

# Interim report January–March 2013



## Interim report, January–March

### Continued weak market

- Net revenues totaled MSEK 704 (718).
- Profit after net financial items amounted to MSEK 74.0 (97.9).
- Earnings per share after tax totaled SEK 1.88 (2.37).
- Cash flow excluding corporate acquisitions amounted to MSEK 137 (57.2).
- Lesjöfors acquired the German spring manufacturer, S&P Federwerk.

### CEO's comments

Beijer Alma continues to be impacted by a weak market, although demand has not deteriorated compared with the end of the preceding year. Invoicing in the first quarter declined by 10 percent in comparable units, year-on-year. The decline was amplified by the first quarter having fewer business days than the year-earlier period since the Easter weekend was in March. The greatest decline was experienced by Beijer Tech and Habia, although parts of Lesjöfors were also impacted by lower demand. This was offset in part in Lesjöfors by strong demand in Chassis Springs.

Order bookings experienced a better trend than invoicing and were in line with the year-earlier period. Since order bookings were also higher than invoicing, the stock of orders has increased by MSEK 44 since year-end. Earnings were impacted by lower volumes and consolidated profit before tax was MSEK 74 compared with MSEK 98 in the year-earlier period. The operating margin declined from 14.0 to 11.0 percent.

Lesjöfors's invoicing was MSEK 382, down 4 percent year-on-year in comparable units. The most substantial decline was experienced by Lesjöfors in Flat Strip Components, which was impacted by low sales volumes in China. Industrial Springs also experienced lower volumes during the quarter. However, Chassis Springs rose by 7 percent during the first three months of the year. The demand for chassis springs was positively impacted by the protracted and cold winter in northern Europe. The increase in demand benefits Lesjöfors, which has greater delivery performance than its competitors. Operating profit was MSEK 70 (78). The operating margin declined during the quarter, the primary decrease in which was attributable to Flat Strip Components. During the month, Lesjöfors acquired the German spring company S&P Federwerk, which generated sales of MSEK 140 in 2012. The company has 70 employees. Following the acquisition, Lesjöfors generates sales of about MSEK 600 in Germany, thus making it the single largest market for the company. S&P Federwerk will be consolidated as of the second quarter.

Habia's invoicing amounted to MSEK 135, down 17 percent. The decline was concentrated to the element of the operation that is not telecom related. Lower invoicing was primarily due to the fact that no major defense or nuclear projects have been invoiced this year, unlike the preceding year. However, the broader industrial sector also experienced a decline in invoicing. Conversely, telecom invoicing increased during the first quarter. Demand from telecom customers has been strong and Habia has captured market shares, primarily in the Chinese market. The overall decline in invoicing caused the operating profit to decrease to MSEK 5 (15) for the first quarter. The operating margin was 3.9 percent, compared with 9.4 percent in the year-earlier period.

Beijer Tech was also impacted by the weaker demand scenario. The decline was accentuated by the substantial dependence on Sweden and the Nordic region. Invoicing totaled MSEK 187, down 16 percent year-on-year in comparable units. Both Fluid Technology and Industrial Products were impacted by the decline, although Fluid Technology was affected the most. The decline in Fluid Technology was due in part to securing a number of major project orders in the year-earlier period – which was not repeated this year – but also to lower overall demand. Industrial Products experienced lower sales in all business areas, although the decrease was particularly significant in input materials for foundries and steelworks. Operating profit was MSEK 7 (12) for the first quarter. The operating margin declined 3.6 percent (6.2). During the quarter, Beijer Tech completed two minor acquisitions:

PMU and Lubritek. PMU is included in the interim financial statement, while Lubritek will be consolidated as of the second quarter.

We do not currently foresee any signs of change in the overall demand scenario. However, the second quarter should be positively impacted by seasonal effects and improved demand in Chassis Springs. The stock of orders also increased compared with year-end in both Habia and Lesjöfors. Invoicing volumes and earnings should also benefit from a positive calendar effect. Due to the weaker demand scenario, all Group companies are focused on efficiency and costs.

*Bertil Persson  
President and CEO*

"Order bookings experienced a better trend than invoicing and were in line with the year-earlier period. Since order bookings were also higher than invoicing, the stock of orders has increased by MSEK 44 since year-end."

## Group

Beijer Alma entered the year with a low stock of orders following weak order bookings in late 2012. Combined with a market that remains weak, this had a negative impact on invoicing during the quarter. In comparable units, invoicing declined by 10 percent. Order bookings in comparable units declined by 2 percent and exceeded invoicing by MSEK 44. As a result, the stock of orders has improved and the pace of deliveries should increase moving forward.

Order bookings totaled MSEK 748 (706), up 6 percent. Invoicing declined by 2 percent to MSEK 704 (718). Operating profit was MSEK 77.2 (100.1) and the operating margin was 11.0 percent (14.0). The stronger SEK, combined with the minor impact of beneficial currency futures, had a negative impact of MSEK 5 on earnings compared with the year-earlier period. Profit after net financial items was MSEK 74.0 (97.9). Earnings per share were SEK 1.88 (2.37).

Cash flow after capital expenditures was MSEK 13.7 (57.2), excluding corporate acquisitions. Net debt amounted to MSEK 263 (net bank balance: 76). This year, a dividend of MSEK 211 was paid in March, while it was paid in April in the preceding year.

## Subsidiaries

### Lesjöfors

Lesjöfors AB is a full-range supplier of standard and specially produced industrial springs, wire and flat strip components. The company is a dominant player in the Nordic region and one of the largest companies in its industry in Europe. Lesjöfors has manufacturing operations in Sweden, Denmark, Finland, Germany, Latvia, the UK, Slovakia and China.

Lesjöfors pursues operations in three business areas: Industrial Springs, Flat Strip Components and Chassis Springs. The customers of Industrial Springs and Flat Strip Components are primarily from the engineering industry, while Chassis Springs sells to the aftermarket for vehicles. Chassis Springs experienced strong demand during the period, while volumes to the engineering sector were lower year-on-year.

Order bookings amounted to MSEK 398 (351), up 13 percent. Invoicing levels rose by 8 percent to MSEK 382 (355). In comparable units, the volume of order bookings increased by 1 percent, while invoicing declined by 4 percent. Operating profit totaled MSEK 70.5 (78.1).

Lesjöfors acquired the German spring manufacturer S&P Federnwerk, which generates annual sales of about MSEK 140. The company has been consolidated in the Group as of April.

### Habia Cable

Habia Cable AB is one of Europe's largest manufacturers of custom-designed cable for customers in the telecom, transport, nuclear power, defense and other industries. The company has manufacturing operations in Sweden, Germany, China and Poland, and conducts sales worldwide.

Habia's invoicing has been weak, largely due to the low stock of orders at the beginning of the year. Order bookings experienced a relatively healthy trend. The engineering sector was weak, while sales to the telecom sector remain at solid levels.

Order bookings amounted to MSEK 162 (154), up 5 percent. Invoicing declined by 17 percent to MSEK 135 (162). Operating profit totaled MSEK 5.3 (15.3).

### Beijer Tech

Beijer Tech AB specializes in industrial trading in the Nordic region and represents several of the world's leading manufacturers. The company's operations are conducted in two business areas: Industrial Products and Fluid Technology/Industrial Rubber.

Demand has been weak for both Industrial Products and Fluid Technology/Industrial Rubber. We do not foresee any clear indications of an improvement in the market climate.

Order bookings and invoicing totaled MSEK 187 (201), down 7 percent. In comparable units, the volume of order bookings and invoicing declined by 16 percent. Operating profit totaled MSEK 6.8 (12.5).

### Parent Company

The Parent Company, Beijer Alma AB, is a holding company that does not conduct external invoicing. The Parent Company reported an operating loss of MSEK 5.4 (loss: 5.8).

### Revenues and earnings per operating sector/segment

#### Net revenues

MSEK	2013	2012	2012	2012	2012	2012	2011
	Q1	Q4	Q3	Q2	Q1	full-year	full-year
Lesjöfors	381.9	312.5	330.4	368.9	354.9	1 366.7	1 386.0
Habia Cable	135.4	172.6	145.2	152.2	162.4	632.4	668.2
Beijer Tech	186.7	193.8	176.1	209.7	200.7	780.3	777.1
Parent Company and intra-Group	0.2	0.0	0.1	0.1	0.1	0.3	-1.1
Total	704.2	678.9	651.8	730.9	718.1	2 779.7	2 830.2

#### Operating profit

MSEK	2013	2012	2012	2012	2012	2012	2011
	Q1	Q4	Q3	Q2	Q1	full-year	full-year
Lesjöfors	70.5	70.3	58.1	78.9	78.1	285.4	352.1
Habia Cable	5.3	21.4	13.1	12.1	15.3	61.9	55.9
Beijer Tech	6.8	8.5	12.3	13.9	12.5	47.2	57.8
Parent Company and intra-Group	-5.4	-3.9	-4.0	-8.5	-5.8	-22.2	-24.4
Total operating profit	77.2	96.3	79.5	96.4	100.1	372.3	441.4
Net financial items	-3.2	-1.3	-3.4	-3.6	-2.2	-10.5	-12.7
Profit after financial items	74.0	95.0	76.1	92.8	97.9	361.8	428.7

## Annual General Meeting

The Annual General Meeting on March 19, 2013 resolved on a dividend of SEK 7.00 (7.00) per share. All Board members were reelected.

## Corporate acquisitions

### **PMU Reparation och Smide AB**

Beijer Tech has acquired PMU Reparation och Smide AB. The company has 14 employees and generates sales of MSEK 18. The operation encompasses installations and services for heavy industry. Through the acquisition, Beijer Tech strengthens its customer offering to heavy industry.

### **Acquisition calculation**

Purchase consideration (of which MSEK 2 was paid in cash)	MSEK 3.0
Acquired net assets measured at fair value	MSEK 1.9
Goodwill	MSEK 1.1

Goodwill is attributable to synergy effects in Beijer Tech. All acquired receivables totaling MSEK 4.3 are expected to be received as a result of balance guarantees in the purchase agreement. Acquisition costs are yet to be recognized.

Since its acquisition, Stumpp + Schüle has contributed MSEK 6.0 to Group invoicing and MSEK 0.2 to operating profit.

An additional two acquisitions have also been completed, which will be consolidated as of the second quarter. Beijer Tech acquired Lubritek, which is a minor acquisition that will not have any significant impact on the Group. Lesjöfors acquired S&P Federnwerk, which generates annual sales of MSEK 140. The purchase consideration was about MSEK 65.

The acquisition analyses will be presented in the next interim report.

## Events after the end of the period

No significant events occurred after the end of the period.

## Risks and uncertainties

The Group's material risks and uncertainties include business and financial risks. Business risks may include major customer exposures to individual industries or companies. Financial risks primarily pertain to foreign currency risks that arise because more than 85 percent of sales for Habia and Lesjöfors are conducted outside Sweden, while approximately 55 percent of production takes place in Sweden.

Management of the Group's financial risks is described in Note 30 of the 2012 Annual Report. The Group is deemed to have a favorable risk spread across industries and companies and the assessment is that the risk situation remained unchanged during the year.

## Accounting policies

### **Group**

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The presentation of the year-end report complies with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

No new or revised IFRS that took effect in 2013 had a significant impact on the Group. Accounting policies and terms of calculation are unchanged compared with those applied in the 2012 Annual Report. Significant accounting and valuation policies are found on pages 54-57 of the 2012 Annual Report.

### **Parent Company**

The Parent Company, Beijer Alma AB, applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. These accounting policies correspond with the preceding year and with the consolidated accounting policies where applicable.

## Condensed income statement

**Group**

MSEK	2013	2012	2012	2011	2010
	Q1	Q1	full-year	full-year	full-year
Net revenues	<b>704.2</b>	718.1	2,779.7	2,830.2	2,290.1
Cost of goods sold	<b>-483.6</b>	-477.2	-1,842.5	-1,845.5	-1,426.2
Gross profit	<b>220.6</b>	240.9	937.2	984.7	863.9
Selling expenses	<b>-77.4</b>	-77.9	-316.3	-299.6	-238.3
Administrative expenses	<b>-66.0</b>	-63.3	-249.5	-244.6	-220.2
Profit from participations in associated companies	<b>0.0</b>	0.4	0.9	0.9	0.9
Operating profit	<b>77.2</b>	100.1	372.3	441.4	406.3
Interest income	<b>0.3</b>	0.8	3.2	3.5	1.9
Interest expenses	<b>-3.5</b>	-3.0	-13.7	-16.2	-9.4
Profit after financial items	<b>74.0</b>	97.9	361.8	428.7	398.8
Tax on net profit for the year	<b>-17.4</b>	-26.4	-93.3	-115.8	-112.3
Net profit attributable to Parent Company shareholders	<b>56.6</b>	71.5	268.5	312.9	286.5

**Other comprehensive income**

Income/expenses recognized directly against shareholders' equity

Cash-flow hedges	<b>3.6</b>	-0.5	0.6	-18.6	8.5
Translation differences	<b>-16.5</b>	-8.0	-21.6	5.0	-39.5
Total other comprehensive income after tax	<b>-12.9</b>	-8.5	-21.0	-13.6	-31.0
Total comprehensive income attributable to Parent Company shareholders	<b>43.7</b>	63.0	247.5	299.3	255.5
Net earnings per share before and after dilution, SEK	<b>1.88</b>	2.37	8.91	10.38	9.51
Dividend per share, SEK	<b>-</b>	-	7.00	7.00	7.00
Includes amortization and depreciation in the amount of, MSEK	<b>20.4</b>	19.6	78.7	76.3	70.7

**Parent Company**

MSEK	2013	2012	2012	2011	2010
	Q1	Q1	full-year	full-year	full-year
Administrative expenses	<b>-9.9</b>	-10.0	-39.2	-36.3	-41.2
Other operating income	<b>4.6</b>	4.3	17.0	12.1	14.6
Operating profit	<b>-5.3</b>	-5.7	-22.2	-24.2	-26.6
Group contributions received	<b>-</b>	-	81.7	110.1	113.8
Income from participations in Group companies	<b>-</b>	-	161.0	145.0	116.0
Interest income and similar revenues	<b>0.3</b>	0.6	2.5	4.2	5.0
Interest expenses and similar expenses	<b>-1.0</b>	-1.2	-20.6	-5.8	-4.4
Profit after financial items	<b>-6.0</b>	-6.3	202.4	229.3	203.8
Tax on net profit for the period	<b>1.1</b>	1.2	-10.2	-22.6	-25.3
Net profit	<b>-4.9</b>	-5.1	192.2	206.7	178.5

## Condensed balance sheet

<b>Group</b>	<b>2013</b>	2012	2012	2011
MSEK	<b>March 31</b>	March 31	Dec 31	Dec 31
<b>Assets</b>				
Fixed assets				
Intangible assets	<b>527.1</b>	378.9	533.3	378.2
Tangible assets	<b>532.0</b>	495.7	537.2	504.7
Deferred tax assets	<b>15.7</b>	17.7	15.7	17.3
Financial assets	<b>24.2</b>	26.6	25.4	27.2
Total fixed assets	<b>1,099.0</b>	918.9	1,111.6	927.4
Current assets				
Inventories	<b>502.1</b>	462.7	516.1	508.8
Receivables	<b>617.0</b>	576.1	527.5	495.6
Cash and bank balances	<b>116.9</b>	272.3	239.5	269.0
Total current assets	<b>1,236.0</b>	1,311.1	1,283.1	1,273.4
Total assets	<b>2,335.0</b>	2,230.0	2,394.7	2,200.8
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity				
Share capital	<b>125.5</b>	125.5	125.5	125.5
Other contributed capital	<b>444.4</b>	444.4	444.4	444.4
Reserves	<b>-48.9</b>	-23.4	-36.0	-15.0
Retained earnings, including net profit for the period	<b>831.3</b>	788.5	985.6	928.0
Shareholders' equity attributable to Parent Company shareholders	<b>1,352.3</b>	1,335.0	1,519.5	1,482.9
Non-controlling interests	<b>2.6</b>	2.7	2.6	2.7
Total shareholders' equity	<b>1,354.9</b>	1,337.7	1,522.1	1,485.6
Long-term liabilities to credit institutions	<b>146.7</b>	118.2	151.5	122.3
Provisions	<b>111.5</b>	-	116.4	-
Other long-term liabilities	<b>53.5</b>	48.0	55.6	48.7
Current liabilities to credit institutions	<b>231.8</b>	76.2	144.8	124.2
Current non-interest-bearing liabilities	<b>436.6</b>	649.9	404.3	420.0
Total liabilities	<b>980.1</b>	892.3	872.6	715.2
Total shareholders' equity and liabilities	<b>2,335.0</b>	2,230.0	2,394.7	2,200.8



**Parent Company**

MSEK	2013	2012	2012	2011
	March 31	March 31	Dec 31	Dec 31
<b>Assets</b>				
Fixed assets				
Tangible assets	1.0	1.0	1.0	1.0
Financial assets	533.0	528.5	534.0	529.4
Total fixed assets	534.0	529.5	535.0	530.4
Current assets				
Receivables	160.4	193.6	310.5	328.2
Cash and cash equivalents	0.1	125.1	40.0	42.2
Total current assets	160.5	318.7	350.5	370.4
Total assets	694.5	848.2	885.5	900.8
MSEK	2013	2012	2012	2011
	March 31	March 31	Dec 31	Dec 31
<b>Shareholders' equity and liabilities</b>				
Share capital	125.5	125.5	125.5	125.5
Statutory reserve	444.4	444.4	444.4	444.4
Retained earnings	39.1	57.8	57.8	62.1
Net profit for the period	-4.9	-5.1	192.2	206.7
Total shareholders' equity	604.1	622.6	819.9	838.7
Current liabilities to credit institutions	82.0	6.6	47.2	41.5
Current non-interest-bearing liabilities	8.4	219.0	18.4	20.6
Total shareholders' equity and liabilities	694.5	848.2	885.5	900.8

**Condensed cash-flow statement**

MSEK	2013	2012	2012	2011	2010
	Q1	Q1	full-year	full-year	full-year
Cash flow from operating activities before change in working capital and capital expenditures	79.6	90.3	318.2	388.4	389.7
Change in working capital, increase (-) decrease (+)	-46.9	-11.9	18.0	-61.0	-109.4
Cash flow from operating activities	32.7	78.4	336.2	327.4	280.3
Investing activities	-19.0	-21.2	-72.0	-94.6	-47.1
Acquired operations	-2.0	-	-142.3	-80.8	-65.0
Cash flow after capital expenditures	11.7	57.2	121.9	152.0	168.2
Financing activities	-134.4	-53.9	-159.6	-124.4	-138.5
Change in cash and cash equivalents	-122.7	3.3	-37.7	27.6	29.7
Cash and cash equivalents at beginning of period	239.5	269.0	269.0	238.1	195.5
Cash from acquired/divested operations and exchange-rate difference in cash	0.1	-	8.2	3.3	12.9
Cash and cash equivalents at end of period	116.9	272.3	239.5	269.0	238.1
Approved but not utilized committed credit facilities	303.5	417.5	306.0	389.9	428.3
Available liquidity	420.4	689.8	545.5	658.9	666.4

**Specification of changes in shareholders' equity**

MSEK	2013	2012	2012	2011	2010
	Q1	Q1	full-year	full-year	full-year
Opening shareholders' equity attributable to Parent Company shareholders	<b>1,519.5</b>	1,482.9	1,482.9	1,394.5	985.9
Comprehensive income for the period	<b>43.7</b>	63.0	247.5	299.3	255.5
Dividend paid	<b>-210.9</b>	-210.9	-210.9	-210.9	-137.2
New issue	-	-	-	-	290.3
Closing shareholders' equity attributable to Parent Company shareholders	<b>1,352.3</b>	1,335.0	1,519.5	1,482.9	1,394.5
Non-controlling interests	-	2.7	2.6	2.7	2.7
Total closing shareholders' equity	<b>1,352.3</b>	1,337.7	1,522.1	1,485.6	1,397.2

**Specification of shareholders' equity for the period**

	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit for the period	Total
December 31, 2012	125.5	444.4	-36.0	985.6	1 519.5
Comprehensive income for the period			-12.9	56.6	43.7
Dividend paid				-210.9	-210.9
<b>March 31, 2013</b>	<b>125.5</b>	<b>444.4</b>	<b>-48.9</b>	<b>831.3</b>	<b>1,352.3</b>

**Number of shares**

	2013	2012	2011
	March 31	Dec 31	Dec 31
Number of shares outstanding	<b>30,131,100</b>	30,131,100	30,131,100
Total number of shares, after full dilution	<b>30,131,100</b>	30,131,100	30,131,100
Average number of shares, after full dilution	<b>30,131,100</b>	30,131,100	30,131,100

Of the total number of shares outstanding, 3,330,000 are Class A shares and the remaining shares are Class B shares.

**Key figures**

	2013	2012	2012	2011	2010
	Q1	Q1	full-year	full-year	full-year
Number of shares	<b>30,131,100</b>	30,131,100	30,131,100	30,131,100	30,131,100
Net revenues, MSEK	<b>704.2</b>	718.1	2,779.7	2,830.2	2,290.1
Operating profit, MSEK	<b>77.2</b>	100.1	372.3	441.4	406.3
Profit before tax, MSEK	<b>74.0</b>	97.9	361.8	428.7	398.8
Earnings per share after tax, SEK	<b>1.88</b>	2.37	8.91	10.38	9.51
Earnings per share after 22.0% and 26.3% standard tax, SEK	<b>1.92</b>	2.39	8.85	10.49	9.75
Cash flow after capital expenditures, excluding acquisitions per share, SEK	<b>0.39</b>	1.90	8.77	7.73	7.74
Return on shareholders' equity, %	<b>15.2</b>	20.5	17.8	21.8	24.7
Return on capital employed, %	<b>17.5</b>	24.8	21.2	26.4	30.6
Shareholders' equity per share, SEK	<b>44.88</b>	44.31	50.43	49.22	46.28
Equity ratio, %	<b>57.9</b>	59.9	63.5	67.4	70.6
Net debt/equity ratio, %	<b>19.5</b>	-5.7	3.7	-1.5	-6.5
Cash and cash equivalents, including unutilized credit facilities, MSEK	<b>420.4</b>	689.8	545.5	658.9	666.4
Capital expenditures, MSEK	<b>19.9</b>	20.5	70.5	89.2	55.2
Interest-coverage ratio, multiple	<b>22.0</b>	31.1	27.5	27.5	43.4
Number of employees at end of period	<b>1,983</b>	1,674	1,972	1,686	1,435

Uppsala, April 25, 2013

Beijer Alma AB (publ)

Bertil Persson  
President and CEO

*This interim report has not been audited.*

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**If you have any questions, please contact:**

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**Next report date:**

Interim report on August 15, 2013.

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