

# BE Q4

BE Group AB (publ)  
Year-end report 2012  
Malmö, February 8, 2013



## FOURTH QUARTER 2012

- Net sales fell by 22 percent compared with the year-earlier period, amounting to SEK 998 M (1,288). Shipped tonnage decreased by 14 percent.
- The operating result weakened to a negative SEK 42 M (positive 1) and the underlying operating result<sup>1)</sup> amounted to a negative SEK 33 M (positive 29).
- Cash flow after investments was SEK 81 M (133).
- The loss after tax for the continuing operations was SEK 39 M (15).
- The loss for the discontinued operations was SEK 1 M (22)<sup>2)</sup>.
- Earnings per share<sup>3)</sup> amounted to a negative SEK 0.81 (0.74).
- On November 1, Kimmo Väkiparta commenced his position as the new President and CEO.
- In January 2013 negotiations were initiated on personnel reductions. These measures are expected to reduce the number of employees by approximately 140 full-time positions, resulting in an annual cost reduction of about SEK 65 M.

## FULL-YEAR 2012

- Net sales amounted to SEK 4,634 M (5,392), which is 14 percent lower than the preceding year and shipped tonnage decreased by 7 percent.
- The operating result decreased to SEK 26 M (128) and the underlying operating result<sup>1)</sup> amounted to SEK 49 M (157).
- The loss after tax for the continuing operations was SEK 12 M (profit 55).
- The loss for the discontinued operations amounted to SEK 99 M (35) following an impairment of SEK 82 M in the Czech operations.
- During the third quarter, a process was initiated to sell the operations in the Czech Republic.
- Earnings per share<sup>3)</sup> amounted to a negative SEK 2.25 (positive 0.41).
- The Board of Directors proposes that no dividend (0.25) be paid to shareholders for the 2012 financial year.

1) Operating result (EBIT) before non-recurring items, adjusted for inventory gains and losses.

2) Refers to Czech Republic, which is being divested.

3) Earnings per share are both before and after dilution.

**BE Group**, listed on the NASDAQ OMX Stockholm exchange, is a trading and service company in steel and other metals. BE Group provides various forms of service for steel, stainless steel and aluminium applications to customers primarily in the construction and engineering sectors. In 2012, the Group reported sales of SEK 4.6 Bn. BE Group has approximately 900 employees in nine countries, with Sweden and Finland as its largest markets. The head office is located in Malmö, Sweden. Read more about BE Group at [www.begroup.com](http://www.begroup.com).

## Developments in the fourth quarter of 2012 Group

Net sales for the quarter fell by 22 percent compared with the preceding year, amounting to SEK 998 M (1,288). The decrease is attributable to a decline in shipped tonnage by 14 percentage points, negative price and mix effects amounting to 6 percentage points and negative currency effects of 2 percentage points.

The general price trend was negative during the quarter. Adjusted for currency effects the decline in price was 3 percent in comparison with the third quarter.

The demand among customers declined already after the summer. This decline accelerated during the month of December due to decreased rate of production in the industrial sector.

Consolidated gross profit amounted to SEK 107 M (153), with a gross margin of 10.7 percent (11.9). The operating result weakened to a negative SEK 42 M (positive 1) as a consequence of lower sales. Adjusted for inventory losses of SEK 9 M (23), the underlying operating result was a negative SEK 33 M (positive 29; including non-recurring items of net negative 5).

The operating margin was a negative 4.2 percent (positive 0.1) and the underlying operating margin was a negative 3.3 percent (positive 2.2).

During the fourth quarter, the Group's common ERP system was implemented in Finland and the Baltic States, meaning it has now been implemented in all of the Group's markets.

On November 1, 2012, Kimmo Väkiparta commenced his position as the President and CEO. Kimmo Väkiparta also acts as the head of Business Area Sweden.

Following the end of the quarter, a decision was

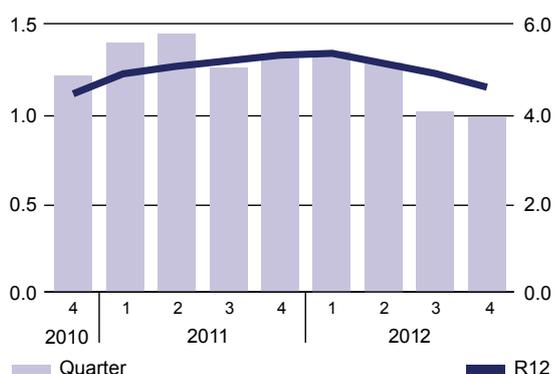
## NET SALES AND EARNINGS TREND IN THE FOURTH QUARTER

(SEK M)

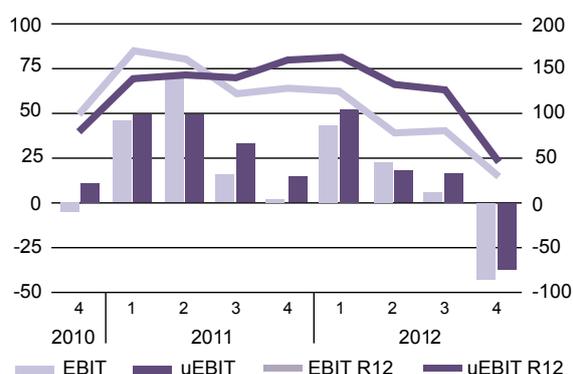
<b>Net sales 2011</b>	<b>1,288</b>
<b>Net sales 2012</b>	<b>998</b>
<b>Operating profit 2011</b>	<b>1</b>
Inventory losses	23
Non-recurring items	5
<b>Underlying operating profit 2011</b>	<b>29</b>
Tonnage-, price-, mix- and gross margin effects	-61
Changes in overheads, etc.	-1
<b>Underlying operating profit 2012</b>	<b>-33</b>
Inventory losses	-9
<b>Operating profit 2012</b>	<b>-42</b>

made to initiate negotiations regarding personnel reductions within the Group's operations in Sweden and Finland. These measures are expected to decrease the number of employees within the Group by a total of approximately 140 full-time positions, of which an estimated 75 will be in Sweden and 60 in Finland. In the Group's other markets, the proposal entails only limited reductions. The proposed measures will generate an annual cost reduction of about SEK 65 M, and are expected to have a gradual impact as of the second quarter of 2013. The measures will have full effect starting 2013. Non-recurring costs are expected to amount to SEK 30-35 M and will burden the results for the first quarter of 2013, while cash flow will mainly be affected in the second and third quarters.

**Net sales, SEK Bn**  
Quarter and rolling 12 months



**Operating result (EBIT), SEK M**  
Quarter and rolling 12 months



### Sales by sales channel

BE Group's sales are conducted through three channels: inventory sales, service sales and direct sales. Of total net sales for the fourth quarter, shipments from Group facilities accounted for 80 percent (78), which is broken down as follows: inventory sales 48 percentage points (48) and service sales 32 percentage points (30).

### Sales trend by product area

Net sales of commercial steel fell 23 percent to SEK 715 M (932). Shipped tonnage decreased by 15 percent. Overall, commercial steel accounted for 72 percent (72) of BE Group's net sales. The sales price for commercial steel (excluding currency effects) decreased by 7 percent compared with the year-earlier period. The average sales price, excluding currency effects, decreased 4 percent compared with the third quarter of 2012.

Net sales of stainless steel also fell 23 percent to SEK 171 M (222). Shipped tonnage decreased by 9 percent. Overall, stainless steel accounted for 17 percent (17) of BE Group's net sales. The sales price for stainless steel (excluding currency effects) decreased by 14 percent compared with the year-earlier period. The average sales price, excluding currency effects, decreased 8 percent compared with the third quarter of 2012.

### Sales by customer segment

In the fourth quarter, OEM customers and their partners accounted for the largest share of sales, 47 percent (46); project customers for 24 percent (25); pre-processing companies for 19 percent (20); and retailers for 10 percent (9).

### Business areas

#### Business Area Sweden

For Business Area Sweden, demand weakened during the quarter and the decline was reinforced by a more substantial seasonal slow-down towards the end of the year than in 2011. Demand from both construction and industrial customers has been weakening.

Net sales fell by 22 percent compared with the year-earlier period, amounting to SEK 549 M (701). Shipped tonnage declined by 16 percent and the sales price fell by 7 percent. Compared with the third quarter of 2012, the sales price decreased by 3 percent.

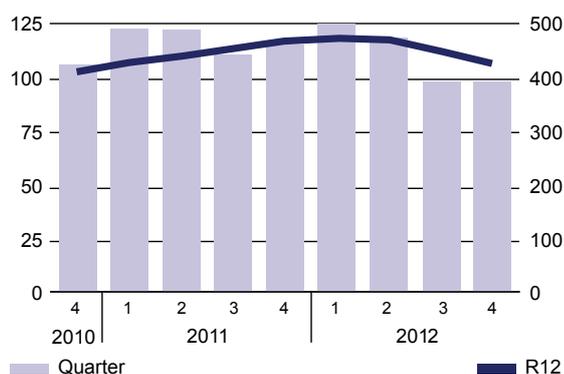
The operating result decreased to a negative SEK 11 M (positive 16) as a consequence of lower net sales. The operations within BE Group Produktion and Lecor Stålteknik affected the operating result negatively by SEK 8 M (positive 4). Despite lower sales, other parts of the business area's operations showed an improved gross margin compared with the preceding year. Adjusted for inventory losses of SEK 5 M (8), the underlying operating result decreased to a negative SEK 6 M (positive 23; including non-recurring items of 1).

#### Business Area Finland

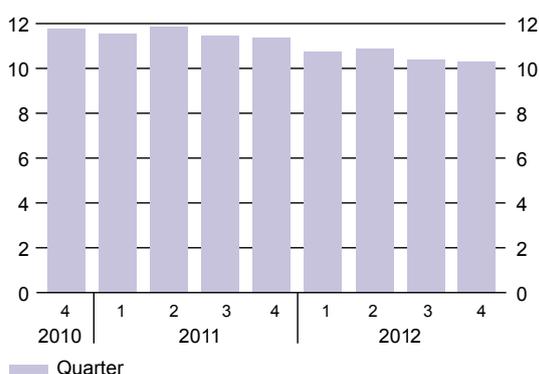
Within Business Area Finland, demand from industrial customers weakened gradually over the quarter. Combined with a strong seasonal slow-down towards the end of the quarter, this entailed net sales decreasing 27 percent to SEK 333 M (454). Shipped tonnage decreased by 21 percent. The average sales price in EUR decreased by 2 percent compared to the year-earlier period and by 1 percent compared with the third quarter.

The operating result decreased to a negative

**Tonnage, thousands of tonnes**  
Quarter and rolling 12 months



**Average sales prices, SEK/kg**  
Quarter



SEK 15 M (positive 2), primarily as a consequence of the lower tonnage. Adjusted for inventory losses of SEK 3 M (12), the underlying operating result was a negative SEK 12 M (positive 15; including non-recurring costs of 1).

The proportion of total sales accounted for by production services amounted to 48 percent (47).

#### *Business Area CEE*

The operations in the Baltic States, Poland and Slovakia are reported within Business Area CEE. Demand from these markets has followed the general economic trend and consequently weakened over the quarter. Adjusted for currency effects, the sales price was 10 percent lower than in the year-earlier period and 6 percent lower than in the third quarter of 2012.

Net sales for the business area decreased by 17 percent to SEK 126 M (153) as a consequence of a decline in shipped tonnage by 8 percent and lower sales prices.

The operating loss amounted to SEK 9 M (7), corresponding primarily to the Polish operations. Continued measures have been undertaken to improve profitability in Poland. Adjusted for inventory losses of SEK 1 M (3), the underlying operating result was a negative SEK 8 M (1; including non-recurring costs of 3). The operating result was affected negatively by a lower gross margin, caused primarily by an unfavorable product mix.

#### **Net financial items and tax**

Consolidated net financial items for the fourth quarter amounted to an expense of SEK 8 M (16), of which the net interest expense accounted for SEK 8 M (9). On an annual basis, total net interest, including portions in the discontinued operations, corresponded to 4.0 percent (4.9) of interest-bearing net debt.

Tax income for the quarter amounted to SEK 11 M (0).

#### **Cash flow (including discontinued operations)**

Cash flow after investments was SEK 81 M (133). Cash flow from operating activities was SEK 97 M (162) due to a reduction in working capital.

Cash flow from investing activities amounted to a negative SEK 16 M (29), while cash flow from financing activities was negative in the amount of SEK 10 M (6).

#### **Capital, investments and return**

At the end of the period, consolidated working capital amounted to SEK 325 M (430) and operating capital tied-up was 10 percent (10).

Of the investments of SEK 14 M (27) made during the quarter, investments in intangible assets represent SEK 4 M (12). These relate to the development of the Group's common ERP system. Investments in tangible assets amounted to SEK 10 M (15) and mainly involved production equipment in Sweden.

#### **Development over the 2012 full year Group**

Over 2012, the Group's net sales fell by 14 percent to SEK 4,634 M (5,392). The weakening is due to a decrease in shipped tonnage by 6 percentage points, negative price and mix effects amounting to 6 percentage points and negative currency effects of 2 percentage points. Compared to the 2011 full year, the average sales price fell by 8 percent.

The operating result amounted to SEK 26 M (128). Adjusted for inventory losses of SEK 23 M (20), the underlying operating result weakened to SEK 49 M (157; including non-recurring items of net negative 9). The weakening in the result is primarily a consequence of the decreased sales. These declines are offset to a certain extent by strengthened gross margins in the Swedish and Finnish operations. The operating margin amounted to 0.6 percent (2.4) and the underlying operating margin decreased to 1.1 percent (2.9).

#### **NET SALES AND EARNINGS TREND OVER THE 2012 FULL YEAR**

(SEK M)

<b>Net sales 2011</b>	<b>5,392</b>
<b>Net sales 2012</b>	<b>4,634</b>
<b>Operating profit 2011</b>	<b>128</b>
Inventory losses	20
Non-recurring items	9
<b>Underlying operating result 2011</b>	<b>157</b>
Tonnage-, price-, mix- and gross margin effects	-125
Changes in overheads, etc.	17
<b>Underlying operating result 2012</b>	<b>49</b>
Inventory losses	-23
<b>Operating profit 2012</b>	<b>26</b>

#### **Business areas**

##### *Business Area Sverige*

Business Area Sweden reported sales of SEK 2,449 M (2,843) – a decrease of 14 percent. Shipped tonnage fell by 10 percent. The operating result amounted to

SEK 31 M (83) and the underlying operating result to SEK 37 M (91). The weakening in the underlying operating result is mainly attributable to the lower tonnage.

Lecor Stålteknik and BE Group Produktion affected the operating result negatively by SEK 20 M (positive 6). The joint venture ArcelorMittal BE Group SSC AB is reported in accordance with the equity method, with the participation in earnings for the year amounting to SEK 1 M (6).

#### *Business Area Finland*

Business Area Finland's sales fell by 19 percent to SEK 1,672 M (2,055). Shipped tonnage decreased by 12 percent. The operating result weakened to SEK 38 M (87) and, adjusted for inventory losses of SEK 15 M (5), the underlying operating result decreased to SEK 53 M (93). The weakened result was due to the lower sales.

Service sales as proportion of total sales rose to 48 percent (47) of net sales.

#### *Business Area CEE*

Sales for Business Area CEE fell by 3 percent over the year to SEK 561 M (581). Shipped tonnage rose by 13 percent.

The operating result amounted to a negative SEK 17 M (10) and the underlying operating result, adjusted for inventory losses of SEK 2 M (10), weakened to a loss of SEK 15 M (profit 2; including non-recurring costs of 2). The weakened result is primarily attributable to weakened margins caused by price pressure and an unfavorable trend in the product mix.

#### *Czech Republic*

As a consequence of the prolonged weak performance in the Czech Republic, the Board of Directors resolved in the third quarter to initiate a sale of the operations. This process is underway and the operations in the Czech Republic are therefore reported separately in the consolidated income statement and balance sheet and outside Business Area CEE. In connection with the reclassification to disposal group in the consolidated balance sheet, the value of the Czech operations was written down by SEK 82 M.

#### **Net financial items and tax**

Consolidated net financial items for the year amounted to an expense of SEK 39 M (44), of which the net interest expense accounted for SEK 32 M

(35). Net financial items were impacted by currency exchange differences of SEK 1 M (negative 2) and other financial expenses of SEK 9 M (7). On an annual basis, total net interest, including portions in the phased out operations, corresponded to 4.3 percent (4.6) of interest-bearing net debt.

Tax income for the year amounted to SEK 1 M (expenditure 29). Tax income has been affected positively by changed tax rates in Sweden and Slovakia and to the adjustment of deferred tax receivables related to loss making operations.

#### **Cash flow (including discontinued operations)**

Cash flow after investments was SEK 0 M (76). Cash flow from operating activities was SEK 59 M (184). The cash flow effect of the decrease in working capital amounted to SEK 37 M (100).

Cash flow from investing activities was a negative SEK 59 M (108), of which investments in tangible assets accounted for SEK 45 M (78).

Cash flow from financing activities was a negative SEK 37 M (7), of which dividends paid to shareholders accounted for SEK 12 M (-).

#### **Financial position and liquidity**

During the third quarter, BE Group signed a new three-year credit agreement with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,400 M, including scope for guarantees, and matures in July 2015, with the opportunity for a total extension of two years.

At the end of the year, consolidated cash and equivalents amounted to SEK 89 M (146).

Consolidated interest-bearing net debt, including the Czech Republic, amounted to SEK 779 M (773) at the end of the year.

At the end of the year, equity amounted to SEK 673 M (805) and the net debt/equity ratio was 116 percent (96).

#### **Organization, structure and employees**

The number of employees decreased to 904 compared with 924 at the beginning of the year. The average number of employees during the year amounted to 907 (943). The decrease is primarily due to the reduction of personnel in the Czech operations.

#### **Contingent liabilities**

Consolidated contingent liabilities amounted to SEK 24 M (112).

## Outlook

In early 2013, demand has improved in all of the Group's markets compared with the end of 2012. Average sales prices for the Group's products are expected to be higher in the first quarter of 2013 compared with the fourth quarter of 2012.

## Parent Company

Sales by the Parent Company, BE Group AB (publ) amounted to SEK 58 M (55) for the year and derived from intra-Group services. The operating loss amounted to SEK 33 M (38).

Net financial items were negative in the amount of SEK 181 M (positive 13). The weakening is primarily the result of the impairment of holdings in subsidiaries and Group-internal receivables. The loss before tax amounted to SEK 214 M (25) and the loss after tax was SEK 214 M (25).

The Parent Company invested SEK 15 M (21) in intangible assets during the year. At the end of the period, the Parent Company's cash and equivalents were SEK 52 M (73).

## Significant events after the end of the period

Following the end of the quarter, a decision was made to initiate negotiations regarding personnel reductions within the Group's operations in Sweden and Finland.

## Related-party transactions

No transactions took place between BE Group and related parties that had a material impact on the company's financial position and results.

## Nominating Committee

The members of the Nominating Committee are Bengt Stillström (Traction), Jan Andersson (Swedbank Robur Fonder), Tomas Ramsälv (Odin Fonder), and Anders Ullberg as the Chairman of BE Group AB.

## 2013 Annual General Meeting

The Annual General Meeting of BE Group will be held on April 26, 2013, at 3.00 p.m. in Malmö, Sweden. Further information is available on the company's website.

## Dividend proposal

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2012 financial year (0.25). The proposal to not pay a dividend is motivated by the year's results.

## Significant risks and uncertainties

BE Group's profits and financial position are affected by a large number of factors. The principal risks and factors of uncertainty can be divided into sector and market risks, strategic and operational risks, and financial risks. Fluctuations in economic trends and steel prices, together with changes among suppliers, customers and personnel represent risk factors that affect the Group's financial performance and cash flow. The financial risks consist of currency, interest-rate, refinancing and credit risks. The financial risk exposure is explained in the 2011 Annual Report, which was published in March 2012. Refinancing risk has subsequently decreased following the signing of a new credit agreement. In other regards, no new significant risks or uncertainties have arisen.

## Accounting principles

The interim report is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's interim report is prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, all Group-external assets and liabilities attributable to the Czech operations have, as of August 1, 2012, been reclassified in the consolidated balance sheet. Measurement has been made at the lower of the carrying amount and fair value less costs to sell. In the income statement, all effects attributable to the Czech operations are reported separately and detached from the Group's continuing operations. Applicable comparison figures have been recalculated in this connection.

Refer to the 2011 Annual Report for details of the Group's accounting principles and definitions of certain terms. The principles applied are unchanged in relation to those applied in the Annual Report. In other regards, the new standards and interpretations that have entered force effective from the 2012 financial year have had no effect on the financial reporting.

## Future reporting dates

During 2013, BE Group AB (publ) intends to publish financial information on the following dates:

- The Annual Report for the 2012 financial year will be available at the end of March 2013
- The Interim Report for January-March 2013 will be published on April 26

- The Interim Report for January-June 2013 will be published on July 17
- The Interim Report for January-September 2013 will be published on October 22

Financial information is available in Swedish and English from BE Group's website and can be ordered by calling +46 (0)40 38 42 00 or e-mailing: [info@begroup.com](mailto:info@begroup.com)

Malmö, February 8, 2013

BE Group AB (publ)



**Kimmo Väkiparta**

President and CEO

*This report has not been reviewed by the company's auditors.*

### Questions concerning this report may be directed to:

Kimmo Väkiparta, President and CEO, tel: +46 (0)705 972 342, e-mail: [kimmo.vakiparta@begroup.com](mailto:kimmo.vakiparta@begroup.com)

CFO and Executive Vice President Torbjörn Clementz, tel: +46 (0)708 690 788,

e-mail: [torbjorn.clementz@begroup.com](mailto:torbjorn.clementz@begroup.com)

BE Group AB (publ), Box 225, SE-201 22 Malmö, Sweden; Street address: Spadegatan 1  
Corp. Reg. No. 556578-4724, tel: +46 (0)40 38 42 00, fax: +46 (0)40 38 41 11, [info@begroup.com](mailto:info@begroup.com),  
[www.begroup.com](http://www.begroup.com)

This year-end report presents information that BE Group AB (publ) is required to disclose pursuant to the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. This information was submitted for publication on February 8, 2013 at 7.45 a.m. CET.

## Condensed consolidated income statement

(SEK M)	Note	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Net sales		998	1,288	4,634	5,392
Cost of goods sold	1	-891	-1,135	-4,037	-4,668
<b>Gross profit</b>		<b>107</b>	<b>153</b>	<b>597</b>	<b>724</b>
Selling expenses	1	-109	-117	-433	-449
Administrative expenses	1	-38	-34	-139	-146
Other operating income and expenses	2	-1	-1	0	-7
Participation in joint venture		-1	0	1	6
<b>Operating profit/loss</b>		<b>-42</b>	<b>1</b>	<b>26</b>	<b>128</b>
Financial items		-8	-16	-39	-44
<b>Profit/loss before tax</b>		<b>-50</b>	<b>-15</b>	<b>-13</b>	<b>84</b>
Tax		11	0	1	-29
<b>Profit/loss from continuing operations</b>		<b>-39</b>	<b>-15</b>	<b>-12</b>	<b>55</b>
<b>Profit/loss from discontinued operations</b>	3	<b>-1</b>	<b>-22</b>	<b>-99</b>	<b>-35</b>
<b>Profit/loss for the period</b>		<b>-40</b>	<b>-37</b>	<b>-111</b>	<b>20</b>
Earnings per share		-0.81	-0.74	-2.25	0.41
Earnings per share after dilution		-0.81	-0.74	-2.25	0.41

## Consolidated statement of comprehensive income

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
<b>Profit/loss for the period</b>	<b>-40</b>	<b>-37</b>	<b>-111</b>	<b>20</b>
<b>Other comprehensive income</b>				
Translation differences	11	-25	-17	-4
Hedging of net investments in foreign subsidiaries	-7	19	13	3
Tax attributable to items in other comprehensive income	2	-5	-3	-1
<b>Total other comprehensive income</b>	<b>6</b>	<b>-11</b>	<b>-7</b>	<b>-2</b>
<b>Comprehensive income for the period</b>	<b>-34</b>	<b>-48</b>	<b>-118</b>	<b>18</b>

## Condensed consolidated balance sheet

(SEK M)	Note	2012 31 Dec	2011 31 Dec
Goodwill		607	693
Other intangible assets		76	87
Tangible assets		222	300
Investment in joint venture		126	124
Financial assets		2	2
Deferred tax assets		14	19
<b>Total non-current assets</b>		<b>1,047</b>	<b>1,225</b>
Inventories		509	605
Accounts receivables		382	529
Other receivables		59	100
Cash and equivalents		89	146
Assets of disposal group	4	205	2
<b>Total current assets</b>		<b>1,244</b>	<b>1,382</b>
<b>Total assets</b>		<b>2,291</b>	<b>2,607</b>
<b>Equity</b>		<b>673</b>	<b>805</b>
Non-current interest-bearing liabilities		832	852
Provisions		1	1
Deferred tax liability		49	58
<b>Total non-current liabilities</b>		<b>882</b>	<b>911</b>
Current interest-bearing liabilities		2	69
Accounts payables		493	637
Other current liabilities		132	167
Other current provisions		4	18
Liabilities of disposal group	4	105	-
<b>Total current liabilities</b>		<b>736</b>	<b>891</b>
<b>Total equity and liabilities</b>		<b>2,291</b>	<b>2,607</b>

## Condensed consolidated cash-flow statement

(SEK M)	Note	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Profit/loss before tax*		-53	-36	-117	48
Adjustment for non-cash items		16	9	135	57
Income tax paid		4	-8	4	-21
Change in working capital		130	197	37	100
<b>Cash flow from operating activities</b>		<b>97</b>	<b>162</b>	<b>59</b>	<b>184</b>
Investments in intangible assets		-4	-12	-17	-25
Investments in tangible assets		-14	-19	-45	-78
Acquisitions of subsidiaries		-	-	-	-7
Other cash flow from investing activities		2	2	3	2
<b>Cash flow after investments</b>		<b>81</b>	<b>133</b>	<b>0</b>	<b>76</b>
Cash flow from financing activities		-10	-6	-37	-7
<b>Cash flow for the period</b>		<b>71</b>	<b>127</b>	<b>-37</b>	<b>69</b>
Exchange-rate difference in cash and equivalents		0	-4	-1	-3
<b>Cash flow after exchange-rate difference in cash and equivalents</b>		<b>71</b>	<b>123</b>	<b>-38</b>	<b>66</b>
Change in cash and equivalents included in disposal group	4	-6	-	-19	-
<b>Change in cash and equivalents</b>		<b>65</b>	<b>123</b>	<b>-57</b>	<b>66</b>

\* Profit/loss before tax from both continuing and discontinued operations.

## Condensed statement of changes in equity

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
<b>Equity at beginning of period</b>	<b>708</b>	<b>858</b>	<b>805</b>	<b>787</b>
Effect of changed accounting principles	-	-	-	-
<b>Adjusted equity at beginning of period</b>	<b>708</b>	<b>858</b>	<b>805</b>	<b>787</b>
Comprehensive income for the period	-34	-48	-118	18
Dividend	-	-	-12	-
Acquisition/sales of treasury shares	-	-5	0	-3
Share Savings Scheme	-1	0	-2	3
<b>Equity at end of period</b>	<b>673</b>	<b>805</b>	<b>673</b>	<b>805</b>

## Notes

### Note 1 Amortizations and depreciations

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Amortization of intangible assets	5	4	16	16
Depreciation of tangible assets	10	10	41	40
<b>Total amortizations and depreciations</b>	<b>15</b>	<b>14</b>	<b>57</b>	<b>56</b>

### Note 2 Non-recurring items

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Reversal of provision for guarantee to property owner	-	15	-	15
Costs for profitability improvement measures	-	-20	-	-20
Closure of the Danish operations	-	-	-	-4
<b>Total non-recurring items</b>	<b>-</b>	<b>-5</b>	<b>-</b>	<b>-9</b>

### Note 3 Discontinued operations

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Net sales	89	117	349	548
Operating costs	-92	-138	-371	-584
<b>Profit/loss before tax</b>	<b>-3</b>	<b>-21</b>	<b>-22</b>	<b>-36</b>
Income tax attributable to ordinary activities in discontinued operations	2	-1	5	1
Loss recognised on the measurement to fair value less costs to sell	-	-	-82	-
<b>Profit/loss from discontinued operations</b>	<b>-1</b>	<b>-22</b>	<b>-99</b>	<b>-35</b>

### Note 4 Assets and liabilities of disposal group

(SEK M)	2012 31 Dec
Goodwill and other intangible assets	9
Tangible assets	74
Deferred tax assets	10
Operating assets	93
Cash and equivalents	19
<b>Total assets of disposal group</b>	<b>205</b>
Provisions	1
Interest-bearing liabilities	55
Operating liabilities	49
<b>Total liabilities of disposal group</b>	<b>105</b>
Cumulative translation reserve of disposal group recognised in other comprehensive income	-9

## Segment reporting

### Net sales per segment

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
<b>Sweden</b>	<b>549</b>	<b>701</b>	<b>2,449</b>	<b>2,843</b>
- External	542	690	2,424	2,806
- Internal	7	11	25	37
<b>Finland</b>	<b>333</b>	<b>454</b>	<b>1,672</b>	<b>2,055</b>
- External	330	445	1,647	2,007
- Internal	3	9	25	48
<b>CEE</b>	<b>126</b>	<b>153</b>	<b>561</b>	<b>581</b>
- External	126	150	553	577
- Internal	0	3	8	4
<b>Parent Company and consolidated items</b>	<b>-10</b>	<b>-20</b>	<b>-48</b>	<b>-87</b>
<b>Group</b>	<b>998</b>	<b>1,288</b>	<b>4,634</b>	<b>5,392</b>

### Shipped tonnage per segment (thousands of tonnes)

	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	47	56	202	224
Finland	32	40	156	178
CEE	19	21	85	75
Parent Company and consolidated items	0	-3	-5	-8
<b>Group</b>	<b>98</b>	<b>114</b>	<b>438</b>	<b>469</b>

### Operating profit/loss (EBIT) per segment

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	-11	16	31	83
Finland	-15	2	38	87
CEE	-9	-7	-17	-10
Parent Company and consolidated items	-7	-10	-26	-32
<b>Group</b>	<b>-42</b>	<b>1</b>	<b>26</b>	<b>128</b>

### Operating margin per segment

	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	-1.9%	2.3%	1.3%	2.9%
Finland	-4.4%	0.4%	2.3%	4.2%
CEE	-7.3%	-4.7%	-3.0%	-1.7%
<b>Group</b>	<b>-4.2%</b>	<b>0.1%</b>	<b>0.6%</b>	<b>2.4%</b>

## Segment reporting

### Underlying operating profit/loss (uEBIT) per segment\*

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	-6	23	37	91
Finland	-12	15	53	93
CEE	-8	-1	-15	2
Parent Company and consolidated items	-7	-8	-26	-29
<b>Group</b>	<b>-33</b>	<b>29</b>	<b>49</b>	<b>157</b>

\* Operating profit/loss (EBIT) adjusted for inventory gains and losses and non-recurring items. Inventory gains and losses are the differences between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost. The Group's internal model is used to calculate inventory gains and losses and is not subject for review by the Group's auditors.

### Underlying operating margin per segment

	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	-1.1%	3.3%	1.5%	3.2%
Finland	-3.5%	3.2%	3.2%	4.5%
CEE	-6.5%	-0.7%	-2.7%	0.3%
<b>Group</b>	<b>-3.3%</b>	<b>2.2%</b>	<b>1.1%</b>	<b>2.9%</b>

### Depreciation per segment

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	6	5	22	18
Finland	4	5	17	21
CEE	1	1	3	3
Parent Company and consolidated items	4	3	15	14
<b>Group</b>	<b>15</b>	<b>14</b>	<b>57</b>	<b>56</b>

### Investments in tangible and intangible assets per segment

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Sweden	8	9	22	52
Finland	4	4	18	24
CEE	0	5	3	13
Parent Company and consolidated items	2	9	15	21
<b>Group</b>	<b>14</b>	<b>27</b>	<b>58</b>	<b>110</b>

## Key data

(SEK M unless otherwise stated)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
<b>Earnings measurements</b>				
Operating profit/loss (EBIT)	-42	1	26	128
<b>Margin measurements</b>				
Gross margin	10.7%	11.9%	12.9%	13.4%
Operating margin	-4.2%	0.1%	0.6%	2.4%
<b>Capital structure</b>				
Net debt*	779	773	779	773
Net debt/equity ratio	116%	96%	116%	96%
Equity/assets ratio	29%	31%	29%	31%
Working capital (average)	385	529	433	525
Capital employed (average)	1,602	1,766	1,675	1,759
Operating capital (excluding intangible assets) (average)	689	897	779	879
Working capital tied-up	10%	10%	9%	10%
<b>Return</b>				
Return on capital employed (%)	-10.3%	0.4%	1.8%	7.5%
Return on operating capital (excluding intangible assets) (%)	-22.0%	2.2%	5.4%	16.3%
Return on equity (%)	-22.3%	-7.2%	-1.5%	6.7%
<b>Per share data</b>				
Earnings per share (SEK)	-0.81	-0.74	-2.25	0.41
Earnings per share after dilution (SEK)	-0.81	-0.74	-2.25	0.41
Equity per share (SEK)	13.63	16.31	13.63	16.31
Cash flow from operating activities per share (SEK)	1.95	3.27	1.19	3.72
Shares outstanding at period end (thousands)	49,409	49,376	49,409	49,376
Average number of shares (thousands)	49,409	49,462	49,404	49,546
Diluted average number of shares (thousands)	49,412	49,476	49,429	49,564
<b>Other</b>				
Average number of employees	899	949	907	943

\* Including cash and interest-bearing receivables/liabilities included in disposal group.

## Supplementary disclosures

(SEK M unless otherwise stated)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
<b>Sales by main products</b>				
Long steel	274	368	1,300	1,603
Flat steel	323	413	1,551	1,777
Reinforcement steel	118	151	525	530
<i>Total commercial steel</i>	<i>715</i>	<i>932</i>	<i>3,376</i>	<i>3,910</i>
Stainless steel	171	222	781	958
Aluminium	47	71	223	293
Other	65	63	254	231
<b>Total sales</b>	<b>998</b>	<b>1,288</b>	<b>4,634</b>	<b>5,392</b>
<b>Growth</b>				
Sales growth	-22%	5%	-14%	18%
– organic tonnage growth	-14%	8%	-6%	14%
– price and mix changes	-6%	-3%	-6%	4%
– currency effects	-2%	-1%	-2%	-3%
– acquisitions	-	1%	-	3%
<b>Adjusted earnings measurements</b>				
Underlying operating profit/loss (uEBIT)	-33	29	49	157
Underlying EBITA	-28	33	65	173
<b>Adjusted margin measurements</b>				
Underlying gross margin	11.5%	13.5%	13.3%	13.8%
Underlying operating margin	-3.3%	2.2%	1.1%	2.9%
Underlying EBITA margin	-2.8%	2.6%	1.4%	3.2%
<b>Adjusted return</b>				
Underlying return on operating capital (excluding intangible assets)	-16.7%	15.3%	8.3%	19.6%
<b>Adjusted per share data</b>				
Underlying earnings per share (SEK)	-0.64	-0.28	0.12	0.89
Underlying earnings per share after dilution (SEK)	-0.64	-0.28	0.12	0.89
<b>Adjusted capital structure</b>				
Net debt/underlying EBITDA (multiple)	-	-	7.3	3.6
<b>Other</b>				
Inventory gains and losses	-9	-23	-23	-20
Shipped tonnage (thousands of tonnes)	98	114	438	469
Average sales prices (SEK/kg)	10.25	11.31	10.59	11.50

## Condensed parent company income statement

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Net sales	15	14	58	55
Administrative expenses	-23	-21	-90	-92
Other operating income and expenses	0	-1	-1	-1
<b>Operating profit/loss</b>	<b>-8</b>	<b>-8</b>	<b>-33</b>	<b>-38</b>
Financial items	-20	19	-181	13
<b>Profit/loss before tax</b>	<b>-28</b>	<b>11</b>	<b>-214</b>	<b>-25</b>
Tax	-8	-16	0	0
<b>Profit/loss for the period</b>	<b>-36</b>	<b>-5</b>	<b>-214</b>	<b>-25</b>

## Statement of comprehensive income – parent company

(SEK M)	2012 Oct-Dec	2011 Oct-Dec	2012 Full-year	2011 Full-year
Profit/loss for the period	-36	-5	-214	-25
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-36</b>	<b>-5</b>	<b>-214</b>	<b>-25</b>

## Condensed parent company balance sheet

(SEK M)	2012 31 Dec	2011 31 Dec
Intangible assets	71	71
Tangible assets	0	0
Financial assets	1,191	1,407
<b>Total non-current assets</b>	<b>1,262</b>	<b>1,478</b>
Current receivables	396	344
Cash and equivalents	52	73
<b>Total current assets</b>	<b>448</b>	<b>417</b>
<b>Total assets</b>	<b>1,710</b>	<b>1,895</b>
<b>Equity</b>	<b>598</b>	<b>826</b>
<b>Non-current liabilities</b>	<b>818</b>	<b>836</b>
<b>Current liabilities</b>	<b>294</b>	<b>233</b>
<b>Total equity and liabilities</b>	<b>1,710</b>	<b>1,895</b>
<b>Pledged assets</b>	<b>1,301</b>	<b>1,309</b>
<b>Contingent liabilities</b>	<b>36</b>	<b>80</b>

## Key data – multi-quarter summary

(SEK M unless otherwise stated)	2012 Oct-Dec	2012 Jul-Sep	2012 Apr-Jun	2012 Jan-Mar	2011 Oct-Dec	2011 Jul-Sep	2011 Apr-Jun	2011 Jan-Mar	2010 Oct-Dec
Net sales	998	1,020	1,273	1,343	1,288	1,268	1,445	1,391	1,230
<b>Earnings measurements</b>									
Operating profit/loss (EBIT)	-42	6	21	41	1	13	70	44	-3
Underlying operating profit/loss (uEBIT)	-33	15	16	51	29	32	48	48	11
Underlying EBITA	-28	19	20	55	33	37	52	51	14
<b>Margin measurements</b>									
Operating margin	-4.2%	0.6%	1.7%	3.1%	0.1%	1.0%	4.8%	3.2%	-0.3%
Underlying operating margin	-3.3%	1.5%	1.2%	3.8%	2.2%	2.5%	3.3%	3.4%	0.9%
Underlying EBITA margin	-2.8%	1.8%	1.6%	4.1%	2.6%	2.9%	3.6%	3.7%	1.1%
<b>Capital structure</b>									
Net debt	779	851	844	806	773	924	851	783	842
Net debt/equity ratio	116%	120%	105%	98%	96%	108%	98%	96%	107%
Equity/assets ratio	29%	28%	31%	29%	31%	29%	29%	27%	30%
Capital employed (average)	1,602	1,677	1,723	1,731	1,766	1,809	1,777	1,727	1,728
Operating capital (excluding intangible assets) (average)	689	810	860	821	897	964	873	836	916
Working capital tied-up	10%	12%	10%	8%	10%	12%	9%	9%	12%
<b>Return</b>									
Return on capital employed	-10.3%	1.5%	5.1%	9.7%	0.4%	3.1%	16.0%	10.5%	-0.6%
Return on operating capital (excluding intangible assets)	-22.0%	4.8%	11.6%	21.9%	2.2%	7.2%	33.8%	22.7%	-0.1%
Underlying return on operating capital (excluding intangible assets)	-16.7%	9.3%	9.2%	26.9%	15.3%	14.9%	23.7%	24.3%	6.1%
Return on equity	-22.3%	-2.9%	3.8%	12.0%	-7.2%	-0.6%	22.7%	11.9%	-6.6%
<b>Per share data</b>									
Earnings per share (SEK)	-0.81	-1.83	0.01	0.38	-0.74	-0.20	0.89	0.46	-0.37
Underlying earnings per share (SEK)	-0.64	0.29	-0.07	0.54	-0.28	0.08	0.56	0.53	-0.15
Equity per share (SEK)	13.63	14.32	16.36	16.68	16.31	17.30	17.47	16.36	15.90
Cash flow from operating activities per share (SEK)	1.95	-0.13	-0.33	-0.30	3.27	-1.04	-0.31	1.80	1.18
<b>Other</b>									
Average number of employees	899	895	907	921	949	962	955	935	889
Inventory gains and losses	-9	-9	5	-10	-23	-19	22	0	-14
Shipped tonnage (thousands of tonnes)	98	98	117	125	114	111	122	122	106
Average sales prices (SEK/kg)	10.25	10.36	10.94	10.71	11.31	11.48	11.85	11.36	11.59

## Definitions of key data

### SUPPLEMENTARY DISCLOSURES

<b>Growth</b>	
Sales growth	Change in net sales from the preceding period in percent.
<b>Adjusted earnings measurements</b>	
Underlying operating profit/loss (uEBIT)	Operating profit/loss (EBIT) before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA	EBITA before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses).
<b>Adjusted margin measurements</b>	
Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit is the reported gross profit adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating margin	Underlying operating profit/loss (uEBIT) as a percentage of net sales.
Underlying EBITA margin	Underlying EBITA as a percentage of net sales.
<b>Adjusted return</b>	
Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets.
<b>Adjusted per share data</b>	
Underlying earnings per share (SEK)	Profit for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares during the period.
Underlying earnings per share after dilution (SEK)	Profit for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares after dilution during the period.
<b>Adjusted capital structure</b>	
Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and adjusted for inventory gains and losses (deductions for gains and additions for losses). EBITDA is operating profit before depreciation and amortization.
<b>Other</b>	
Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost.

Please refer to the 2011 annual report for other definitions of key data.