



BEWi

Synbra

GROUP

**YEAR-END
REPORT
Q4 | 2019**

HIGHLIGHTS FOR 2019

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

FOURTH QUARTER

- BEWiSynbra Group reported net sales of SEK 1,108.8 million for the fourth quarter (SEK 1,219.5 million), a decrease of 9.0 per cent compared to the corresponding quarter last year
- Adjusted EBITDA was SEK 101.6 million (SEK 100.6 million), while adjusted EBITA amounted to SEK 44.1 million (SEK 62.5 million)
- Earnings were negatively impacted by items affecting comparability of SEK 9.6 million for the quarter (negatively impacted by SEK 19.5 million)
- EBIT for the Group was SEK 13.2 million (SEK 18.7 million)
- In October, BEWiSynbra launched the world's first EPS made from 100 per cent recycled material
- In October, BEWiSynbra and HIRSCH jointly announced the acquisitions of six EPS insulation production sites in France and 49.9 per cent of the French company Issosol SAS, with a 34 per cent ownership to BEWiSynbra
- In November, BEWiSynbra secured its refinancing, by issuing a EUR 65 million bond. The new bond started trading on Nasdaq Stockholm on 16 January 2020
- In December, BEWiSynbra announced that it has established a new recycling company in Portugal
- In December, the Board of Directors of BEWiSynbra appointed Jonas Siljeskär as CEO, with effect from 1 January 2020

FULL YEAR

- Net sales amounted to SEK 4,552.4 million in 2019 (SEK 3,905.3 million), an increase of 16.6 per cent since 2018
- Adjusted EBITDA was SEK 548.8 million (SEK 316.7 million), while adjusted EBITA amounted to SEK 332.5 million (SEK 211.7 million)
- Earnings were negatively impacted by items affecting comparability of SEK 41.2 million (negatively impacted by SEK 23.8 million)
- EBIT for the Group was SEK 215.4 million (SEK 141.4 million)

CONSOLIDATED KEY FIGURES*

Amounts in million SEK (except percentage and operational figures)	Fourth quarter			Full year		
	2019	2019 excl. IFRS 16	2018	2019	2019 excl. IFRS 16	2018
Net sales	1,108.8	1,108.8	1,219.5	4,552.4	4,552.4	3,905.3
Operating income/ EBIT	13.2	7.3	18.7	215.4	193.3	141.4
EBITDA	92.0	72.5	81.1	507.6	427.8	292.9
EBITDA margin (%)	8.3%	6.5%	6.7%	11.1%	9.4%	7.5%
Adjusted EBITDA	101.6	82.1	100.6	548.8	469.0	316.7
Adj. EBITDA margin (%)	9.2%	7.4%	8.2%	12.1%	10.3%	8.1%
Items affecting comparability	-9.6	-9.6	-19.5	-41.2	-41.2	-23.8
EBITA	34.5	28.5	43.0	291.3	269.0	187.9
EBITA margin (%)	3.1%	2.6%	3.5%	6.4%	5.9%	4.8%
Adjusted EBITA	44.1	38.1	62.5	332.5	310.2	211.7
Adj. EBITA margin (%)	4.0%	3.4%	5.1%	7.3%	6.8%	5.4%
Net profit/loss for the period	-29.9	-28.9	-13.7	58.7	62.5	16.0
Capital Expenditure (CAPEX)	-52.1	-52.1	-47.1	-151.1	-151.1	-142.4

*Definitions included on page 11

COMMENTS FROM THE CEO

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

The fourth quarter has been another intensive quarter with activities and achievements in line with our strategic priorities; growth, innovation and circular economy. BEWiSynbra's dedicated efforts to make our industry more sustainable makes me proud. Following our launch of the world's first EPS made of 100 per cent recycled material, we have seen massive interest from both customers and other stakeholders, all searching for more sustainable products and solutions. In addition, with our recent expansion of our Circular business through the newly established recycling company in Portugal, we expect to get one step closer to our ambitious recycling target of 60,000 tonnes per year.

As an acknowledgement of our ambitious work within recycling I am very pleased that we were one of the finalists in the Swedish Recycling Awards 2020 and that our Danish Insulation operation is nominated for the Danish Building Climate Prize 2020.

During the fourth quarter we announced that we were strengthening our leading position in Europe, when we in partnership with HIRSCH acquired six EPS insulation production facilities in France and 49.9 per cent of the French company Issosol. We look forward to continue to build on our successful cooperation with HIRSCH.

In the beginning of 2020 we announced our acquisition of an insulation facility in Norrköping, Sweden. Following the turnaround of our Swedish operations, we are now ready to invest in further growth in the Nordics to strengthen our position in the insulation market. The Norrköping facility will be a strategically important centre for BEWiSynbra's Nordic insulation business. We get access to higher volumes of extruded polystyrene (XPS), enabling a more competitive offering of EPS and XPS to our customers. The facility's location enable efficient supply to our Nordic construction customers.

As communicated earlier, the market supply of EPS raw material increased in 2019. This affected revenues and profitability in our upstream segment RAW negatively, while it positively impacted the margins in our downstream segments. This proves that our integrated business model, from the production of raw material to converted end-products, diversifies our exposure and makes us well positioned to meet various market conditions.

During the fourth quarter, several of our segments and regions are contributing positively to our margin development, such as the Swedish and Danish operations, as well as the growth in volumes in Finland and Portugal. On the other side, volumes of fish boxes supplied in Norway are still affected by lower slaughter volumes in facilities we supply to. In the Netherlands there is an ongoing debate on how to reduce nitrogen emissions, where the construction industry is one of the impacted industries. BEWiSynbra experience somewhat lower volumes in Netherlands this quarter, however it is difficult to know if this is a consequence of the nitrogen debate. We are closely monitoring the situation.

Jonas Siljeskär,
CEO of BEWiSynbra Group AB

FINANCIAL REVIEW

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.

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

GROUP RESULTS

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

Profit and loss

Net sales for the fourth quarter of 2019 amounted to SEK 1,108.8 million (SEK 1,219.5 million), representing a 9.0 per cent decrease, mainly driven by negative organic growth.

The negative organic growth can mainly be explained by lower market prices in all segments. In addition, BEWiSynbra experienced a lower demand for fish boxes in Norway and a moderate decline in the demand for insulation products in most of its operating markets, except for Finland. Further comments are provided under each of the business segments.

For the full year 2019, net sales were SEK 4,552.4 million (SEK 3,905.3 million). The main explanation for the increase in sales are the acquisitions in 2018.

Operating expenses for the Group amounted to a total of SEK -1,097.3 million for the quarter (SEK -1,216.4 million) and SEK -4,346.6 million for the full year (SEK -3,779.6 million).

Raw materials and consumables amounted to SEK -540.2 million for the quarter (SEK -581.3 million), representing 48.7 per cent (47.7 per cent) of net sales. The percentage fluctuates with the gross margin in the Raw segment and is mainly affected by the cost of the raw material styrene. For the full year

2019, raw materials totalled SEK -2,098.1 million (SEK -2,132.3 million), representing 46.1 per cent (54.6 per cent) of net sales.

Personnel cost amounted to SEK -213.2 million for the quarter (SEK -223.5 million), representing 19.2 per cent (18.3 per cent) of net sales, and SEK -856.7 million for the full year (SEK -638.2 million).

At the end of the quarter, the Group had 1,208 full time equivalents, in line with the 1,210 at the end of 2018.

Operating income for the Group was SEK 13.2 million for the fourth quarter (SEK 18.7 million) and SEK 215.4 million for the full year 2019 (SEK 141.4 million).

Items affecting comparability amounted to SEK -9.6 million for the fourth quarter (SEK -19.5 million), of which a positive SEK 1.2 million was attributable to Personnel cost, following lower outcome for severance and restructuring than originally accrued for. SEK -10.8 million was attributable to Other external costs.

For the full year, items affecting comparability amounted to SEK -41.2 million (SEK -23.8 million) and were mainly related to severance and integration costs as well as restructuring costs. SEK -20.0 million was attributable to personnel cost and SEK -21.2 was attributable to Other external costs. For further information, please see an overview of the items on page 13.

Adjusted EBITDA, which is EBITDA adjusted for the items affecting comparability mentioned above, amounted to SEK 101.6 million for the fourth quarter 2019 (SEK 100.6 million), representing an adjusted EBITDA margin of 9.2 per cent (8.2 per cent). The positive margin development is explained by the impact of IFRS 16. The downstream segments benefitted from lower raw material prices, positive effects from synergies in Denmark and restructuring measures taken in Sweden, but this was offset by the negative development in the RAW segment. Please find additional comments in Note 3, Pro-forma.

For the full year 2019, adjusted EBITDA came in at SEK 548.8 million (SEK 316.7 million), representing a margin of 12.1 per cent (8.1 per cent).

Net financial items came in at SEK -34.1 million for the fourth quarter of 2019 (SEK -20.2 million), of which SEK -34.7 million were financial expenses. Of this, SEK -17.1 million relates to interest for financing and costs related to credit facilities and bank accounts, SEK -4.5 million to bond repurchase premium, SEK -3.6 million to financing costs (non-cash items), SEK -7.0 million to the interest

component of IFRS 16 and SEK -2.5 million to revaluation of intercompany balances and a fair value revaluation of derivatives (mainly non-cash items).

For the full year, net financial items amounted to SEK -117.5 million (SEK -75.2 million). Of the SEK -119.7 million in financial expenses, SEK -69.1 million relates to interest for financing and costs related to credit facilities and bank accounts, SEK -4.5 million to bond repurchase premium, SEK -13.5 million to financing costs (non-cash items), SEK -27.0 million to the interest component of IFRS 16 and SEK -5.6 million to revaluation of intercompany balances and a fair value revaluation of derivatives (mainly non-cash items).

Tax expenses were SEK -9.0 million for the quarter (SEK -12.3 million) and SEK -39.2 million for the full year (SEK -50.3 million).

Net income for the quarter was SEK -29.9 million (SEK -13.7 million), whereas the Group recorded a profit of SEK 58.7 million for the full year (SEK 16.0 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	Q419	Q418	2019	2018
Segment sales	502.9	660.2	2,188.7	2,362.5
Adj. EBITDA	-4.5	27.2	53.0	120.1
Adj. EBITDA margin (%)	-0.9%	4.1%	2.4%	5.1%
Adj. EBITA	-14.4	19.1	15.4	92.2

Segment sales for RAW amounted to SEK 502.9 million for the fourth quarter (SEK 660.2 million), corresponding to a decrease of 23.8 per cent compared to the corresponding quarter last year, explained by a negative organic growth.

For the full year 2019, segment sales for RAW was SEK 2,188.7 million (SEK 2,362.5 million).

The negative organic growth in both the quarter and the full year, is primarily a result of lower market prices. One production line in Porvoo, Finland, producing grey EPS has been closed most of 2019 and is in the quarter continuing to impact volumes negatively. White EPS volumes in the quarter has increased by 1.7 per cent compared to the corresponding quarter in 2018 and 1.0 per cent for the full-year 2019 compared to 2018 (pro-forma).

Adjusted EBITDA for the RAW segment amounted to SEK -4.5 million this quarter (SEK 27.2 million),

representing a margin of -0.9 per cent (4.1 per cent). Earnings in individual quarters are in general impacted by production and sales volumes where the time lag between changes in cost for raw material, i.e. styrene price, and the corresponding price adjustment towards the customers impacts margins in individual quarters. The lower profitability this quarter is mainly explained by significantly lower gross margin this year, less volumes due to the closed production line in Porvoo as mentioned above, and a general higher cost of energy in 2019. The closed production line in Porvoo has impacted the EBITDA not only with lost contribution due to lower sales but also with cost for renovation and inefficiency cost in production. As from January 2020 the production line is running again and BEWiSynbra expect the production in this specific production line to run on normal production levels as from March 2020.

The pressure on the gross margin is explained by high production capacity /product availability on the market.

For the full year 2019, RAW recorded an adjusted EBITDA of SEK 53.0 million (SEK 120.1 million), representing a margin of 2.4 per cent (5.1 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 17 facilities in 6 countries producing P&C products.

Key figures Packaging & Components

Amounts in SEK million	Q419	Q418	2019	2018
Segment sales	397.4	461.3	1,669.0	1,150.8
Adj. EBITDA	71.4	37.6	305.6	99.5
Adj. EBITDA margin (%)	18.0%	8.2%	18.3%	8.6%
Adj. EBITA	41.0	17.6	184.0	50.2

Segment sales for the quarter for P&C amounted to SEK 397.4 million (SEK 461.3 million), corresponding to a decrease of 13.8 per cent. The decrease was mainly the result of less demand for fish boxes in Norway. Volumes continued to be stable in most other operating markets.

For the full year 2019, segment sales for P&C amounted to SEK 1,669.0 million (SEK 1,150.8 million), corresponding to an increase of 45.1 per cent, mainly explained by acquisitions.

Adjusted EBITDA for the quarter amounted to SEK 71.4 million (SEK 37.6 million), representing a margin of 18.0 per cent (8.2 per cent). With the exception of Norway, all regions contributed to the improved earnings in the quarter. This is explained by the favourable raw material prices, the turn-around measures implemented in Sweden, synergies from the consolidation of the Danish operations, following the merger with Synbra in 2018, and good growth in Portugal. This segment also noted the biggest impact from IFRS 16, approximately SEK 14.5 million.

For the full year, adjusted EBITDA amounted to SEK 305.6 million (SEK 99.5 million), corresponding to a margin of 18.3 per cent (8.6 per cent). The positive margin development for the full year is largely explained by the same reasons as for the quarter.

Insulation

The Insulation segment offers insulation products for the building and construction industry, as well as for infrastructure projects. Examples are road fillers, insulation boards, and various construction systems. Netherlands is the main contributor to the Insulation segment, representing more than 60 per cent of the total sales for the segment. In total, BEWiSynbra has 12 facilities in 6 countries producing Insulation products. In addition, the Group has minority interests in 6 facilities in France and 6 facilities in Germany.

Key figures Insulation

Amounts in SEK million	Q419	Q418	2019	2018
Segment sales	338.6	403.7	1,475.0	1,238.2
Adj. EBITDA	53.1	51.9	236.5	130.6
Adj. EBITDA margin (%)	15.7%	12.9%	16.0%	10.5%
Adj. EBITA	37.4	42.8	185.0	104.6

Segment sales for Insulation amounted to SEK 338.6 million for the quarter (SEK 403.7 million), corresponding to a decrease of 16.1 per cent.

The decline in sales was mainly driven by lower volumes in all markets, except for Finland which saw improved volumes. However, in the Netherlands the lower volumes are partly explained by lower sales to the German company that was previously owned by Synbra. From May 2018, the German company is co-owned by BEWiSynbra and has since then been phasing out the trading from the Netherlands to instead produce locally. The German company is consolidated into the Group's financials with BEWiSynbra's share of the company's net profit. In Sweden the closure of one production plant in the beginning of the year, also contributed to the lower volumes, whereas Denmark faced the impact of a somewhat tougher competition.

For the full year 2019, sales for Insulation was SEK 1,475.0 million (SEK 1,238.2 million), corresponding to an increase of 19.1 per cent. The increase, that was mainly driven by acquisitions, was dampened by negative organic growth. Apart from the impact of acquisitions in 2018, the full year development for 2019 follows the same pattern as that of the quarter.

Adjusted EBITDA for the segment Insulation amounted to SEK 53.1 million for the quarter (SEK 51.9 million), representing a margin of 15.7 per cent (12.9

per cent), and SEK 236.5 million for the full year (SEK 130.6 million), representing a margin of 16.0 per cent (10.5 per cent).

The improved margins in both the quarter and full year 2019, can mainly be explained by favourable raw material prices and higher volumes in the Finnish operations. The turn-around activities in the Swedish Insulation operations are also continuing to yield results and positively impact margins, despite lower volumes. The Group's minority holding in the German Insulation operation noted a negative contribution to results and margins for the quarter, in contrast to the satisfactory development during the first nine months of the year. This was driven by the industry, following a positive tax scheme that was implemented in the beginning of 2020, which postponed projects starts over year-end.

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 206.5 million for the fourth quarter (SEK 154.9 million), including a net decrease in working capital by SEK 166.4 million (SEK 106.7 million).

For 2019, cash flow from operating activities was SEK 379.5 million (SEK 180.7 million), including a net decrease in working capital by SEK 59.8 million (SEK 54.2 million).

Cash flow used for investment activities was SEK -77.6 million (SEK -46.9 million) for the fourth quarter, of which SEK -26.1 was attributable to the investment in France.

For the full year, cash flow from investment activities

amounted to SEK -202.5 million (SEK -1,000.9 million). The major part of the investments in 2018 was related to the acquisition of Synbra.

Cash flow from financing activities amounted to SEK 230.7 million for the fourth quarter (SEK -35.7 million), reflecting the net effect from the EUR 65 million bond issuance in November and the repurchase of SEK 395 million of the bond expiring in 2020, as well as the simultaneous settlement of a currency interest swap.

For the full year, cash flow from financing activities was SEK 171.3 million (SEK 946.9 million). In 2018, BEWiSynbra issued a new bond loan and new equity related to the acquisition of Synbra Holding.

Consolidated financial position

Total assets amounted to SEK 4,643.9 million as of 31 December 2019, up from SEK 4,110.8 million at 31 December 2018. The increase since the end of 2018 can mainly be explained by the impact of IFRS 16.

Total equity amounted to SEK 1,566.1 million at the end of the 2019, compared to SEK 1,537.3 million at the end of 2018. The increase is mainly attributable to positive results and exchange differences from translation of net assets in foreign operations, albeit partly offset by the acquisition of non-controlling interest and the one-time impact from the adoption of IFRS 16. The equity ratio was 33.7 per cent (37.4 per cent at year-end 2018). The decrease was an effect of IFRS 16.

Net debt excluding IFRS 16 amounted to SEK 1,058.8 million as of 31 December 2019, compared to SEK 1,123.4 million at the end of 2018. The decrease from the end of 2018 mainly reflects a healthy cash flow from operating activities.

Cash and cash equivalents were SEK 587.2 million at the end of 2019, up from SEK 235.3 million as of 31 December 2018. Of this, SEK 156.2 million was short-term placed on a blocked account to be used for the settlement of the remaining portion of the bond that expires in 2020.

Capital expenditures

Capital expenditures in the operations totalled SEK 52.1 million for the fourth quarter (SEK 47.1 million) and SEK 151.1 million for the full year of 2019 (SEK 142.4 million).

THE PARENT COMPANY

The BEWiSynbra Group AB (publ.) is the Parent Company of the Group. Earnings after tax amounted to SEK 6.0 million for the fourth quarter (SEK -13.2 million) and SEK 15.8 million for the full year 2019 (SEK -24.9 million).

As of 31 December 2019, the equity in the Parent Company was SEK 1,389.3 million, compared to SEK 1,373.4 million at 31 December 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. In 2019, the Group focused on acquisitions strengthening the Group's recycling activities and expanded its insulation business by joint acquisitions with HIRSCH in France. In addition, the Group acquired the remaining non-controlling interests in the three Insulation companies in Finland.

On 28 March 2019, BEWiSynbra Group announced the acquisition of 51 per cent of the recycling company Eco Fill. The acquisition price was SEK 4.3 million and SEK 6.4 million in loans in the acquired company were settled in connection with the acquisition.

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

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

In September 2019, the Group acquired the 40 per cent non-controlling interest in BEWi Insulation Oy for

a cash consideration of SEK 11.2 million and the 10 per cent non-controlling interest in BEWi M-Plast Oy by the settlement of a SEK 1.2 million liability.

On 31 December 2019, BEWiSynbra Group, together with Hirsch Servo Group, completed the transactions in which six insulation production sites in France and 49.9 per cent of the shares in the French company Issosol SAS were acquired from Placopatre SA, as subsidiary of Saint Gobain. The acquisitions are done through a newly incorporated French company, Hirsch France SAS, 34 per cent owned by BEWiSynbra Group and 66 per cent owned by Hirsch Servo Group. BEWiSynbra Group has added SEK 1.8 million as equity and SEK 26.1 million as loans to the company.

For further details on the acquisitions, see Note 8 and 9 to the financial accounts.

SHARE INFORMATION

At 31 December 2019, the number of shares outstanding amounted to 138,937,980 with a quota value of SEK 0.0097. Each share entitles to one vote. All shares issued are fully paid.

BEWISYNBRA CIRCULAR

BEWiSynbra Circular is responsible for increasing the collection- and recycling of EPS in the BEWiSynbra Group. Since the establishment of Circular in October 2018, Circular has launched several activities, including major campaigns to raise the awareness of the importance of re-using EPS.

In February 2019, BEWiSynbra launched the concept "Use-ReUse", aiming at raising awareness about recycling EPS and setting a new industry standard for collecting and recycling EPS. Since then, Circular has organized a "Use-ReUse Day" and co-organized a "Sustainability Day" in Varberg, Sweden, and is planning similar events in Norway for 2020. Both events invited customers, thought leaders from the industry, as well as managers from the BEWiSynbra Group to talk about the importance of recycling EPS, as well as other sustainability initiatives.

Through 2019, BEWiSynbra acquired 51 per cent of two recycling companies; The Belgian company EcoFill and the Danish company Eurec. The two acquisitions further strengthen BEWiSynbra's work to increase the collection and recycling of used EPS. In addition, in December BEWiSynbra established a new recycling company in Portugal, expanding the company's activities for collection – and recycling of EPS to Southern Europe. The new recycling facility is located close to one of BEWiSynbra's existing production facilities, and raw material will be supplied mainly from the Portuguese fish farming industry.

In October, BEWiSynbra launched the world's first EPS made 100 per cent from recycled material, successfully closing the loop for EPS and reducing waste and the environmental impact of its products. The introduction of the new product has created increased interest and the company's customers demand sustainable solutions minimizing the impact on the environment. BEWiSynbra expects to start commercial deliveries to a selected number of external customers early 2020.

BEWiSynbra Circular has also established compacting stations close to BEWiSynbra's facility at Frøya and close to a major customer's fish slaughterery at Hitra. In addition, collecting stations have been set up at various locations. Circular is in active engagements with customers and partners to find the best ways to collect more used EPS.

ORGANISATION

At 31 December 2019, BEWiSynbra Group had 1,266 people employed, down from 1,298 at 31 December 2018.

During 2019, BEWiSynbra strengthened its organisation on key Group functions, in particular on HR/ organisational development, finance and IT.

In December, BEWiSynbra announced that the Board of Directors had appointed Jonas Siljeskär as new Chief Executive Officer of the Group, effective from 1 January 2020. Siljeskär succeeds Rik Dobbelaere, who has been the CEO of BEWiSynbra since 16 May 2018, following BEWi's acquisition of Synbra. Dobbelaere will be an advisor to the company going forward.

Jonas has been deputy CEO of BEWiSynbra since 17 June 2019, with full responsibility of all operational aspects of the company, and prior to this he was the COO for former BEWi Group AB and Managing Director of BEWiSynbra RAW.

SIGNIFICANT RISKS AND UNCERTAINTIES

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

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

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

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

EVENTS AFTER THE CLOSE OF THE PERIOD

On 9 January, BEWiSynbra announced that the company had entered into an agreement to acquire an insulation facility in the Swedish city of Norrköping. Through the acquisition, which supports the strategy to strengthen the position in the Nordic insulation market, the company will get access to high volumes of XPS, enabling to offer a combination of EPS and XPS to customers. At the same time, it was announced that the production facility in Norrtälje will be closed early 2021.

On 15 January, the prospectus for the EUR 65 million bond, issued on 22 November, was approved by the Swedish Financial Supervisory Authority and on 16

January the bond started trading on Nasdaq Stockholm.

On 28 January, the super senior revolving credit facility, with the main bank of the Group, was extended by SEK 100 million to SEK 375 million.

DIVIDEND

The Board of Directors propose that no dividend is paid for the financial year 2019.

RELEASE OF ANNUAL REPORT

The annual report for 2019 will be released in the second half of April 2020.

Stockholm, 26 February 2020
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 2019	Q4 2018	2019	2018
Operating income (EBIT)	13.2	18.7	215.4	141.4
Amortisations	21.3	24.4	75.9	46.5
EBITA	34.5	43.1	291.3	187.9
Items affecting comparability	9.6	19.5	41.2	23.8
Adjusted EBITA	44.1	62.5	332.5	211.7
EBITA	34.5	43.1	291.3	187.9
Depreciations	57.5	38.0	216.2	105.0
EBITDA	92.0	81.1	507.6	292.9
Items affecting comparability	9.6	19.5	41.2	23.8
Adjusted EBITDA	101.6	100.6	548.8	316.7

ITEMS AFFECTING COMPARABILITY

Amounts in SEK million	Q4 2019	Q4 2018	2019	2018
IPO related costs	-	-14.3	-0.9	-21.8
Severance and integration costs	0.7	-1.7	-11.6	-21.5
Restructuring costs	0.3	-	-12.5	-
Transaction costs	-8.6	-2.9	-10.6	-31.0
Additional purchase price	-	-	-1.5	-
Capital gain from sale of real estate	-	0.0	0.0	51.6
Other	-2.0	-0.7	-4.1	-1.1
Total	-9.6	-19.5	-41.2	-23.8

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

	RAW	%	P&C	%	Insulation	%	Unallocated	%	Change intra-group revenue	Total net sales	%
Amounts in SEK million											
Q4 2019											
Acquisitions	-	-	-	-	-	-	7.4	84.4%	-	7.4	0.6%
Currency	15.9	2.4%	7.6	1.7%	8.8	2.2%	-	-	-4.6	27.7	2.3%
Organic growth	-173.2	-26.2%	-71.5	-15.5%	-73.9	-18.3%	1.4	15.6%	171.4	-145.8	-11.9%
Total increase/decrease	-157.3	-23.8%	-63.9	-13.8%	-65.1	-16.1%	8.8	100%	166.8	-110.7	-9.0%

	RAW	%	P&C	%	Insulation	%	Unallocated	%	Change intra-group revenue	Total net sales	%
Amounts in SEK million											
2019											
Acquisitions	380.6	16.1%	621.1	54.0%	360.4	29.1%	21.7	81.8%	-186.8	1,197.0	30.7%
Currency	56.8	2.4%	23.1	2.0%	27.8	2.2%	-	-	-20.5	87.2	2.2%
Organic growth	-611.2	-25.9%	-126.0	-10.9%	-151.4	-12.2%	4.8	18.2%	246.7	-637.1	-16.3%
Total increase/decrease	-173.8	-7.4%	518.2	45.1%	236.8	19.1%	26.5	100%	39.4	647.1	16.6%

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF INCOME

Amounts in SEK million	Q4 2019	Q4 2018	2019	2018
Net sales	1,108.8	1,219.5	4,552.4	3,905.3
Other operating income	1.7	15.6	9.6	15.7
Total operating income	1,110.5	1,235.1	4,562.0	3,921.0
Raw materials and consumables	-540.2	-581.3	-2,098.1	-2,132.3
Goods for resale	-24.5	-26.2	-146.1	-87.6
Other external costs	-239.0	-325.6	-959.5	-828.2
Personnel cost	-213.2	-223.5	-856.7	-638.2
Depreciation/ amortisation and impairment of tangible and intangible assets	-78.8	-62.4	-292.1	-151.5
Share of income from associated companies	-1.6	2.6	5.9	6.7
Capital gain from sale of assets	0.0	0.0	0.0	51.6
Total operating expenses	-1,097.3	-1,216.4	-4,346.6	-3,779.6
Operating income (EBIT)	13.2	18.7	215.4	141.4
Financial income	0.6	0.0	2.2	1.7
Financial expenses	-34.7	-20.2	-119.7	-76.9
Net financial items	-34.1	-20.2	-117.5	-75.2
Income before tax	-20.9	-1.4	97.9	66.2
Income tax expense	-9.0	-12.3	-39.2	-50.3
Net profit/ loss for the period	-29.9	-13.7	58.7	16.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Profit/loss for the period	-29.9	-13.7	58.7	16.0
Other comprehensive income				
Items that may later be reclassified to profit or loss				
Exchange rate differences	-44.0	-41.2	33.3	-23.7
Items that will not be reclassified to profit or loss				
Remeasurements of net pension obligations	-18.8	-3.2	-13.1	-3.9
Income tax pertinent to remeasurements of net pension obligations	3.5	0.2	2.1	0.2
Other comprehensive income/loss, net after tax	-59.3	-44.3	22.3	-27.4
Total comprehensive income/ loss for the period	-89.2	-58.0	81.0	-11.5

NET PROFIT/ LOSS ATTRIBUTABLE TO:

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Net profit/loss for the period attributable to:				
Parent Company shareholders	-29.3	-13.3	59.0	16.7
Non-controlling interests	-0.6	-0.4	-0.3	-0.7
Total comprehensive income attributable to:				
Parent Company shareholders	-88.9	-57.5	80.5	-11.3
Non-controlling interests	-0.3	-0.5	0.5	-0.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in SEK million</i>	31.12.2019	31.12.2018
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	742.8	720.6
Other intangible assets	773.1	822.5
Total intangible assets	1,515.9	1,543.0
Property plant and equipment		
Land and buildings	657.7	396.5
Plant and machinery	745.9	657.8
Equipment, tools, fixtures and fittings	109.9	68.3
Construction in progress and advance payments	33.0	103.5
Total property, plant and equipment	1,546.5	1,226.1
Financial assets		
Shares in associates	15.8	6.7
Net pension assets	31.6	31.1
Other long-term receivables	26.7	1.2
Participation in other companies	2.4	2.6
Total financial assets	76.5	41.6
Deferred tax assets	47.8	51.8
TOTAL NON-CURRENT ASSETS	3,186.7	2,862.5
CURRENT ASSETS		
Inventory	398.6	431.4
Current receivables		
Accounts receivables	433.1	527.6
Tax assets	2.7	2.8
Other current receivables	21.2	32.2
Prepaid expenses and accrued income	14.4	18.7
Other financial assets	0.0	0.4
Cash and cash equivalents	587.2	235.3
Total current receivables	1,058.6	817.0
TOTAL CURRENT ASSETS	1,457.2	1,248.3
TOTAL ASSETS	4,643.9	4,110.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

Amounts in SEK million	31.12.2019	31.12.2018
EQUITY		
Share capital	1.3	1.3
Additional paid-in capital	1,402.0	1,402.0
Reserves	4.2	-14.5
Accumulated profit (including net profit for the period)	165.0	137.9
Equity attributable to Parent Company shareholders	1,572.5	1,526.7
Non-controlling interests	-6.4	10.7
TOTAL EQUITY	1,566.1	1,537.3
LIABILITIES		
Non-current liabilities		
Pensions and similar obligations to employees	27.2	19.8
Other provisions	6.2	5.4
Deferred tax liability	238.9	278.5
Bond loan	1,433.6	1,290.2
Derivative liability	0.0	20.8
Other interest-bearing liabilities	311.4	52.4
Total non-current liabilities	2,017.3	1,667.1
Current liabilities		
Bond loan	153.3	0.0
Other interest-bearing liabilities	91.3	16.2
Other financial liabilities	5.1	3.0
Accounts payable	469.7	478.4
Current tax liabilities	49.0	56.1
Other current liabilities	66.0	96.7
Accrued expenses and deferred income	226.1	256.1
Total current liabilities	1,060.5	906.4
TOTAL LIABILITIES	3,077.8	2,573.5
TOTAL EQUITY AND LIABILITIES	4,643.9	4,110.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

<i>Amounts in SEK million</i>	1.1.-31.12.2019	1.1.-31.12.2018
OPENING BALANCE	1,537.3	389.9
Change in accounting principles	-27.6	
ADJUSTED OPENING BALANCE	1,509.7	389.9
Net profit/ loss for the period	58.7	16.0
Other comprehensive income	22.3	-27.4
Total comprehensive income	81.0	-11.5
New share issue	0.0	1,165.0
Transaction cost	0.0	-6.7
Dividend non-controlling interests	-0.8	-0.8
Acquisition non-controlling interest	-23.8	2.7
Divestment non-controlling interest	0.0	-1.3
Total transactions with shareholders	-24.6	1,159.0
CLOSING BALANCE	1,566.1	1,537.3
<i>of which attributable to non-controlling interests</i>	<i>-6.4</i>	<i>10.7</i>

CONSOLIDATED STATEMENT OF CASH FLOW

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
EBIT	13.2	18.7	215.4	141.4
Adjustment for non-cash items etc.	80.3	55.2	284.0	81.2
Net financial items	-35.7	-6.1	-107.1	-48.5
Income tax paid	-17.7	-19.6	-72.6	-47.7
Cash flow from operating activities before changes in working capital	40.1	48.2	319.7	126.5
Changes in working capital	166.4	106.7	59.8	54.2
Cash flow from operating activities	206.5	154.9	379.5	180.7
Acquisitions non-current assets	-52.1	-47.1	-151.1	-142.4
Divestment non-current assets	0.0	0.1	0.0	113.0
Business acquisitions/ financial investments	-25.5	0.0	-51.4	-971.5
Cash flow from investing activities	-77.6	-46.9	-202.5	-1,000.9
Borrowings	682.1	-34.2	683.2	750.9
Repayment of debt	-450.5	-1.5	-511.1	-196.5
Dividend to non-controlling interests	-0.8	0.0	-0.8	-0.8
New share issue, net	0.0	0.0	0.0	393.3
Cash flow from financing activities	230.7	-35.7	171.3	946.9
Cash flow for the period	359.7	72.3	348.3	126.6
Opening cash and cash equivalents	231.5	167.3	235.3	110.6
Exchange difference in cash	-4.0	-4.2	3.6	-1.9
Closing cash and cash equivalents	587.2	235.3	587.2	235.3

INCOME STATEMENT FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Net sales	6.3	4.6	25.2	11.8
Other external costs	-3.3	-19.1	-19.3	-30.0
Personnel costs	-6.1	-4.7	-22.4	-12.6
Total operating expenses	-9.4	-23.8	-41.7	-42.6
Operating income	-3.1	-19.2	-16.5	-30.8
Interest income and similar items	32.4	24.1	111.3	66.9
Interest expenses and similar items	-23.3	-18.1	-79.0	-60.9
Total expenses from financial items	9.1	6.0	32.3	5.9
Income before tax	6.0	-13.2	15.8	-24.9
Tax on net profit/ loss for the period	0.0	0.0	0.0	0.0
Net loss for the period	6.0	-13.2	15.8	-24.9

STATEMENT OF FINANCIAL POSITION FOR THE PARENT COMPANY

<i>Amounts in SEK million</i>	31.12.2019	31.12.2018
Non-current assets	2,766.4	2,749.0
Current assets	233.0	59.0
TOTAL ASSETS	2,999.4	2,808.1
Equity	1,389.3	1,373.4
Non-current liabilities	1,434.0	1,326.9
Current liabilities	176.1	107.7
TOTAL EQUITY AND LIABILITIES	2,999.4	2,808.1

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

The Company and the Group

BEWiSynbra Group AB (publ), corporate registration number 556972-1128, is a holding company registered in Sweden with a registered office in Solna, address Gårdsvägen 13, SE-169 70 Solna, Sweden. The BEWiSynbra Group's interim report for January – December 2019 was approved by the Board of Directors on 26 February 2020 for publication.

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

NOTE 2 Accounting policies

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

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

Impact of IFRS 16

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

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

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

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

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

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

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

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

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

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

Segment sales

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
RAW	502.9	660.2	2,188.7	2,846.3
Packaging & Components (P&C)	397.4	461.3	1,669.0	1,802.1
Insulation	338.6	403.7	1,475.0	1,570.7
Unallocated	8.8	0.0	26.5	0.0
Intra-group revenue	-138.9	-305.3	-806.8	-1,235.9
Total net sales	1,108.8	1,219.9	4,552.4	4,983.2

Adjusted EBITDA

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
RAW	-5.3	27.2	49.8	151.9
Packaging & Components (P&C)	57.0	37.6	246.6	199.4
Insulation	49.7	51.9	222.1	175.8
Unallocated corporate cost	-19.3	-16.1	-49.5	-38.5
Total adjusted EBITDA	82.1	100.6	469.0	488.6
<i>Adj. EBITDA margin (%)</i>	<i>7.4%</i>	<i>8.2%</i>	<i>10.3%</i>	<i>9.8%</i>

Key figures RAW

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Segment sales	502.9	660.2	2,188.7	2,846.3
Adj. EBITDA	-5.3	27.2	49.8	151.9
<i>Adj. EBITDA margin (%)</i>	<i>-1.1%</i>	<i>4.1%</i>	<i>2.3%</i>	<i>5.3%</i>
Adj. EBITA	-14.6	19.1	14.9	119.0

Segment sales for RAW amounted to SEK 502.9 million for the quarter (SEK 660.2 million), a decrease of 23.8 per cent compared to the corresponding period last year. Adjusted for currency, sales decreased 26.2 per cent. For the full year 2019, segment sales for RAW came in at SEK 2,188.7 million (SEK 2,846.3 million), a decrease of 23.1 per cent compared to 2018. Adjusted for currency, the decrease was 25.5 per cent. The negative organic growth in both the quarter and the full year, is primarily a result of lower market prices. One production line in Porvoo, Finland, producing grey EPS has been closed most of 2019 and was in the quarter continuing to impact volumes negatively. The volumes of white EPS increased by 1.7 per cent compared to the corresponding quarter of 2018 and by 1.0 per cent for the full year 2019 compared to 2018.

Adjusted EBITDA for the fourth quarter was SEK -5.3 million (SEK 27.2 million). The lower profitability is mainly explained by significantly lower gross margin this year, less volumes, the continued stop in the production line in Porvoo as mentioned above, and a generally higher cost of energy in 2019. The pressure on the gross margin is a result of high production capacity /product availability on the market.

For the full year 2019, adjusted EBITDA was SEK 49.8 million (SEK 151.9 million), representing a margin of 2.3 per cent.

Key figures Packaging & Components (P&C)

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Segment sales	397.4	461.3	1,669.0	1,802.1
Adj. EBITDA	57.0	37.6	246.6	199.4
Adj. EBITDA margin (%)	14.3%	8.2%	14.8%	11.1%
Adj. EBITA	36.1	17.6	166.1	120.5

Segment sales for P&C amounted to SEK 397.4 million for the fourth quarter this year (SEK 461.3 million), representing a decrease of 13.8 per cent. Adjusted for currency effects the decrease was 15.5 per cent. The reduced sales is explained by lower demand for fish boxes in Norway due to lower volumes in the slaughtereries the company supplies to. In other operating markets volumes are stable.

For the full year 2019, segment sales for P&C amounted to SEK 1,669.0 million (SEK 1,802.1 million), down 7.4 per cent. Adjusted for currency the decrease was 9.2 per cent. This is again explained by lower demand from customers in the fish farming industry in Norway and also lower sales in Sweden, partly due to a conscious decision to stabilise production processes within the turnaround program to improve delivery performance and profitability. In the fourth quarter the volumes were back on similar volumes as in the corresponding quarter 2018.

Adjusted EBITDA for the quarter amounted to SEK 57.0 million (SEK 37.6 million), representing a margin of 14.3 per cent (8.2 per cent). With the exception of Norway, all regions contributed to the improved earnings in the quarter. This is explained by favourable raw material prices, the turn-around measures implemented in Sweden, synergies from the consolidation of the Danish operations, following the merger with Synbra in 2018 and good growth in Portugal. For the full year 2019, adjusted EBITDA amounted to SEK 246.6 million (SEK 199.4 million), representing a margin of 14.8 per cent (11.1 per cent).

Key figures Insulation

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Segment sales	338.6	403.7	1,475.0	1,570.7
Adj. EBITDA	49.7	51.9	222.1	175.8
Adj. EBITDA margin (%)	14.7%	12.9%	15.1%	11.2%
Adj. EBITA	36.5	42.8	181.7	143.1

Segment sales for the quarter for Insulation amounted to SEK 338.6 million (SEK 403.7 million). This corresponds to a decrease of 16.1 per cent. Adjusted for currency, net sales declined 18.3 per cent. All markets except Finland and Norway experienced a decline in sales compared to the corresponding quarter last year.

For the full year 2019, segment sales totalled SEK 1,475.0 million (SEK 1,570.7 million), representing a decrease of 6.1 per cent. Adjusted for currency, net sales decreased by 8.6 per cent. All markets experienced decreasing volumes in 2019, besides Finland. However, in the Netherlands the decreasing volumes were partly related to sales into a German company that previously was owned by Synbra. From May 2018, the German company was co-owned by BEWiSynbra and has since then been phasing out the trading from the Netherlands to instead produce locally. The German company is consolidated into the Group's financials with BEWiSynbra's share of the company's net profit. In Sweden, the production in Dorotea was closed in the first quarter of 2019 as a part of a turn-around and in Denmark the company experienced increased competition. The volume development for the full year is the same as for the quarter with lower volumes in general, besides Finland.

Adjusted EBITDA amounted to SEK 49.7 million for the quarter (SEK 51.9 million), representing a margin of 14.7 per cent (12.9 per cent), and to SEK 222.1 million for the full year 2019 (SEK 175.8 million), representing a margin of 15.1 per cent (11.2 per cent).

The improved EBITDA margin for the quarter and for the full year can mainly be explained by favourable raw material prices and higher volumes in the Finnish operations. As for Packaging in Sweden, the turn-around in the Swedish Insulation operation has started to pay off, resulting in improved earnings despite lower volumes. In the quarter, the Group's minority holding in a Germany Insulation company witnessed a negative development, although the full year contribution to earnings and margins have been positive. This was driven by the industry, following a positive tax scheme that was implemented in the beginning of 2020, which postponed project starts over year-end.

NOTE 4 Related party transactions

Sales to the 34 per cent owned IsoBouw GmbH and 34 percent owned Hirsch Porozell GmbH totalled SEK 63.5 million during the fourth quarter and SEK 290.6 million during the full year. At 31 December 2019, long-term receivables from 34 per cent owned Hirsch France SAS amounted to SEK 26.1 million.

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. During the fourth quarter and the full year, SEK 6.3 million and SEK 28.4 million respectively, was recognised as rental expenses 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 Executive Committee and used for the purposes of allocating resources and assessing performance. The Executive Committee 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 2019	Q4 2018	2019	2018
RAW				
Segment revenue	502.9	660.2	2,188.7	2,362.5
Intra-group revenue	-133.1	-264.3	-757.9	-726.5
Revenue from external customers	369.8	395.9	1,430.8	1,636.0
Insulation				
Segment revenue	338.6	403.7	1,475.0	1,238.2
Intra-group revenue	-2.6	-24.0	-21.7	-80.6
Revenue from external customers	336.0	379.7	1,453.3	1,157.6
Packaging and Components				
Segment revenue	397.4	461.3	1,669.0	1,150.8
Intra-group revenue	-3.1	-17.5	-26.4	-39.3
Revenue from external customers	394.3	443.7	1,642.6	1,111.5

Unallocated				
Segment revenue	8.8	0.0	26.5	0.0
Intra-group revenue	0.0	0.0	-0.9	0.0
Revenue from external customers	8.8	0.0	25.6	0.0
Total				
Total segment revenue	1,247.7	1,525.2	5,359.2	4,751.5
Total Intra-group revenue	-138.9	-305.7	-806.8	-846.2
Total revenue from external customers	1,108.8	1,219.5	4,552.4	3,905.3

<i>Amounts in SEK million</i>	Q4 2019	Q4 2018	2019	2018
Adj. EBITDA				
RAW	-4.5	27.2	53.0	120.1
Insulation	53.1	51.9	236.5	130.6
Packaging and Components	71.4	37.6	305.6	99.5
Unallocated	-18.4	-16.1	-46.3	-33.5
Total adj. EBITDA	101.6	100.6	548.8	316.7
EBITDA				
RAW	-4.6	26.7	52.3	117.9
Insulation	50.6	51.8	221.7	152.7
Packaging and Components	71.3	37.2	301.1	121.8
Unallocated	-25.3	-34.2	-67.6	-99.4
Total EBITDA	92.0	81.1	507.6	292.9
EBITA				
RAW	-14.5	18.5	14.8	90.0
Insulation	34.9	42.6	170.2	126.7
Packaging and Components	40.9	17.3	179.6	72.5
Unallocated	-26.8	-35.3	-73.3	-101.3
Total EBITA	34.5	43.1	291.3	187.9
EBIT				
RAW	-16.0	17.2	7.1	84.5
Insulation	27.3	30.1	148.5	106.0
Packaging and Components	31.6	8.0	141.9	54.9
Unallocated	-29.7	-36.5	-82.1	-104.1
Total EBIT	13.2	18.7	215.4	141.4
Net financial items	-34.1	-20.2	-117.5	-75.2
Income before tax	-20.9	-1.4	97.9	66.2

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

Amounts in SEK million	Q4 2019	Q4 2018	2019	2018
Finland (Porvoo)	207.4	228.2	767.2	1,155.4
Netherlands (Etten-Leur)	162.4	167.7	663.6	480.6
RAW	369.8	395.9	1,430.8	1,636.0
Packaging & Components and Insulation				
Total Finland	37.5	36.1	160.5	151.2
Total Sweden	120.9	140.9	501.9	500.3
Total Denmark	139.0	144.9	589.4	482.3
Total Norway	104.3	145.9	437.0	183.9
Total Netherlands	287.9	307.0	1,219.1	817.7
Total Portugal & Spain	49.4	48.9	213.8	134.1
Total P&C and Insulation	739.0	823.6	3,121.6	2,269.3
Total Group	1,108.8	1,219.5	4,552.4	3,905.3

NOTE 6 The Group's borrowings

Amounts in SEK million	31.12.2019	31.12.2018
Non-current liabilities		
Bond loan	1,433.6	1,290.2
Liabilities to credit institutions	12.1	17.6
Liabilities leases	299.3	34.8
Total	1,745.0	1,342.5
Current liabilities		
Bond loan	153.3	-
Liabilities to credit institutions	5.8	4.3
Liabilities leases	76.7	3.2
Debt factoring	8.8	7.7
Liabilities to non-controlling interests	-	1.0
Total	244.6	16.2
Total liabilities	1,989.6	1,358.7
Liabilities capitalised in accordance with IFRS 16 included in table above		
Non-current liabilities leases	281.7	-
Current liabilities leases	61.9	-
	343.6	
Interest-bearing liabilities excluding IFRS 16 effect	1,646.0	1,358.7
Cash and cash equivalents	587.2	235.3
Net debt	1,058.8	1,123.4

The Group's current loan structure

The Group was refinanced in the spring of 2017, at which point the Parent Company issued a corporate bond of SEK 550 million. In the spring of 2018, the Parent Company issued a EUR 75 million bond as part of the financing of the Synbra acquisition. On 22 November 2019, the Parent Company issued a EUR 65 million bond, under a framework of EUR 115 million, due in November 2023. Simultaneously, SEK 395 million of the first bond, issued in 2017 and due in 2020, was repurchased at a premium of 1.15% to nominal value. All bonds are listed on the Nasdaq Stockholm corporate bond list. In connection with the bond issuance and the bond repurchase in November, the currency interest swap entered into in 2017, to hedge the EUR exposure on intra-group borrowing, was settled at a cost of SEK 38.1 million, including accrued interest and transaction fees.

Issued amount	Framework	Amount outstanding	Date of issuance	Maturity date
550 MSEK	750 MSEK	155 MSEK	June 8, 2017	June 8, 2020
75 MEUR	100 MEUR	75 MEUR	April 19, 2018	April 19, 2022
65 MEUR	115 MEUR	65 MEUR	22 November, 2019	22 November 2023

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	
		1.10-31.12.2019	1.1-31.12.2019	1.10-31.12.2019	1.1-31.12.2019
550 MSEK	Stibor 3m + 4.40%	4.30-4.35%	3.93-4.39%	5.69%	5.40%
75 MEUR	Euribor 3m + 4.75%	4.29-4.35%	4.29-4.44%	5.38%	5.61%
65 MEUR	Euribor 3m + 3.40%	2.99%	2.99%	3.56%	3.56%

The Group's principal bank has granted the Group an overdraft facility of SEK 275 million. The overdraft facility was utilised at 31 December 2019. In January 2020, the overdraft facility was extended by SEK 100 million to SEK 375 million. 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.

Pledged assets

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

NOTE 7 Fair value and financial instruments

<i>Amounts in SEK million</i>	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies			2.4	2.4	2.4
Total			2.4	2.4	2.4
Financial liabilities measured at amortised cost					
Bond loans	1,639.0			1,639.0	1,586.8
Total	1,639.0			1,639.0	1,586.8
Financial liabilities measured at fair value through profit and loss					
Derivative liability		5.1		5.1	5.1
Total		5.1		5.1	5.1

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 2018	2.6	1.6
Exchange differences	-0.2	-
Liability settlement	-	-0.2
Reversal through income statement	-	-1.4
At 30 September 2019	2.4	-

* 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 and Eurec A/S**

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. On 3 July 2019, BEWiSynbra Group acquired 51% in Eurec A/S, active in the recycling business. The company, located in Denmark, has an annual revenue today of approximately MDKK 8.

The aggregate acquisition price was SEK 5.0 million and SEK 6.4 million in loans in acquired companies were settled. In total, goodwill from the acquisitions amounted to SEK 10.2 million and pertains to expected profitability and synergies. Goodwill is not tax deductible. Non-controlling interests have been valued at the proportional share of the interest in the recognised value of the identifiable net assets of the acquired companies. This has resulted in negative non-controlling interest, as locally booked goodwill did not represent an identifiable asset. The acquisitions have been consolidated from the dates of acquisition.

Acquisition of minority stakes in BEWi Ruukin EPS Oy, BEWi Insulation Oy and BEWi M-Plast Oy

In May 2019, BEWiSynbra Group acquired the remaining 40% of the shares in BEWi Ruukin EPS Oy and in September 2019 BEWiSynbra Group acquired the remaining 40% of the shares in BEWi Insulation Oy. In September BEWiSynbra Group also acquired the remaining 10% of the shares in BEWi M-Plast Oy, by settling liabilities to the non-controlling interests. An additional consideration was also paid to the former owners of BEWi M-Plast Oy, partly attributable to an earnout mechanism. The difference between the acquisition price and the book value of non-controlling interests, in total SEK 7.1 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 million was recognised in 2019. In addition, SEK 1.2 million in liabilities to the non-controlling liabilities in BEWi M-Plast Oy were settled as consideration for the remaining 10% of the company.

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

NOTE 9 Shares in associates

<i>Amounts in SEK million</i>	31 December 2018	Acquisitions	Merger	Share of income	Exchange differences	31 December 2019
Isobouw GmbH	5.4	1.3	-1.3		-	
Hirsch Porozell GmbH	1.3	-	1.3	5.9	0.1	14.0
Hirsch France SAS	-	1.8	-	-	-	1.8
Total	6.7	3.1	-	5.9	0.1	15.8

Isobouw GmbH (34% ownership)

In connection with the acquisition of Synbra in 2018, 66% of Synbra's shares in the German company Isobouw GmbH was divested to Hirsch Servo Group. At the same time, BEWiSynbra Group obtained 34% in the newly incorporated company Hirsch Porozell GmbH, which acquired Saint Gobain's insulation operations at four sites in Germany. The other 66% is held by Hirsch Servo Group. In 2019, Isobouw GmbH was merged into Hirsch Porozell GmbH and the combined company now operates six insulation production sites in Germany.

Hirsch France SAS (34% ownership)

On 31 December 2019, BEWiSynbra Group, together with Hirsch Servo Group, closed a deal in which six insulation production sites in France and 49.9% of the shares in the French company Issosol SAS were acquired from Placopatre SA, a subsidiary of Saint Gobain. The acquisitions are done through a newly incorporated French company, Hirsch France SAS, 34% owned by BEWiSynbra Group and 66% owned by Hirsch Servo Group. Since the acquisition was closed on 31 December 2019, no profit or loss has been recognised during the financial year. By 31 December 2019, SEK 1.8 million as equity and SEK 26.1 million as loans have been injected into the company by BEWiSynbra Group. After the balance sheet day another SEK 16.0 has been injected as a loan. Transaction costs of SEK 0.3 million attributable to the acquisition are recognised under Other external costs in the consolidated income statement.