

Acquisition of Elsmark Holding completed

Today, 13 July 2004, G & L Beijer has signed a final purchase agreement with the Danish company, Danfoss, for the acquisition of Elsmark. The acquired operation will be included in business area Beijer Refrigeration. The acquisition comprises six companies with operations in eight European countries. The companies report total sales of SEK 900M and have around 380 employees.

The acquired companies, which are organised in a subsidiary of Danfoss, Elsmark Holding ApS, excellently supplement Beijer Refrigeration's geographic spread in Europe. The largest company in Elsmark is the British Dean & Wood operation which has 19 branches. In addition, Danfoss/Elsmark has wholly-owned companies in the Netherlands Switzerland and Ireland. The company also owns 51 per cent of a company in Hungary, with a branch in Rumania and 50 per cent of a company in Poland, with branches in the Ukraine.

Beijer Refrigeration, which reported sales of nearly SEK 900M in 2003, has operations in the Nordic countries, Poland and the Baltic States. Recently, G & L Beijer decided to enter also the Russian market through a new Finnish subsidiary. This means that Beijer Refrigeration will work in a total of 16 geographic markets in Europe. Beijer Refrigeration was already the leading refrigeration wholesaler in the Nordic countries. Through the acquisition of Elsmark it will be the largest wholesaler in Europe.

The Elsmark group has approximately the same agencies and product range as Beijer Refrigeration. Danfoss is already an important and significant supplier to Beijer Refrigeration. The acquisition means that the collaboration between Beijer Refrigeration and Danfoss will be further strengthened.

Elsmark Holding is profitable, but it has a significantly lower operating margin compared with Beijer Refrigeration. The long-term ambition is to raise the operating margin for the acquired companies. The short-term synergies are related to lower central costs, the co-ordination of purchasing and more efficient warehousing/logistics.

The acquisition involves goodwill of SEK 140M and will be financed via loans. Including the acquisition, the G & L Beijer Group will report sales of approximately SEK 2.3 billion on an annual basis and have around 1,000 employees.

The Elsmark group is included in G & L Beijer's accounts from 1 June 2004. As a result, the acquisition will make a contribution to both sales and profit as early as the second quarter of 2004.

*Malmö, 13 July 2004
G & L Beijer AB*

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