



BE GROUP

# YEAR-END REPORT BE Group AB (publ)

January – December 2018

## Improved result and cash flow during the fourth quarter, the Board of Directors proposes dividend of SEK 1.75 per share for 2018

### Fourth quarter 2018

- Net sales increased by 5% to SEK 1,154 M (1,095).
- The underlying operating result increased to SEK 17 M (9).
- The operating result increased to SEK 22 M (5), including items affecting comparability of SEK 4 M (-10).
- Result after tax increased to SEK 11 M (-5).
- Cash flow from operating activities increased to SEK 80 M (10).
- Earnings per share increased to SEK 0.83 (-0.40).

### Full-year 2018

- Net sales increased by 10% to SEK 4,803 M (4,348).
- The underlying operating result increased to SEK 117 M (82).
- The operating result increased to SEK 132 M (57), including items affecting comparability of SEK -12 M (-52).
- Result after tax increased to SEK 80 M (24).
- Cash flow from operating activities amounted to SEK 86 M (95).
- Earnings per share increased to SEK 6.13 (1.87).
- The Board of Directors proposes dividend of SEK 1.75 (-) per share for the financial year of 2018.

Results overview	2018	2017	Change	2018	2017	Change
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Tonnage, thousands of tonnes	93	89	4	377	363	14
Net sales, SEK M	1,154	1,095	59	4,803	4,348	455
Underlying operating result, SEK M	17	9	8	117	82	35
Operating result, SEK M	22	5	17	132	57	75
Profit/loss for the period, SEK M	11	-5	16	80	24	56
Earnings per share, SEK <sup>1)</sup>	0.83	-0.40	1.23	6.13	1.87	4.26
Cash flow from operating activities, SEK M	80	10	70	86	95	-9

<sup>1)</sup> Based on the average number of shares.

BE Group, which is listed on the Nasdaq Stockholm exchange, is a trading and service company in steel, stainless steel and aluminium. BE Group offers efficient distribution and value-adding production services to customers primarily in the manufacturing and construction industries. In 2018, the Group reported sales of SEK 4.8 billion. BE Group has approximately 670 employees, 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).



## The business continues to deliver growth and improved profitability

### Statement from the CEO

The business continued to deliver growth and improved profitability in the fourth quarter. Net sales increased by 5 percent and the result improved significantly, mainly driven by tonnage growth and improved profitability in the production businesses in Sweden and Poland and despite temporarily increased production and material cost in the Finnish business. The distribution businesses in our main markets are doing better and we see that our focus on improvement activities is having an effect.

The steel prices stabilized in line with the previous quarter which resulted in lower inventory gains compared to last year. Altogether, the operating result increased and it was positive that the cash flow from operating activities recovered as expected after the relatively weak development in the first three quarters. As a result, the balance sheet is increasingly stronger and the net debt/equity ratio has decreased to 49 percent (60).

#### Tonnage and sales growth

Demand in our main markets remains satisfying. During the

quarter, we had a good tonnage growth in business area Sweden & Poland while Finland & Baltics was in line with last year.

For the full-year, we have seen a similar trend where growth primarily comes from business area Sweden & Poland while Finland & Baltics remains at the same level as in 2017. For the full year, the Group shows a total sales growth of 10 percent.

#### Outlook

Demand in the next quarter is expected to remain strong in the company's main markets while steel prices stay on the same level as those seen in the fourth quarter. Continued cost control and improvement measures are expected to continue to strengthen the Group's profitability.

Anders Martinsson  
President and CEO

Bridge 2017-2018 operating result SEK M	Q1	Q2	Q3	Q4	Jan-Dec
<b>Operating result 2017</b>	<b>46</b>	<b>-13</b>	<b>19</b>	<b>5</b>	<b>57</b>
Reversal of inventory gains (-)/losses (+)	-16	-8	3	-6	-27
Items affecting comparability	-	42	-	10	52
<b>Underlying operating result 2017</b>	<b>30</b>	<b>21</b>	<b>22</b>	<b>9</b>	<b>82</b>
Change in sales	13	22	20	8	63
Change in underlying gross margin	4	-7	-11	-2	-16
Change in overhead costs	1	-10	-5	2	-12
<b>Underlying operating result 2018</b>	<b>48</b>	<b>26</b>	<b>26</b>	<b>17</b>	<b>117</b>
Reversal of inventory gains (+)/losses (-)	7	12	7	1	27
Items affecting comparability	-	-16	-	4	-12
<b>Operating result 2018</b>	<b>55</b>	<b>22</b>	<b>33</b>	<b>22</b>	<b>132</b>

The "change in underlying gross margin" and "change in overhead costs" have been impacted by a total of SEK -12 M due to a provision for an anticipated bad debt and adjustment of inventory in the Baltics during Q2 2018.

Items affecting comparability in Q2 2018 is related to the exit of the operations in Prerov, Czech Republic, SEK -9 M is affecting the Group's consolidated statement of comprehensive income while SEK -7 M refers to translation differences from previous fiscal years.

# Comments on the report

## Fourth quarter

Consolidated net sales for the period increased by 5 percent compared to last year, amounting to SEK 1,154 M (1,095). The increase is explained by organic growth of 3 percent, positive currency effects of 3 percent and negative price and mix effects of 1 percent. The negative price effect is mainly due to a somewhat changed product mix compared to last year.

Gross profit amounted to SEK 152 M (152), with a gross margin of 13.2 percent (13.9). The operating result increased to SEK 22 M (5), corresponding to an operating margin of 1.9 percent (0.5). Adjusted for inventory gains and losses of SEK 1 M (6) and items affecting comparability of SEK 4 M (-10), the underlying operating result was SEK 17 M (9). The underlying operating margin during the period was 1.4 percent (0.8). During the quarter, an agreement was reached with the landlord regarding maintenance of the warehouse in Malmö. The content of the agreement means that approximately SEK 4 M of the provision booked at the end of 2017 was released during the fourth quarter which explains the items affecting comparability mentioned above.

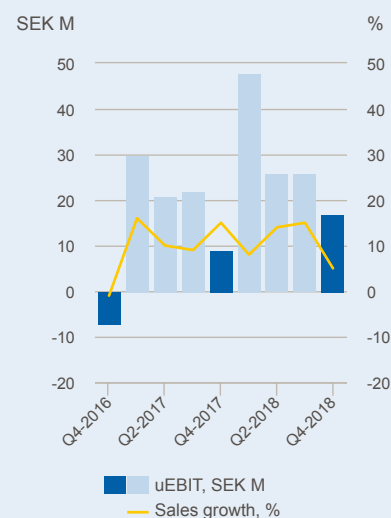
## Full-year 2018

During the year, the Group's net sales increased by 10 percent compared to last year and amounted to SEK 4,803 M (4,348). Tonnage in business area Sweden & Poland exceeded last year by 9 percent while Finland & Baltics delivered 1 percent less than last year. Higher average steel prices and mix effects had a positive impact on net sales of 3 percent. The price trend also led to inventory gains of SEK 27 M (27).

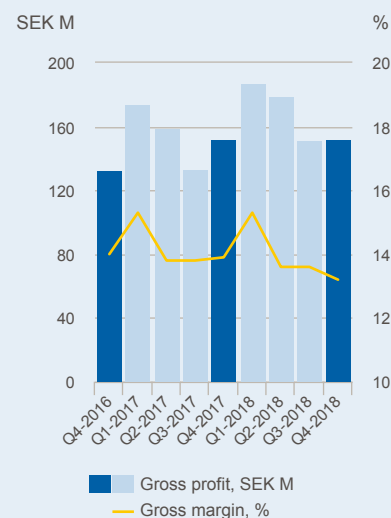
Gross profit amounted to SEK 669 M (619), with a gross margin of 13.9 percent (14.2). In total, the year was impacted by items affecting comparability amounting to SEK -12 M (-52) relating to the exit of the unprofitable operations in Prerov and the release of part of the provision as described in the fourth quarter. Apart from this, additional one-off costs of SEK -12 M related to adjustment for inventory and bad debt in the Baltics have affected the underlying operating result.

The operating result increased to SEK 132 M (57), which is mainly explained by the maintained gross margin and 4 percent organic tonnage growth and 10 percent higher net sales. Sales and administration expenses are in line with last year. Adjusted for items affecting comparability and inventory gains and losses, the underlying operating result increased to SEK 117 M (82). The operating margin amounted to 2.8 percent (1.3) and the underlying operating margin was 2.4 percent (1.9).

### THE GROUP'S SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



### THE GROUP'S GROSS MARGIN AND GROSS PROFIT PER QUARTER





The business area includes the Group's operations in Sweden consisting of the companies BE Group Sverige and Lecor Stålteknik, as well as the Polish operation BE Group Poland.

#### Fourth quarter

Net sales increased by 7 percent in the fourth quarter compared to last year and amounted to SEK 607 M (568). The operating result improved to SEK 30 M (6). Adjusted for inventory gains and losses and items affecting comparability of SEK 4 M (-7), the underlying operating result increased to SEK 26 M (13).

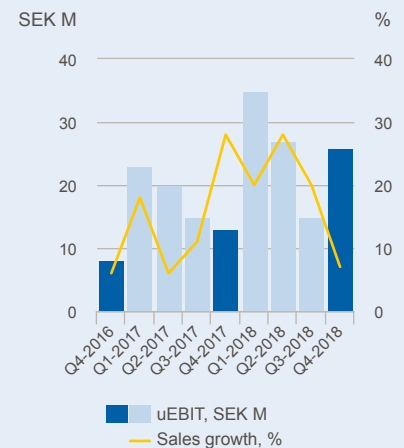
The tonnage in the distribution business in Sweden was in line with the same period last year. At the same time, the operation is showing an improved underlying operating result, mainly due to the continued increase of steel prices. The production business in Sweden & Poland also continued to show improved profitability, due to higher sales and an improved gross margin resulting from higher capacity utilization and positive price and mix effects.

#### Full-year 2018

Net sales increased by 18 percent compared with the same period last year, and amounted to SEK 2,476 M (2,094). The operating result increased to SEK 123 M (78). Adjusted for inventory gains and losses and items affecting comparability, the underlying operating result increased to SEK 104 M (72).

Profit improved mainly due to the continuous improvement work in the production unit in Norrköping. Tonnage increased by 9 percent compared with 2017.

#### BUSINESS AREA SWEDEN & POLAND, SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER\*



\*BE Group Produktion Eskilstuna has been reported under Parent Company and Group items since the fourth quarter of 2017. Comparative numbers have been restated.



## BUSINESS AREA FINLAND & BALTICS

The business area includes the Group's operations in Finland and the three Baltic States.

### Fourth quarter

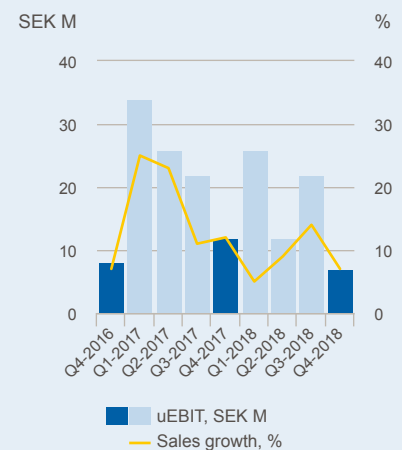
Compared with the fourth quarter of last year, net sales were 7 percent higher and amounted to SEK 546 M (510). The tonnage was in line with last year and higher average steel prices and mix effects contributed to the increase in sales. The operating result decreased to SEK 8 M (16) mainly due to a weaker development in the production business in Finland. Adjusted for inventory gains of SEK 1 M (4), the underlying operating result amounted to SEK 7 M (12).

The distribution business in Finland delivered an improved result compared to last year although the tonnage volume was at the same level. The production business in Finland showed higher net sales while volume, gross margin and profit were lower than last year due to temporarily increased production and material costs.

### Full-year 2018

Net sales increased by 9 percent compared to last year, amounting to SEK 2,299 M (2,114). The operating result amounted to SEK 81 M (105) and, adjusted for inventory gains and losses, the underlying operating result decreased to SEK 68 M (89). The lower profitability is mainly due to the provision for an anticipated bad debt and adjustment of inventory in the Baltics of SEK -12 M that impacted the second quarter. The distribution business continued to be affected by the price pressure on thin sheets in the Finnish market, which had a negative effect on the gross margin. In addition to this, the production business in Finland had a weak ending of the year. Tonnage decreased by 1 percent compared with 2017.

### BUSINESS AREA FINLAND & BALTICS SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



# Parent Company & consolidated items

Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring (BE Group Czech Republic, BE Group Slovakia, BE Group Produktion Eskilstuna and RTS Estonia). BE Group Produktion Eskilstuna has been reported under Parent Company and Group items since the fourth quarter of 2017. Comparative numbers have been restated.

The restructuring of these operations, approved by the Board of BE Group partly in the first quarter of 2016 and partly in the second quarter of 2017, are completed. The exit from remaining business in Prerov, Czech Republic, is in essence completed. In total, the operations under restructuring had sales of SEK 3 M (21) in the fourth quarter with an underlying operating result of SEK 2 M (-3). For the full year, net sales amounted to SEK 47 M (158) and the underlying operating result to SEK 2 M (-28).

Fourth quarter sales in the Parent Company, BE Group AB (publ), which consist of intra-Group services, amounted to SEK 29 M (56). Operating result amounted to SEK 11 M (43).

Net financial items for the full year amounted to SEK 2 M (-22). Profit before tax increased to SEK 85 M (0) and profit after tax increased to SEK 69 M (-1). Investments in the Parent Company amounted to SEK 1 M (-). At the end of the period, cash and equivalents in the Parent Company increased to SEK 71 M (44).

## Group

### Net financial items and tax

The Group's consolidated net financial items in the fourth quarter amounted to SEK -5 M (-6), of which net interest accounted for SEK -3 M (-4). Net financial items for the full year amounted to SEK -16 M (-23) and net interest was SEK -12 M (-17). On an annual basis, consolidated net interest corresponded to 2.5 percent (3.2) of average interest-bearing net debt.

Taxes for the fourth quarter amounted to SEK -6 M (-4). Profit after tax increased to SEK 11 M (-5) and amounted to SEK 80 M (24) for the full year including items affecting comparability of SEK -12 M (-52).

As the Group's profitability continues to improve the capitalized deferred tax assets referring to loss carryforwards are utilized. The deferred tax asset has decreased during the year, amounting to SEK 33 M (56).

### Cash flow

The Group's consolidated working capital amounted to SEK 572 M (492) at the end of the period and the average working capital tied-up for the fourth quarter was 12.9 percent (11.1). Cash flow from operating activities amounted to SEK 80 M (10) during the quarter and SEK 86 M (95) for the full year. Cash flow from investing activities was SEK -10 M (-9) for the fourth quarter and SEK -32 M (5) for the full year. Cash flow after investments therefore amounted to SEK 70 M (1) in the fourth quarter and SEK 54 M (100) for the full year.

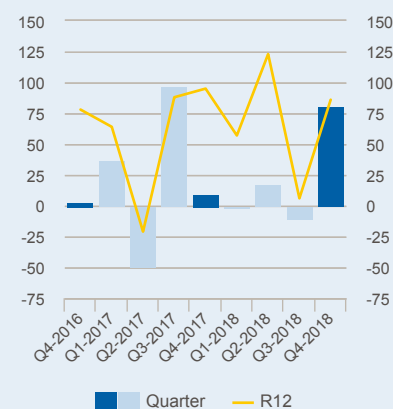
### Financial position and liquidity

At the end of the period, consolidated cash and cash equivalents, including overdraft facilities, amounted to SEK 208 M (161) and the consolidated interest-bearing net debt was SEK 440 M (478). Equity amounted to SEK 892 M (802) at the end of the period and the net debt/equity ratio amounted to 49 percent (60).

### Organization, structure and employees

The number of employees amounted to 667 compared with 665 at the same time in the previous year. The average number of employees during the year amounted to 668 (700).

### THE GROUP'S CASH FLOW FROM OPERATING ACTIVITIES, SEK M



# Other information

## Significant events after the end of the period

No significant events have taken place after the end of the period.

## Transactions with related parties

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

## Annual General Meeting 2019

BE Group's Annual General Meeting will take place on April 25, 2019, at 3:00 p.m. in Malmö, Sweden. Further information will be published on the company's website.

## Dividend

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. Dividends shall be distributed taking BE Group's financial position and prospects into account. The Board of Directors proposes dividend of SEK 1.75 (-) to be paid for the financial year of 2018 which corresponds to approximately SEK 23 M.

## Significant risks and uncertainties

The financial risk exposure is explained in the 2017 Annual Report, which was published in March 2018. No new significant risks or uncertainties have arisen since that date.

## Accounting principles

The interim report was 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.

Refer to the 2017 Annual Report for details of the Group's accounting principles and definitions of certain terms. The principles applied are unchanged in relation to the Annual Report with addition of the new accounting principles IFRS 9 and IFRS 15 that have entered into effect on January 1, 2018. These have been applied and in accordance with the assessment done during 2017 they have not had any major impact on the financial reporting. The information in the interim report have been adapted to the new standards.

**IFRS 16 Leases** replaces existing IFRS related to recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group applies the standard from January 1, 2019.

IFRS 16 mainly affects lessees and the central effect is that all leases that are today recognized as operating leases shall be recognized in a way that is similar to the current recognition of finance leases. This means that even for operating leases, assets and liabilities must be recognized, with associated recognition of costs for depreciation and interest – in contrast to today when no recognition is made of lease assets and related liabilities, and when the leasing fees are allocated to periods straight-line as a leasing cost. Except for recognition of the right of use asset and leasing liability for leases of minor value and contracts of a duration of no more than 12 months. The Group has chosen not to apply the exemption rules.

At January 1, 2019, the Group will report rights of use, related to outstanding leasing commitments, of approximately SEK 600 M and leasing liabilities of approximately SEK 600 M. The effect of the introduction of IFRS 16 on the financial statements will depend on future financial circumstances, including the Group's loan interest, the composition of the Group's leasing portfolio at that time and the Group's latest assessment regarding whether or not they want to use any options to extend leases. The Group's EBITDA will improve at the same time that interest expenses will increase. The change is due to the costs for the operating leases previously being included in EBITDA, while amortization on rights of use and interest on the leading liability do not.

The Group applies the relief rule to inherit the earlier definition of leasing at the transition. This means that it is applied to all contracts entered into before January 1, 2019 identified as leases under IAS 17 and IFRIC 4.

As a lessee, the Group can choose to apply the standard either:

- retroactively; or
- with a modified retroactive approach

The selected method is applied to all leases.

The Group applies the modified retroactive approach, which means that the accumulated effect of the transition to IFRS 16 is recognized in the retained earnings in the opening balance at January 1, 2019. The effect in the retained earnings of the transition to IFRS 16 has no material impact to BE Group. No comparative figures will be restated.

# Future information

## Future reporting dates

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

- The Annual Report for 2018 will be available in late March/beginning of April 2019.
- The Interim Report for January–March 2019 will be published on April 25, 2019.
- The Interim Report for January–June 2019 will be published on July 18, 2019.
- The Interim Report for January–September 2019 will be published on October 24, 2019.

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

*Malmö, January 31, 2019*

BE Group AB (publ)

**Anders Martinsson**

*President and CEO*

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## Questions concerning this report may be directed to:

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

This information is information that BE Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above at 7.45 a.m. CET on January 31, 2019.



## Condensed consolidated income statement

(SEK M)	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Net sales		1,154	1,095	4,803	4,348
Cost of goods sold	1	-1,002	-943	-4,134	-3,729
<b>Gross profit</b>		<b>152</b>	<b>152</b>	<b>669</b>	<b>619</b>
Selling expenses	1	-98	-102	-402	-395
Administrative expenses	1	-36	-33	-125	-123
Other operating income and expenses	2	3	-13	-14	-55
Participation in joint venture		1	1	4	11
<b>Operating profit/loss</b>		<b>22</b>	<b>5</b>	<b>132</b>	<b>57</b>
Financial items		-5	-6	-16	-23
<b>Profit/loss before tax</b>		<b>17</b>	<b>-1</b>	<b>116</b>	<b>34</b>
Tax		-6	-4	-36	-10
<b>Profit/loss for the period</b>		<b>11</b>	<b>-5</b>	<b>80</b>	<b>24</b>
Earnings per share <sup>1)</sup>		0.83	-0.40	6.13	1.87
Earnings per share before and after dilution <sup>1)</sup>		0.83	-0.40	6.13	1.87

<sup>1)</sup> Refers to the average number shares.

## Consolidated statement of comprehensive income

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
<b>Profit/loss for the period</b>	<b>11</b>	<b>-5</b>	<b>80</b>	<b>24</b>
<b>Other comprehensive income</b>				
<b>Items that have, or may be, reclassified to profit/loss for the period</b>				
Translation differences	-4	16	21	16
Hedging of net investments in foreign subsidiaries	3	-13	-15	-12
Tax attributable to items in other comprehensive income	0	3	4	3
<b>Total other comprehensive income</b>	<b>-1</b>	<b>6</b>	<b>10</b>	<b>7</b>
<b>Comprehensive income for the period</b>	<b>10</b>	<b>1</b>	<b>90</b>	<b>31</b>

## Condensed consolidated balance sheet

(SEK M)	Note	2018 Dec 31	2017 Dec 31
Goodwill		563	552
Other intangible assets		6	11
Tangible assets		111	115
Investment in joint venture		113	117
Financial assets		0	0
Deferred tax assets		33	56
<b>Total non-current assets</b>		<b>826</b>	<b>851</b>
Inventories		651	599
Accounts receivable		470	489
Other receivables		63	35
Cash and equivalents		108	61
<b>Total current assets</b>		<b>1,292</b>	<b>1,184</b>
<b>Total assets</b>	3	<b>2,118</b>	<b>2,035</b>
<b>Equity</b>		<b>892</b>	<b>802</b>
Non-current interest-bearing liabilities		543	519
Provisions		0	0
Deferred tax liability		44	43
<b>Total non-current liabilities</b>		<b>587</b>	<b>562</b>
Current interest-bearing liabilities		5	20
Accounts payable		468	479
Other current liabilities		145	152
Other current provisions		21	20
<b>Total current liabilities</b>		<b>639</b>	<b>671</b>
<b>Total equity and liabilities</b>	3	<b>2,118</b>	<b>2,035</b>

## Condensed consolidated cash-flow statement

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Operating result	22	5	132	57
Adjustment for non-cash items	-2	6	42	63
– of which, amortization/depreciation	10	2	38	74
– of which, other items	-12	4	4	-11
Interest paid/received and other financial items	-4	-5	-13	-21
Income tax paid	0	-1	-16	-19
Change in working capital	64	5	-59	15
<b>Cash flow from operating activities</b>	<b>80</b>	<b>10</b>	<b>86</b>	<b>95</b>
Investments in intangible assets	-1	0	-2	0
Investments in tangible assets	-7	-11	-32	-22
Divestments of tangible assets	0	2	2	27
Other cash flow from investing activities	-2	0	0	0
<b>Cash flow after investments</b>	<b>70</b>	<b>1</b>	<b>54</b>	<b>100</b>
Cash flow from financing activities	-19	-76	-10	-69
<b>Cash flow for the period</b>	<b>51</b>	<b>-75</b>	<b>44</b>	<b>31</b>
Exchange-rate difference in cash and equivalents	0	3	3	3
<b>Change in cash and equivalents</b>	<b>51</b>	<b>-72</b>	<b>47</b>	<b>34</b>

## Condensed statement of changes in equity

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
<b>Equity at beginning of period</b>	<b>882</b>	<b>801</b>	<b>802</b>	<b>771</b>
Comprehensive income for the period	10	1	90	31
<b>Equity at end of period</b>	<b>892</b>	<b>802</b>	<b>892</b>	<b>802</b>

## Note 1 Amortizations and depreciations

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Amortization of intangible assets	3	1	9	8
Depreciation of tangible assets	7	7	29	33
<b>Total amortizations and depreciations</b>	<b>10</b>	<b>8</b>	<b>38</b>	<b>41</b>

## Note 2 Items affecting comparability

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Restructuring expenses	4	-10	-12	-28
Write-down of tangible assets	-	-	-	-4
Write-down of intangible assets	-	-	-	-1
Write-down of current assets	-	-	-	-22
Reversal of write-down of participation in joint venture	-	-	-	20
Write-down of goodwill	-	-	-	-17
<b>Total items affecting comparability</b>	<b>4</b>	<b>-10</b>	<b>-12</b>	<b>-52</b>

## Note 3 Valuation of financial assets and liabilities

In all material respects fair value coincides with the carrying amount in the balance sheet for financial assets and liabilities.

The assessment of the fair value of the financial assets has been carried out in accordance with level 2 as defined by IFRS 7.27 A, with the exception of cash and equivalents, which are valued in accordance with level 1. For additional information, see Note 31 in the 2017 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

# Segment reporting

## Net sales per segment

Per segment (SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	607	568	2,476	2,094
Finland & Baltics	546	510	2,299	2,114
Parent Company and consolidated items	1	17	28	140
<b>Group</b>	<b>1,154</b>	<b>1,095</b>	<b>4,803</b>	<b>4,348</b>

Per product group (SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Long steel Products	416	380	1,683	1,436
Flat steel Products	452	418	1,869	1,673
Stainless steel	204	180	872	801
Aluminium	53	56	229	212
Other	29	61	150	226
<b>Group</b>	<b>1,154</b>	<b>1,095</b>	<b>4,803</b>	<b>4,348</b>

By country based on customer´s domicile (SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden	594	569	2,431	2,170
Finland	463	424	1,935	1,756
Other	97	102	437	422
<b>Group</b>	<b>1,154</b>	<b>1,095</b>	<b>4,803</b>	<b>4,348</b>

## Shipped tonnage per segment (thousands of tonnes)

	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	49	45	187	172
Finland & Baltics	44	44	190	191
Parent Company and consolidated items	0	0	0	0
<b>Group</b>	<b>93</b>	<b>89</b>	<b>377</b>	<b>363</b>

## Operating result (EBIT) per segment

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	30	6	123	78
Finland & Baltics	8	16	81	105
Parent Company and consolidated items	-16	-17	-72	-126
<b>Group</b>	<b>22</b>	<b>5</b>	<b>132</b>	<b>57</b>

## Operating margin per segment

	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	4.9%	1.1%	5.0%	3.7%
Finland & Baltics	1.5%	3.1%	3.5%	5.0%
Parent Company and consolidated items	neg	neg	neg	neg
<b>Group</b>	<b>1.9%</b>	<b>0.5%</b>	<b>2.8%</b>	<b>1.3%</b>

## Underlying operating result (uEBIT) per segment <sup>1)</sup>

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	26	13	104	72
Finland & Baltics	7	12	68	89
Parent Company and consolidated items	-16	-16	-55	-79
<b>Group</b>	<b>17</b>	<b>9</b>	<b>117</b>	<b>82</b>

## Underlying operating margin per segment <sup>2)</sup>

	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	4.3%	2.5%	4.2%	3.4%
Finland & Baltics	1.2%	2.1%	2.9%	4.2%
Parent Company and consolidated items	neg	neg	neg	neg
<b>Group</b>	<b>1.4%</b>	<b>0.8%</b>	<b>2.4%</b>	<b>1.9%</b>

## Depreciation per segment

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	3	3	13	14
Finland & Baltics	5	4	18	16
Parent Company and consolidated items	2	1	7	11
<b>Group</b>	<b>10</b>	<b>8</b>	<b>38</b>	<b>41</b>

## Investments in tangible and intangible assets per segment

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Sweden & Poland	6	5	16	10
Finland & Baltics	3	6	18	12
Parent Company and consolidated items	0	0	1	0
<b>Group</b>	<b>9</b>	<b>11</b>	<b>35</b>	<b>22</b>

<sup>1)</sup> Operating profit/loss (EBIT) adjusted for inventory gains and losses and items affecting comparability. 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 has not been subject for review by the Group's auditor.

<sup>2)</sup> Underlying operating result (uEBIT) as a percentage of net sales.

# Key data

(SEK M unless otherwise stated)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Net sales	1,154	1,095	4,803	4,348
<b>Earnings measurements</b>				
Gross result	152	152	669	619
Underlying gross result	151	145	643	596
Operating result (EBIT)	22	5	132	57
Underlying operating result (uEBIT)	17	9	117	82
<b>Margin measurements</b>				
Gross margin	13.2%	13.9%	13.9%	14.2%
Underlying gross margin	13.1%	13.2%	13.4%	13.7%
Operating margin	1.9%	0.5%	2.8%	1.3%
Underlying operating margin	1.4%	0.8%	2.4%	1.9%
<b>Capital structure</b>				
Net debt	440	478	440	478
Net debt/equity ratio	49%	60%	49%	60%
Working capital at end of period	572	492	572	492
Working capital (average)	594	486	562	514
Capital employed (average)	1,446	1,371	1,408	1,373
Working capital tied-up	12.9%	11.1%	11.7%	11.8%
<b>Return</b>				
Return on capital employed	6.0%	1.7%	9.4%	4.2%
<b>Per share data</b>				
Earnings per share (SEK) <sup>1)</sup>	0.83	-0.40	6.13	1.87
Earnings per share after dilution (SEK) <sup>1)</sup>	0.83	-0.40	6.13	1.87
Equity per share (SEK)	68.67	61.77	68.67	61.77
Cash flow from operating activities per share (SEK) <sup>1)</sup>	6.13	0.78	6.60	7.35
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution <sup>1)</sup>	12,983	12,983	12,983	12,983
<b>Growth</b>				
Sales growth	5%	15%	10%	12%
– of which organic tonnage growth	3%	5%	4%	-3%
– of which price and mix changes	-1%	10%	3%	14%
– of which currency effects	3%	0%	3%	1%
<b>Other</b>				
Average number of employees	666	684	668	700
Inventory gains and losses	1	6	27	27
Shipped tonnage (thousands of tonnes)	93	89	377	363

<sup>1)</sup> Refers to average number of shares.

## Condensed parent company income statement

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Net sales	29	56	108	92
Administrative expenses	-17	-13	-58	-54
Other operating income and expenses	-1	0	0	0
<b>Operating profit/loss</b>	<b>11</b>	<b>43</b>	<b>50</b>	<b>38</b>
Financial items	-5	-51	2	-22
<b>Profit/loss after financial items</b>	<b>6</b>	<b>-8</b>	<b>52</b>	<b>16</b>
Appropriations	33	-16	33	-16
<b>Profit/loss before tax</b>	<b>39</b>	<b>-24</b>	<b>85</b>	<b>0</b>
Tax	-10	-3	-16	-1
<b>Profit/loss for the period, or comprehensive income for the period</b>	<b>29</b>	<b>-27</b>	<b>69</b>	<b>-1</b>

## Condensed parent company balance sheet

(SEK M)	2018 Dec 31	2017 Dec 31
Intangible assets	1	8
Tangible assets	1	0
Financial assets	997	1,016
<b>Total non-current assets</b>	<b>999</b>	<b>1,024</b>
Current receivables	200	213
Cash and equivalents	71	44
<b>Total current assets</b>	<b>271</b>	<b>257</b>
<b>Total assets</b>	<b>1,270</b>	<b>1,281</b>
<b>Equity</b>	<b>626</b>	<b>557</b>
<b>Non-current liabilities</b>	<b>531</b>	<b>512</b>
<b>Current liabilities</b>	<b>113</b>	<b>212</b>
<b>Total equity and liabilities</b>	<b>1,270</b>	<b>1,281</b>



## Key data – multi-quarter summary

(SEK M unless otherwise stated)	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun	2018 Jan-Mar	2017 Oct-Dec	2017 Jul-Sep	2017 Apr-Jun	2017 Jan-Mar	2016 Oct-Dec
Net sales	1,154	1,111	1,312	1,226	1,095	968	1,147	1,138	953
<b>Earnings measurements</b>									
Gross result	152	151	179	187	152	134	159	174	133
Underlying gross result	151	145	167	180	145	136	152	163	124
Operating result (EBIT)	22	33	22	55	5	19	-13	46	4
Underlying operating result (uEBIT)	17	26	26	48	9	22	21	30	-7
<b>Margin measurements</b>									
Gross margin	13.2%	13.6%	13.6%	15.3%	13.9%	13.8%	13.8%	15.3%	14.0%
Underlying gross margin	13.1%	13.0%	12.8%	14.7%	13.2%	14.0%	13.2%	14.3%	13.0%
Operating margin	1.9%	3.0%	1.6%	4.5%	0.5%	2.0%	-1.1%	4.0%	0.4%
Underlying operating margin	1.4%	2.4%	2.0%	3.9%	0.8%	2.2%	1.9%	2.6%	-0.7%
<b>Capital structure</b>									
Net debt	440	513	496	504	478	465	586	528	562
Net debt/equity ratio	49%	58%	57%	59%	60%	58%	74%	66%	73%
Working capital at end of period	572	617	575	554	492	480	588	502	506
Working capital (average)	594	596	565	523	486	534	545	504	499
Capital employed (average)	1,446	1,431	1,403	1,368	1,371	1,397	1,381	1,364	1,368
Working capital tied-up	12.9%	13.4%	10.8%	10.7%	11.1%	13.8%	11.9%	11.1%	13.1%
<b>Return</b>									
Return on capital employed	6.0%	9.4%	6.1%	16.2%	1.7%	5.4%	-3.7%	13.4%	1.2%
<b>Per share data <sup>2)</sup></b>									
Earnings per share (SEK) <sup>1)</sup>	0.83	1.73	0.54	3.03	-0.40	0.72	-1.03	2.58	-0.20
Earnings per share after dilution (SEK) <sup>1)</sup>	0.83	1.73	0.54	3.03	-0.40	0.72	-1.03	2.58	-0.20
Equity per share (SEK)	68.67	67.92	66.48	65.65	61.77	61.70	61.19	61.93	59.41
Cash flow from operating activities per share (SEK) <sup>1)</sup>	6.13	-0.74	1.29	-0.08	0.78	7.48	-3.72	2.81	0.21
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution <sup>1)</sup>	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
<b>Growth</b>									
Sales growth	5%	15%	14%	8%	15%	9%	10%	16%	-3%
– of which organic tonnage growth	3%	4%	8%	0%	5%	1%	-10%	-5%	-13%
– of which price and mix changes	-1%	6%	3%	6%	10%	8%	18%	20%	8%
– of which currency effects	3%	5%	3%	2%	0%	0%	2%	1%	2%
<b>Other</b>									
Average number of employees	666	665	670	670	684	709	710	708	715
Inventory gains and losses	1	7	12	7	6	-3	8	16	11
Shipped tonnage (thousands of tonnes)	93	84	102	98	89	82	94	98	85

<sup>1)</sup> Refers to average number of shares.

<sup>2)</sup> A 1:20 reverse share split was carried out in 2016. Comparative figures for 2016 have been restated for this.

## Alternative performance measures

The Group uses a number of alternative performance measures in its report. The alternative performance measures that BE Group considers significant are the following:

### Underlying operating result (uEBIT)

(SEK M)	2018 Oct-Dec	2017 Oct-Dec	2018 Full-year	2017 Full-year
Operating result	22	5	132	57
Reversal of inventory gains (-)/losses (+)	-1	-6	-27	-27
Adjustment for items affecting comparability	-4	10	12	52
<b>Group</b>	<b>17</b>	<b>9</b>	<b>117</b>	<b>82</b>

### Net debt

(SEK M)	2018 Dec 31	2017 Dec 31
Non-current interest-bearing liabilities	543	519
Current interest-bearing liabilities	5	20
Deduction financial assets	0	0
Deduction cash and equivalents	-108	-61
Rounding	-	-
<b>Group</b>	<b>440</b>	<b>478</b>

Net debt/equity ratio is calculated as net debt divided by Equity.

### Working capital

(SEK M)	2018 Dec 31	2017 Dec 31
Inventories	651	599
Accounts receivable	470	489
Other receivables	63	35
Deduction accounts payable	-468	-479
Deduction other current liabilities	-145	-152
Rounding	1	-
<b>Group</b>	<b>572</b>	<b>492</b>

Average working capital is an average for each period based on quarterly data.

### Capital employed

(SEK M)	2018 Dec 31	2017 Dec 31
Equity	892	802
Non-current interest-bearing liabilities	543	519
Current interest-bearing liabilities	5	20
Rounding	-	-
<b>Group</b>	<b>1,440</b>	<b>1,341</b>

Average capital employed is an average for each period based on quarterly data.

## Definitions of key data

### Adjusted results measurements

Underlying gross result	The underlying gross result is the reported gross result adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating result (uEBIT)	Operating result (EBIT) before items affecting comparability adjusted for inventory gains and losses (deductions for gains and additions for losses).
Items affecting comparability	Items that do not have any link to the normal operations of the Group or that are of a non-recurring nature, where a reporting together with other items in the consolidated comprehensive income statement would have given a comparison distortion effect that would have made it difficult to judge the development of the ordinary operations for an outside viewer. Replaces previous concept "non-recurring items".

### Adjusted margin measurements

Underlying gross margin	Underlying gross result as a percentage of net sales.
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.

### Capital structure

Net debt	Interest-bearing liabilities less cash and equivalents and financial assets.
Net debt/equity ratio	Net debt divided by equity.
Working capital	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities.
Working capital (average)	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Capital employed	Equity plus interest-bearing liabilities.
Capital employed (average)	Equity plus interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Working capital tied-up	Average working capital, as a percentage of annually adjusted net sales.

### Return on capital

Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
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### Per share data

Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Cash flow per share from operating activities	Cash flow from operating activities divided by the average number of shares for the period.
Shares outstanding at the end of the period	Shares outstanding at the end of the period adjusted for rights issues and share splits.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issued and share splits.

### Growth

Sales growth	Change in net sales from the preceding period in percent.
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### Other

Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost.
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Please refer to the 2017 annual report for other definitions of key data.



## About BE Group

### A leading steel service company in Northern Europe

**BE Group is a trading and service company in the steel and metal industry. Customers mainly operate in the manufacturing and construction industries in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors.**

With extensive expertise and efficient processes in purchasing, logistics and production, BE Group offers inventory sales, production service and direct deliveries to customers based on their specific needs for steel and metal products. BE Group has approximately 670 employees and sales of SEK 4.8 billion in 2018. The head office is located in Malmö, Sweden.

#### BUSINESS IDEA

BE Group is an independent efficient distributor of steel, stainless steel, aluminum and value adding services to Nordic manufacturing and construction companies.

Number of employees

**approx. 670**

Net sales

**SEK 4.8 billion**

