

BE Q4

BE GROUP YEAR-END REPORT 2013

Kimmo Väkiparta, President and CEO
Torbjörn Clementz, CFO and Executive Vice President

Slide 1



Q4 – Better result than last year

Financial highlights

- Shipped tonnage decreased 2%
- Net sales decrease of 4%
- Operating result of SEK -4 M (-42)
- Underlying operating result of SEK 0 M (-33)
- No dividend will be paid
- Resolution on a fully secured rights issue of SEK 160 M. Requires the approval of an Extraordinary General Meeting on February 11
- A new three-year credit agreement of SEK 1,250 M is signed. The facility is dependent on the finalization of the rights issue



Market situation

- The bottom of the cycle is behind us
- Demand on post-summer level with substantial seasonality effect in December
- Similar pattern in engineering and construction sectors
- Fierce market competition and price pressure within flat products

Operational highlights

- Reduction of personnel finalized according to plan
- Continued impact from own efficiency work and initiatives
- Improvements for Other Units
- Focused cost control

FINANCIALS IN DETAIL

Slide 4



Rights issue and new financing agreement

Rights issue

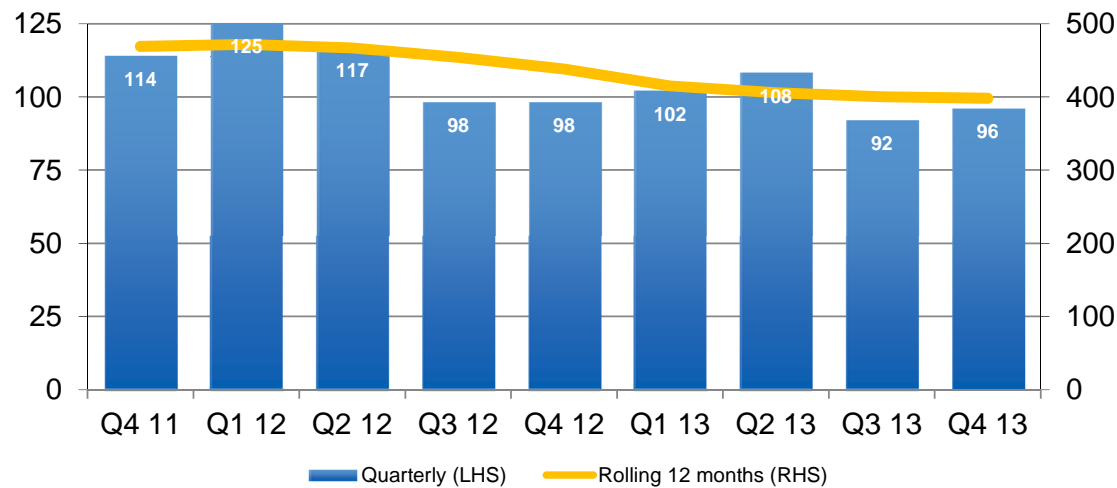
- Board of Directors has resolved on a rights issue of SEK 160 M
- Fully secured
- Requires approval from Extraordinary General meeting on February 11

New financing agreement

- New three-year credit agreement signed with existing banks
- Total facility SEK 1,250 M
- The new agreement is dependent on the decision about the rights issue

Seasonal impact during end of Q4

Tonnage ('000 tons)

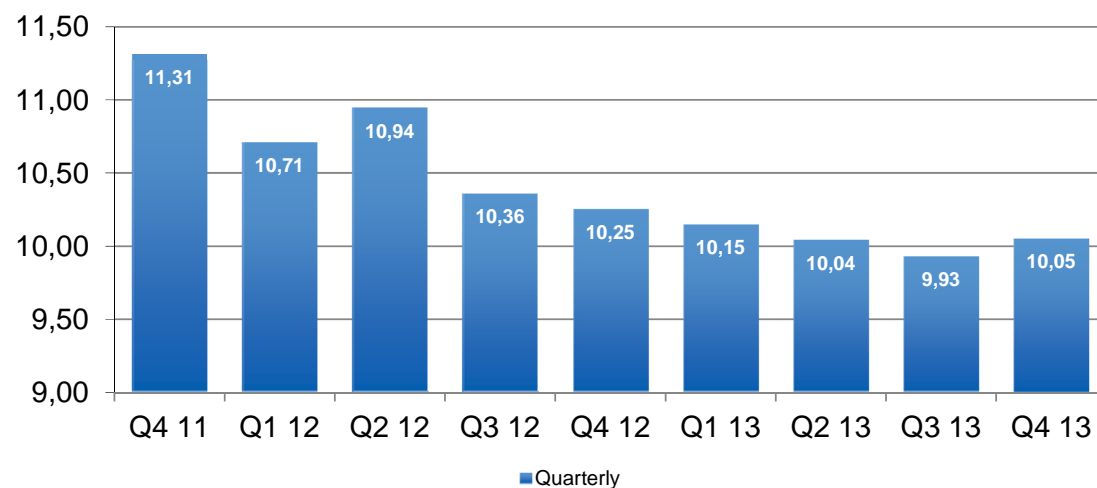


- Tonnage 2% down vs last year
 - Sweden -16%
 - Finland +7%
 - Other Units +19%
- Long vacation period around year-end



Price sentiment becoming more stable

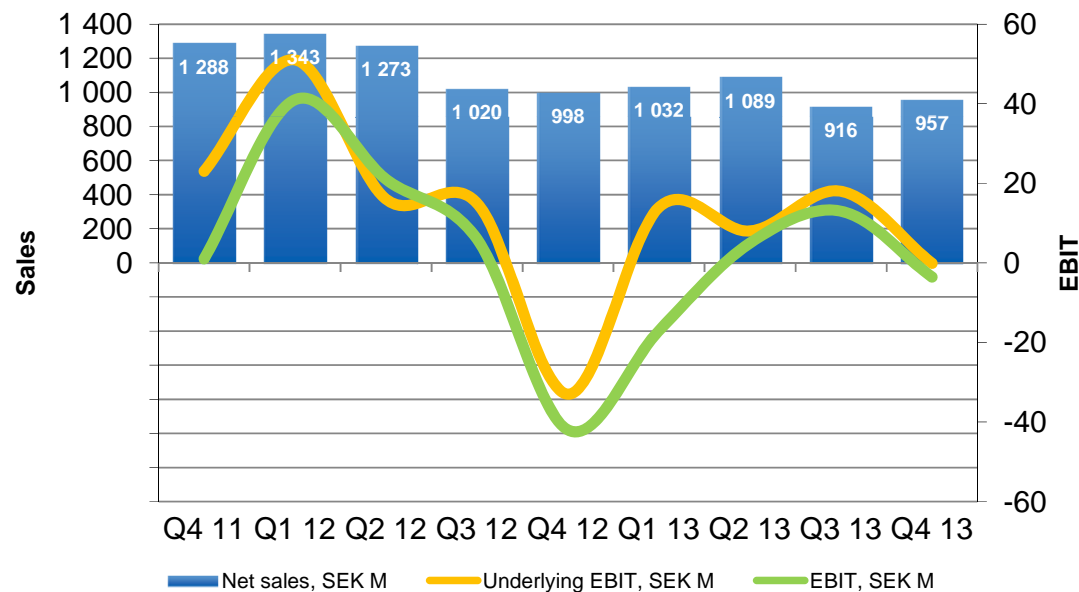
Average sales price (SEK/kg)



- Q4 average sales price (excl. currency effects) decreased by 3% vs Q4 2012 and was largely unchanged vs Q3 2013
- Reported increase in Q4 mainly mix and currency driven

Significantly improved EBIT result compared to Q4 2012

Sales, EBIT and uEBIT (SEK M)



- Net sales 4% down
 - Tonnage -2%
 - Price/mix -3%
 - Currency +1%
- Gross margin improvements
- Cost reductions and own initiatives compensates for lower tonnage
- EBIT improved to SEK -4 M (-42) and uEBIT to SEK 0 M (-33)
- EBIT margin -0.4% (-4.2) and uEBIT margin 0.0% (-3.3)



Q4 – EBIT above last year

<i>SEK M</i>	Q4 2013	Q4 2012	Change	Q3 2013
Net sales	957	998	-41	916
Underlying EBIT	0	-33	33	18
<i>% of Sales</i>	<i>0.0%</i>	-3,3%	3.3%	<i>2.0%</i>
Inventory gains/losses	-4	-9	5	-5
Non-recurring items	0	0	0	-
EBIT	-4	-42	38	13
<i>% of Sales</i>	<i>-0.4%</i>	-4.2%	3.8%	<i>1.4%</i>
Earnings before tax	-20	-50	30	2
Earnings continuing operations	-11	-39	28	1
Earnings discontinued operations	-4	-1	-3	-2
Net earnings	-15	-40	25	-1
EPS (SEK)	-0.29	-0.81	0.52	-0.02

FY 2013 – Weak demand compensated by lower costs

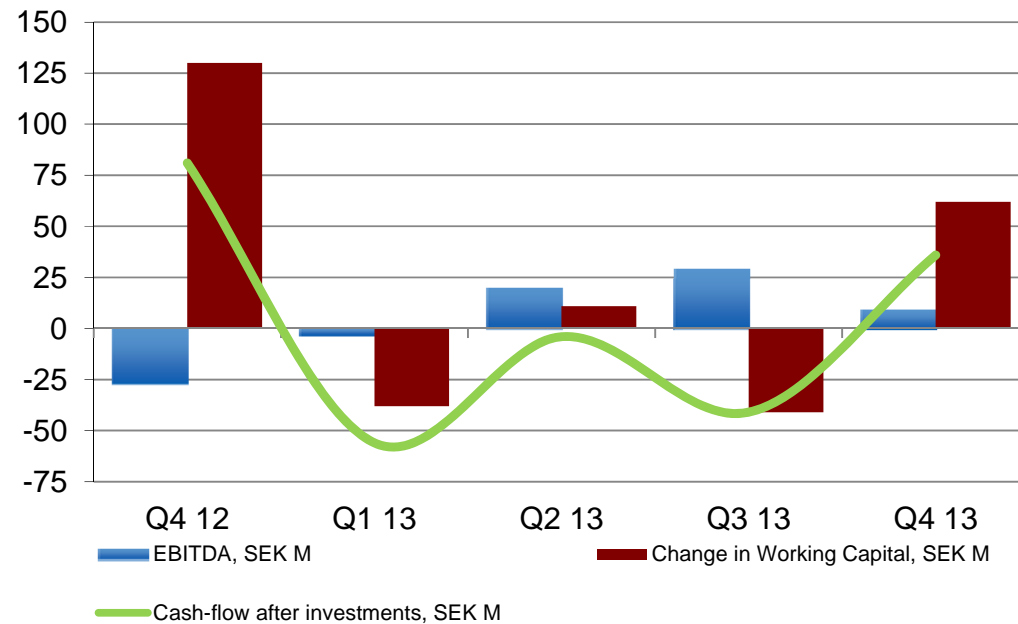
SEK M	2013	2012	Change
Net sales	3,994	4,634	-640
Underlying EBIT	40	49	-9
<i>% of Sales</i>	1.0%	1.1%	-0.1%
Inventory gains/losses	-14	-23	9
Non-recurring items	-29	0	-29
EBIT	-3	26	-29
<i>% of Sales</i>	-0.1%	0.6%	-0.7%
Earnings before tax	-56	-13	-43
Earnings continuing operations	-41	-12	-29
Earnings discontinued operations	-10	-99	89
Net earnings	-51	-111	60
EPS (SEK)	-1.02	-2.25	1.23
Cash-flow after investments	-65	0	-65
Net debt	851	779	72
Net debt / Equity	136%	116%	20%

Slide 10



Working capital in good control

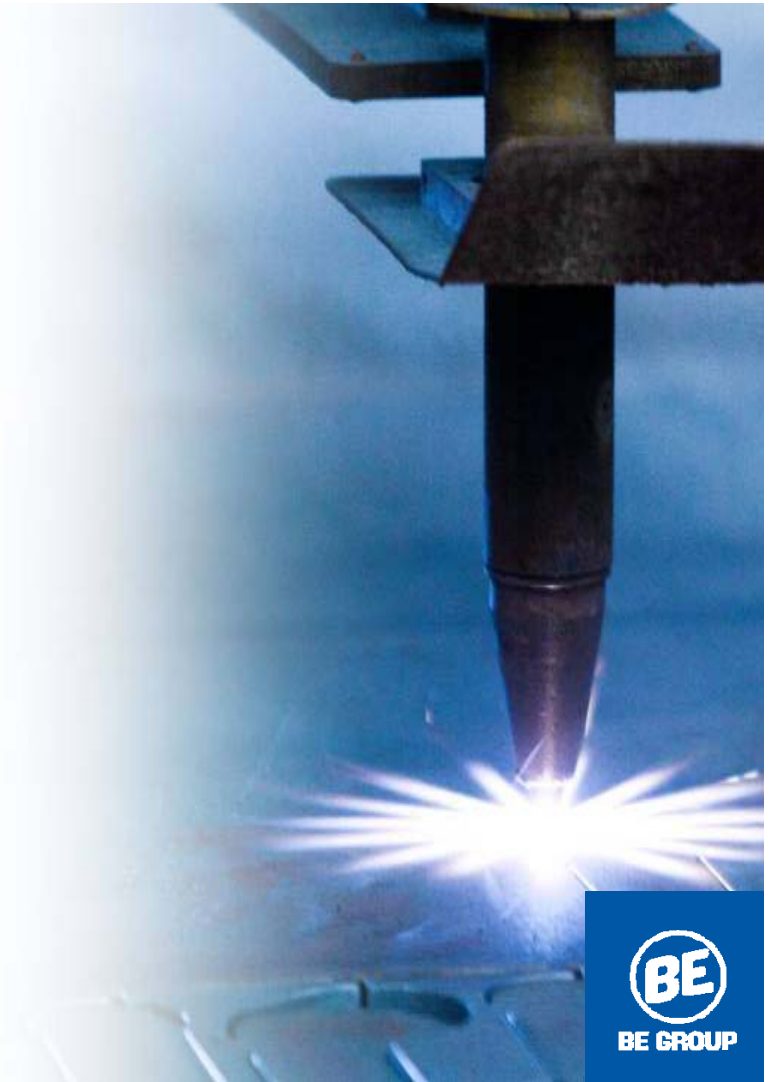
Cash-flow (SEK M)



- Cash-flow from operating activities SEK 42 M (97)
- Investments of SEK 6 M (14)
- Working capital tied-up 10% (10)
- Net debt of SEK 851 M (779) – gearing 136% (116)
- Rights issue will strengthen the balance sheet and reduce net debt to a proforma gearing of 90%

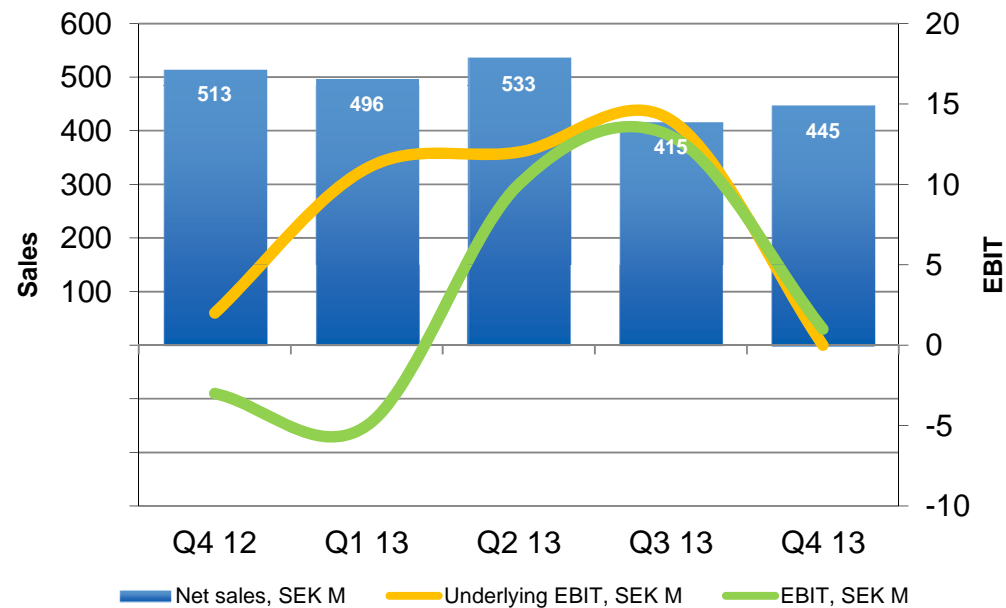
BUSINESS AREAS STATUS Q4 2013

Slide 12



BA Sweden – EBIT above last year despite lower sales

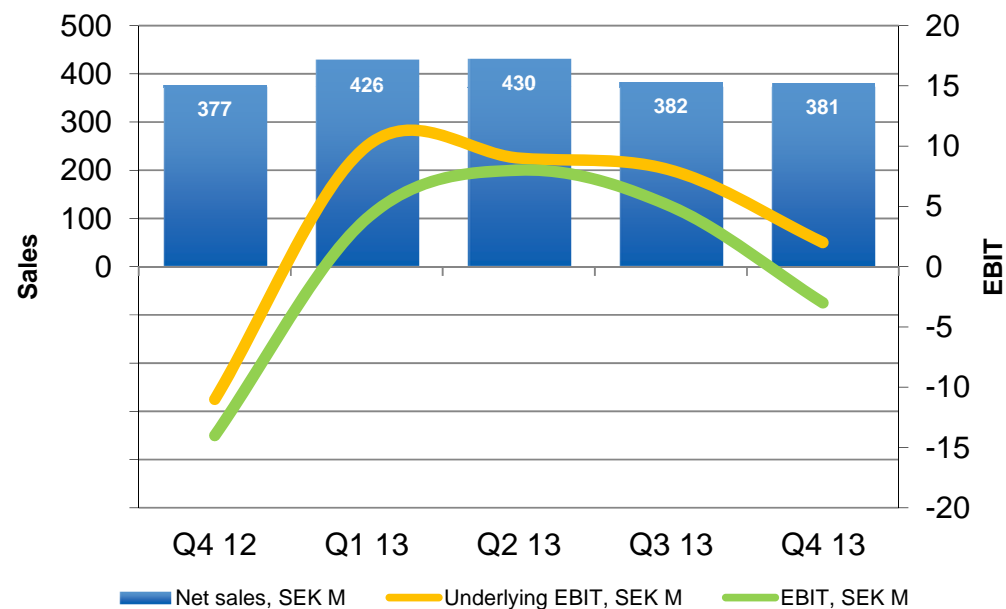
Sales, EBIT and uEBIT (SEK M)



- Demand on post-summer level with substantial downturn in December
- Prices slightly up vs Q4 last year
- Net sales decreased by 13% and tonnage decreased by 16% vs Q4 last year
- EBIT of SEK 1 M (-3) and uEBIT of SEK 0 M (2)
- Good impact from lower costs

BA Finland – Increased tonnage and lower costs

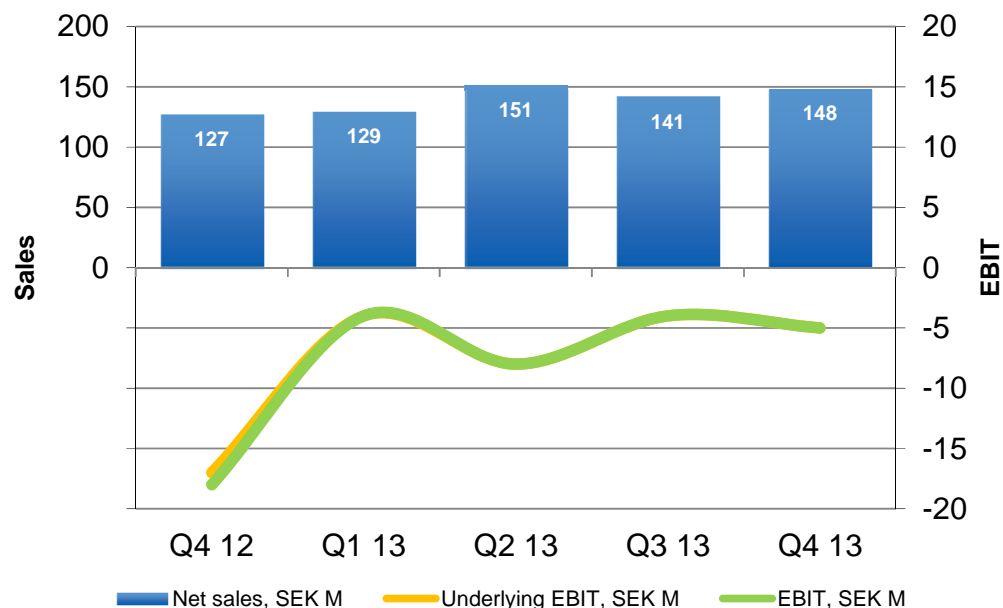
Sales, EBIT and uEBIT (SEK M)



- Demand somewhat down vs Q3 and weak ending of the year
- Net sales increased by 1% and tonnage increased by 7% vs Q4 last year
- Sales prices (excl. currency effects) down 8% vs Q4 2012 and flat vs Q3 2013
- EBIT of SEK -3 M (-14) and uEBIT of SEK 2 M (-11)

Other Units – Heading in the right direction

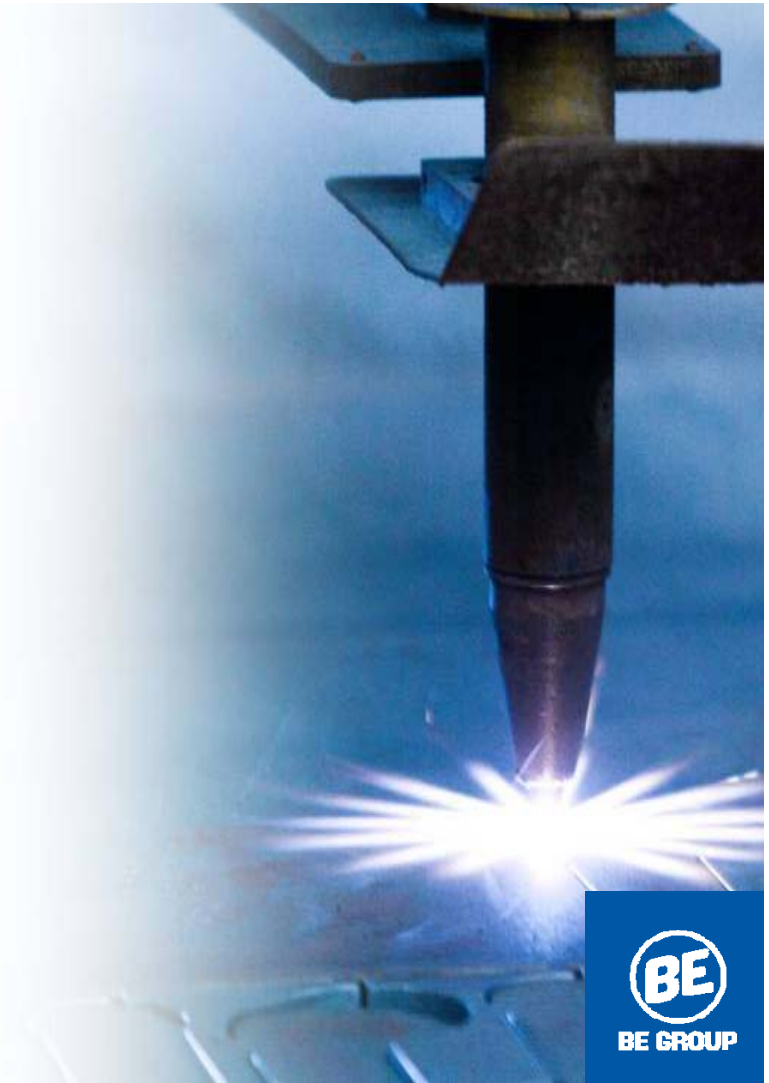
Sales, EBIT and uEBIT (SEK M)



- Net sales increased by 17% and tonnage increased by 19% vs Q4 last year
- EBIT of SEK -5 M (-18), mainly from BE Group Produktion and Poland
- Continued work with improving profitability in loss making companies
- Czech Republic (classified as discontinued operation) shows effects from structural changes and efficiency work

OUTLOOK

Slide 16



Current business situation and outlook

- Recovery in demand expected during 2014
- Customers are currently expressing positive views
- Implemented efficiency improvements will continue to strengthen our competitiveness
- Rights issue will strengthen the Group's financial position



Current focus areas

- Actions ongoing in order to generate growth with customer and supplier cooperation
- Improve capacity utilization
- Improve cost control even more
- Efficient working capital utilization
- Improve earnings in Other Units from current platform



Our vision

BE Group shall be the most:

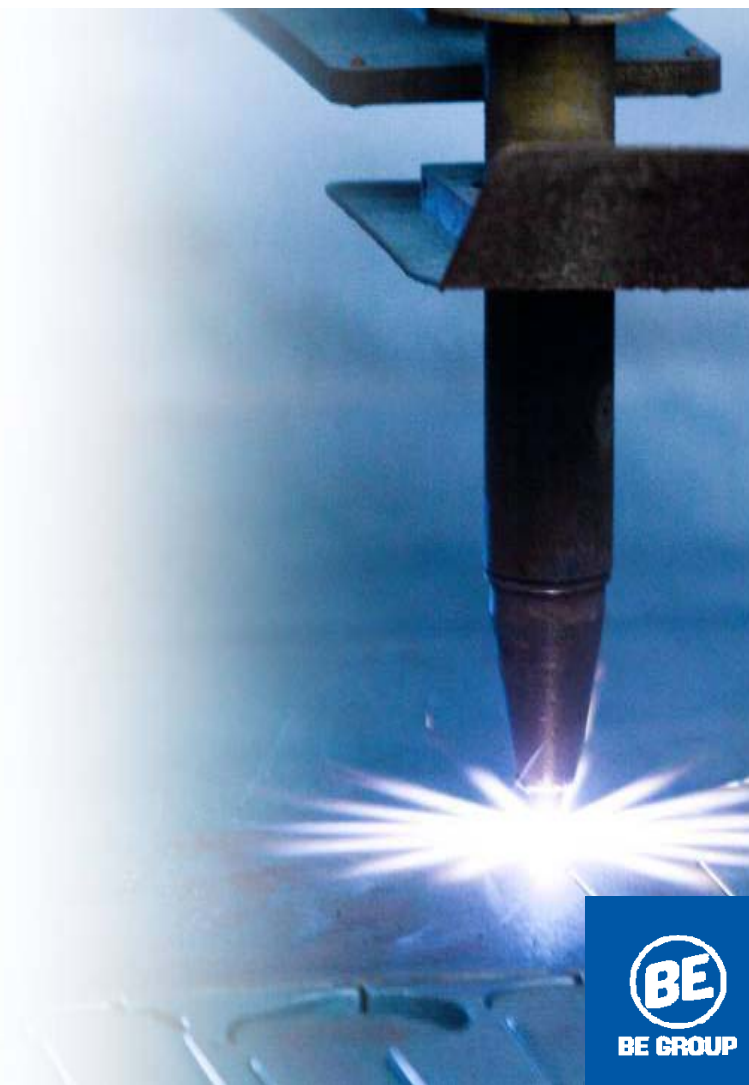
- Professional**
- Successful**
- Respected**

steel service company



APPENDIX FINANCIAL INFORMATION

Slide 21



Appendix: Financial summary

	2012				2013				Full year	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2012	2013
Tonnage	125	117	98	98	102	108	92	96	438	398
Net Sales	1,343	1,273	1,020	998	1,032	1,089	916	957	4,634	3,994
Underlying EBIT	51	16	15	-33	14	8	18	0	49	40
<i>% of Sales</i>	<i>3.8%</i>	<i>1.2%</i>	<i>1.5%</i>	<i>-3.3%</i>	<i>1.4%</i>	<i>0.8%</i>	<i>2.0%</i>	0.0%	<i>1.1%</i>	<i>1.0%</i>
EBIT	41	21	6	-42	-17	5	13	-4	26	-3
<i>% of Sales</i>	<i>3.1%</i>	<i>1.7%</i>	<i>0.6%</i>	<i>-4.2%</i>	<i>-1.7%</i>	<i>0.5%</i>	<i>1.4%</i>	-0.4%	<i>0.6%</i>	<i>-0.1%</i>
Earnings cont. operations	24	8	-5	-39	-24	-7	1	-11	-12	-41
Earnings disc. Operations	-5	-8	-85	-1	-3	-1	-2	-4	-99	-10
Net earnings	19	0	-90	-40	-27	-8	-1	-15	-111	-51
Earnings/share ¹	0.38	0.01	-1.83	-0.81	-0.54	-0.16	-0.02	-0.29	-2.25	-1.02
Cash-flow ²	-31	-34	-16	81	-56	-4	-41	36	0	-65
Working Capital ³	473	493	446	325	378	389	411	353	325	353
Underlying EBITA(%)	4.1%	1.6%	1.8%	-2.8%	1.8%	1.1%	2.4%	0.4%	1.4%	1.4%
Underlying ROOC(%)	26.9%	9.2%	9.3%	-16.7%	11.2%	7.3%	12.3%	1.6%	8.3%	8.1%

Slide 22

¹ Earnings per share after dilution

² Cash-flow after investments

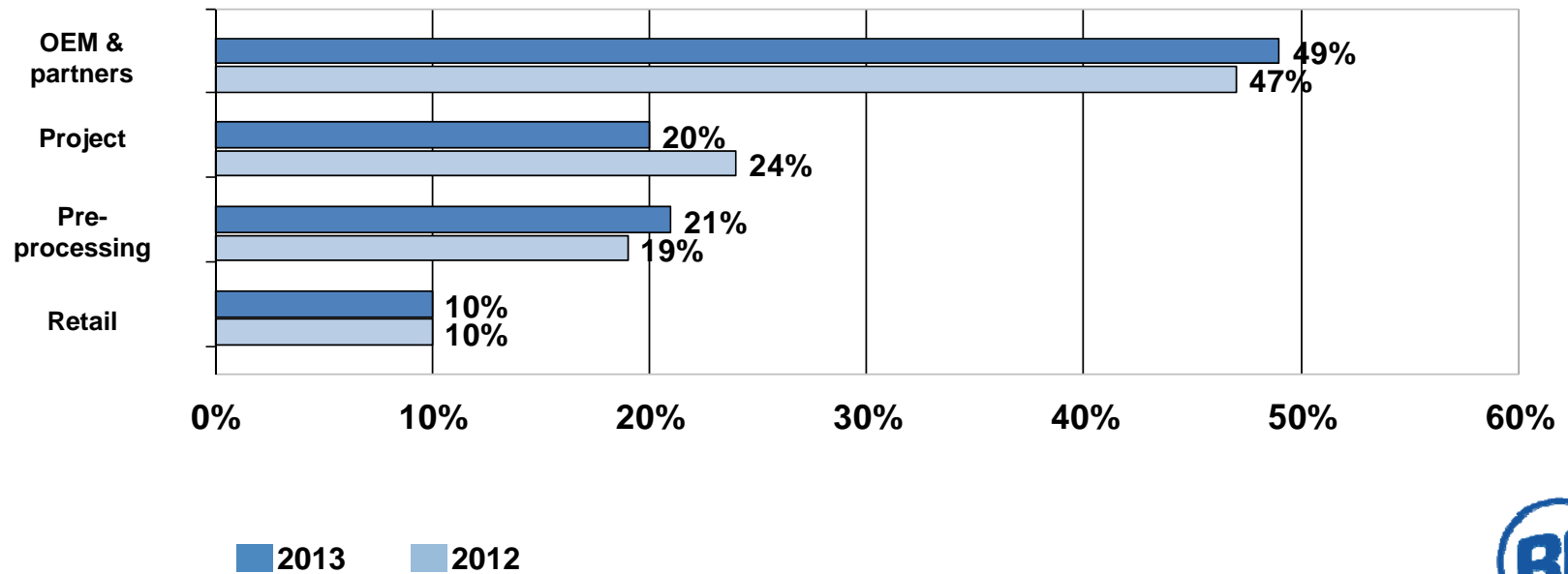
³ Period end working capital



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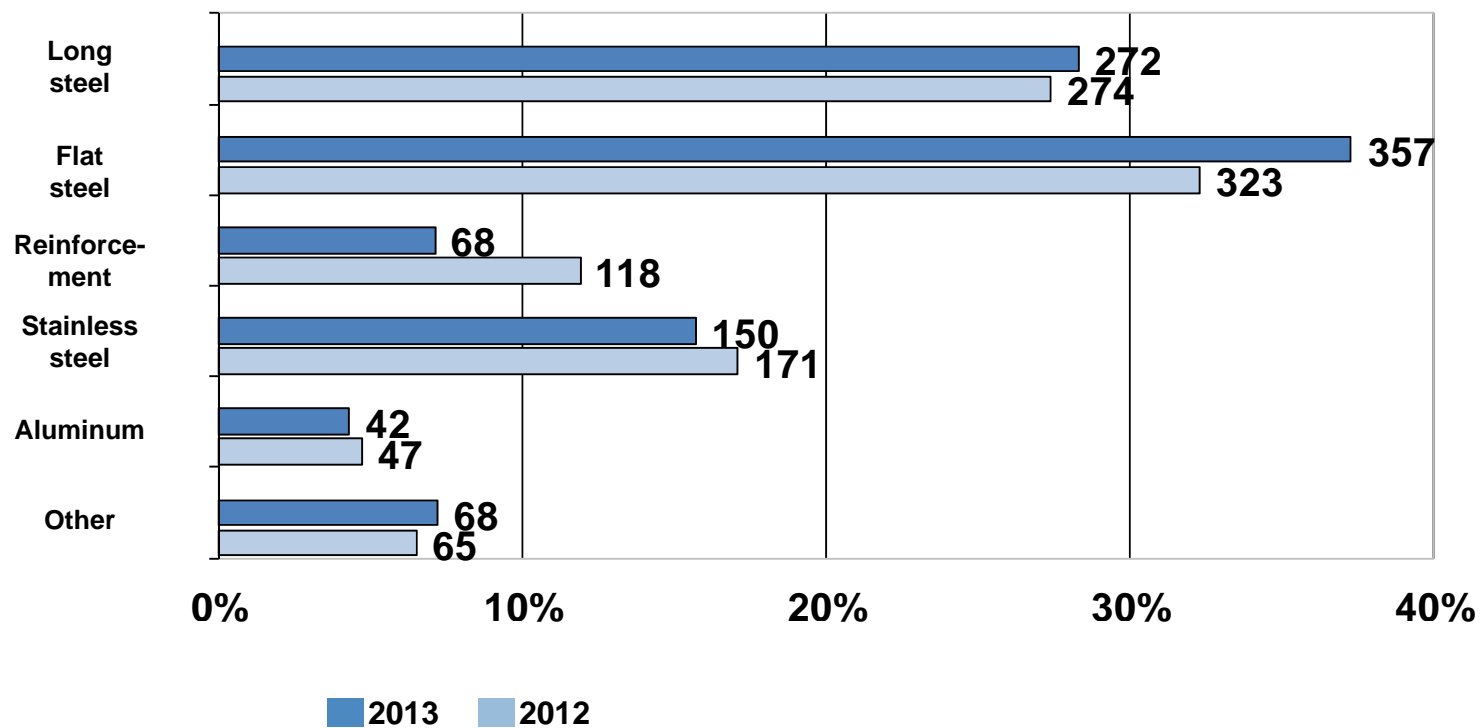
Appendix: Sales per customer segment

Q4 – Share of total sales (MSEK)



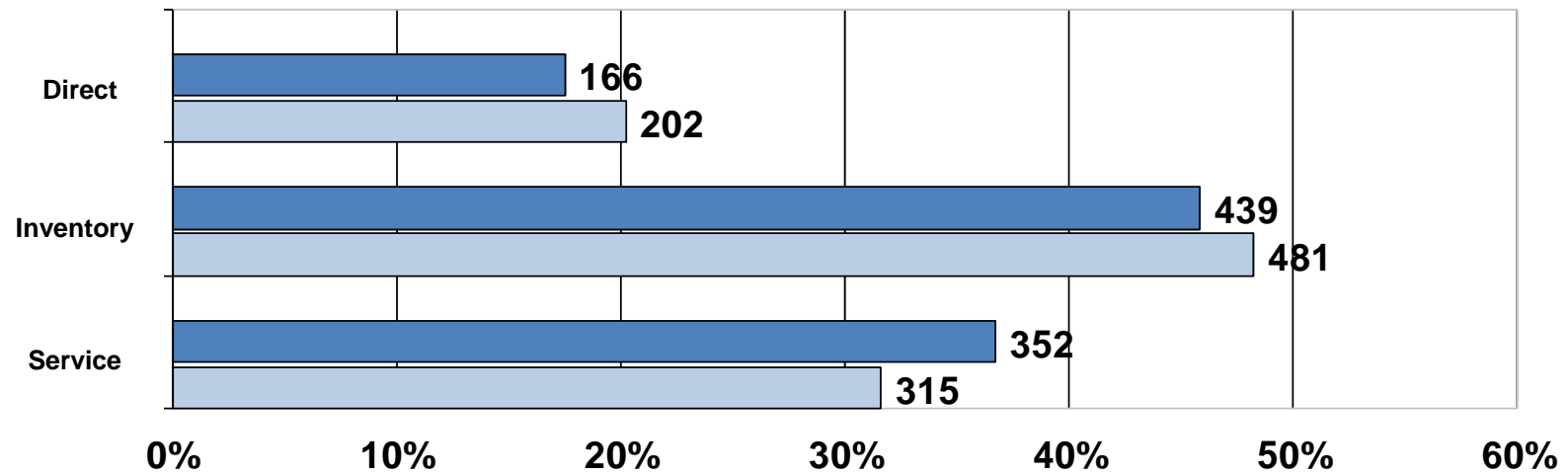
Appendix: Sales per product area

Q4 – Share of total sales (MSEK)



Appendix: Sales per channel

Q4 – Share of total sales (MSEK)



Sales outside scope of channels not included

■ 2013 ■ 2012

