (SEK 529.3 million). For the full year 2018, operating expenses amounted to SEK 3,779.6 million (SEK 1,850.0).

Raw materials and consumables amounted to SEK 581.3 million in the quarter (SEK 324.5 million), representing 48 per cent (61 per cent) of net sales. For 2018, these expenses totalled SEK 2,132.3 million (SEK 1,110.3), representing 55 per cent (59 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.

Personnel cost amounted to SEK 223.5 in the quarter (SEK 65.6 million), representing 18 per cent (12 per cent). For the full year 2018, personnel cost amounted to SEK 638.2 million (SEK 251.4 million), representing 16 per cent (13 per cent) of net sales. The increase in percentage is explained by a more labour-intensive production in Synbra. However, this is offset by production of higher value-added products, as explained under the segment review of Insulation. At the end of the quarter, the Group had 1,298 full-time equivalents (FTEs), up from 1,285 FTEs at the end of the previous quarter and up from 398 FTE's at the end of 2017.

Operating income for the Group was SEK 18.7 million for the fourth quarter (SEK -1.0 million) and SEK 141.4 million for the full year 2018 (SEK 34.8 million).

Items affecting comparability amounted to SEK 19.5 million for the fourth quarter (SEK 19.3 million) and SEK 23.8 million for the full year (SEK 23.8 million). The items in the fourth quarter consist of costs related to the planned IPO of SEK 14.3 million, transaction costs of SEK 2.6 million, severance cost of SEK 1.1 million and other costs of SEK 1.3 million. For the full year, the items include IPO related costs of SEK 21.8 million, transaction costs of 31.0 million, severance cost of SEK 21.5 million, gain from divestment of real estate of SEK 51.6 million and other costs of SEK 1.1 million.

Adjusted EBITDA, which is EBITDA adjusted for the items affecting comparability mentioned above, amounted to SEK 100.6 million for the fourth quarter (SEK 31.6 million). This represents an adjusted EBITDA margin of 8.2 per cent for the quarter (6.0 per cent). The adjusted EBITDA is negatively affected by the performance in Sweden, as well as temporarily higher cost and lower efficiency in Denmark, due to transfer of production, as explained below.

In addition, the adjusted EBITDA margin normally fluctuates between the quarters as a result of a lag between the continuous sales price adjustments related to fluctuations in raw material cost.

For the full year 2018, the Group has reported adjusted EBITDA of SEK 316.7 million (SEK 110.2 million).

Net financial items came in at SEK -20.2 million for the fourth quarter of 2018 (SEK -7.9 million), while for the full year net financial items was SEK -75.2 million (SEK -28.0 million). Of the SEK 20.2 million, approx. SEK 16.4 million relates to interest for financing and cost related to credit facilities and bank accounts, approx. SEK 3.2 million relates to financing costs (non-cash items) and approx. SEK 0.8 million relates to revaluation of intercompany balances and a fair value revaluation of a currency interest swap (non-cash item).

Tax expenses were SEK 12.3 million (SEK 34.9 million) and SEK 50.3 million (SEK 32.8 million) for the fourth quarter and the full year respectively. The fourth quarter of 2017 noted an extraordinary high tax income due to the capitalisation of deferred taxes attributable to tax losses carry forward. The increased tax expense for the full year relates to higher profits from acquired operations. In addition, the Swedish fiscal entities have a negative earning before tax explained by less profitable operation in combination with transaction and other corporate cost to which no tax asset has been recognized. This results in the high tax rate for the Group.

Net income for the quarter was SEK -11.0 million (SEK 26.1 million). For the full year, net income amounted to SEK 18.7 million (SEK 39.6 million).

SEGMENTS

BEWiSynbra Group is organised in three operating segments; RAW material (Upstream), Packaging & Components (P&C) and Insulation. The RAW materials 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.

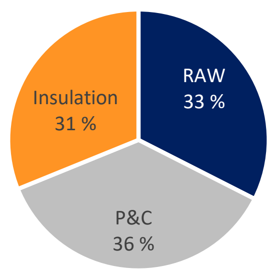
RAW materials

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	Q418	Q417	2018	2017
Segment sales	660.2	344.4	2,362.5	1,189.6
Adj. EBITDA	27.2	30.1	120.1	64.3
Adj. EBITDA margin (%)	*4.1*	*8.7*	*5.1*	*5.4*
Adj. EBITA	19.1	26.2	92.2	50.1

Share of net sales in the fourth quarter 2018



Segment sales for RAW amounted to SEK 660.2 million for the fourth quarter of 2018 (SEK 344.4 million). This corresponds to an increase of 92 per cent, of which 86 pp relate to acquisitions and 6 pp to currency effects. Sales to external customers amounted to SEK 395.9 million (SEK 311.4 million). Volumes increased by 7 per cent this quarter, compared to the corresponding quarter last year, this was however offset by a 5 to 7 per cent decrease in market prices, resulting in a close to neutral organic growth.

For the full year 2018, segment sales for RAW came in at SEK 2,362.5 million (SEK 1,189.6 million), corresponding to an increase of 99 per cent of which 73 pp relate to acquisitions, 19 pp to organic growth and 6 pp to currency effects. Organic growth is driven both by volume and price. The general market price for EPS raw material increased by 2 to 4 per cent in 2018.

Adjusted EBITDA for the quarter for the RAW segment amounted to SEK 27.2 million (SEK 30.1 million), representing a margin of 4.1 per cent (8.7 per cent). The segment sells pure commodity raw material. Earnings in individual quarters are impacted by production and sales volumes in the period. In addition, 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.

For the full year 2018, the adjusted EBITDA for the RAW segment came in at SEK 120.1 million (64.3 million), with a margin of 5.1 per cent (5.4 per cent).

PRO FORMA figures RAW

Amounts in SEK million	Q418	Q417	2018	2017
Segment sales	660.2	657.6	2,846.3	2,460.3
Adj. EBITDA	27.2	50.1	151.9	119.1
Adj. EBITDA margin (%)	*4.1*	*7.6*	*5.3*	*4.8*
Adj. EBITA	19.1	39.8	119.0	85.7

Segment sales for RAW had a slight increase in the quarter compared to the corresponding period in 2017. Produced volumes increased by approximately 8 per cent but was offset by lower prices. In 2018, segment RAW reduced its trading of external raw material volumes on behalf of Group subsidiaries compared to the previous year. This negatively impacted the organic growth in the quarter and in the year. Net organic growth was a negative 6.1 per cent in the quarter, while currency effects contributed positively by 6.5 per cent.

For the full year 2018, segment sales for RAW was up by 15.7 per cent, whereas 9.2 per cent are explained by organic growth and 6.5 by currency effects. The organic growth is driven both by volume and price. Produced volumes increased by approximately 13 per cent in 2018, as a result of investment in increased capacity and improved production.

Margins fluctuate in the quarters as explained above. For the full year, adjusted EBITDA margin increased from 4.8 to 5.3 per cent, mainly due to higher volumes and improved GAP

Packaging and 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 19 facilities in 6 countries producing P&C products.

Key figures P&C

Amounts in SEK million	Q418	Q417	2018	2017
Segment sales	461.3	124.9	1,150.8	495.2
Adj. EBITDA	37.6	7.0	99.5	52.1
Adj. EBITDA margin (%)	8.2	5.6	8.6	10.5
Adj. EBITA	17.6	1.9	50.2	32.9

Segment sales for the quarter for P&C amounted to SEK 461.3 million (SEK 124.9 million), corresponding to an increase of 269 per cent of which 266 pp relate to acquisitions and 4 pp relate to currency effects. The organic growth is close to neutral. Acquisitions during the year relates to operations in Portugal, Denmark, Norway and Sweden. For the full year 2018, segment sales were SEK 1,150.8 million (SEK 495.2 million). This corresponds to an increase of 132 per cent, where 127 pp is explained by acquisitions, 2 pp organic growth and 3 pp currency effects.

Adjusted EBITDA for the quarter amounted to SEK 37.6 million (SEK 7.0 million), representing a margin of 8.2 per cent (5.6 per cent). The margin in the quarter is impacted positively by good margins in acquired companies but negatively by the operations in Sweden and Denmark. In Sweden, production constraints impacted volumes and increased cost. In Denmark, costs were temporarily higher and efficiency lower due to the closure of the facility in Såby and the transfer of its production to Hobro. However, BEWiSynbra experience that production is improving with better delivery performance and production KPI's. In mid December the Såby transfer were finalized and as from year end the production is up and running according to plan in Hobro. The Group has initiated cost reduction measures in the Swedish packaging segment during the first quarter of 2019, to improve the profitability.

For the full year 2018, the margin was 8.6 per cent (10.5 per cent). Upon completion of the acquisition of Synbra, BEWi Norway and BEWi Automotive, the inventory was booked at market value in the opening balance sheet. This impacted the adjusted EBITDA negatively by SEK 6 million in the second quarter (Synbra) this year due to reduced margins at realization of the inventory and with SEK 1.7 million in the forth quarter (BEWi Norway and BEWi Automotive).

PRO FORMA figures P&C

Amounts in SEK million	Q418	Q417	2018	2017
Segment sales	461.3	425.2	1,802.1	1,598.5
Adj. EBITDA	37.6	41.9	199.4	196.2
Adj. EBITDA margin (%)	*8.2%*	*9,8%*	*11.1%*	*12.3%*
Adj. EBITA	17.6	24.7	120.5	131.8

Segment sales for P&C increased by 8.7 per cent in the fourth quarter 2018 compared to the corresponding period in 2017. 4.3 per cent relates to organic growth and 4.4 per cent to currency effects. For the full year 2018, segment sales for P&C is up by 12.7 per cent, whereas 8.7 per cent is explained by organic growth and 4.7 per cent by currency effects.

Adjusted EBITDA for the quarter amounted to SEK 37.6 million (SEK 41.9 million), representing a margin of 8.2 per cent (9.8 per cent). For the full year adjusted EBITDA amounted to SEK 199.4 million (SEK 196.2 million) representing a margin of 11.0 per cent (12.3 per cent). The decreased margin both in the quarter and for the full year is explained by the operations in Sweden and Denmark, as explained above.

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 12 facilities in 6 countries producing Insulation products.

Key figures Insulation

Amounts in SEK million	Q418	Q417	2018	2017
Segment sales	403.7	107.1	1,238.2	458.7
Adj. EBITDA	51.9	-2.6	130.6	0.8
Adj. EBITDA margin (%)	12.9	-2.4	10.5	0.2
Adj. EBITA	42.8	-5.1	104.6	-9.2

Segment sales for the quarter for Insulation amounted to SEK 403.7 million (SEK 107.1 million). This corresponds to an increase of 277 per cent of which 270 pp relate to acquisitions, 4 pp to organic growth and 3 pp currency effects. The organic growth is mainly driven by higher market prices. Volumes decreased in Sweden and increased in Finand.

For 2018, segment sales were SEK 1,238.2.5 million (SEK 458.7 million), corresponding to an increase of 170 per cent. 168 pp can be explained by the acquisitions and 2 pp by currency effects, while organic growth was close to neutral, mainly due to the lower volumes in Sweden.

Adjusted EBITDA for the quarter amounted to SEK 51.9 million (SEK -2.6 million), representing a margin of 12.9 per cent (-2.4 per cent). For 2018, adjusted EBITDA for Insulation was SEK 130.6 million (SEK 0.8 million), corresponding to a margin of 10.5 per cent (0.2 per cent). The improved margins compared to the corresponding periods in 2017 relate to the acquisition of Synbra where the Insulation operation offers higher value-added products compared to the product range offered by the old BEWi. At the acquisition of Synbra, the inventory was booked at market value in the opening balance sheet. This impacted the adjusted EBITDA in the second quarter negatively by SEK 3 million due to reduced margins at realization of the inventory.

The performance in the Swedish insulations operations has been unsatisfactory and the Group has therefore initiated several measures in the fourth quarter of 2018 and the first quarter of 2019 to reduce cost and improve efficiency. The measures includes closure of the production facility in Dorotea, reduction of the organisation, as well as other measures. The production at Dorotea has been transferred to other facilities, and thus the closure will not impact the volumes produced going forward. In relation to the closure of Dorotea and the other measures taken, goodwill related to the Swedish Insulation operation has been impaired with SEK 6.7 million in the forth quarter as well as tangible fixed assets with SEK 1.7 million. The Group expects to record modest restructuring costs in the first quarter of 2019.

PRO FORMA figures Insulation

Amounts in SEK million	**Q418**	**Q417**	**2018**	**2017**
Segment sales	403.7	359.3	1.570.7	1,385.9
Adj. EBITDA	51.9	43.1	175.8	145.1
Adj. EBITDA margin (%)	*12.9%*	*11,8%*	*11,2%*	*10.5%*
Adj. EBITA	42.8	36.7	143.1	119.9

Segment sales for the quarter for Insulation amounted to SEK 403.7 million (SEK 359.3 million). This corresponds to an increase of 12 per cent of which 7 pp relates to organic growth and 5 pp to currency effects. We experience stable markets in all regions but Sweden where volumes are decreasing. For 2018, segment sales were SEK 1,570.7 million (SEK 1,385.9 million), corresponding to an increase of 13 per of which 8 pp relate to organic growth and 5 pp to currency effects.

Adjusted EBITDA for the quarter amounted to SEK 51.9 million (SEK 43.1 million), representing a margin of 12.9 per cent (11.8 per cent). For 2018, adjusted EBITDA for Insulation was SEK 175.8 million (SEK 145.1 million), corresponding to a margin of 11.2 per cent (10.5 per cent). The improved margins compared to the corresponding periods in 2017 relate to stable markets and growth in most of the regions the Group operate but is also negatively impacted to some extent by the poor result in Sweden where measures now has been taken to improve performance, please see comments above.

Unallocated cost

Unallocated costs are costs that are more related to the headquarter than to a specific segment. The unallocated costs have increased, mainly due to the acquisitions, resulting in a larger organisation, as well as work related to integrating the entities, and activities related to the planned IPO.

FINANCIAL POSITION AND LIQUIDITY

Consolidated cash flow

Cash flow from operating activities totalled SEK 154.9 million for the fourth quarter of 2018 (SEK 105.3 million), including a increase in the working capital by SEK 106.7 million.

For 2018, operating cash flow amounted to SEK 180.7 million (SEK 71.3 million), including a net increase in working capital of SEK 54.2 million.

Cash flow used for investment activities was SEK -46.9 million in the quarter (SEK 27.0 million) and SEK -1,000.9 million for the full year (SEK -107.1 million), whereof the latter primarily relate to the acquisitions of Synbra and BEWi Norway.

Cash flow from financing activities amounted to a negative SEK 35.7 million in the quarter (SEK 0 million). For 2018, the cash flow from financing amounted to SEK 946.9 million (SEK 123.0 million), mainly reflecting the Group's issuance of a EUR 75 million bond loan in April and a SEK 400 million share issue in May 2018. In 2017, the Group refinanced and issued a bond loan of SEK 550 million with maturity in 2020.

Consolidated financial position

As of 31 December 2018, total assets amounted to SEK 4,110.8 million up from SEK 1,334.5 million at 31 December 2017. Total equity amounted to SEK 1,537.3 million, representing an equity ratio of 37.4 per cent. At year-end 2017, the equity ratio was 29.2 per cent. The increase in equity mainly reflects the share issues of SEK 400 million in May and SEK 765 million in September this year, as well as the Group's positive contribution from operations.

Net debt amounted to SEK 1,123.4 million at the end of 2018, up from SEK 466.4 million at the end of 2017. The increase mainly reflects the issue of the bond loan of EUR 75 million in April 2018.

The group had cash and cash equivalents of SEK 235.3 million as of 31 December 2018, up from SEK 167.3 million at the end of the last quarter and from SEK 110.6 million as of 31 December 2017.

Capital expenditures

Capital expenditures in the operations totalled SEK 47.1 million for the fourth quarter (SEK 26.5 million) and were primarily related to the move of operations from Såby to Hobro in Denmark and replacement investments in the Netherlands.

For 2018, capital expenditures were SEK 142.4 million (SEK 96.2 million) and were primarily related to the same projects and investments in the Packaging & Components operations in Sweden, in addition to other normal replacement investments.

THE PARENT COMPANY

The BEWiSynbra Group AB (publ.) is the Parent Company of the Group. Earnings after tax for the fourth quarter and full year 2018 amounted to a negative SEK 13.2 million (SEK -1.4 million) and a negative SEK 24.9 million (SEK -4.6 million) respectively. The equity in the Parent Company was SEK 1,373.4 million at 31 December 2018, up from SEK 240.0 million at 31 December 2017.

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.

On 28 September 2018, BEWiSynbra Group AB completed the acquisitions of BEWi Produkter AS and BEWi Polar AS, referred to as BEWi Norway, for a total price of SEK 730 million. BEWi Norway delivers a range of packaging products, the main product being fish boxes made from EPS for transportation of fresh fish. The consideration for the shares was paid in full by new ordinary shares in BEWiSynbra Group AB.

On 28 September 2018, BEWiSynbra Group AB also completed the acquisition of BEWi Automotive AB. BEWi Automotive mainly delivers products to the car industry. The consideration for the shares, in total SEK 51 million, included a cash component of SEK 16 million and the rest was paid by new ordinary shares in BEWiSynbra Group AB.

On 14 May 2018, BEWiSynbra Group AB acquired all shares in Synbra Holding BV, the parent company of the Synbra Group, a Dutch specialist in cellular plastics with operations in Northern Europe and Portugal, for a cash consideration of SEK 979 million. Synbra Group had sales of approximately EUR 220 million in 2017, Following the acquisition, the parent company changed its name from BEWi Group AB to BEWiSynbra Group AB.

On 2 January 2018, BEWiSynbra Group AB acquired 60 per cent of the shares in Ruukin EPS Oy, a Finnish manufacturer of insulation materials, for a cash consideration of SEK 10 million.

More details on the acquisitions are included in Note 7 to the financial accounts.

SYNERGY PROGRAMME

The integration of former BEWi Group and Synbra Holding, as well as the integration of the recently acquired companies, is progressing well. The Group has identified synergies with an expected net positive effect on adjusted EBITDA of SEK 70 million for 2019. The synergies are to a large degree already implemented, and is divided into three main categories: Procurement, Denmark and Upstream. The Group has prepared detailed synergy realisation processes, and these are progressing according to plan.

ORGANISATION

At 31 December 2018, BEWiSynbra Group had 1,298 full-time equivalents, up from 1,285 at 30 September and from 398 at the end of 2017. The increase is mainly attributable to the operations acquired during 2018.

OTHER INFORMATION

On 19 October 2018, the Group announced the launch of BEWiSynbra Circular. The company strongly believes in the benefits of the circular economy, both financially and for the sustainability of its industry, and thus the establishment of BEWiSynbra Circular is strategically important to the Group.

BEWiSynbra Circular is responsible for collecting and recycling EPS material for the Group and has announced an annual recycling target of 60,000 tonnes of EPS.

SHARE INFORMATION

On 12 November 2018, BEWiSynbra Group announced that the company had an intention to launch an Initial Public Offering (IPO) and to apply for listing of the company's shares at Oslo Børs. However, as the equity markets significantly deteriorated in November and the financial markets were characterised by high uncertainty, the company decided to postpone the listing on 27 November 2018. BEWiSynbra expects to explore the opportunities for a listing at a later stage.

SIGNIFICANT RISKS AND UNCERTAINTIES

The Group's and the Parent Company's risks and risk management are described in the 2017 Annual Report. An acquisition of the scope that the Synbra Group represents does not in itself change the risks described in the Annual report but does change their weighting. Of the risks described, the Synbra acquisition involves increased emphasis on acquisitions and integration among the operational risks, while the financial risks are characterized by increased focus on currency risk in the form of greater exposure between EUR and SEK (the reporting currency) as well as increased interest-rate risk linked to higher net debt.

EVENTS AFTER THE CLOSE OF THE QUARTER

In February 2019, BEWiSynbra launched the concept "Use-ReUse", aiming to set 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 solution for collecting and recycling at all levels.

In January 2019, the Board of Directors of BEWiSynbra decided to close the production facility in Dorotea in Sweden. The decision was based on the unsatisfactory performance in the Swedish operations, in particular in the Insulation segment, as well as the anticipated demand going forward. The production has been transferred to other facilities and as a consequence, the Group expects to record modest restructuring costs in the first quarter of 2019.

Stockholm, 26 February 2019
The Board of Directors and CEO
BEWiSynbra Group AB

This report has not been audited

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

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

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Operating income (EBIT)	**18.7**	**-1.0**	**141.4**	**34.8**
Amortisations	24.4	1.8	46.5	8.2
EBITA	**43.1**	**0.9**	**187.9**	**43.0**
Items affecting comparability	21.0	19.4	23.8	23.8
Adjusted EBITA	**64.0**	**20.6**	**211.7**	**66.8**
EBITA	**43.1**	**0.9**	**187.9**	**43.0**
Depreciations	38.0	11.5	105.0	43.4
EBITDA	**81.1**	**12.4**	**292.9**	**86.5**
Items affecting comparability	19.5	19.4	23.8	23.8
Adjusted EBITDA	**100.6**	**31.6**	**316.7**	**110.2**

Items affecting comparability amounted to SEK -21.0 million for the fourth quarter of 2018 (SEK -19.7 million) and SEK -25.3 million for the full year (SEK -23.8 million). The items in the fourth quarter of 2018 mainly consist of costs related to the planned IPO and transaction costs. For the full year 2018, the items include costs related to the planned IPO, transaction costs, severance costs and gain from divestment of real estate. The items in the fourth quarter of 2017 are mainly related to transactions costs, the closure of the Lindesberg factory and a strategy project. These items are also reflected in the full year numbers for 2017, as well as the effect from a production stop in a factory in Finland and the impact of negative goodwill.

REVENUE BRIDGE: CHANGE IN NET SALES FROM CORRESPONDING PERIODS IN 2017

Amounts in SEK million	RAW	%	P&C	%	Insulation	%	Change intra-group revenue	Total net sales	%
Q4 2018									
Acquisitions	295.1	85.7%	331.8	265.6%	289.4	270.3%	-146.1	770.2	145.8%
Currency	24.5	7.1%	4.5	3.6%	2.8	2.6%	-11.7	20.1	3.8%
Organic growth	-3.8	-1.1%	-0.1	-0.1%	4.4	4.2%	-99.5	-99.0	-18.8%
Total increase	**315.8**	**91.7%**	**336.2**	**269.1%**	**296.6**	**277.1%**	**-257.3**	**691.3**	**130.8%**
2018									
Acquisitions	867.1	72.9%	629.5	127.1%	772.7	168.5%	-432.4	1,836.9	97.9%
Currency	91.0	7.6%	16.5	3.3%	10.7	2.3%	-22.9	95.3	5.1%
Organic growth	214.8	18.1%	7.3	1.5%	-1.5	-0.3%	-123.1	97.5	5.2%
Total increase	**1,172.9**	**98.6%**	**653.3**	**131.9%**	**781.9**	**170.5%**	**-578.4**	**2,029.7**	**108.2%**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

CONSOLIDATED STATEMENT OF INCOME

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Net sales	1,219.5	528.1	3,905.3	1,875.5
Other operating income	15.6	0.2	15.7	9.3
Total operating income	**1,235.1**	**528.3**	**3,921.0**	1,884.8
Raw materials and consumables	-581.3	-324.5	-2,132.3	-1,110.3
Goods for resale	-26.2	-16.0	-87.6	-68.5
Other external costs	-325.6	-109.9	-828.2	-368.2
Personnel cost	-223.5	-65.6	-638.2	-251.4
Depreciation/ amortisation and impairment of tangible and intangible assets	-62.4	-13.3	-151.5	-51.6
Share of income from associated companies	2.6		6.7	
Capital gain from sale of assets	0.0		51.6	
Total operating expenses	**-1,216.4**	-529.3	**-3,779.6**	-1,850.0
Operating income (EBIT)	**18.7**	**-1.0**	**141.4**	34.8
Financial income	0.0	2.2	1.7	2.6
Financial expenses	-20.2	-10.2	-76.9	-30.6
Net financial items	**-20.2**	**-7.9**	**-75.2**	-28.0
Income before tax	**-1.4**	**-8.9**	**66.2**	6.8
Income tax expense	-12.3	34.9	-50.3	32.8
Net profit/ loss for the period	**-13.7**	**26.1**	**16.0**	39.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Profit/loss for the period	**-13.7**	**26.1**	**16.0**	**39.6**
Other comprehensive income				
Items that may later be reclassified to profit or loss				
Exchange rate differences	--41.2	10.4	-23.7	9.8
Items that will not be reclassified to profit or loss				
Remeasurements of net pension obligations	-3.2	0.4	-3.9	0.6
Income tax pertinent to remeasurements of net pension obligations	0.2	-0.1	0.2	-0.1
Other comprehensive income/loss, net after tax	**-44.3**	**10.8**	**-27.4**	**10.2**
Total comprehensive income/ loss for the period	**-58.0**	**36.8**	**-11.5**	**49.8**

NET PROFIT/ LOSS ATTRIBUTABLE TO:

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Net profit/loss for the period attributable to:				
Parent Company shareholders	-13.3	25.9	16.7	38.8
Non-controlling interests	-0.4	0.2	-0.7	0.8
Total comprehensive income attributable to:				
Parent Company shareholders	-57.5	36.7	-11.3	49.0
Non-controlling interests	-0.5	0.2	-0.3	0.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK million	31.12.2018	31.12.2017
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	720.6	183.7
Other intangible assets	822.5	95.7
Total intangible assets	**1,543.0**	**279.4**
Property plant and equipment		
Land and buildings	396.5	150.2
Plant and machinery	657.8	232.3
Equipment, tools, fixtures and fittings	68.3	37.5
Construction in progress and advance payments	103.5	33.1
Total property, plant and equipment	**1,226.1**	**453.1**
Financial assets		
Shares in associates	6.7	0.0
Net pension assets	31.1	0.0
Other long-term receivables	1.2	1.0
Participation in other companies	2.6	1.0
Total financial assets	**41.6**	**2.0**
Deferred tax assets	51.8	37.3
TOTAL NON-CURRENT ASSETS	**2,862.5**	**771.8**
CURRENT ASSETS		
Inventory	431.4	183.7
Current receivables		
Accounts receivables	527.6	218.8
Tax assets	2.8	3.7
Other current receivables	32.2	30.5
Prepaid expenses and accrued income	18.7	15.4
Other financial assets	0.4	0.0
Cash and cash equivalents	235.3	110.6
Total current receivables	**817.0**	**379.0**
TOTAL CURRENT ASSETS	**1,248.3**	**562.7**
TOTAL ASSETS	**4,110.8**	**1,334.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

Amounts in SEK million	**31.12.2018**	**31.12.2017**
EQUITY		
Share capital	1.3	0.5
Additional paid-in capital	1,402.0	244.5
Reserves	-14.5	13.4
Accumulated profit (including net profit for the period)	137.9	121.2
Equity attributable to Parent Company shareholders	**1,526.7**	**379.6**
Non-controlling interests	10.7	10.3
TOTAL EQUITY	**1,537.3**	**389.9**
LIABILITIES		
Non-current liabilities		
Pensions and similar obligations to employees	19.8	6.6
Other provisions	5.4	7.2
Deferred tax liability	278.5	9.8
Bond loan	1,290.2	537.8
Derivative liability	20.8	2.7
Other interest-bearing liabilities	52.4	31.3
Total non-current liabilities	**1,667.1**	**595.4**
Current liabilities		
Other interest-bearing liabilities	16.2	7.9
Other financial liabilities	3.0	2.4
Accounts payable	478.4	231.4
Current tax liabilities	56.1	5.1
Other current liabilities	96.7	30.6
Accrued expenses and deferred income	256.1	71.8
Total current liabilities	**906.4**	**349.2**
TOTAL LIABILITIES	**2,573.5**	**944.6**
TOTAL EQUITY AND LIABILITIES	**4,110.8**	**1,334.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

Amounts in SEK million	1.1.-31.12.2018	1.1.-31.12.2017
OPENING BALANCE	389.9	331.5
Net profit/ loss for the period	16.0	39.6
Other comprehensive income	-27.4	10.2
Total comprehensive income	**-11.5**	**49.8**
New share issue	1,165.0	
Transaction cost	-6.7	
Dividend non-controlling interests	-0.8	
Acquisition non-controlling interest	2.7	8.5
Divestment non-controlling interest	-1.3	
Total transactions with shareholders	**1,159.0**	**8.5**
CLOSING BALANCE	**1,537.3**	**389.9**
of which attributable to non-controlling interests	*10.7*	*10.3*

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
EBIT	18.7	-1.0	141.4	34.8
Adjustment for non-cash items etc.	55.2	10.7	81.2	47.4
Net financial items	-6.1	-12.4	-48.5	-24.5
Income tax paid	-19.6	-3.9	-47.7	-6.8
Cash flow from operating activities before changes in working capital	48.2	-6.6	126.5	**50.9**
Changes in working capital	106.7	111.9	54.2	20.3
Cash flow from operating activities	**154.9**	**105.3**	**180.7**	**71.3**
Acquisitions non-current assets	-47.1	-26.5	-142.4	-96.2
Divestment non-current assets	0.1	0.0	113.0	0.0
Business acquisitions/ financial investments	0.0	-0.6	-971.5	-10.9
Cash flow from investing activities	**-46.9**	**-27.0**	**-1,000.9**	**-107.1**
Borrowings	-34.2	0.0	750.9	1 105.0
Repayment of debt	-1.5	0.0	-196.5	-982.1
Dividend to non-controlling interests	0.0	0.0	-0.8	0.0
New share issue, net	0.0	0.0	393.3	0.0
Cash flow from financing activities	**-35.7**	**0.0**	**946.9**	**123.0**
Cash flow for the period	72.3	78.3	126.6	**87.1**
Opening cash and cash equivalents	167.3	39.5	110.6	23.2
Exchange difference in cash	-4.2	0.5	-1.9	0.3
Closing cash and cash equivalents	**235.3**	**118.3**	**235.3**	**110.6**

INCOME STATEMENT FOR THE PARENT COMPANY

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Net sales	4.6	3.2	11.8	3.9
Other external costs	-19.1	-4.8	-30.0	-6.2
Personnel costs	-4.7	-1.9	-12.6	-3.2
Total operating expenses	**-23.8**	**-6.7**	**-42.6**	**-9.4**
Operating income	**-19.2**	**-3.6**	**-30.8**	**-5.5**
Interest income and similar items	24.1	6.8	66.9	16.2
Interest expenses and similar items	-18.1	-7.4	-60.9	-18.0
Total expenses from financial items	**6.0**	**-0.6**	**5.9**	**-1.8**
Appropriations	0.0	2.8	0.0	2.8
Income before tax	**-13.2**	**-1.4**	**-24.9**	**-4.6**
Tax on net profit/ loss for the period	0.0	0.0	0.0	0.0
Net loss for the period	**-13.2**	**-1.4**	**-24.9**	**-4.6**

STATEMENT OF FINANCIAL POSITION FOR THE PARENT COMPANY

Amounts in SEK million	1.1.-31.12.2018	1.1.-31.12.2017
Non-current assets	2,749.0	818.1
Current assets	59.0	32.8
TOTAL ASSETS	**2,808.1**	**850.9**
Equity	1,373.4	240.0
Non-current liabilities	1,326.9	574.5
Current liabilities	107.7	36.4
TOTAL EQUITY AND LIABILITIES	**2,808.1**	**850.9**

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 – December 2018 was approved by the Board of Directors for publication on 26 February 2019.

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 BEWi Group AB's Annual Report for 2017, with the exceptions of IFRS 9 and IFRS 15, 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.

Impacts of IFRS 9 and IFRS 15
IFRS 9 and IFRS 15 went into effect as of 1 January 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement as the standard for accounting for financial instruments in IFRS. Compared with IAS 39, IFRS 9 involves changes primarily regarding classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 15 replaced previous standards concerning revenue recognition in IFRS, namely IAS 18 Revenue and IAS 11 Construction contracts and the related SICs and IFRICs. The transition to IFRS 9 and IFRS 15 has had no material impact on the Group's earnings or the classification, measurement or recognition of the Group's assets and liabilities, which are also described in Note 2 of the Annual Report for 2017.

Impacts of IFRS 16
The Group will adopt 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 current standard, i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance, which are applied in this report, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group will recognise 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.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of SEK 340 million (after adjustment for prepaid leasing fees accounted for 31 December 2018), right-of-use assets of SEK 316 million and deferred tax asset of SEK 7 million as at 1 January 2019.

The Group expects that operating profit for 2019 will increase compared with whether previous accounting principles had been used, due to the fact that part of the leasing fees will be reported as interest expense. Cash flow from operating activities is expected to increase and decrease from financing activities, due to the fact that the amortization part of the leasing fees will be reported as a payment in the financing activities. The adoption of IFRS 16 will not impact the maximum leverage threshold loan covenant for the Group, as the effect of the transition to IFRS 16 is excluded from that calculation.

The Group plans to apply using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance at 1 January 2019, with no restatement of comparative information. The right-of-use assets to previous operating leases will be reported at the depreciated value from commencement date, with the addition of advance payments reported in the balance sheet as of 31 December 2018.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. 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) will not be included in the calculation of right-of-use assets or leasing liability, but continue to be reported with straight-line expense over the lease term. Examples of low value assets are computers, printers and copiers.

NOTE 3 Related party transactions

The acquisitions completed in the third quarter of 2018 of BEWi Produkter AS, BEWi Polar AS and BEWi Automotive AS were done from Frøya Invest AS, owner to 63.6 per cent of the shares in BEWiSynbra Group AB, and KMC Family AS, owner of 1.3 per cent of BEWiSynbra Group AB and also the owner of Frøya Invest AS. The ultimate owners of these companies are members of the Bekken family in Norway, including Christian Bekken, Director of Business Development and part of the Executive Management in BEWiSynbra Group AB. Sales to companies owned by the Bekken family amounted to SEK 0.3 million during the quarter and to SEK 142.2 million for the full year. The drop in the fourth quarter is explained by the acquisition of BEWi Produkter AS and BEWi Polar AS in September, as sales to these companies became intra-group sales in the quarter. In the second quarter of 2018, five properties in Denmark and Sweden were sold for SEK 110 million in a sale and leaseback transaction to KMC Family AS. Sales during the quarter to 34 percent owned Isobouw GmbH (formerly 100 percent owned by Synbra) and 34 percent owned Hirsch Porozell GmbH totalled SEK 82.7 million during the quarter and SEK 245.4 million for the full year. The transactions were conducted on normal market terms.

NOTE 4 Segment information

Operating segments are reported in a manner that corresponds with the internal reporting submitted to the chief operating decision maker. The Board of Directors 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.

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Raw material				
Segment revenue	660.2	344.4	2,362.5	1,189.6
Intra-group revenue	-264.3	-33.0	-726.5	-197.2
Revenue from external customers	**395.9**	**311.4**	**1,636.0**	**992.4**
Insulation				
Segment revenue	403.7	107.1	1,238.2	458.7
Intra-group revenue	-24.0	-15.0	-80.6	-65.2
Revenue from external customers	**379.7**	**92.0**	**1,157.6**	**393.5**
Packaging and Components				
Segment revenue	461.3	124.9	1,150.8	495.2
Intra-group revenue	-17.5	-0.2	-39.3	-5.6
Revenue from external customers	**443.7**	**124.7**	**1,111.5**	**489.6**
Total				
Total segment revenue	1,525.2	576.4	4,751.5	2,143.5
Total Intra-group revenue	-305.9	-48.2	-846.4	-268.0
Total revenue from external customers	**1,219.3**	**528.1**	**3,905.1**	**1,875.5**
Adj. EBITDA				
Raw material	27.2	30.1	120.1	64.3
Insulation	51.9	-2.6	130.6	0.8
Packaging and Components	37.6	7.0	99.5	52.1
Unallocated	-16.1	-2.4	-33.5	-7.0
Total adj. EBITDA	**100.6**	**32.1**	**316.7**	**110.2**
EBITDA				
Raw material	26.7	30.8	117.9	58.3
Insulation	51.8	-2.8	152.7	7.1
Packaging and Components	37.2	-3.5	121.8	39.5
Unallocated	-34.5	-12.6	-99.4	-18.4
Total EBITDA	**81.1**	**12.0**	**292.9**	**86.5**

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
EBITA				
Raw material	18.5	27.0	90.0	44.2
Insulation	42.6	-5.3	126.7	-2.8
Packaging and Components	17.3	-8.6	72.5	20.3
Unallocated	-35.3	-12.2	-101.3	-18.5
Total EBITA	**43.1**	**0.9**	**187.9**	**43.1**
EBIT				
Raw material	17.2	26.3	84.5	41.7
Insulation	30.1	-5.3	106.0	-2.7
Packaging and Components	8.0	-9.7	54.9	14.5
Unallocated	-36.5	-12.2	-104.1	-18.5
Total EBIT	**18.7**	**-1.0**	**141.4**	**34.8**
Net financial items	-20.2	-7.8	-75.2	-28.0
Income before tax	**-1.4**	**-8.8**	**66.2**	**6.8**

EBIT for Insulation was impacted positively by a capital gain on property sales of SEK 22.7 million in 2018 (third quarter). EBIT for Packaging was impacted positively by a capital gain on property sales of SEK 28.8 million in 2018 (third quarter).

Synbra's part of change in segment sales

Amounts in SEK million or percentage (%)	Q4 2018	%	2018	%
Raw material	167.7	*198.5*	480.6	*74.7*
Insulation	275.4	*95.7*	719.7	*93.9*
Packaging	156.9	*49.2*	442.9	*71.5*

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

Amounts in SEK million	Q4 2018	Q4 2017	2018	2017
Finland (Porvoo)	228.2	311.4	1,155.4	992.4
Netherlands (Etten-Leur)	167.7	0.0	480.6	0.0
Raw material	**395.9**	**311.4**	**1,636.0**	**992.4**
Packaging & Components and Insulation				
Total Finland	36.1	23.2	151.2	78.8
Total Sweden	140.9	120.9	500.3	518.1
Total Denmark	144.9	61.1	482.3	240.3
Total Norway	145.9	11.5	183.9	45.9
Total Netherlands	307.0	0.0	817.7	0.0
Total Portugal & Span	48.9	0.0	134.1	0.0
Total P&C and Insulation	**823.6**	**216.7**	**2,269.3**	**883.1**
Total Group	**1,219.5**	**528.1**	**3.905.3**	**1,875.5**

NOTE 5 The Group's borrowings

Amounts in SEK million	31.12.2018	31.12.2017
Non-current liabilities		
Bond loan	1,290.2	537.8
Liabilities to credit institutions	17.6	19.3
Liabilities, financial leases	34.8	12.0
Total	**1,342.5**	**569.1**
Current liabilities		
Liabilities to credit institutions	4.3	3.6
Liabilities, financial leases	3.2	3.3
Debt factoring	7.7	0.0
Liabilities to non-controlling interests	1.0	1.0
Total	**16.2**	**7.9**
Total liabilities	**1,358.7**	**577.0**
Cash and cash equivalents	235.3	110.6
Net debt	**1,123.4**	**466.4**

The Group's current loan structure

The Group was refinanced in the spring of 2017, at which point the Parent Company issued a corporate bond of SEK 550 million that was simultaneously listed on the Nasdaq Stockholm corporate bond list. The bond will expire on 8 June 2020. Moreover, a new overdraft facility of SEK 100 million was received from the Group's principal bank. As part of the financing of the Synbra acquisition, a new corporate bond of EUR 75 million was issued on 19 April 2018 and listed on the Nasdaq Stockholm corporate bond list on 14 June 2018. The bond will expire on 19 April 2022. In connection with the issue of the new bond, the Group's principal bank increased the overdraft facility by SEK 175 million to a total of SEK 275 million. The overdraft facility was unutilized at 31 December 2018.

The bond is 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 and the first three quarters of the year are presented in the table below.

Interest rates bonds

Bond loans	Interest terms	Nominal interest		Average interest	
		1.10-31.12.2018	1.1-31.12.2018	1.10-31.12.2018	1.1-31.12.2018
550 MSEK	Stibor 3m + 4.40%	3.93-4.05%	3.88-4.05%	4.93%	4.99%
75 MEUR	Euribor 3m + 4.75%	4.36-4.43%	4.43-4.43%	5.58%	5.54%

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 in net in the balance sheet as a derivative, and the carrying amount at 31 December 2018 amounted to SEK 20.8 million (2.7 at 31 December 2017). The currency interest swap carries an interest margin of 0.24 per cent between borrowing and lending. In addition to the bond, the Group has a number of liabilities regarding financial leases and a number of liabilities in acquired companies in the form of liabilities to credit institutions and liabilities pertaining to factoring.

Pledged assets

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

NOTE 6 Fair value and financial instruments

Amounts in SEK million	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies			2.6	2.6	2.6
Current derivative assets		0.4		0.4	0.4
Total financial assets measured at fair value through profit and loss		**0.4**	**2.6**	**3.0**	**3.0**
Financial liabilities measured at amortised cost					
Bond loans	1,324.8			1,324.8	1,290.2
Other financial liabilities					
Earnouts			1.6	1.6	1.6
Current derivative liability		1.4		1.4	1.4
Long-term derivative liability		20.8		20.8	20.8
Total other financial liabilities		**22.2**	**1.6**	**23.8**	**23.8**

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

Level 3 – Changes during the period (SEK million)	**Participation in other companies**	**Earnouts**
At 31 December 2017	1.0	2.4
Exchange rate differences	0.1	0.2
Through acquisitions of Group companies	1.5	–
Liability settlement	–	-1.0
At 31 December 2018	2.6	1.6

* Level 1 – listed prices (unadjusted) on active markets for identical assets and liabilities.
* Level 2 – Other observable data for the asset or liability are listed prices included in Level 1, either directly (as price) or indirectly (derived from price).
* Level 3 – Data for the asset or liability that is not based on observable market data.

NOTE 7 Business combinations

Acquisition of BEWi Produkter AS and BEWi Polar AS, together BEWi Norway

On 28 September 2018, BEWiSynbra Group AB completed the acquisitions of BEWi Produkter AS and BEWi Polar AS, in the following referred to as BEWi Norway, for a total price of SEK 730 million. BEWi Norway delivers a range of packaging products, the main product being fish boxes made from EPS for transportation of fresh fish. Adjusted for the divestment of its Norplasta business, prior to BEWiSynbra's acquisition, BEWi Norway had sales of approximately SEK 400 million in 2017. The consideration for the shares was paid in full by new ordinary shares in BEWISynbra. In connection with the acquisition, BEWiSynbra entered into an agreement with the seller, which gives BEWiSynbra the right to acquire shares in an associate from the seller within a certain time frame. Should that right not be exercised, BEWiSynbra will receive SEK 5 million from the seller. That same amount has reduced the acquisition price and is recognized as a receivable. During the fourth quarter, a complete acquisition analysis was carried out. The purchase price and fair value of assets and liabilities acquired are shown in the table below. Goodwill is not tax-deductible. Transaction costs attributable to the acquisition totalled SEK 1.8 million in 2018 and were recognized under Other external costs in profit or loss.

BEWi Norway is consolidated as from 30 September 2018 and since the acquisition, BEWi Norway has contributed SEK 132.6 million to the Group's net sales and SEK 9.6 million to EBIT. Net sales and EBIT in BEWi Produkter AS in 2018 amounted to SEK 378.8 million and SEK 45.3 million respectively. Of those numbers, the Norplasta business, which was divested prior to the acquisition, contributed SEK 58.8 million to net sales and SEK -7.8 million to EBIT. Net sales and EBIT in BEWi Polar AS in 2018 amounted to SEK 181.6 million and SEK 6.3 million respectively.

Amounts in SEK million	
Issue in kind	730.0
Value of call option	-5.0
Total purchase price	**725.0**
Recognized amount of identifiable assets acquired and liabilities assumed	
Trademark	55.8
Customer relations	289.9
Property, plant and equipment	161.1
Financial assets	0.2
Inventory	29.0
Current receivables	63.0
Cash and cash equivalents	45.8
Liabilities financial leases	-28.8
Deferred tax liabilities	-91.0
Current liabilities	-69.1
Total identifiable net assets	**455.9**
Goodwill	269.1

* The acquisition analysis is preliminary.

Acquisition of BEWi Automotive AB

On 28 September 2018, BEWiSynbra Group AB completed the acquisition of BEWi Automotive AB. BEWi Automotive mainly delivers products to the car industry. The consideration for the shares, in total SEK 51 million, included a cash component of SEK 16 million and the rest was paid by new ordinary shares in BEWISynbra. During the fourth quarter a complete acquisition analysis was carried out.The purchase price and fair value of assets and liabilities acquired are shown in the table belowGoodwill is not tax-deductible. BEWi Automotive was acquired at the same time as BEWi Norway and all transaction costs have been attributed to the acquisition of BEWi Norway.

BEWi Automotive AB is consolidated as from 30 September and since the acquisition, BEWi Automotive AB has contributed SEK 28.7 million to the Group's net sales and SEK -1.0 million to EBIT. Net sales and EBIT in BEWi Automotive AB in 2018 amounted to SEK 116.8 million and SEK 1.2 million respectively.

Amounts in SEK million	
Issue in kind	35.0
Cash consideration	16.0
Total purchase price	**51.0**
Recognized amount of identifiable assets acquired and liabilities assumed	
Customer relations	25.0
Property, plant and equipment	24.7
Inventory	6.1
Current receivables	19.4
Cash and cash equivalents	2.8
Interest-bearing liabilities to credit institutions	-10.6
Liabilities financial leases	-1.7
Debt factoring	-8.1
Deferred tax liabilities	-6.3
Current liabilities	-19.7
Total identifiable net assets	**31.6**
Goodwill	19.4

* The acquisition analysis is preliminary.

Acquisition of Synbra Holding B.V.

On 14 May 2018, all shares were acquired in Synbra Holding B.V., the parent company of the Synbra Group, a Dutch specialist in cellular plastics with operations in Northern Europe and Portugal. The Group, which had sales of approximately EUR 220 million in 2017, is an established manufacturer of construction and packaging solutions and an excellent complement to BEWi as regards both products and geography. In addition to a cash price of SEK 978.8 million, BEWi also settled external loans to credit institutions of SEK 88.4 million in Synbra and paid SEK 33.9 million into two pensions funds linked to Synbra's previous operations in the UK. To finance the acquisition, BEWi issued new shares of SEK 400 million as well as a new corporate bond of EUR 75 million. Financing costs in connection with these issuances totalled SEK 6.7 million and SEK 23.3 million, respectively, and was recognized directly against equity and bond debts. Transaction costs recognized in profit or loss totalled SEK 6.9 million during 2017 and SEK 26.1 million during 2018 and were recognized under Other external costs.

The company was consolidated as of 1 May 2018 adjusted for material transactions (such as the divestment of 66 per cent of Synbra's share in its German subsidiary Isobouw GmbH) during the period from 1 May to 14 May 2018, which was the acquisition date. During the third quarter, a complete acquisition analysis was carried out. The purchase price and fair value of assets and liabilities acquired after this acquisition analysis are shown in the table below. Goodwill is not tax-deductible.

Since the acquisition in May, Synbra has contributed SEK 1,643.2 million the Group's net sales and SEK 136.2 million to EBIT. Net sales for Synbra Group in 2018 amounted to SEK 2,605.9 million and EBIT to SEK 135.0 million, excluding the effects from the acquisition analysis. Of those numbers, the German business, which was divested in connection with acquisition, contributed SEK 258.3 million to net sales and SEK -19.0 million to EBIT.

Amounts in SEK million	
Cash purchase price at 14 May 2018	978.8
Total purchase price	**978.8**
Recognized amount of identifiable assets acquired and liabilities assumed	
Trademarks	104.8
Customer relations	227.2
Technology	61.2
Intangible assets	20.6
Property, plant and equipment	609.0
Financial assets	19.7
Deferred tax assets	7.9
Inventory	187.6
Current receivables	375.2
Cash and cash equivalents	-2.7
Provisions	-19.4
Debt factoring	-89.3
Other interest-bearing liabilities to credit institutions	-88.4
Deferred tax liabilities	-170.1
Current liabilities	-524.3
Total identifiable net assets	719.0
Goodwill	259.8

* The acquisition analysis is preliminary.

Acquisition of Ruukin EPS Oy

On 2 January 2018, BEWiSynbra acquired 60 per cent of the shares in Ruukin EPS Oy, a Finnish manufacturer of insulating materials. The shares were acquired for a cash price of SEK 9.8 million. Under the agreement, the seller has an option to divest the remaining shares to BEWiSynbra in accordance with a predetermined pricing mechanism and a given time frame. According to the agreement, BEWiSynbra is also entitled to acquire the remaining shares, calculated according to the same pricing mechanism, given certain conditions. Ruukin had sales of EUR 2.5 million in 2017 and produces insulation products at a plant in Ruukin, Finland. Goodwill arising in connection with the acquisition pertains to expected profitability and estimated synergies related to a stronger position for the Group in the Finnish insulation market. 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 0.4 million during 2017 and SEK 0.2 million during 2018 and were recognized under Other external costs in profit or loss. The company was consolidated from the date of acquisition (i.e. from the beginning of the year) and contributed SEK 32.3 million to the Group's net sales and SEK -1.5 million to EBIT in 2018. 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 2 January 2018	9.8
Total purchase price	**9.8**
Recognized amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	5.7
Inventory	1.3
Current receivables	1.7
Cash and cash equivalents	1.4
Interest-bearing liabilities	-2.2
Current liabilities	-1.0
Total identifiable net assets	6.9
Non-controlling interests	-2.8
Goodwill	5.7

* The acquisition analysis is preliminary.

Acquisition-related liabilities

In 2018, an earnout of EUR 75 thousand related to the acquisition of Solupak Oy (now BEWi Insulation Oy) and EUR 18 thousand related to the acquisition of M-Plast Oy (now BEWi M-Plast Oy), both acquired in 2017, were settled. The payments of the earnouts were based on the companies' sales and EBITDA during 2017 and early 2018.

Amounts in SEK million	**Earnouts**	**Liabilities to non-controlling interests**
Acquisition-related liabilities		
At 31 December 2017	2.4	1.0
Exchange rate difference	0.2	–
Liability settlement	-1.0	–
At 30 September 2018	1.0	1.0