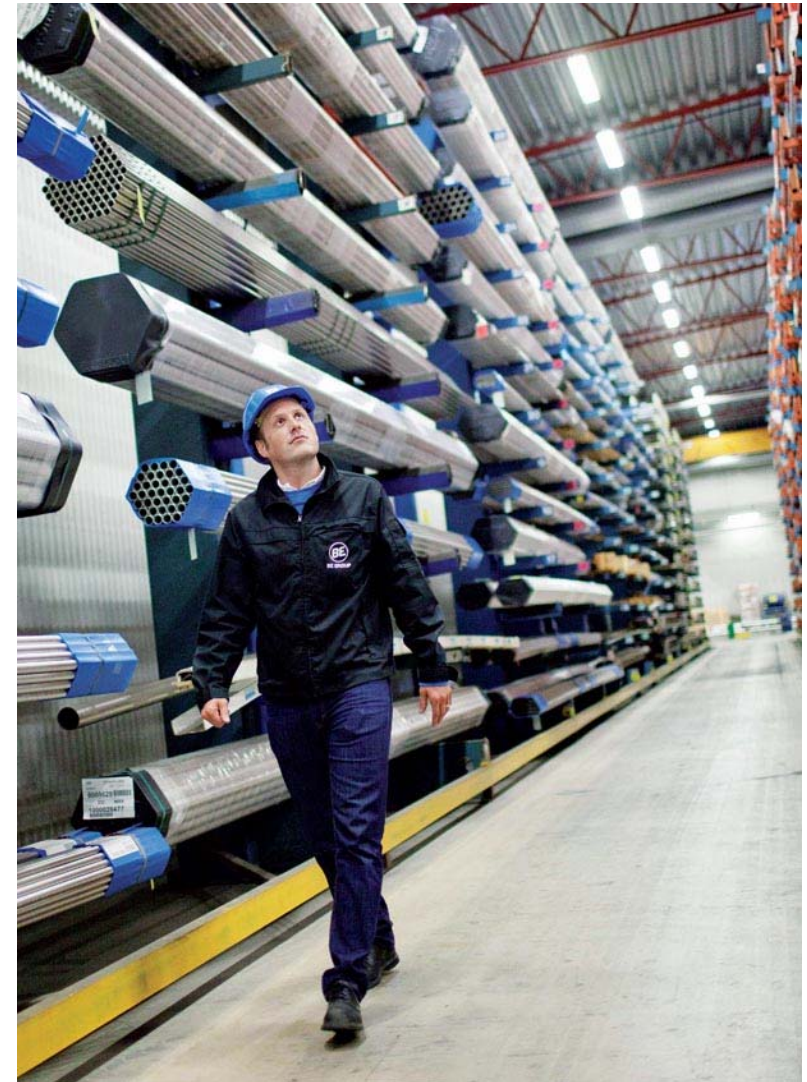


# BE Q1

## BE GROUP INTERIM REPORT JANUARY – MARCH 2015

Lars Engström, acting President and CEO  
Andreas Karlsson, CFO

Slide 1



# Q1 – Positive sales development on main markets

## Financial highlights

- Net sales increased by 2%
- Gross profit improved to SEK 144 M (141)
- Operating result (EBIT) of SEK 10 M (13)
- Break-even result, net profit SEK 0 M (-5)
- Underlying operating result (uEBIT) of SEK 12 M (17)
  
- The Board of Directors has proposed a fully secured rights issue of approximately SEK 250 M
- A new three-year credit agreement has been signed
- Anders Martinsson has been appointed new President and CEO



## Market situation

- Demand in the Swedish market in line with Q1 2014
- Demand in the Finnish market somewhat lower than a year ago while demand increased in the Baltics
- Steel prices development continued slightly downwards during the quarter

## Operational highlights

- Increased sales and shipped tonnage in both BA Sweden and BA Finland compared to Q1 2014
- Gradually increased daily sales pace over the quarter for Finland
- Weak invoicing in the Czech market and for Lecor Ståltechnik (Other Units)
- Gross margins in main markets lower than a year ago but improved compared to Q4 2014
- Costs in line with Q1 2014 (excl. currency effects)

# FINANCIALS IN DETAIL

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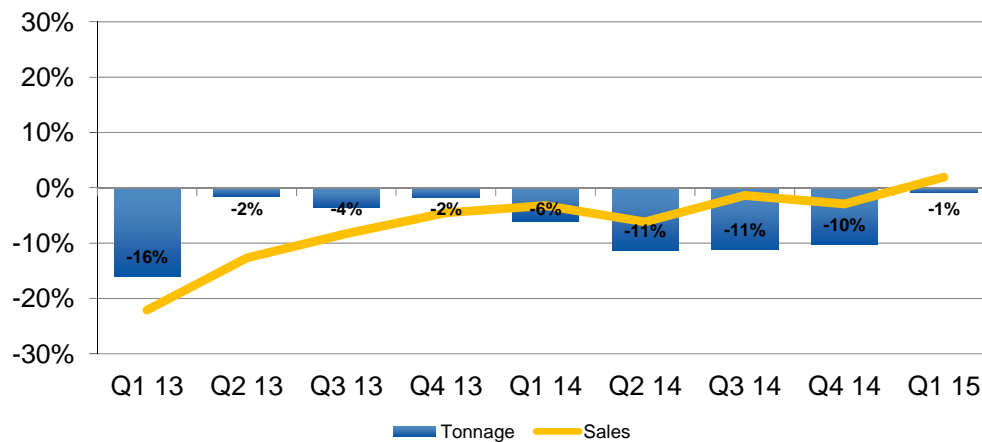


## Quarterly comparison to last year

SEK M	Q1	Q2	Q3	Q4	YTD
<b>Net sales 2014</b>	<b>1 083</b>				<b>1 083</b>
<b>Net sales 2015</b>	<b>1 104</b>				<b>1 104</b>
<i>Change</i>	<i>2%</i>				<i>2%</i>
<b>Operating result 2014</b>	<b>13</b>				<b>13</b>
Inventory losses	4				4
Non-recurring items	0				0
<b>Underlying operating result 2014</b>	<b>17</b>				<b>17</b>
Tonnage-, price- and mix effects	2				2
Change in underlying gross margin	-1				-1
Change in overhead costs	-6				-6
<b>Underlying operating result 2015</b>	<b>12</b>				<b>12</b>
Inventory gains/losses	-2				-2
Non-recurring items	0				0
<b>Operating result 2015</b>	<b>10</b>				<b>10</b>

# Q1 tonnage – Sweden and Finland stronger than in Q1 2014

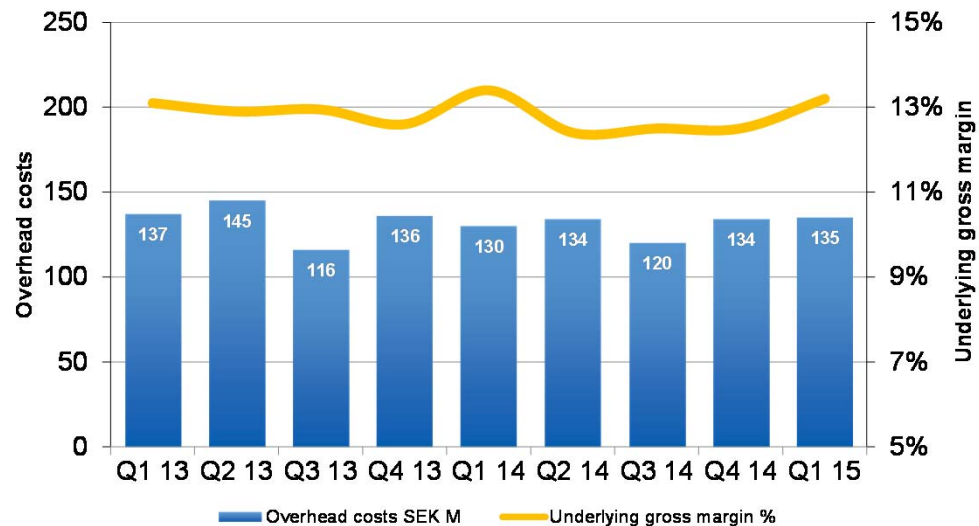
## Growth in tonnage and sales (%)



- Sales increased by 2% vs Q1 2014
  - Currency 3%
  - Price/Mix 0%
  - Tonnage -1%
  
- Tonnage 1% down vs Q1 2014
  - Sweden 3%
  - Finland 7%
  - Other Units -20%

# Underlying gross margin – Improvement compared to end of 2014

Overhead costs (SEK M) and margin (%)

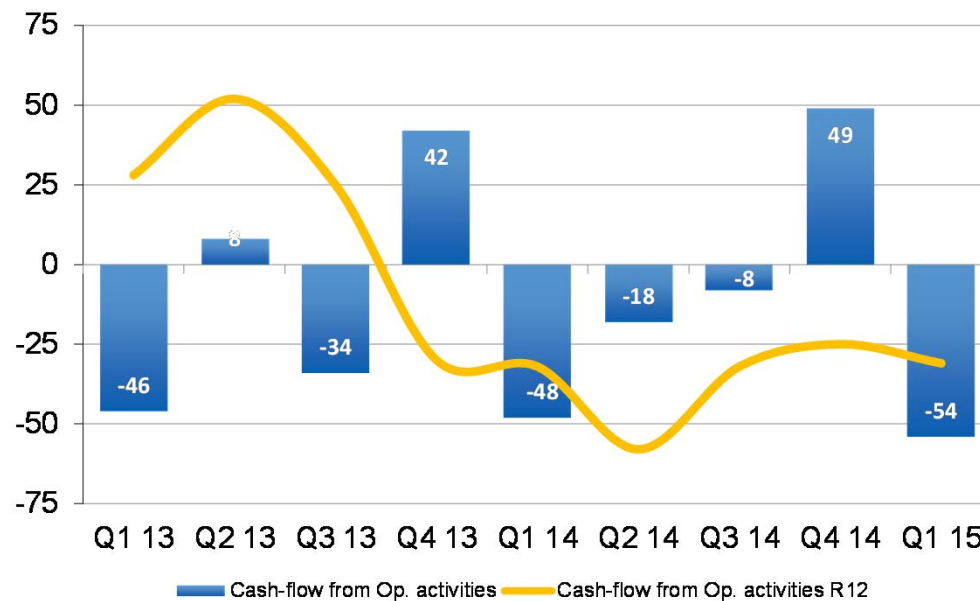


- Q1 underlying gross margin of 13.2% (13.4)
  - High share of stainless steel has negative impact
  - More sales in BA Sweden and BA Finland have positive effect on margin
  - Margin improvements continue to be a focus area in competitive market
  
- Sales and administration costs affected by currency
  - Underlying cost level in line with last year
  - Continued tight cost control



# Seasonal build-up of Working Capital drives negative cash-flow

## Cash-flow from operating activities (SEK M)

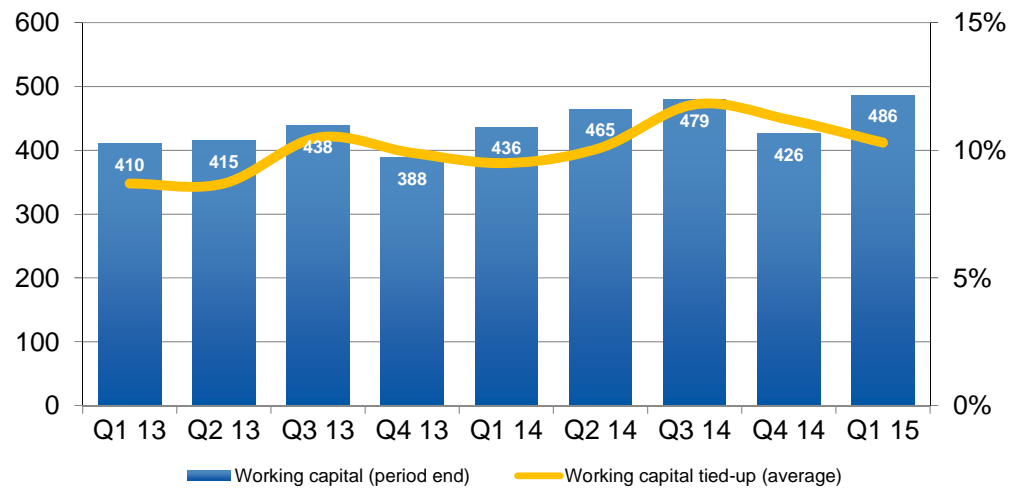


- Q1 operating cash-flow of SEK -54 M (-48)
- Investment cash-flow of SEK -4 M (0)
- Operating cash-flow R12 SEK -31 M
- Net debt of SEK 804 M (743)  
Gearing 113% (96)



# Working capital development

## Working capital (SEK M)



- Period end working capital increased by SEK 50 M compared to last year
- Stronger finish of the quarter and some inventory build-up explains increase
- Working capital tied-up 10.3% (9.5)

# Status rights issue and new credit agreement

## Rights issue

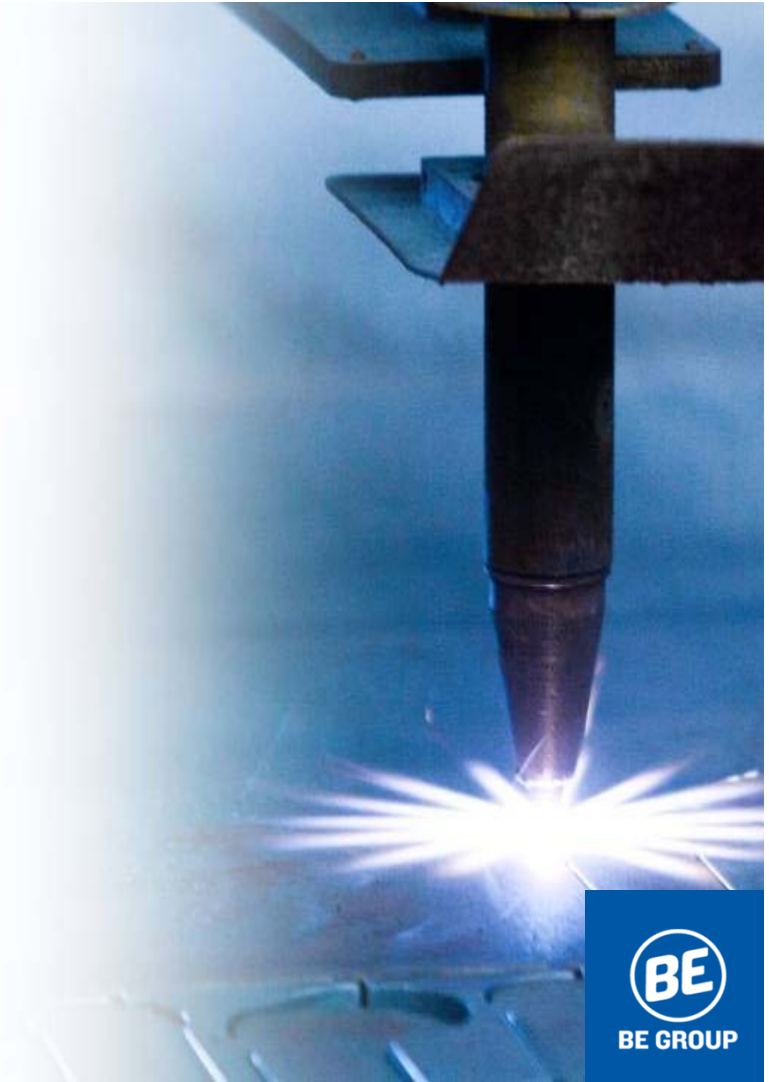
- Rights issue of approximately SEK 250 M to be approved on 7 May by the Annual General Meeting
- The rights issue is fully secured
- Full terms to be announced 5 May
- Subscription period 24 May to 4 June

## Credit agreement

- New three-year credit agreement signed
- Utilization end of June 2015
- Total facility SEK 1,000 M
- SEK 150 M of proceeds from right issue will be used to reduce debt

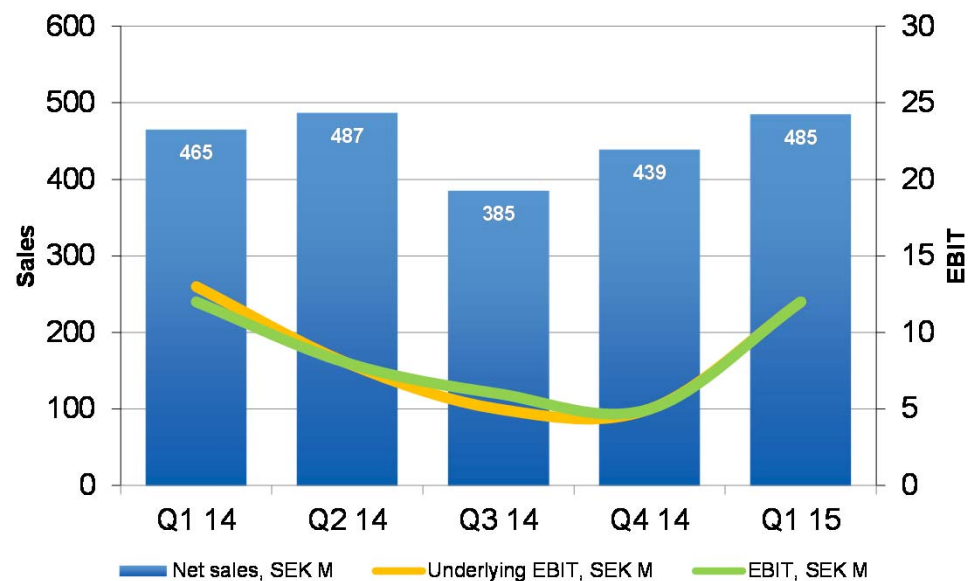
# BUSINESS AREAS STATUS Q1 2015

Slide 11



# BA Sweden – Sales growth compared to last year

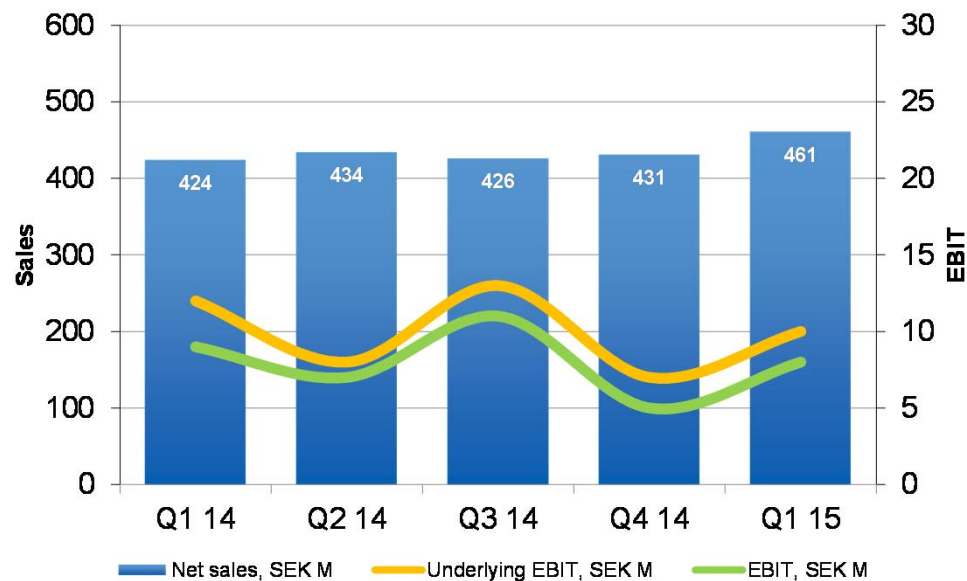
## Sales, EBIT and uEBIT (SEK M)



- No improvement in market demand compared to last year
- Tonnage increased by 3% vs Q1 2014
- Net sales increased by 4%, with gradual improvements during the quarter
- EBIT of SEK 12 M (12) and uEBIT of SEK 12 M (13) in Q1 2015

# BA Finland – Increased sales and market share

## Sales, EBIT and uEBIT (SEK M)

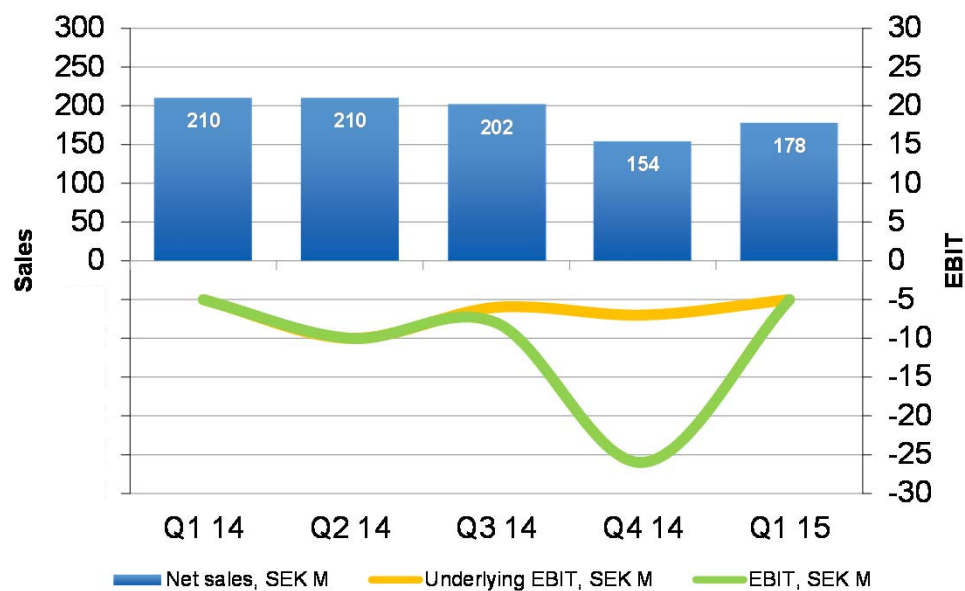


- Market demand slightly down vs last year
- Tonnage increased by 7% compared to Q1 2015
- Net sales increased by 9% including positive currency effect of 5%
- EBIT of SEK 8 M (9) and uEBIT of SEK 10 M (12) in Q1 2015



# Other Units – Result in line with last year despite lower sales

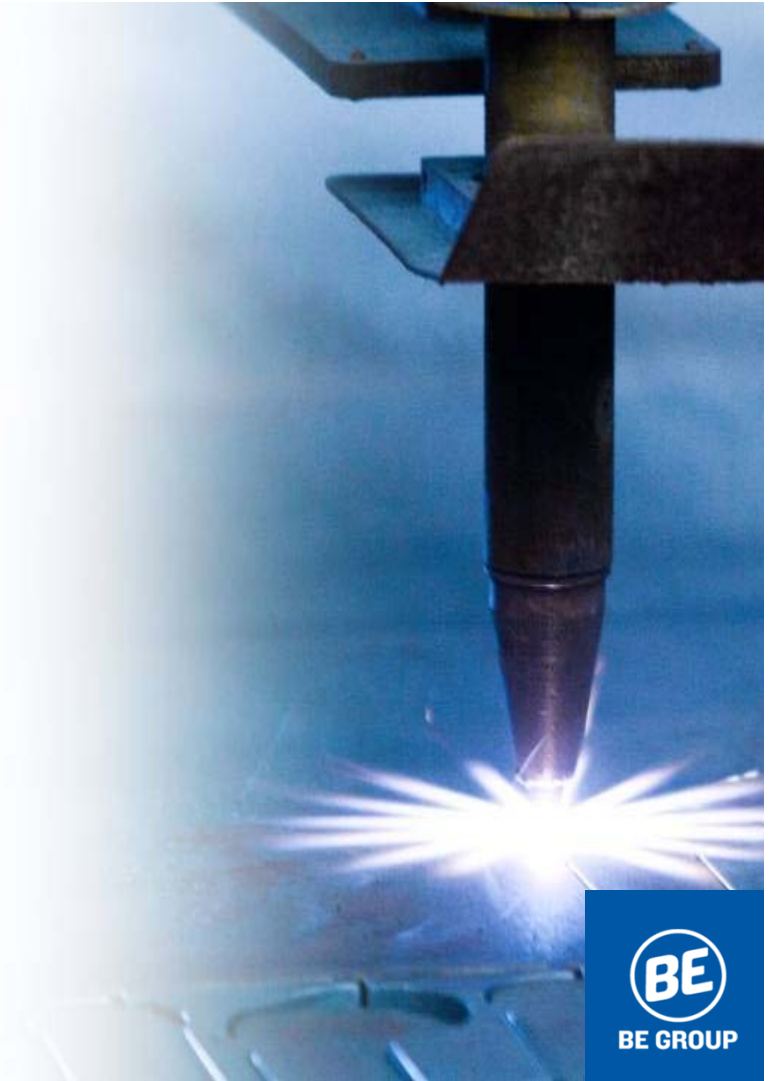
Sales, EBIT and uEBIT (SEK M)



- Challenging market in Central Europe
- Tonnage down 20%, driven by lower sales on Czech market vs Q1 2014
- Net sales decreased by 15%
- EBIT of SEK -5 M (-5) and uEBIT of SEK -5 M (-5) in Q1 2015

# OUTLOOK

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## Current business situation and outlook

- Some improvement in demand expected during 2015
- Steel prices are moving slightly downwards
- Structural changes in the market continue to give opportunities for BE Group





## Current focus areas

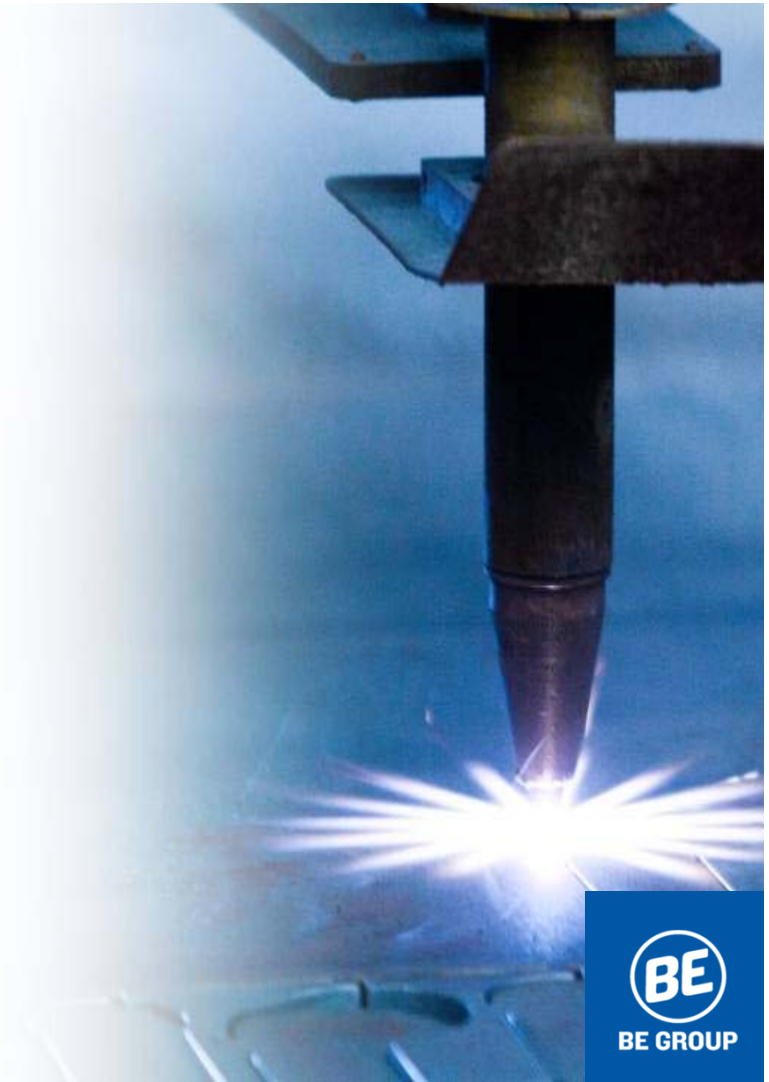
- Build on strong position on main markets
- Active sales work
- Margin improvements
- Cost control
- Turn Other Units profitable





# APPENDIX FINANCIAL INFORMATION

Slide 19

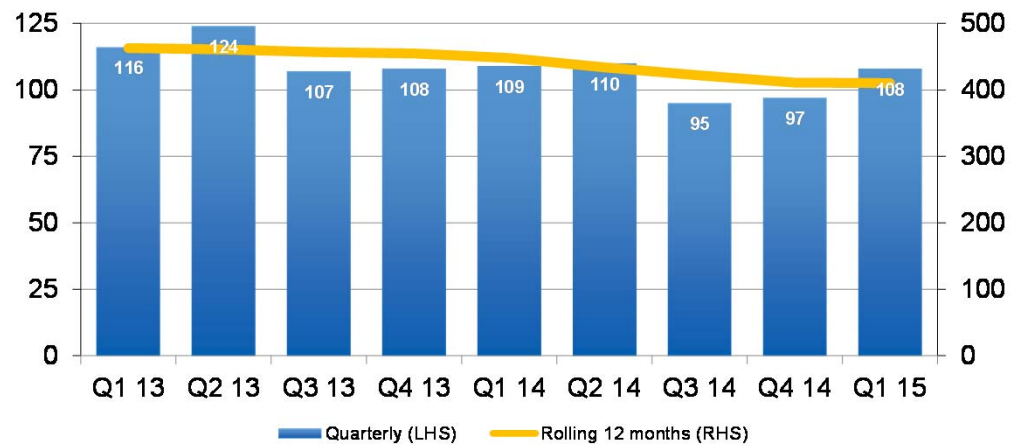


## Appendix: Financial summary

	2014				2015	FY
	Q1	Q2	Q3	Q4	Q1	2014
Tonnage	109	110	95	97	108	411
Net sales	1,083	1,112	998	1,009	1,104	4,202
Underlying EBIT	17	4	6	-9	12	18
<i>% of sales</i>	1.5%	0.3%	0.6%	-0.9%	1.1%	0.4%
EBIT	13	3	-3	-30	10	-17
<i>% of sales</i>	1.2%	0.3%	-0.3%	-3.0%	0.9%	-0.4%
Net earnings	-5	-7	-16	-45	0	-73
Earnings/share <sup>1</sup>	-0.10	-0.10	-0.22	-0.61	0.00	-1.07
Cash-flow <sup>2</sup>	-48	-20	-8	46	-58	-30
Working capital <sup>3</sup>	436	465	479	426	486	426

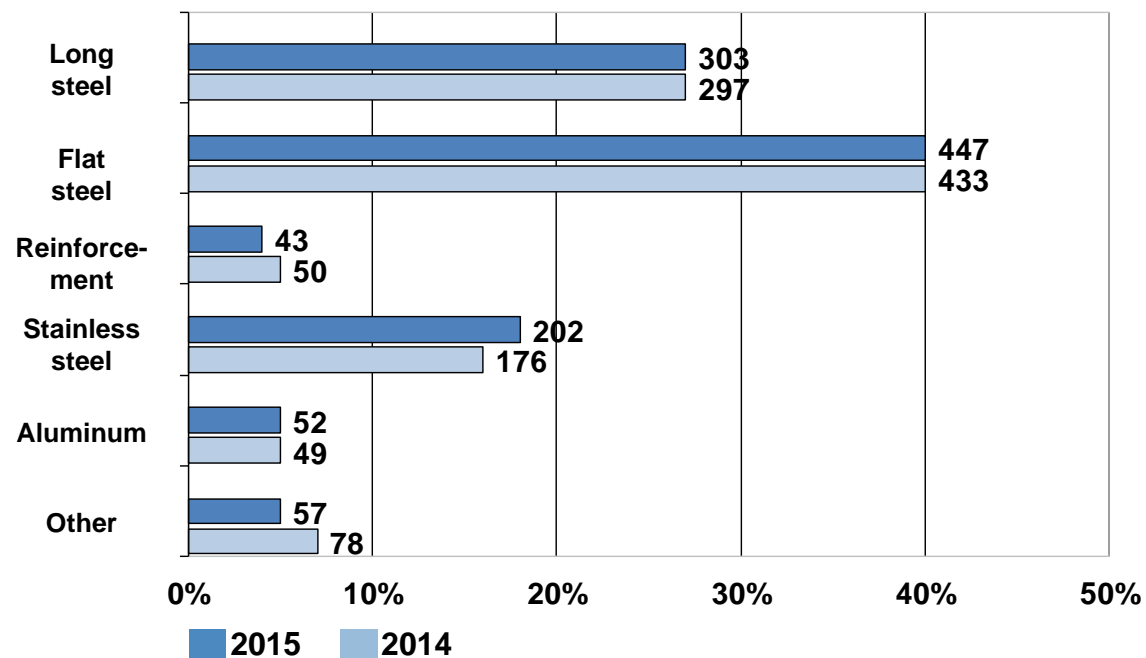
# Appendix: Tonnage development

## Tonnage ('000 tons)



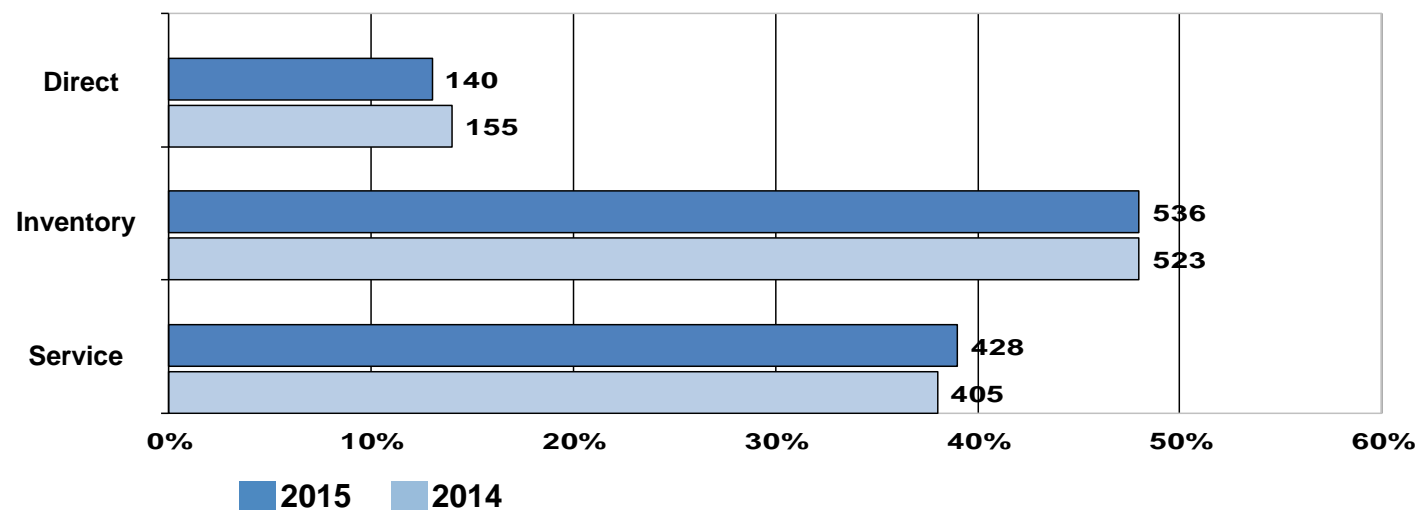
# Appendix: Sales per product area

Q1 – Share of total sales (MSEK)



# Appendix: Sales per channel

Q1 – Share of total sales (MSEK)



Note: Sales outside scope of channels not included

