



BE GROUP

INTERIM REPORT BE Group AB (publ)

January – June 2019

Improved result and cash flow

Second quarter 2019

- Net sales amounted to SEK 1,193 M (1,312)
- The underlying operating result increased to SEK 32 M (26)¹⁾
- The operating result increased to SEK 32 M (22)²⁾
- Result after tax increased to SEK 19 M (7)
- Cash flow from operating activities increased to SEK 67 M (17)
- Earnings per share amounted to SEK 1.44 (0.54)
- Anders Martinsson decided to resign as President and CEO of BE Group

First six months 2019

- Net sales amounted to SEK 2,398 M (2,538).
- The underlying operating result amounted to SEK 72 M (74).
- The operating result amounted to SEK 66 M (77).
- Result after tax amounted to SEK 39 M (46).
- Cash flow from operating activities increased to SEK 129 M (16).
- Earnings per share amounted to SEK 3.00 (3.57).

Significant events after the end of the period

- Peter Andersson has been appointed President and CEO and will assume the position on October 11 at the latest.
- A new three-year credit agreement was signed.
- Decision regarding investments in production equipment in Norrköping and an extension of existing rental agreement.

Results overview	2019 Apr-Jun	2018 Apr-Jun	Change	2019 Jan-Jun	2018 Jan-Jun	Change
Tonnage, thousands of tonnes	92	102	-10	188	200	-12
Net sales, SEK M	1,193	1,312	-119	2,398	2,538	-140
Underlying operating result, SEK M	32	26	6	72	74	-2
Operating result, SEK M	32	22	10	66	77	-11
Profit/loss for the period, SEK M	19	7	12	39	46	-7
Earnings per share, SEK	1.44	0.54	0.90	3.00	3.57	-0.57
Cash flow from operating activities, SEK M	67	17	50	129	16	113

¹⁾ The underlying operating result last year was impacted by a provision for an anticipated bad debt and adjustment of inventory in the Baltics of SEK -12 M.

²⁾ The operating result last year was, apart from the effect for the Baltics of SEK -12 M, impacted by an item affecting comparability of SEK -16 M related to the exit of the operations in Prerov, Czech Republic and inventory gains of SEK 12 M.

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 construction and manufacturing 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.



”Mixed signals from the market and our internal improvement measures continue”

Statement from the CEO

In the second quarter, we saw a downturn in our main markets, primarily in the construction sector, but at the end of the quarter, also from subcontractors to the manufacturing industry. Some OEM customers have decreased orders to their subcontractors. However, we expect some recovery from this effect. The business subsequently provided lower sales compared to the same quarter last year.

In the quarter, we noted a somewhat stronger margin growth in the distribution businesses in Sweden and Finland while on-going measures in the Baltics and at Lecor Ståltechnik have not yet had a full effect. It is pleasing that the production operations in Finland have now recovered after several weak quarters and delivers in line with last year. Steel prices generally remained stable and in line with the first quarter. However, what we projected to be a temporary decline in the price of aluminium and stainless steel in the previous quarter has now recovered and there were no inventory gains or losses in the quarter.

Cash flow remained strong as a result of the positive earnings and good control of working capital. During the quarter, operating activities generated a positive cash flow of SEK 67 M and of SEK 129 M in the first six months.

Outlook

Demand in the third quarter is expected to be in line with the second quarter, adjusted for the vacation period. The steel prices are in general expected to remain on the same level as the second quarter.

Anders Martinsson
President and CEO

Bridge 2018-2019 operating result SEK M	Q1	Q2	Q3	Q4	Jan-Jun
Operating result 2018	55	22	33	22	77
Reversal of inventory gains (-)/losses (+)	-7	-12	-7	-1	-19
Items affecting comparability	-	16	-	-4	16
Underlying operating result 2018	48	26	26	17	74
Change in sales	-3	-15	-	-	-18
Change in underlying gross margin	-5	11	-	-	6
Change in overhead costs	0	10	-	-	10
Underlying operating result 2019	40	32	-	-	72
Reversal of inventory gains (+)/losses (-)	-6	0	-	-	-6
Items affecting comparability	-	-	-	-	-
Operating result 2019	34	32	-	-	66

The operating result has 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

Second quarter

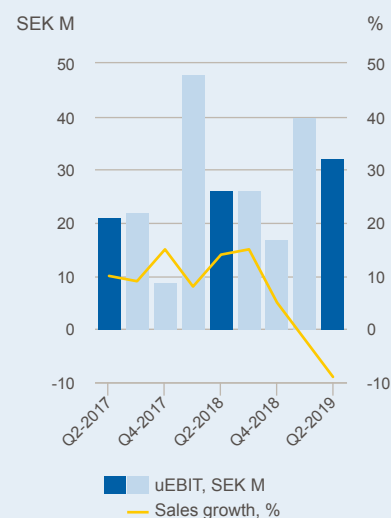
Consolidated net sales for the period decreased by 9 percent compared to last year, amounting to SEK 1,193 M (1,312). The decline is primarily attributable to the relatively weaker growth in the distribution businesses and Lecor Stålteknik. Gross profit amounted to SEK 164 M (179), with a gross margin of 13.8 percent (13.6). The operating result increased to SEK 32 M (22), corresponding to an operating margin of 2.7 percent (1.6). Last year, the operating result was impacted by a provision for an anticipated bad debt and adjustment of inventory in the Baltics of SEK -12 M and an item affecting comparability of SEK -16 M related to the exit of the operations in Czech Republic. In addition to this, Lecor had a weak development and measures have been taken while unprofitable businesses were phased out during the quarter. Adjusted for inventory gains and losses of SEK 0 M (12), the underlying operating result was SEK 32 M (26). The underlying operating margin during the period was 2.6 percent (2.0).

First six months

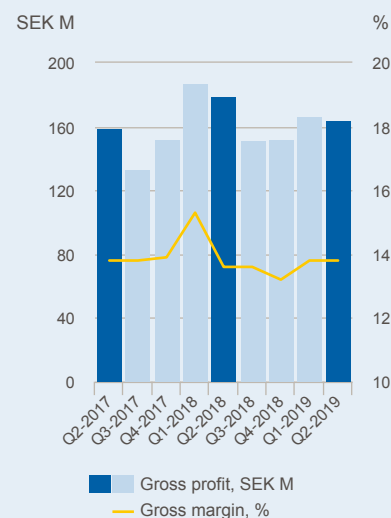
During the first six months, the Group's net sales decreased by 6 percent compared to last year and amounted to SEK 2,398 M (2,538). Tonnage in business area Sweden & Poland decreased by 3 percent compared to last year, while Finland & Baltics delivered 8 percent less. Positive currency effects of 1 percent partially compensated for the lower tonnage. Gross profit amounted to SEK 330 M (366) and the gross margin amounted to 13.8 percent (14.4).

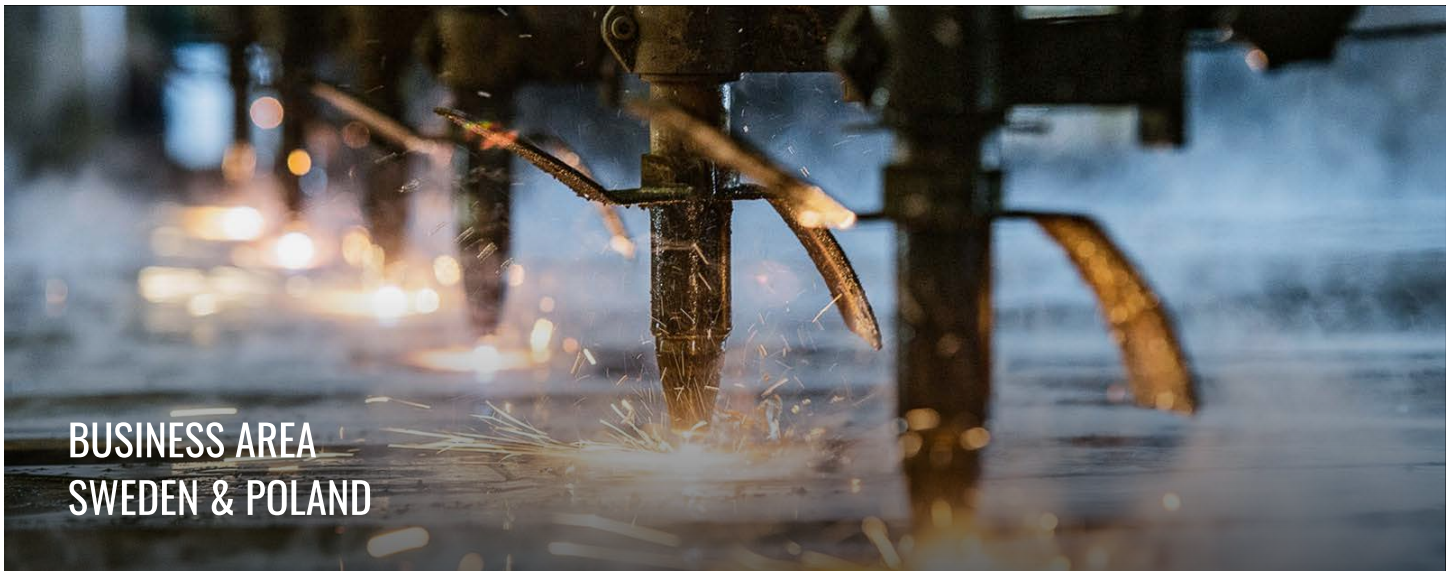
The operating result amounted to SEK 66 M (77). The weaker result is primarily attributable to inventory losses of SEK -6 M (19) and the lower net sales. Adjusted for items affecting comparability and inventory gains and losses, the underlying operating result amounted to SEK 72 M (74). Operating margin amounted to 2.7 percent (3.0) and the underlying operating margin amounted to 3.0 percent (2.9).

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



THE GROUP'S GROSS MARGIN AND GROSS PROFIT PER QUARTER





BUSINESS AREA SWEDEN & POLAND

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.

Second quarter

Net sales decreased by 10 percent in the second quarter compared to last year and amounted to SEK 610 M (675). The operating result amounted to SEK 22 M (34). Adjusted for inventory gains and losses, the underlying operating result amounted to SEK 23 M (27).

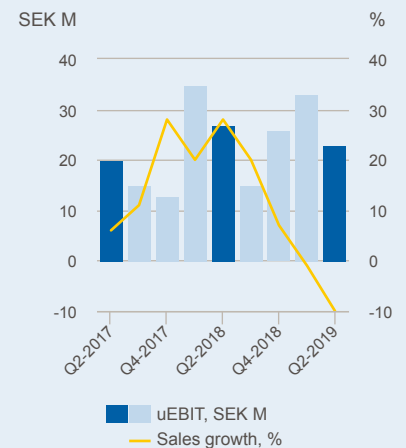
The tonnage in business unit Distribution Sweden was lower than the same period last year. Consequently, the business is showing an underlying operating result that is somewhat lower, largely due to the lower demand from the construction industry. Our joint venture AMBE delivered somewhat lower volume and result compared to last year.

Business unit Production Sweden & Poland is continuing to show improved profitability, due to higher sales and an improved gross margin mainly resulting from higher capacity utilization. Profit was improved further due to the continuous improvement work in the production unit in Norrköping and also Poland continues to contribute positively during the quarter.

First six months

Net sales for the first six months decreased by 5 percent compared to last year, amounting to SEK 1,253 M (1,326). Operating result amounted to SEK 52 M (74). Adjusted for inventory gains and losses of SEK -4 M (11), the underlying operating result amounted to SEK 56 M (63). Profit was weakened mainly due to lower profitability in Lecor and declining volume in the distribution business. Tonnage decreased by 3 percent compared to the same period in 2018.

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.

Second quarter

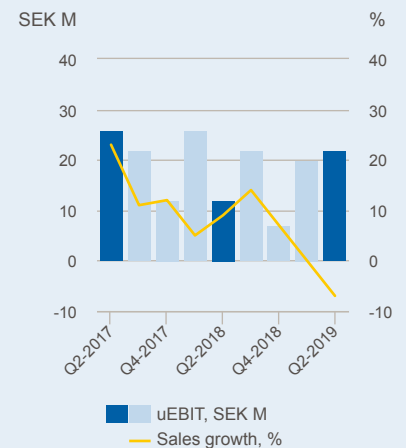
Compared to the second quarter last year, net sales were lower and amounted to SEK 585 M (629). Tonnage was 11 percent lower, but higher average steel prices and mix effects contributed to sales decreasing by 7 percent. Operating result increased to SEK 22 M (18) mainly due to the result of last year being impacted by a provision for an anticipated bad debt and inventory adjustment in the Baltics of SEK -12 M. Adjusted for inventory gains and losses of SEK 0 M (6), the underlying operating result increased to SEK 22 M (12).

Business unit Distribution Finland delivered an underlying operating result in line with last year although tonnage was lower. Business unit Production Finland showed marginally lower net sales while gross margin and the underlying operating result were in line with last year.

First six months

Net sales for the first six months decreased by 4 percent compared to last year, amounting to SEK 1,150 M (1,194). The operating result amounted to SEK 39 M (47) and, adjusted for inventory losses and items affecting comparability, the underlying operating result increased to SEK 42 M (39). This development is largely attributable to previously mentioned effects in the Baltics last year, as well as inventory gains and losses of SEK -3 M (9). Tonnage decreased by 8 percent compared with the same period in 2018.

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. For additional information see the Annual Report for 2018.

The effects regarding IFRS 16 were reported under Parent Company & consolidated items and have not been allocated to the two business areas.

Sales for the second quarter of the Parent Company, BE Group AB (publ), amounted to SEK 27 M (26) during the period and derived from intra-Group services. These intra-Group services mainly include licensing fees regarding the subsidiaries' use of the BE Group brand and central expenses for IT, Finance and Purchasing, etc. These expenses are distributed and invoiced to all subsidiaries in the Group. In the result follow-up of the business areas, these intra-group expenses have been eliminated. Out of the total costs for the Parent Company, of SEK -15 M (-13), SEK -10 M (-12) was allocated to the subsidiaries. Operating result amounted to SEK 12 M (13).

Net financial items for the quarter amounted to SEK 10 M (20). Profit before tax amounted to SEK 22 M (33) and profit after tax amounted to SEK 20 M (32). Investments in the Parent Company amounted to SEK 0 M (1). At the end of the period, cash and equivalents in the Parent Company increased to SEK 136 M (36).

Net financial items for the first six months amounted to SEK -1 M (2). Profit before tax amounted to SEK 24 M (28) and profit after tax was SEK 20 M (28). Investments in the Parent Company amounted to SEK 0 M (1).

Group

Net financial items and tax

The Group's consolidated net financial items in the second quarter amounted to SEK -7 M (-5), of which net interest accounted for SEK -5 M (-3). During the quarter, interest expenses related to leasing according to IFRS 16 amounted to SEK -3 M (-). Net financial items for the first six months amounted to SEK -13 M (-9) and net interest amounted to SEK -11 M (-7) of which SEK -6 M is related to leasing according to IFRS 16.

Taxes for the second quarter amounted to SEK -6 M (-10). Profit after tax increased to SEK 19 M (7) and amounted to SEK 39 M (46) for the first six months including items affecting comparability of SEK 0 M (-16).

Cash flow

The Group's consolidated working capital amounted to SEK 553 M (575) at the end of the period and the average working capital tied-up for the second quarter was 11.7 percent (10.8). Cash flow from operating activities increased to SEK 67 M (17) during the quarter, of which SEK 20 M is an effect of the implementation of IFRS 16 and to SEK 129 M (16) for the first six months, of which SEK 40 M is an effect of the implementation of IFRS 16. Cash flow from investing activities was SEK -3 M (-5) during the quarter and SEK -18 M (-11) for the first six months. Cash flow after investments therefore amounted to SEK 64 M (12) during the second quarter and SEK 111 M (5) for the first six months.

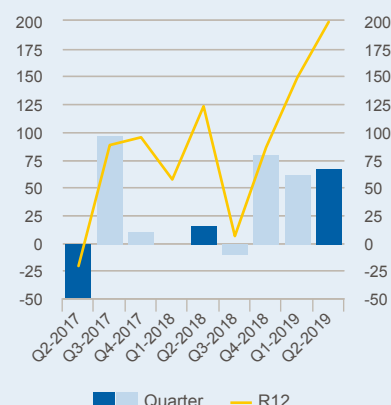
Financial position and liquidity

At the end of the period, consolidated cash and cash equivalents, including overdraft facilities, amounted to SEK 258 M (151) and the interest-bearing net debt excl. IFRS 16 was SEK 402 M (496). Equity amounted to SEK 922 M (863) at the end of the period.

Organization, structure and employees

The number of employees amounted to 643 compared with 664 at the same time last year. The average number of employees during the quarter amounted to 652 (670).

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



Other information

Significant events after the end of the period

Peter Andersson has been appointed President and CEO and will assume the position on October 11 at the latest. Peter is 44 years old and has been active as Business Unit Manager for Production Sweden & Poland since 2016.

A new three-year credit agreement was signed with Skandinaviska Enskilda Banken AB. The facility amounts to SEK 825 M and matures in July 2022 with an option for extension by another two years.

Decision has been taken to make significant investments of approximately SEK 60 M at the site in Norrköping. The investments are anticipated to give competitive advantages after being taken into operation in 2020. In connection with the investment decision the existing rental agreement for the Norrköping site has been extended to 2029.

No other 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 apart from dividend paid to the mother company's shareholders according to decision taken at the Annual General Meeting 2019.

Significant risks and uncertainties

The financial risk exposure is explained in the 2018 Annual Report, which was published in March 2019. 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 2018 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 principle regarding IFRS 16 that entered into effect on January 1, 2019, and are described in the Annual Report 2018, under Accounting principles.

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 previously were recognized as operating leases are recognized in a way that is similar to the previous recognition of finance leases. This means that even for operating leases, assets and liabilities are recognized, with associated recognition of costs for depreciation and interest – in contrast to previous principles when no recognition was made of lease assets and related liabilities, and when the leasing fees were 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. The Group also 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.

At January 1, 2019, the Group reports rights of use, related to outstanding leasing commitments, of SEK 565 M and leasing liabilities of SEK 565 M. The effect of the introduction of IFRS 16 on the financial statements depends on future financial circumstances, including the Group's loan interest, the composition of the Group's leasing portfolio and the Group's assessment regarding whether or not they want to use any options to extend leases. The Group's EBITDA has improved at the same time that interest expenses have increased. 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 modified retroactive transition method, 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.

The reconciliation between commitments regarding operating leases according to IAS 17 as of December 31, 2018 and the lease liability as of January 1, 2019 according to IFRS 16 is presented below. The weighted average marginal loan interest rate as of January 1, 2019 was 2%.

Commitments for operating leases at December 31, 2018	617
Discounting with application of the Group's marginal interest on loans	-50
Other adjustment	-2
Lease liability at January 1, 2019	565
Liabilities for finance leases at January 1, 2018	18

The lease liability at June 30, 2019, amounts to SEK 543 M, of which SEK 16 M corresponds to what was previously recognized as finance leases.

IFRIC 23 clarifies how companies are to assess the manner in which a transaction is to be measured and recognized when there are uncertainties in income tax. The Group applies the new guidance as of 1 January 2019. In connection with application, the Group's tax positions were reassessed based on the new guidance, which generated an increased provision for income tax of SEK 2 M.

Future information

Future reporting dates

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

- The Interim Report for January–September 2019 will be published on October 24, 2019.
- The Year-End Report for 2019 will be published in January 2020.

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.

The Board of Directors and the President hereby certify that this interim report provides an accurate overview of the operations, position and earnings of the Parent Company and the Group companies, and that it describes the material risks and uncertainties faced by the Parent Company and the Group companies.

Malmö, July 18, 2019

BE Group AB (publ)

Petter Stillström
Chairman of the Board

Carina Andersson
Member of the Board

Lars Olof Nilsson
Member of the Board

Mikael Sjölund
Member of the Board

Jörgen Zahlin
Member of the Board

Mikael Törnros
Employee Representative

Anders Martinsson
President and CEO

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 and the Securities Markets Act. The information was submitted for publication through the agency of the contact persons set out above at 7.45 a.m. CET on July 18, 2019.

Condensed consolidated income statement

(SEK M)	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Net sales		1,193	1,312	2,398	2,538	4,803	4,663
Cost of goods sold	1	-1,029	-1,133	-2,068	-2,172	-4,134	-4,030
Gross profit		164	179	330	366	669	633
Selling expenses	1	-100	-110	-200	-212	-402	-390
Administrative expenses	1	-33	-32	-66	-61	-125	-130
Other operating income and expenses	2	0	-16	0	-19	-14	5
Participation in joint venture		1	1	2	3	4	3
Operating profit/loss		32	22	66	77	132	121
Financial items		-7	-5	-13	-9	-16	-20
Profit/loss before tax		25	17	53	68	116	101
Tax		-6	-10	-14	-22	-36	-28
Profit/loss for the period		19	7	39	46	80	73
Earnings per share		1.44	0.54	3.00	3.57	6.13	5.56
Earnings per share before and after dilution		1.44	0.54	3.00	3.57	6.13	5.56

Consolidated statement of comprehensive income

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Profit/loss for the period	19	7	39	46	80	73
Other comprehensive income						
Items that have, or may be, reclassified to profit/loss for the period						
Translation differences	8	8	39	33	21	27
Hedging of net investments in foreign subsidiaries	-6	-5	-32	-23	-15	-24
Tax attributable to items in other comprehensive income	2	1	7	5	4	6
Total other comprehensive income	4	4	14	15	10	9
Comprehensive income for the period	23	11	53	61	90	82

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed consolidated balance sheet

(SEK M)	Note	2019 Jun 30	2018 Jun 30	2018 Dec 31
Goodwill		569	566	563
Other intangible assets		5	11	6
Tangible assets		103	111	111
Right of use assets		524	-	-
Investment in joint venture		115	120	113
Financial assets		0	0	0
Deferred tax assets		30	55	33
Total non-current assets		1,346	863	826
Inventories		665	697	651
Accounts receivable		603	663	470
Other receivables		44	49	63
Cash and equivalents		158	51	108
Total current assets		1,470	1,460	1,292
Total assets	3	2,816	2,323	2,118
Equity		922	863	892
Non-current interest-bearing liabilities		555	542	543
Non-current leasing liabilities		437	-	-
Provisions		0	0	0
Deferred tax liability		45	46	44
Total non-current liabilities		1,037	588	587
Current interest-bearing liabilities		5	5	5
Current leasing liabilities		90	-	-
Accounts payable		586	635	468
Other current liabilities		172	199	145
Other current provisions		4	33	21
Total current liabilities		857	872	639
Total equity and liabilities	3	2,816	2,323	2,118

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed consolidated cash-flow statement

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Operating result	32	22	66	77	132	121
Adjustment for non-cash items	26	30	45	34	42	53
– of which, amortization/depreciation	29	10	57	19	38	76
– of which, other items	-3	20	-12	15	4	-23
Interest paid/received and other financial items	-5	-2	-11	-6	-13	-18
Income tax paid	-5	-6	-4	-11	-16	-9
Change in working capital	19	-27	33	-78	-59	52
Cash flow from operating activities	67	17	129	16	86	199
Investments in intangible assets	0	-1	0	-1	-2	-1
Investments in tangible assets	-3	-6	-5	-13	-32	-24
Divestments of tangible assets	0	2	0	2	2	0
Other cash flow from investing activities	0	0	-13	1	0	-14
Cash flow after investments	64	12	111	5	54	160
Cash flow from financing activities ¹⁾	-44	-1	-63	-18	-10	-55
Cash flow for the period	20	11	48	-13	44	105
Exchange-rate difference in cash and equivalents	1	1	2	3	3	2
Change in cash and equivalents	21	12	50	-10	47	107

¹⁾ In the cash flow from financing activities for 2019 SEK -23 M relates to dividend paid for 2018.

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed statement of changes in equity

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Equity at beginning of period	922	852	892	802	802	863
Comprehensive income for the period	23	11	53	61	90	82
Dividend	-23	-	-23	-	-	-23
Equity at end of period	922	863	922	863	892	922

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Note 1 Amortizations and depreciations

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Amortization of intangible assets	0	2	1	4	9	6
Depreciation of tangible assets	7	8	14	15	29	28
Depreciation of right of use assets	22	-	42	-	-	42
Total amortizations and depreciations	29	10	57	19	38	76

Note 2 Items affecting comparability

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Restructuring expenses	-	-16	-	-16	-12	4
Total items affecting comparability	-	-16	-	-16	-12	4

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 2018 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

Segment reporting

Net sales by business area (SEK M)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	610	675	1,253	1,326	2,476	2,403
Finland & Baltics	585	629	1,150	1,194	2,299	2,255
Parent Company & consolidated items	-2	8	-5	18	28	5
Group	1,193	1,312	2,398	2,538	4,803	4,663

Net sales by business area and product group

2019	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Rolling 12 months
	2019 Apr-Jun	2019 Jan-Jun	2019 Apr-Jun	2019 Jan-Jun	2019 Apr-Jun	2019 Jan-Jun	2019 Apr-Jun	2019 Jan-Jun	
Long steel products	274	564	153	303	0	0	427	867	1,667
Flat steel products	188	394	288	573	-1	0	475	967	1,850
Stainless steel	105	207	103	195	0	0	208	402	815
Aluminium	21	43	35	67	1	0	57	110	219
Other	22	45	6	12	-2	-5	26	52	112
Total	610	1,253	585	1,150	-2	-5	1,193	2,398	4,663

2018	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Full-year
	2018 Apr-Jun	2018 Jan-Jun	2018 Apr-Jun	2018 Jan-Jun	2018 Apr-Jun	2018 Jan-Jun	2018 Apr-Jun	2018 Jan-Jun	
Long steel products	300	578	159	306	1	-1	460	883	1,683
Flat steel products	196	387	316	599	0	0	512	986	1,869
Stainless steel	113	231	109	208	9	20	231	459	872
Aluminium	23	45	37	67	4	8	64	120	229
Other	43	85	8	14	-6	-9	45	90	150
Total	675	1,326	629	1,194	8	18	1,312	2,538	4,803

Net sales by country based on customer's domicile (SEK M)

By country based on customer's domicile (SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden	593	666	1,224	1,307	2,431	2,348
Finland	496	524	978	991	1,935	1,922
Other	104	122	196	240	437	393
Group	1,193	1,312	2,398	2,538	4,803	4,663

Shipped tonnage per segment (thousands of tonnes)

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	45	49	95	98	187	184
Finland & Baltics	47	52	93	101	190	182
Parent Company & consolidated items	0	1	0	1	0	-1
Group	92	102	188	200	377	365

Operating result (EBIT) per segment

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	22	34	52	74	123	101
Finland & Baltics	22	18	39	47	81	73
Parent Company & consolidated items	-12	-30	-25	-44	-72	-53
Group	32	22	66	77	132	121

Operating margin per segment

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	3.7%	5.1%	4.2%	5.6%	5.0%	4.2%
Finland & Baltics	3.9%	2.9%	3.4%	3.9%	3.5%	3.2%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
Group	2.7%	1.6%	2.7%	3.0%	2.8%	2.6%

Underlying operating result (uEBIT) per segment ¹⁾

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	23	27	56	63	104	97
Finland & Baltics	22	12	42	39	68	71
Parent Company & consolidated items	-13	-13	-26	-28	-55	-53
Group	32	26	72	74	117	115

Underlying operating margin per segment ²⁾

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	3.8%	4.1%	4.5%	4.7%	4.2%	4.0%
Finland & Baltics	3.8%	2.0%	3.6%	3.2%	2.9%	3.1%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
Group	2.6%	2.0%	3.0%	2.9%	2.4%	2.5%

Depreciation per segment

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	3	3	6	6	13	13
Finland & Baltics	5	5	9	9	18	18
Parent Company & consolidated items	21	2	42	4	7	45
Group	29	10	57	19	38	76

Investments in tangible and intangible assets per segment

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Sweden & Poland	2	4	3	9	16	10
Finland & Baltics	2	3	3	5	18	16
Parent Company & consolidated items	0	0	-1	0	1	0
Group	4	7	5	14	35	26

¹⁾ 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.

²⁾ Underlying operating result (uEBIT) as a percentage of net sales.

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Key data

(SEK M unless otherwise stated)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Net sales	1,193	1,312	2,398	2,538	4,803	4,663
Earnings measurements						
Gross result	164	179	330	366	669	633
Underlying gross result	163	167	335	347	643	631
Operating result (EBIT)	32	22	66	77	132	121
Underlying operating result (uEBIT)	32	26	72	74	117	115
Margin measurements						
Gross margin	13.8%	13.6%	13.8%	14.4%	13.9%	13.6%
Underlying gross margin	13.7%	12.8%	14.0%	13.7%	13.4%	13.5%
Operating margin	2.7%	1.6%	2.7%	3.0%	2.8%	2.6%
Underlying operating margin	2.6%	2.0%	3.0%	2.9%	2.4%	2.5%
Capital structure						
Net debt excl. IFRS 16 ¹⁾	402	496	402	496	440	402
Net debt/equity ratio excl. IFRS 16 ¹⁾	44%	57%	44%	57%	49%	44%
Working capital at end of period	553	575	553	575	572	553
Working capital (average)	560	565	564	540	562	577
Capital employed (average) excl. IFRS 16 ¹⁾	1,481	1,403	1,467	1,382	1,408	1,453
Working capital tied-up	11.7%	10.8%	11.8%	10.6%	11.7%	12.4%
Return						
Return on capital employed excl. IFRS 16 ¹⁾	8.2%	6.1%	8.5%	11.1%	9.4%	8.1%
Per share data						
Earnings per share (SEK)	1.44	0.54	3.00	3.57	6.13	5.56
Earnings per share after dilution (SEK)	1.44	0.54	3.00	3.57	6.13	5.56
Equity per share (SEK)	71.00	66.48	71.00	66.48	68.67	71.00
Cash flow from operating activities per share (SEK)	5.11	1.29	9.90	1.21	6.60	15.29
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution	12,983	12,983	12,983	12,983	12,983	12,983
Growth						
Sales growth	-9%	14%	-6%	11%	10%	1%
– of which organic tonnage growth	-9%	8%	-6%	4%	4%	-1%
– of which price and mix changes	-1%	3%	-1%	4%	3%	0%
– of which currency effects	1%	3%	1%	3%	3%	2%
Other						
Average number of employees	652	670	657	668	668	660
Inventory gains and losses	0	12	-6	19	27	2
Shipped tonnage (thousands of tonnes)	92	102	188	200	377	365

¹⁾ To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

Condensed parent company income statement

(SEK M)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Net sales	27	26	54	52	108	110
Administrative expenses	-15	-13	-29	-27	-58	-60
Other operating income and expenses	0	0	0	1	0	-1
Operating profit/loss	12	13	25	26	50	49
Financial items	10	20	-1	2	2	-1
Profit/loss after financial items	22	33	24	28	52	48
Appropriations	-	-	-	-	33	33
Profit/loss before tax	22	33	24	28	85	81
Tax	-2	-1	-4	0	-16	-20
Profit/loss for the period, or comprehensive income for the period	20	32	20	28	69	61

Condensed parent company balance sheet

(SEK M)	2019 Jun 30	2018 Jun 30	2018 Dec 31
Intangible assets	0	4	1
Tangible assets	1	1	1
Financial assets	994	1,017	997
Total non-current assets	995	1,022	999
Current receivables	166	155	200
Cash and equivalents	136	36	71
Total current assets	302	191	271
Total assets	1,297	1,213	1,270
Equity	624	585	626
Non-current liabilities	544	537	531
Current liabilities	129	91	113
Total equity and liabilities	1,297	1,213	1,270

Key data – multi-quarter summary

(SEK M unless otherwise stated)	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun	2018 Jan-Mar	2017 Oct-Dec	2017 Jul-Sep	2017 Apr-Jun
Net sales	1,193	1,205	1,154	1,111	1,312	1,226	1,095	968	1,147
Earnings measurements									
Gross result	164	166	152	151	179	187	152	134	159
Underlying gross result	163	172	151	145	167	180	145	136	152
Operating result (EBIT)	32	34	22	33	22	55	5	19	-13
Underlying operating result (uEBIT)	32	40	17	26	26	48	9	22	21
Margin measurements									
Gross margin	13.8%	13.8%	13.2%	13.6%	13.6%	15.3%	13.9%	13.8%	13.8%
Underlying gross margin	13.7%	14.2%	13.1%	13.0%	12.8%	14.7%	13.2%	14.0%	13.2%
Operating margin	2.7%	2.8%	1.9%	3.0%	1.6%	4.5%	0.5%	2.0%	-1.1%
Underlying operating margin	2.6%	3.3%	1.4%	2.4%	2.0%	3.9%	0.8%	2.2%	1.9%
Capital structure									
Net debt excl. IFRS 16 ¹⁾	402	418	440	513	496	504	478	465	586
Net debt/equity ratio excl. IFRS 16 ¹⁾	44%	45%	49%	58%	57%	59%	60%	58%	74%
Working capital at end of period	553	568	572	617	575	554	492	480	588
Working capital (average)	560	570	594	596	565	523	486	534	545
Capital employed (average) excl. IFRS 16 ¹⁾	1,481	1,459	1,446	1,431	1,403	1,368	1,371	1,397	1,381
Working capital tied-up	11.7%	11.8%	12.9%	13.4%	10.8%	10.7%	11.1%	13.8%	11.9%
Return									
Return on capital employed excl. IFRS 16 ¹⁾	8.2%	9.2%	6.0%	9.4%	6.1%	16.2%	1.7%	5.4%	-3.7%
Per share data									
Earnings per share (SEK)	1.44	1.56	0.83	1.73	0.54	3.03	-0.40	0.72	-1.03
Earnings per share after dilution (SEK)	1.44	1.56	0.83	1.73	0.54	3.03	-0.40	0.72	-1.03
Equity per share (SEK)	71.00	71.03	68.67	67.92	66.48	65.65	61.77	61.70	61.19
Cash flow from operating activities per share (SEK)	5.11	4.79	6.13	-0.74	1.29	-0.08	0.78	7.48	-3.72
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	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Growth									
Sales growth	-9%	-2%	5%	15%	14%	8%	15%	9%	10%
- of which organic tonnage growth	-9%	-2%	3%	4%	8%	0%	5%	1%	-10%
- of which price and mix changes	-1%	-2%	-1%	6%	3%	6%	10%	8%	18%
- of which currency effects	1%	2%	3%	5%	3%	2%	0%	0%	2%
Other									
Average number of employees	652	664	666	665	670	670	684	709	710
Inventory gains and losses	0	-6	1	7	12	7	6	-3	8
Shipped tonnage (thousands of tonnes)	92	96	93	84	102	98	89	82	94

¹⁾ To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

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)	2019 Apr-Jun	2018 Apr-jun	2019 Jan-Jun	2018 Jan-Jun	2018 Full-year	Rolling 12 months
Operating result	32	22	66	77	132	121
Reversal of inventory gains (-)/losses (+)	0	-12	6	-19	-27	-2
Adjustment for items affecting comparability	0	16	-	16	12	-4
Group	32	26	72	74	117	115

Working capital

(SEK M)	2019 Jun 30	2018 Jun 30	2018 Dec 31
Inventories	665	697	651
Accounts receivable	603	663	470
Other receivables	44	49	63
Deduction accounts payable	-586	-635	-468
Deduction other current liabilities	-172	-199	-145
Rounding	-1	-	1
Group	553	575	572

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

Net debt excl. IFRS 16

(SEK M)	2019 Jun 30	2018 Jun 30	2018 Dec 31
Non-current interest-bearing liabilities and leasing liabilities	992	542	543
Current interest-bearing liabilities and leasing liabilities	95	5	5
Deduction leasing liabilities	-527	-	-
Deduction financial assets	0	0	0
Deduction cash and equivalents	-158	-51	-108
Rounding	-	-	-
Group	402	496	440

Net debt/equity ratio excl. IFRS 16 is calculated as net debt excl. IFRS 16 divided by Equity.

Capital employed excl. IFRS 16

(SEK M)	2019 Jun 30	2018 Jun 30	2018 Dec 31
Equity	924	863	892
Non-current interest-bearing liabilities and leasing liabilities	992	542	543
Current interest-bearing liabilities and leasing liabilities	95	5	5
Deduction leasing liabilities	-527	-	-
Rounding	-1	-	-
Group	1,483	1,410	1,440

Average capital employed excl. IFRS 16 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 excl. IFRS 16	Interest-bearing liabilities excluding leasing liabilities acc. to IFRS 16 less cash and equivalents and financial assets.
Net debt/equity ratio excl. IFRS 16	Net debt excl. IFRS 16 divided by equity excl. IFRS 16.
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 excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16.
Capital employed (average) excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16. 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 excl. IFRS 16	Annually adjusted operating result excl. IFRS 16, as a percentage of average capital employed excl. IFRS 16.
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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 2018 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

