Interim report

2019: Q3 July-September

BALCONIES
FOR
GREATER
LIVING

Consistently good quarter

The third quarter: July – September

- Net sales increased 23 percent to 292.4 MSEK (237.7).
- Order intake increased 57 percent to 199.3 MSEK (127.4).
- Order backlog increased 29 percent to 1,556.9 MSEK (1,202.7).
- Operating profit increased 25 percent to 31.3 MSEK (25.1).
- Net profit after tax increased 21 percent to 23.2 MSEK (19.1).
- Earnings per share increased 34 percent to 1.19 SEK (0.89) before and after dilution.
- Operating cash flow amounted to -2.2 MSEK (33.1).

The nine-month period: January – September

- Net sales increased 18 percent to 887.3 MSEK (753.8).
- Order intake increased 43 percent to 997.3 MSEK (698.0).
- Order backlog has increased 155 MSEK organic during the nine-month period.
- Operating profit increased 31 percent to 102.6 MSEK (78.6).
- Net profit after tax increased 33 percent to 76.7 MSEK (57.8).
- Earnings per share increased 38 percent to 3.87 SEK (2.81) before and after dilution.
- Operating cash flow increased to 31.7 MSEK (22.9).

Events during the third quarter and after end of the quarter

- Strengthening and change of Group management has taken place from October 1, when Camilla Ekdahl took over as CEO of Balco AB and COO of the Group.

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
MSEK	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Net sales	292,4	237,7	887,3	753,8	1 191,5	1 058,1
Order intake	199,3	127,4	997,3	698,0	1 302,4	1 003,1
Order backlog	1 556,9	1 202,7	1 556,9	1 202,7	1 556,9	1 203,5
Gross profit	67,4	56,2	219,4	187,3	285,9	253,8
Gross margin %	23,1	23,6	24,7	24,8	24,0	24,0
Operating profit	31,3	25,1	102,6	78,6	129,6	105,6
Operating profit margin (EBIT-margin), %	10,7	10,6	11,6	10,4	10,9	10,0
Adjusted operating profit (EBIT)	31,3	25,1	102,6	78,6	144,2	120,2
Adjusted operating profit margin (EBIT-margin), %	10,7	10,6	11,6	10,4	12,1	11,4
Net profit for the period	23,2	19,1	76,7	57,8	95,7	76,8
Operating cash flow	-2,2	33,1	31,7	22,9	59,9	51,2

KENNETH LUNDAHL, PRESIDENT AND CEO

The market for Balco's products is strong, which is reflected in the number of inquiries, quotations and order intake. The growth platform that we have built works and contributes to a continued strong quarter.

Net sales in the quarter increased by 23 percent to 292 MSEK and operating profit increased 25 percent to 31 MSEK with an operating margin of 10.7 percent. I am pleased with the outcome in the quarter despite delays of some projects.

Order intake increased 57 percent in the quarter to 199 MSEK. High market activity and prevailing good market mean that I believe in good order intake even in the fourth quarter.

Our latest acquisition TBO-Haglinds is developing positively and has exceeded our expectations. We have reached the synergies within purchasing, production and operations that were planned. TBO-Haglinds is run as a fully independent company within the Group and complements Balco in terms of both product and customer offerings.

The order backlog is 29 percent higher than at the same time last year and amounts to 1,557 MSEK, more than 90 percent of the order backlog is in the renovation segment.

The quarter's net sales and its organic growth have been negatively affected by delayed start-up of some major projects. These are expected to start at the end of this year or early 2020 when building permission have been granted.

These delays will affect organic growth and net sales even in the fourth quarter but make next year look positive.

The Renovation segment's turnover in the quarter increased 16 percent to 255 MSEK. Profitability in the segment remains very good.

The New Build segment increased its sales by 19 MSEK in the quarter to 38 MSEK. The biggest project in New Build is our second maritime project, which keeps its profitability target and project plan.

Balco's sustainability focus meets great interest from customers and investors. The life cycle analysis we are working on shows that Balco's products have a lifespan of over 90 years and only require two smaller service occasions where wear parts are replaced during this time period.

We are climate positive after just over 20 years thanks to the energy savings of up to 30 percent that are documented by an external party. A glazed Balco balcony gives the same positive carbon dioxide effect as 10 mature trees.

Compared to traditional concrete renovation, the Balco method and Balco's products are not only the best solution from an economic point of view and based on the quality of life of the residents, but also the most climate-smart solution.

The possibility of being able to offer 70 years of amortization time when installing Balco's glazed balconies to Swedish tenant-owner associations has already aroused great interest and led to several new quotations. Longer repayment periods result in lower monthly costs per balcony, which in turn makes our potential market even larger.

We are the market leader in the niche market for balcony renovation where the need and growth potential is great. Our strategy is to invest for further growth in the renovation segment.

With many and large outstanding quotes, a large order backlog and strong financial position and exciting development opportunities, the future continues to look positive for us.

Order intake increased by 57% in the quarter and operating profit increased by 25%. I am pleased with the outcome despite delays of some projects .

Kenneth Lundahl, President and CEO

Växjö 14 November 2019

Kenneth Lundahl, President and CEO
Balco Group AB

THE GROUP'S DEVELOPMENT

Third quarter: July - September

Net sales in the third quarter increased by 54.7 MSEK to 292.4 MSEK (237.7) corresponding to a growth of 23.0 percent. The new acquired TBO-Haglinds has contributed with a growth of 33 percent, while the organic growth was negative also in the third quarter by 9.8 percent. This is explained by delayed start-up of some major projects. The Renovation segment accounted for 254.8 MSEK (218.9) of the net sales, corresponding to a growth by 16.4 percent while the New Build segment grew to 37.6 MSEK (18.8). Balco's sales development is to a large extent affected by when building permission is granted, and consequently sales fluctuate between quarters.

Order intake during the third quarter grew by 56.5 percent to 199.3 MSEK (127.4), an increase of 71.9 MSEK, of which 35.3 percent was organic growth. The Renovation segment accounted for 162.3 MSEK (115.7) of the order intake for the quarter, corresponding to 81 percent of the total order intake and an increase of 40 percent compared to last year while the New Build segment increased to 37.0 MSEK (11.7).

The order backlog has grown by 354.2 MSEK to 1,556.9 MSEK (1,202.7) an increase of 29.5 percent, of which 12.9 percent was organic increase. The order backlog for the Renovation segment amounted to 1,415.1 MSEK (1,037.4) corresponding to 91 percent of the total order backlog. The order backlog for the New Build segment amounted to 141.8 MSEK (165.3).

Gross profit in the third quarter increased to 67.4 MSEK (56.2), entailing a gross margin of 23.1 percent (23.6). The gross margin for the quarter was adversely affected by the mix with a larger proportion of New Build than last year. New Build generally has a lower gross margin than Renovation.

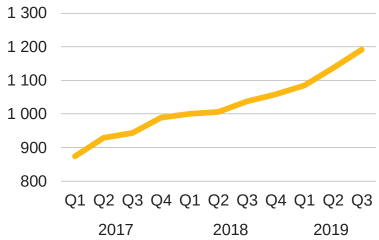
Selling costs in the quarter decreased by 0.7 MSEK to 19.7 MSEK (20.4). Administrative costs in the quarter amounted to 16.3 MSEK (10.7). The cost increase is due to a strengthened organisation and the acquisition of TBO-Haglinds. Total operating costs in the third quarter amounted to 36.1 MSEK (31.0), corresponding to 12.4 percent (13.1) of net sales.

Operating profit for the third quarter improved with 24.6 percent or 6.2 MSEK and amounted to 31.3 MSEK (25.1), corresponding to an operating margin of 10.7 percent (10.6). The improvement in earnings is a result of increased sales with stable gross margin and decreased share of total operating costs.

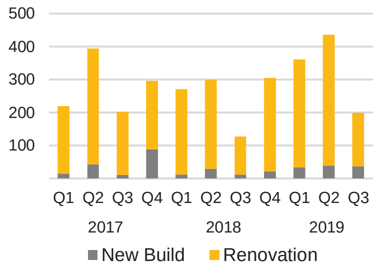
The net financial items for the third quarter amounted to -1.8 MSEK (-1.6). Profit after tax for the quarter improved by 21.4 percent or 4.1 MSEK and amounted to 23.2 MSEK (19.1). Earnings per share increased 34 percent to 1.19 SEK (0.89).

Operating cash flow amounted to -2.2 MSEK (33.1), where the decrease relates to higher tied-up capital in ongoing projects compared to the previous year. The capital tied up between the quarters is dependent on the different phases of the projects.

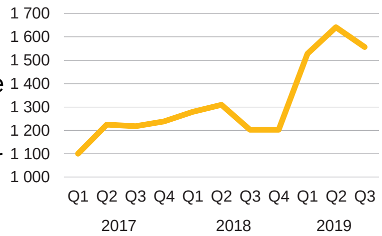
Net sales, R12 MSEK



Order intake per segment, MSEK



Order backlog, MSEK

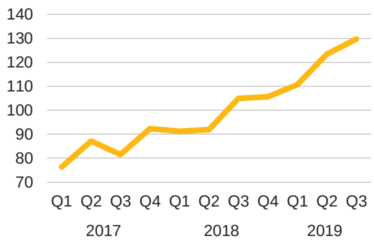


The nine-month period: January - September

For the nine-month period net sales grew by 17.7 percent to 887.3 MSEK (753.8), corresponding to an increase of 133.5 MSEK. Acquired growth accounted for 24 percent, while organic growth was negative with 6 percent. Net sales for the segment Renovation grew by 13 percent to 764.4 MSEK (678.0) and for the segment New Build the net sales grew to 122.9 MSEK (75.8).

Order intake grew by 42.9 percent or 299.3 MSEK to 997.3 MSEK (698.0), of which 20.4 percent organic growth. Order intake for the Renovation segment grew to 887.5 MSEK (644.5) an increase of 38 percent and 89 percent of the total order intake for the period. Order intake for the New Build segment grew to 109.8 MSEK (53.5).

Operating profit, R12 MSEK



For the nine-month period gross profit increased by 32.1 MSEK to 219.4 MSEK (187.3), entailing a gross margin of 24.7 percent (24.8). The gross margin for the period shows stable margins for the projects within both business segments.

Selling costs in the period decreased by 1.6 MSEK to 68.1 MSEK (69.7). Administrative costs in the period amounted to 48.9 MSEK (39.0). The cost increase is due to a strengthened organisation and the acquisition of TBO-Haglinds. Total operating costs in the third quarter amounted to 116.8 MSEK (108.7), corresponding to 13.2 percent (14.4) of net sales.

Operating profit for the nine-month period improved by 24.0 MSEK to 102.6 MSEK (78.6) an increase of 30.6 percent, corresponding to an operating margin of 11.6 percent (10.4). The improvement in earnings is a result of increased sales with stable gross margin and decreased share of total operating costs.

The net financial items amounted to -5.1 MSEK (-4.4). The increase is due to increased borrowing in connection with the acquisition of TBO-Haglinds as well as implementation of IFRS 16.

For the nine-month period profit after tax increased by 18.9 MSEK or 32.8 percent and amounted to 76.7 MSEK (57.8). Earnings per share increased by 38 percent to 3.87 SEK (2.81).

Operating cash flow improved to 37.7 MSEK (22.9), due to improved operating profit and increased depreciation.

DEVELOPMENT PER SEGMENT

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
Net sales, MSEK	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Renovation	254,8	218,9	764,4	678,0	1 034,1	947,7
New Build	37,6	18,8	122,9	75,8	157,5	110,4
Group other	3,9	4,0	11,9	12,0	16,0	16,1
Elimination	-3,9	-4,0	-11,9	-12,0	-16,0	-16,1
Total Net Sales	**292,4**	**237,7**	**887,3**	**753,8**	**1 191,5**	**1 058,1**

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
Operating profit, MSEK	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Renovation	31,5	25,4	98,4	80,4	135,2	117,2
New Build	1,6	0,2	8,5	1,3	-3,4	-10,6
Group other	-1,8	-0,5	-4,3	-3,1	-2,1	-1,0
Elimination	-	-	-	-	-	-
Total EBIT	**31,3**	**25,1**	**102,6**	**78,6**	**129,6**	**105,6**

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
EBIT margin, %	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Renovation	12,3	11,6	12,9	11,9	13,1	12,4
New Build	4,3	1,1	6,9	1,6	-2,1	-9,6
Group other	n/a	n/a	n/a	n/a	n/a	n/a
Elimination	n/a	n/a	n/a	n/a	n/a	n/a
Total EBIT margin	**10,7**	**10,6**	**11,6**	**10,4**	**10,9**	**10,0**

Renovation

Net sales within the business segment grew in the third quarter by 16.4 percent or 35.9 MSEK to 254.8 MSEK (218.9). The segment accounted for 87.1 percent of Balco's total sales in the third quarter.

Order intake within the segment increased by 40.3 percent to 162.3 MSEK (115.7), corresponding to 81 percent of the total order intake in the quarter.

Operating profit for the segment in the quarter increased to 31.5 MSEK (25.4), corresponding to an operating margin of 12.3 percent (11.6).

For the nine-month period net sales increased by 12.7 percent to 764.4 MSEK (678.0). Operating profit for the period grew to 98.4 MSEK (80.4) corresponding to an operating margin of 12.9 percent (11.9). The segment accounted for 86.2 percent of Balco's total sales in the nine-month period.

Order intake increased by 37.7 percent to 887.5 MSEK (644.5), corresponding to 89 percent of the total order intake.

The order backlog for the segment amounted to 1,415.1 MSEK (1,037.4) as of last September corresponding to 91 percent of the total order backlog.

Share, renovation
Q3 2019
87.1%

Share, new build
Q3 2019
12.9%

New Build

Net sales within the business segment increased in the third quarter to 37.6 MSEK (18.8). The increase is mainly due to our second maritime project, which follows project plan with planned profitability. The segment accounted for 12.9 percent of Balco's total sales in the third quarter.

Order intake within the segment increased to 37.0 MSEK (11.7).

Operating profit for the segment in the quarter improved to 1.6 MSEK (0.2), corresponding to an operating margin of 4.3 percent (1.1).

For the nine-month period net sales increased to 122.9 MSEK (75.8) corresponding to 13.8 percent of Balco's total sales. Operating profit for the period improved to 8.5 MSEK (1.3) corresponding to an operating margin of 6.9 percent (1.6).

Order intake for the nine-month period increased to 109.8 MSEK (53.5) and the order backlog as of last September amounted to 141.8 MSEK (165.3).

Net sales per customer category, MSEK

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
	2019	**2018**	**2019**	**2018**	**2018/19**	**2018**
Tenant-owner associations	192,7	155,1	584,1	514,5	797,4	727,7
Private landlords	78,4	27,0	152,5	85,7	178,2	111,4
Publicly owned companies	15,5	38,7	50,0	87,9	76,0	114,0
Construction and manufacturing companies	5,8	16,9	100,7	65,7	139,9	104,9
Total Net sales	292,4	237,7	887,3	753,8	1 191,5	1 058,1

OPERATIONS AND SEGMENT DESCRIPTION

Operations

Balco's core expertise is in delivering glazed balconies and balcony solutions under its own brand, primarily to the renovation market and tenant-owner associations. Several advantages are achieved by replacing existing balconies with new glazed balconies in accordance with the Balco method. The method, which involves demolition and rebuilding of the entire balcony, contributes for example to lower energy costs, an enhanced quality of life and an increase in the value of the property. Balco is unique with processes that involve the Company assuming full responsibility and assisting the customer throughout the decision-making and building process, from visualisation and viewing to project planning, production and installation, with subsequent final inspection. Balco is a turnkey balcony supplier offering customised, high-quality balcony solutions irrespective of size and complexity, with short delivery times. Balco's offering is focused on tenant-owner associations, private landlords, municipal housing companies and construction companies in, primarily, Sweden, Norway and Denmark, but also in Germany, Finland, the UK and the Netherlands. Balco is the market leader in Scandinavia within the attractive niche market for balconies. On other markets, Balco enjoys a strong challenger position. TBO-Haglinds acquired in December 2018 is an independent company which is active in the renovation segment in Sweden.

Renovation

Project Storden Stavanger, Norway

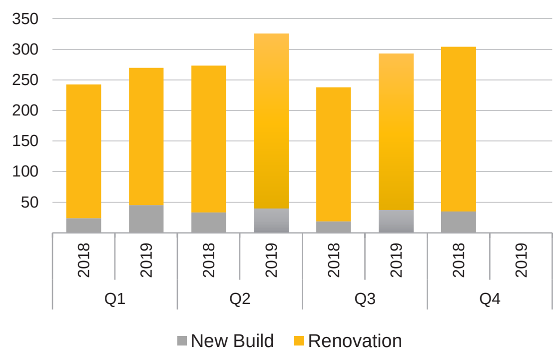
Within renovation, Balco provides solutions for replacing and expanding existing balconies and the installation of new balconies on apartment buildings without balconies. Most of Balco's sales within the area comprise glazed balconies for tenant-owner associations. Sweden is the Company's largest market within renovation and the main drivers on the market are the pent-up need for renovation and the prevailing age profile of the property portfolio.

New build

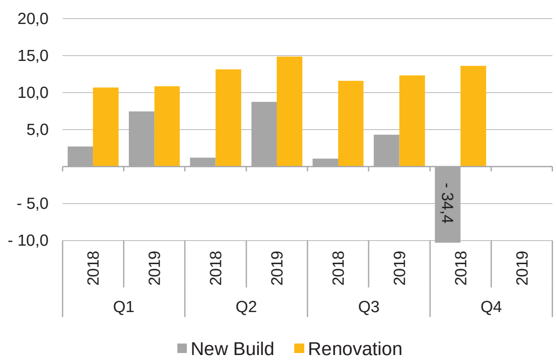
Project cruise ship, Papenburg, Germany

Within new build, Balco performs installation of balconies in conjunction with the construction of new apartment buildings as well as balcony solutions within maritime applications (shipbuilding industry). The largest product areas comprise balcony glazing solutions and open balconies. Balco is acting selectively in the segment, based on a focus on profitability and low risk. Demand is driven by the rate of production of new housing and growth within the maritime segment.

Net sales per quarter, MSEK



Operating margin per quarter, %



FINANCIAL POSITION AND CASH FLOW

Liquidity and financial position

The Group's interest-bearing net debt at the end of the period amounted to 254.9 MSEK (127.2). Interest-bearing net debt relative to adjusted EBITDA was 1.5 times (0.9), which is within the scope of the Company's indebtedness target (not to exceed 2.5 times). The increase in net debt is related to the implementation of IFRS 16, which has increased the lease liabilities with 11.8 MSEK, and the acquisition of TBO-Haglinds. Interest-bearing net debt, excluding debt related to leasing, relative to adjusted EBITDA was 1.1 times (0.5).

At the end of the quarter the Group's equity amounted to 481.9 MSEK (422.2). The Group's equity ratio was 45.0 percent (46.4). The decrease is due to the implementation of IFRS 16 and the acquisition of TBO-Haglinds AB. The implementation of IFRS 16 has increased the balance sheet total by 13.0 MSEK.

MSEK	30-sep 2019	30-sep 2018	31-dec 2018
External non-current interest-bearing liabilities excl leasing	225,6	133,5	228,1
Finanial leasing non-current liabilities	38,7	54,3	43,2
Current interest-bearing liabilities	-	9,2	0,7
Finanial leasing current liabilities	19,2	0,4	9,7
Cash and cash equivalents	-28,6	-70,2	-87,0
Interest-bearing net debt	**254,9**	**127,2**	**194,7**
Interest-bearing net debt excl leasing	*197,0*	*72,5*	*141,8*
External interest-bearing net debt/EBITDA (12 months), times	1,5 x	0,9 x	1,4 x
External interest-bearing net debt excl. leasing/EBITDA (12 months), times	1,1 x	0,5 x	1,0 x
Equity/assets ratio, %	45,0	46,4	41,4

Cash flow, investments and amortisation/depreciation

For the interim period, cash flow from operating activities amounted to 5.4 MSEK (17.0), where the decrease relates to higher tied-up capital in ongoing projects compared with the previous year. Capital tied up varies between quarters depending on the different phases of the projects.

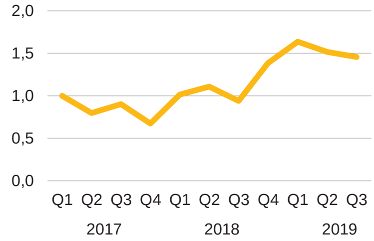
The cash flow from investing activities during the nine-month period amounted to -8.1 MSEK (-21.1), of which 7.3 MSEK (7.4) was replacement investments and 0.8 MSEK (13.7) expansion investments. Cash flow from financing activities amounted to -55.5 MSEK (-32.2), of which paid dividends constitute 42.9 MSEK (21.4). Cash flow for the interim period amounted to -58.2 (-36.3) where the difference is mainly due to doubled dividend paid.

Depreciation for the interim period amounted to 25.7 MSEK (14.9).

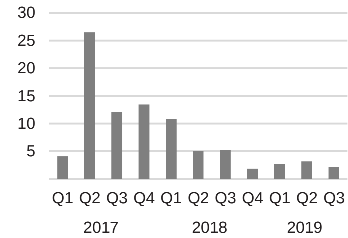
The Parent Company

The Parent Company has its registered office in Växjö and conducts operations directly as well as through Swedish and foreign subsidiaries. The Parent Company's operations are focused primarily on strategic development, financial control, corporate governance issues, board work and relations with banks. The result for the half-year period amounted to 6.4 MSEK (0.6).

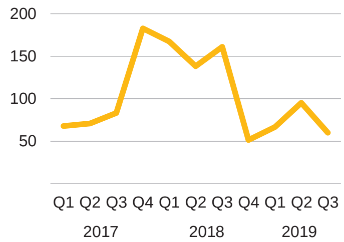
External interest-bearing net debt relative to EBITDA



Investments in MSEK per quarter



Operating Cash flow R12, MSEK



OTHER INFORMATION

Employees
At the end of September 2019 Balco had 419 (375) full-time employees. The increase in personnel is mainly due to the acquisition of TBO-Haglinds.

Seasonal variations
Balco's sales and earnings are partially affected by the date when orders are placed, seasonal variations and the fact that the annual general meetings of tenant-owner associations normally take place in the second and fourth quarter. In addition, the Group is positively affected by months with a large number of work days and lack of absences, and somewhat negatively affected by weather factors, when winters with significant volumes of snow entail increased costs. The Group's strongest quarters are normally the second and fourth quarters.

Shares, share capital and shareholders
At the end of September 2019, there were 21,428,773 shares in Balco, corresponding to a share capital of 128,577,685 SEK. At the end of September 2019, there were 3,656 shareholders. The five largest shareholders were The Family Hamrin, Skandrenting AB, Lannebo Fonder, Segulah and Swedbank Robur fonder.

Related-party transactions
Related parties comprise the Board of Directors, Group management and the CEO. This is due to ownership stakes in Balco and positions as senior executives. Related parties also include the Company's largest shareholders: The Family Hamrin which is represented on the Board of Directors by Carl-Mikael Lindholm, Skandrenting which is represented on the Board of Directors by Johannes Nyberg and Segulah which is represented on the Board of Directors by Board Chairman Tomas Johansson. Related-party transactions take place on commercial terms. For further information, see the 2018 annual report.

Incentive program
Balco Group AB has a long-term incentive program aimed at the Company's senior executives and additional key employees, in total 41 employees. The aim of the incentive program is to encourage broad share ownership among Balco's employees, to facilitate the recruitment and retention of skilled employees, and to enhance motivation to achieve or exceed the Company's financial goals. For further information, see page 46 in the 2018 annual report.

Risks and uncertainty factors
The Group is exposed to different types of risks through its operations. The risks can be divided into the following categories: industry and market-related risks, business-related risks and financial risks. Industry and market-related risks include changes in demand due to a weaker economy or other macroeconomic changes, changed prices of raw materials that are of key importance to Balco's production and changed competition or price pressure. Business-related risks include Balco's ability to develop and sell innovative new products and solutions, the Group's ability to attract and retain qualified employees, and the dependence of Balco's profitability on individual project results, i.e. the Group's ability to predict, calculate and deliver the projects within defined financial limits Financial risks are summarised under financing risk, liquidity risk, credit risk and interest rate risk. Balco's risks and uncertainty factors are described on pages 52-55 and 81-83 of the 2018 annual report. TBO-Haglinds' operations are similar Balco's and thus carry corresponding risks.

Outlook
Balco is one of a small number of complete balcony suppliers on the market providing customised, innovative balcony solutions on a turnkey basis. Balco is the market leader in Scandinavia and enjoys a strong challenger position on other markets where the Group operates.

In the fourth quarter, we expect continued good order intake based on high market activity and good demand. Delays in some major projects will affect organic growth even in the fourth quarter, but make next year look positive.

Sales are affected by the time when building permission is granted. We will continue to be selective within New Build.

The market is fragmented and growing throughout northern Europe. The value of the balcony market in those countries in which Balco is represented is estimated at more than 30 billion SEK and it is expected to grow by approximately 3 percent annually in the coming years.

The Group's long-term goals are set out on the following page.

Events during the quarter and since the end of the quarter
Strengthening and change of Group management has taken place from October 1, when Camilla Ekdahl took over as CEO of Balco AB and COO of the Group.

FINANCIAL GOALS

Revenue growth
Balco shall achieve growth of 10 percent per year.

Profitability
Balco shall achieve an operating profit margin (EBIT) of at least 13 percent.

Capital structure
Interest-bearing net debt shall not exceed 2.5 times operating profit before depreciation and amortisation (EBITDA), other than temporarily.

Dividend policy
Balco shall distribute at least one-half of profit after tax, taking into consideration needs for Balco's long-term growth and prevailing market conditions.

The interim report has been subject to a review of ISRE 2410 by the company's auditors.

Växjö, 14 November 2019

Kenneth Lundahl

President and CEO

This information comprises such information as Balco Group AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person below for publication on 14 November 2019 at 07.30 CET.

Telephone conference
An online telephone conference will be held on 14 November at 09:00 CET at which President and CEO Kenneth Lundahl and CFO Michael Grindborn will present the report and answer questions. To participate, please call:

SE: +46 8 566 427 04
UK: +44 333 300 92 60
USA: +1 833 823 05 86

For more information, please contact:

Kenneth Lundahl, President and CEO
Tel: +46 70 630 20 57

Michael Grindborn, CFO and Head of IR
Tel: +46 70 670 18 48

Calendar 2019/2020

Year-end report 2019	20 February 2020
Interim report Jan-Mar 2020	14 May 2020
Annual General Meeting 2020	14 May 2020
Interim report Jan-Jun 2020	27 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
MSEK	**Note**	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Net sales		292,4	237,7	887,3	753,8	1 191,5	1 058,1
Production and project costs		-225,0	-181,5	-667,8	-566,5	-905,6	-804,3
Gross profit		**67,4**	**56,2**	**219,4**	**187,3**	**285,9**	**253,8**
Sales costs		-19,7	-20,4	-68,1	-69,7	-92,5	-94,1
Administration costs		-16,3	-10,7	-48,9	-39,0	-63,9	-53,9
Share of profit or loss of associates		-0,0	0,1	-0,0	0,1	-0,1	0,0
Other operating income		0,0	0,1	1,0	0,7	1,0	0,7
Other operating expenses		-0,1	-0,1	-0,7	-0,7	-0,9	-0,9
Operating costs		**-36,1**	**-31,0**	**-116,8**	**-108,7**	**-156,3**	**-148,2**
Operating profit		**31,3**	**25,1**	**102,6**	**78,6**	**129,6**	**105,6**
Finance income		0,1	0,0	0,8	0,1	0,8	0,1
Finance costs		-1,9	-1,6	-5,9	-4,5	-7,6	-6,2
Profit before tax		**29,5**	**23,6**	**97,4**	**74,1**	**122,8**	**99,5**
Income tax		-6,3	-4,5	-20,7	-16,4	-27,1	-22,8
Net profit for the period		**23,2**	**19,1**	**76,7**	**57,8**	**95,7**	**76,8**
Other comprehensive income							
Items that have been/can be reclassified to profit/loss							
Exchange rate differences on translation of foreign operation		2,4	0,1	6,3	2,5	5,6	1,9
Comprehensive income for the period		**25,6**	**19,2**	**83,0**	**60,3**	**101,3**	**78,6**
Of which attributable to:							
Owners of the parent company		25,6	19,2	83,0	60,3	101,3	78,6
Earnings per common share, SEK, before dilution	4	1,19	0,89	3,87	2,81	4,73	3,67
Earnings per common share, SEK, after dilution	4	1,19	0,89	3,87	2,81	4,73	3,67
Average number of common shares, thousands		21 428,8	21 428,8	21 428,8	21 428,8	21 428,8	21 428,8

CONSOLIDATED BALANCE SHEET IN SUMMARY

MSEK	30-sep 2019	30-sep 2018	31-dec 2018
ASSETS			
Non-current assets			
Goodwill	401,4	372,4	401,1
Other intangible assets	52,3	12,6	51,8
Concessions	54,2	-	-
Property, plant and equipment	138,9	146,1	189,9
Financial assets	4,3	4,2	5,4
Deferred tax assets	1,8	4,7	1,7
Total non-current assets	**652,9**	**540,0**	**649,8**
Current assets			
Inventory	27,5	20,9	26,4
Trade receivables	165,8	138,8	161,6
Contract assets	167,2	126,8	116,9
Current tax receivables	5,7	1,1	1,6
Other current receivables	22,2	12,5	19,8
Cash and cash equivalents	28,6	70,2	87,0
Total current assets	**417,0**	**370,2**	**413,4**
TOTAL ASSETS	**1 069,9**	**910,2**	**1 063,2**
EQUITY AND LIABILITIES			
Equity			
Share capital	128,6	128,6	128,6
Additional paid-in capital	385,9	381,8	381,8
Retained earnings, incl. profit for year	-32,5	-88,2	-69,8
Equity attributable to owners of the parent company	**481,9**	**422,2**	**440,5**
Non-current liabilities			
Deferred tax liabilities	27,2	4,8	27,7
Interest-bearing liabilities to banks	225,6	133,5	228,1
Financial lease non-current liabilities	38,7	54,3	43,2
Other non-current liabilities	20,3	-	20,1
Total non-current liabilities	**311,8**	**192,6**	**319,1**
Current liabilities			
Interest-bearing liabilities to banks	-	9,2	0,7
Financial lease current liabilities	19,2	0,4	9,7
Contract liabilities	52,4	62,9	45,7
Trade payables	106,7	111,0	138,5
Current tax liabilities	20,0	25,0	24,9
Other liabilities	26,1	35,4	27,7
Other accrued expenses and prepaid income	51,7	51,5	56,4
Total current liabilities	**276,1**	**295,4**	**303,6**
TOTAL EQUITY AND LIABILITIES	**1 069,9**	**910,2**	**1 063,2**

As from 2019, assets attributable to leases have been reported as Concessions The leasing agreements that were previously recognized as assets were recognized in the line of Property, plant and equipment.

CONSOLIDATED CHANGES IN EQUITY IN SUMMARY

MSEK	Share Capital	Additional paid-in capital	Reserves	Retained earnings	Total equity
Opening balance 1 Jan 2018	**128,6**	**381,8**	**3,1**	**-127,1**	**386,4**
Impact from implementation of IFRS 15	-	-	-	-3,1	-3,1
Comprehensive income for the period					
Profit for the period	-	-	-	57,8	57,8
Other comprehensive income for the period	-	-	2,5	-	2,5
Total comprehensive income for the period	**-**	**-**	**2,5**	**57,8**	**60,3**
Transactions with shareholders in their status as Company owr					
Distributed dividend	-	-	-	-21,4	-21,4
Total transactions with Company owners		**-**	**-**	**-21,4**	**-21,4**
Closing balance 30 Sep 2018	**128,6**	**381,8**	**5,6**	**-93,8**	**422,2**
Opening balance 1 Jan 2019	**128,6**	**381,8**	**5,0**	**-74,8**	**440,5**
Impact from implementation of IFRS 16	-	-	-	1,0	1,0
Comprehensive income for the period					
Profit for the period	-	-	-	76,7	76,7
Other comprehensive income for the period		-	2,4	-	2,4
Total comprehensive income for the period	**-**	**-**	**2,4**	**76,7**	**79,2**
Transactions with shareholders in their status as Company owr					
Distributed dividend	-	-	-	-42,9	-42,9
Proceeds, Warrants	-	4,1	-	-	4,1
Total transactions with Company owners	**-**	**4,1**	**-**	**-42,9**	**-38,8**
Closing balance 30 Sep 2019	**128,6**	**385,9**	**7,4**	**-39,9**	**481,9**

CASH FLOW STATEMENT IN SUMMARY

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating activities						
Operating profit (EBIT)	31,3	25,1	102,6	78,6	129,6	105,6
Adjustment for non-cash items	9,2	3,1	27,1	13,4	34,7	21,0
Interest received	0,1	0,0	0,8	0,1	0,8	0,1
Interest paid	-1,8	-1,4	-5,7	-4,5	-7,4	-6,2
Income tax paid	-4,5	-0,4	-30,1	-5,1	-34,6	-9,6
Cash flow from operating activities before changes in working capital	**34,3**	**26,5**	**94,7**	**82,4**	**123,1**	**110,8**
Changes in working capital						
Increase (-)/Decrease (+) in inventories	0,4	0,5	-1,1	0,2	-0,1	1,2
Increase (-)/Decrease (+) in operating receivables	-2,4	5,2	-53,5	-41,9	-16,0	-4,4
Increase (+)/Decrease (-) in operating liabilities	-37,7	-4,6	-34,7	-23,8	-90,7	-79,7
Cash flow from operating activities	**-5,4**	**27,5**	**5,4**	**17,0**	**16,3**	**28,0**
Investing activities						
Purchase/sale of intangible assets	-0,2	-0,4	-0,6	-1,4	-1,1	-1,9
Purchase/sale of property, plant and equipment	-1,9	-4,8	-7,5	-19,7	-8,9	-21,1
Purchase/sale of subsidiaries	-	-	-	-	-70,6	-70,6
Cash flow from investing activities	**-2,2**	**-5,2**	**-8,1**	**-21,1**	**-80,5**	**-93,6**
Financing activities						
Changes in bank loans	-3,8	-0,4	0,5	-0,4	80,9	80,0
Changes in financial leasing	-1,4	-4,3	-19,9	-10,7	-21,7	-12,5
Changes in current financial liabilities	0,5	0,7	2,6	0,3	2,3	-
Warrants	4,1	-	4,1	-	4,1	-
Distributed dividend	-	-	-42,9	-21,4	-42,9	-21,4
Cash flow from financing activities	**-0,7**	**-3,9**	**-55,5**	**-32,2**	**22,8**	**46,1**
Cash flow for the period	**-8,3**	**18,4**	**-58,2**	**-36,3**	**-41,4**	**-19,5**
Cash and cash equivalents at beginning of the period	36,9	51,7	87,0	51,7	70,2	106,5
Exchange rate differential cash and cash equivalents	0,0	0,1	-0,2	0,0	-0,1	0,1
Cash and cash equivalents at end of the period	**28,6**	**70,2**	**28,6**	**63,1**	**28,6**	**87,0**

KEY RATIOS

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Net sales	292,4	237,7	887,3	753,8	1 191,5	1 058,1
Order intake	199,3	127,4	997,3	698,0	1 302,4	1 003,1
Order backlog	1 556,9	1 202,7	1 556,9	1 280,0	1 556,9	1 203,5
Gross profit	67,4	56,2	219,4	187,3	285,9	253,8
EBITDA	40,1	30,3	128,3	93,5	160,7	125,9
Adjusted EBITDA	40,1	30,3	128,3	93,5	175,2	140,4
Operating profit (EBIT)	31,3	25,1	102,6	78,6	129,6	105,6
Adjusted operating profit	31,3	25,1	102,6	78,6	144,2	120,2
Gross profit margin, %	23,1	23,6	24,7	24,8	24,0	24,0
EBITDA margin, %	13,7	12,8	14,5	12,4	13,5	11,9
Adjusted EBITDA margin, %	13,7	12,8	14,5	12,4	14,7	13,3
Operating profit margin (EBIT), %	10,7	10,6	11,6	10,4	10,9	10,0
Adjusted operating profit margin (EBIT), %	10,7	10,6	11,6	10,4	12,1	11,4
Operating cash flow	-2,2	33,1	31,7	22,9	59,9	51,2
Operating cash conversion, %	-5,6	100,9	24,7	24,5	34,2	36,5
Capital employed, average	721,1	548,6	686,0	512,9	643,1	555,8
Capital employed, excl. goodwill, average	319,7	176,2	284,7	140,7	256,2	169,2
Equity, average	468,4	412,6	461,2	404,3	452,0	413,4
External interest-bearing net debt	254,9	127,2	254,9	127,2	254,9	194,7
External interest-bearing net debt/Adjusted EBITDA 12 months, times	1,5 x	0,9 x	1,5 x	0,9 x	1,5 x	1,4 x
Return on capital employed, %, (12 months)	20,0	21,2	21,0	22,6	22,4	21,6
Return on capital employed, excl. goodwill, %, (12 months)	45,1	65,8	50,6	82,5	56,3	71,0
Return on invested capital, %, (12 months)	20,4	20,3	20,7	19,2	21,2	18,6
Equity/assets ratio, %	45,0	46,4	43,2	45,0	45,7	42,4
Number of full-time employees on the closing date	419	375	419	375	419	385
Average number of common shares for the period, 000s	21 428,8	21 428,8	21 428,8	21 428,8	21 428,8	21 428,8
Equity per common share, SEK	21,86	19,25	21,52	18,87	21,10	19,29

The key ratios for 2018 have not been recalculated according to IFRS 16

PARENT COMPANY,
INCOME STATEMENT IN SUMMARY

MSEK	Jul-Sep 2019	2018	Jan-Sep 2019	2018	Oct-Sep 2018/19	Jan-Dec 2018
Net sales	3,7	3,8	11,1	11,4	14,9	15,2
Operating expenses	-4,7	-2,5	-13,2	-8,5	-16,2	-11,5
Operating profit	**-1,0**	**1,3**	**-2,1**	**2,9**	**-1,2**	**3,7**
Interest income	0,5	0,2	1,0	0,3	1,2	0,5
Interest expenses	-0,8	-0,8	-2,3	-2,4	-3,1	-3,2
Profit/loss after financial items	**-1,3**	**0,6**	**-3,4**	**0,8**	**-3,1**	**1,0**
Dividend	9,0	-	9,0	-	9,0	-
Tax	0,3	-0,1	0,7	-0,2	0,7	-0,2
Net profit/loss for the period	**8,0**	**0,5**	**6,4**	**0,6**	**6,6**	**0,8**

In the Parent Company there are no items that are reported as other comprehensive income, so total comprehensive income is consistent with the profit for the period.

PARENT COMPANY,
BALANCE SHEET IN SUMMARY

MSEK	30-sep 2019	30-sep 2018	31-dec 2018
ASSETS			
Non-current assets			
Financial assets	390,2	390,3	389,8
Total non-current assets	**390,2**	**390,3**	**389,8**
Current assets			
Current receivables	17,6	73,7	76,1
Cash and cash equivalents	27,0	25,5	23,4
Total current assets	**44,6**	**99,2**	**99,5**
TOTAL ASSETS	**434,8**	**489,5**	**489,3**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	128,6	128,6	128,6
Unrestricted equity	141,3	173,5	173,8
Total equity	**269,9**	**302,1**	**302,3**
Non-current liabilities	**120,0**	**120,0**	**120,0**
Other current liabilities	**44,9**	**67,4**	**67,0**
TOTAL EQUITY AND LIABILITIES	**434,8**	**489,5**	**489,3**

NOTES

Note 1 Accounting principles

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with RFR 2 and Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. For the Group, the same accounting policies and computation methods have been applied as in the 2018 annual report, which was prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU with the exception of changes specified below.

The information on pages 1–9 relating to the part of the year covered by this interim report constitutes an integral part of this financial report.

IFRS 16 Leasing

IFRS 16 “Leases” was published by the IASB in January 2016. The standard has been adopted by the EU and replaces IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 requires that all assets and liabilities related to all leases be reported in the balance sheet (with the exception of short leases or leases involving low value assets). This reporting is based on the view that the lessee has a right to use an asset during a specific period and, at the same time, an obligation to pay for that right. Consequently, more of the Group’s leases are reported in the balance sheet as from 2019.

Most of the Group’s important leases were already reported as financial leases. In connection with the transition to IFRS 16, a number of additional leases have been included in the consolidated balance sheet as right of use assets and financial liabilities. In respect of leases, depreciation on the leased asset is reported in the income statement, as are interest expenses attributable to the leasing liability. The leased asset is depreciated on a straight-line basis over the useful life of the asset and the length of the lease. The Group has chosen the standard’s C5b alternative with partially retroactive application, without recalculation of comparison figures in conjunction with implementation. The Group’s balance sheet total has increased by 13 MSEK as a consequence of the implementation of IFRS 16. In accordance with the standard, Balco does not report leases where the underlying asset is for a term of less than one year or has a low value as a right of use asset and leasing liability.

The effects in conjunction with the transition to IFRS 16 are shown below.

Adjustment, 1 January 2019	**MSEK**
Concessions	13.0
Financial leasing liability	-11.8
Effect on net assets before tax	**1.2**
Deferred tax asset	-0.2
Effect on equity	**1.0**

The implementation of IFRS 16 has had a marginal impact on the income statement. Operating profit improved marginally, while pre-tax profit marginally.

Note 2 Financial instruments

The financial instruments measured at fair value are forward exchange contracts. Financial assets at fair value amounted to 0.7 MSEK (1.1) at the end of the period while financial liabilities at fair value amounted to 7.7 MSEK (11.4).

The fair values of financial instruments are determined using valuation techniques. Market information is used as far as possible when available, while company-specific information is used as little as possible. If all key inputs required for the fair value measurement of an instrument are observable, the instrument is categorised in level 2.

Note 3 Business segments

Balco reports the following segments:

- Renovation: includes replacement and expansion of existing balconies and installation of new balconies on apartment buildings without balconies. The segment's main market driver is the age profile of the residential property portfolio.
- New Build: includes installation of balconies in conjunction with the construction of apartment buildings and balcony solutions in the maritime area. The segment is driven mainly by the rate of new residential construction. The balcony solutions in the New Build segment have a lower average cost than those in Renovation. This is because the segment consists largely of open balconies, which have a lower per unit cost than glazed balconies.

Jan-Sep	Renovation		New Build		Group Other		Eliminations		Total	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales – External revenue	764,4	678,0	122,9	75,8	-	-	-	-	887,3	753,8
Net sales – Internal revenue	-	-	-	-	11,9	12,0	-11,9	-12,0	-	-
Total sales	**764,4**	**678,0**	**122,9**	**75,8**	**11,9**	**12,0**	**-11,9**	**-12,0**	**887,3**	**753,8**
Operating profit (EBIT)	**98,4**	**80,4**	**8,5**	**1,3**	**-4,3**	**-3,1**	**-**	**-**	**102,6**	**78,6**
Depreciation included with	22,3	13,6	3,5	1,3	-	-	-	-	25,7	14,9
Operating profit (EBIT)	**98,4**	**80,4**	**8,5**	**1,3**	**-4,3**	**-3,1**	**-**	**-**	**102,6**	**78,6**
Finance income	-	-	-	-	0,8	0,1	-	-	0,8	0,1
Finance cost	-	-	-	-	-5,9	-4,5	-	-	-5,9	-4,5
Profit before tax	**98,4**	**-**	**8,5**	**-**	**-9,5**	**-7,6**	**-**	**-**	**97,4**	**74,1**

The figures for 2018 have not been recalculated according to IFRS 16

Note 4 Earnings per share

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
MSEK	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Net profit for the period attributable to the owners of the parent company	**25,6**	**19,2**	**83,0**	**60,3**	**101,3**	**78,6**
Average number of common shares, 000'	21 428,8	21 428,8	21 428,8	21 428,8	21 428,8	21 428,8
Earnings per common share, SEK, before dilution	1,19	0,89	3,87	2,81	4,73	3,67
Earnings per common share, SEK, after dilution	1,19	0,89	3,87	2,81	4,73	3,67

Note 5 Reconciliation with IFRS financial statements

Balco's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented since, as in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Company's consolidated financial reporting and are not measured in accordance with IFRS.

	Jul-Sep		Jan-Sep		Oct-Sep	Jan-Dec
MSEK	**2019**	**2018**	**2019**	**2018**	**2018/19**	**2018**
Adjusted operating profit						
Operating profit	31,3	25,1	102,6	78,6	129,6	105,6
Forcing cost Maritime	-	-	-	-	13,3	13,3
Other non-recurring items	-	-	-	-	1,2	1,2
Adjusted operating profit	**31,3**	**25,1**	**102,6**	**78,6**	**144,2**	**120,2**
Adjusted EBITDA						
Operating profit	31,3	25,1	102,6	78,6	129,6	105,6
Depreciation	8,8	5,2	25,7	14,9	31,0	20,2
Forcing costs Maritime	-	-	-	-	13,3	13,3
Other non-recurring items	-	-	-	-	1,2	1,2
Adjusted EBITDA	**40,1**	**30,3**	**128,3**	**93,5**	**175,2**	**140,4**
Operating cash flow						
Adjusted EBITDA	40,1	30,3	128,3	93,5	175,2	140,4
Changes in working capital	-39,8	5,3	-89,4	-63,2	-107,6	-81,5
Investments in other non-current assets, net	-2,6	-2,5	-7,3	-7,4	-7,6	-7,7
Operating cash flow	**-2,2**	**33,1**	**31,7**	**22,9**	**59,9**	**51,2**

	30-sep	30-sep	31-dec
MSEK	**2019**	**2018**	**2018**
External interest-bearing net deb			
External non-current interest-bearing liabilities	264,3	188,2	272,0
Current interest-bearing liabilities	19,2	9,2	9,7
Cash and cash equivalents	-28,6	-70,2	-87,0
Interest-bearing net debt	**254,9**	**127,2**	**194,7**
Adjusted EBITDA (12 months)	**175,2**	**135,5**	**140,4**
Interest-bearing net debt/EBITDA 12 months, times	**1,5 x**	**0,9 x**	**1,4 x**
Return on capital employed			
Equity	481,9	422,2	440,5
External interest-bearing net debt	254,9	127,2	194,7
Average capital employed	643,1	512,9	555,8
Adjusted operating profit (EBIT), (12 months)	144,2	116,1	120,2
Return on capital employed, %	**22,4**	**22,6**	**21,6**
Equity/assets ratio			
Equity attributable to owners of the parent company	481,9	422,2	440,5
Total assets	1 069,9	910,2	1 063,2
Equity/assets ratio, %	**45,0**	**46,4**	**41,4**

ALTERNATIVE PERFORMANCE MEASURES

This interim report contains references to a number of performance measures. Some of these measures are defined in IFRS, while others are alternative measures and are not reported in accordance with applicable financial reporting frameworks or other legislation. The measures are used by Balco to help both investors and management to analyse its operations. The measures used in this interim report are described below, together with definitions and the reason for their use.

Alternative performance measures	Definition	Reason for use
Return on equity	Income for the period divided by the average shareholder equity for the period. Average calculated as the average of the opening balance and the closing balance for the period.	Return on equity shows the return that is generated on the shareholders' capital that is invested in the company.
Return on capital employed	Adjusted EBIT as a percentage of average capital employed for the period. Average calculated as the average of the opening balance and the closing balance for the period, see note 5.	Return on capital employed shows the return that is generated on capital employed by the company, and is used by Balco to monitor profitability as it relates to the capital efficiency of the company
Return on capital employed excluding goodwill	Adjusted EBIT as a percentage of average capital employed for the period excluding goodwill. Average calculated as the average of the opening balance and the closing balance for the period.	Balco believes that return on capital employed excluding goodwill together with return on capital employed shows a complete picture of Balco's capital efficiency
Gross income	Revenue less production and project costs.	Shows the effectiveness of Balco's operations and together with EBIT, provides a complete picture of the operating profit generation and expenses.
Gross margin	Gross income as a percentage of net sales.	Ratio is used for analysis of the company's effectiveness and profitability.
EBITDA	Earnings before interest, tax, depreciation and amortization.	Balco believes that EBITDA shows the profit generated by the operating activities and is a good measure of cash flow from operations.
External interest-bearing net debt	Interest-bearing net debt excluding the shareholder loan. For a reconciliation of net debt for the periods, see note 5.	Balco believes that external interest-bearing net debt is a useful measure for showing the company's total external debt financing.
External interest-bearing net debt relative to adjusted EBITDA	Interest-bearing external net debt divided by adjusted EBITDA.	Balco believes this ratio helps to show financial risk and is a useful measure for Balco to monitor the level of the company's indebtedness.
Adjusted EBITDA	EBITDA as adjusted for items affecting comparability. For a reconciliation of adjusted EBITDA to income for the period, see note 5.	Balco believes that adjusted EBITDA is a useful measure for showing the company's profit generated by the operating activities after adjusting for non-recurring items, and primarily uses adjusted EBITDA for purposes of calculating the company's operating cash flow and cash conversion.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Balco believes that adjusted EBITDA margin is a useful measure for showing the company's profit generated by the operating activities after non-recurring items.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	Balco believes that adjusted EBIT margin is a useful measure for showing the company's profit generated by the operating activities.
Adjusted EBIT	EBIT adjusted for items affecting comparability. For a reconciliation of adjusted EBIT to income for the period, see note 5.	Balco believes that adjusted EBIT is a useful measure for showing the company's profit generated by the operating activities, and primarily uses adjusted EBIT for calculating the company's return on capital employed, which is used by Balco to monitor profitability as it relates to the capital efficiency of the company.
Operating cash flow	Adjusted EBITDA increased/decreased with changes in net working capital less investments, excluding expansion investments, see note 5.	Operating cash flow is used by Balco to monitor business performance.
Interest-bearing net debt	The sum of shareholder loan, non-current interest-bearing liabilities and current interest-bearing liabilities. For a reconciliation of net debt for the periods, see note 5.	Balco believes interest-bearing net debt is a useful measure to show the company's total debt financing.
Net working capital	Current assets excluding cash and cash equivalents and current tax assets less non-interest-bearing liabilities excluding current tax liabilities.	This measure shows how much net working capital that is tied up in the operations and can be put in relation to sales to understand how effectively net working capital tied up in the operations is used.

Alternative performance measures	Definition	Reason for use
EBIT margin	EBIT as a percentage of net sales.	Balco believes EBIT margin is a useful measure together with net sales growth and net working capital to monitor value creation.
EBIT	Earnings before interest and tax.	Balco believes that EBIT shows the profit generated by the operating activities.
Equity/asset ratio	Equity divided on total assets, see note 5.	Balco believes that equity to asset ratio is a useful measure for the company's survival.
Capital employed	Equity plus interest-bearing net debt (external net debt plus shareholder loan).	Capital employed is used by Balco to indicate the general capital efficiency of the company