

BE Q1

BE GROUP INTERIM REPORT JANUARY – MARCH 2014

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Q1 – Improved result

Financial highlights

- Shipped tonnage decreased by 4%
- Net sales decreased by 3%
- Operating result of SEK 12 M (-17)
- During the quarter a rights issue was completed. BE Group received SEK 154 M after transaction costs. The rights issue was oversubscribed by 70%
- A new three year credit agreement of SEK 1,250 M was signed during the quarter



Market situation

- Gradual improvement in demand in Sweden during the quarter
- Demand in Finland largely at the same level as during the fall 2013
- Similar pattern in the engineering and construction sectors
- Fierce market competition and price pressure continued within flat products

Operational highlights

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

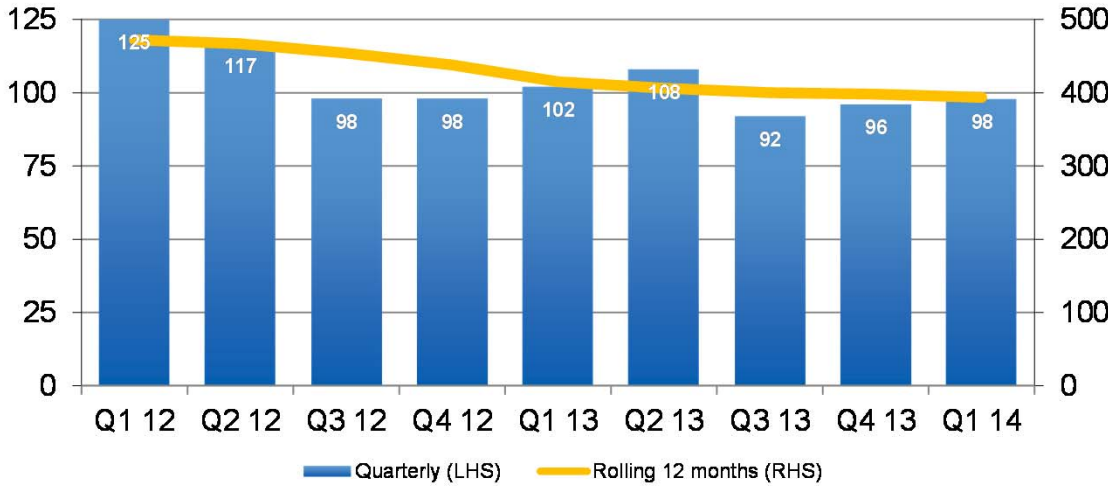
FINANCIALS IN DETAIL

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Some improvement in demand during Q1

Tonnage ('000 tons)

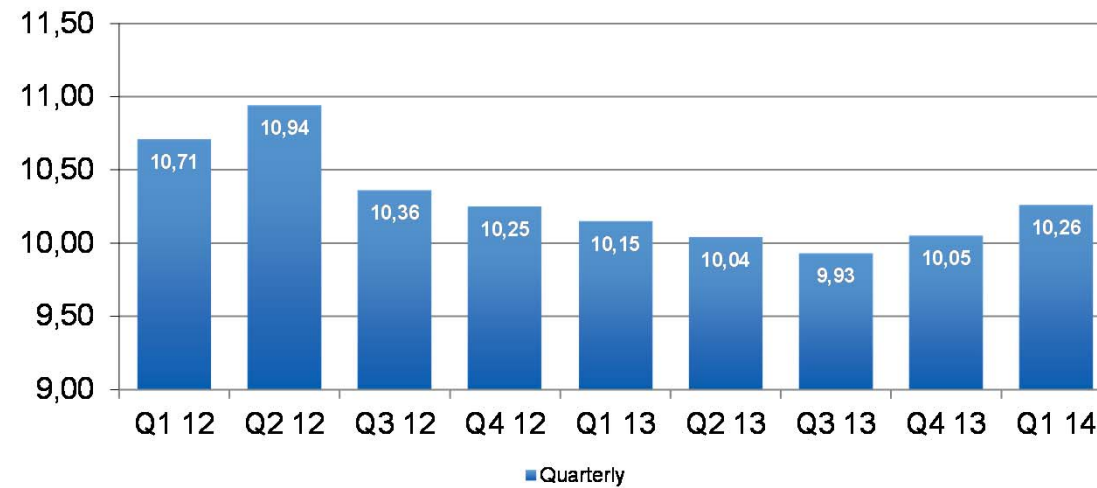


- Tonnage 4% down vs last year
 - Sweden -3%
 - Finland -1%
 - Other Units -12%



Price sentiment becoming more stable

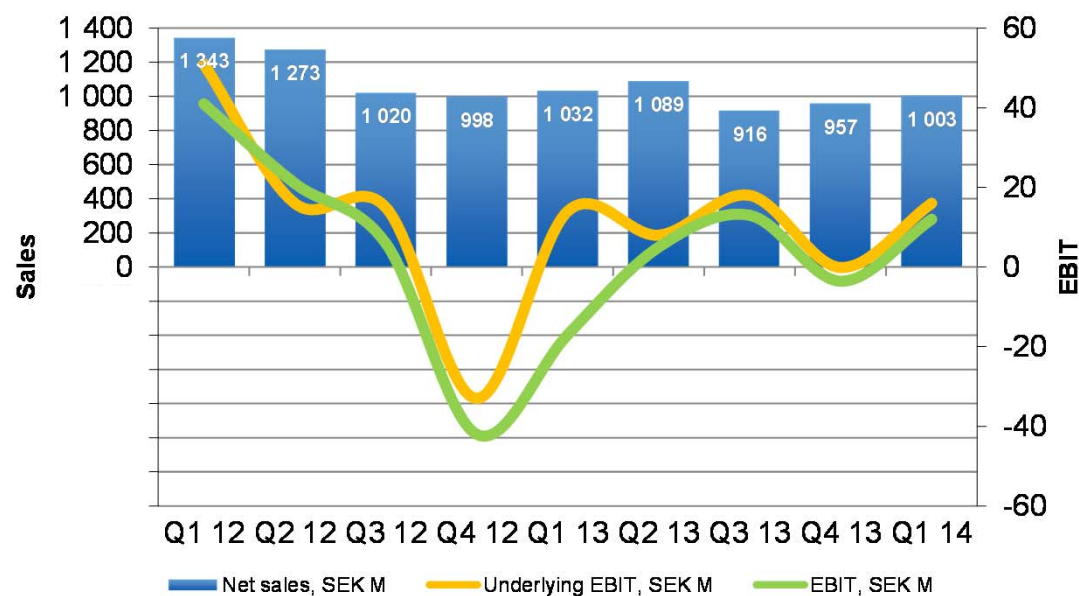
Average sales price (SEK/kg)



- Q1 average sales price (excl. currency effects) decreased by 1% vs Q1 2013 and increased by 2% vs Q4 2013
- Reported increase in Q1 mainly driven by currency and mix effects

Improved EBIT compared to Q1 2013

Sales, EBIT and uEBIT (SEK M)



- Net sales 3% down
 - Tonnage -4%
 - Price/mix -1%
 - Currency +2%
- Gross margin improvement (13.6% vs 13.4%)
- Cost reductions and own initiatives compensate for lower tonnage
- Some negative currency impact on cost level
- EBIT improved to SEK 12 M (-17) and uEBIT to SEK 16 M (14)
- EBIT margin 1.2% (-1.7) and uEBIT margin 1.6% (1.4)

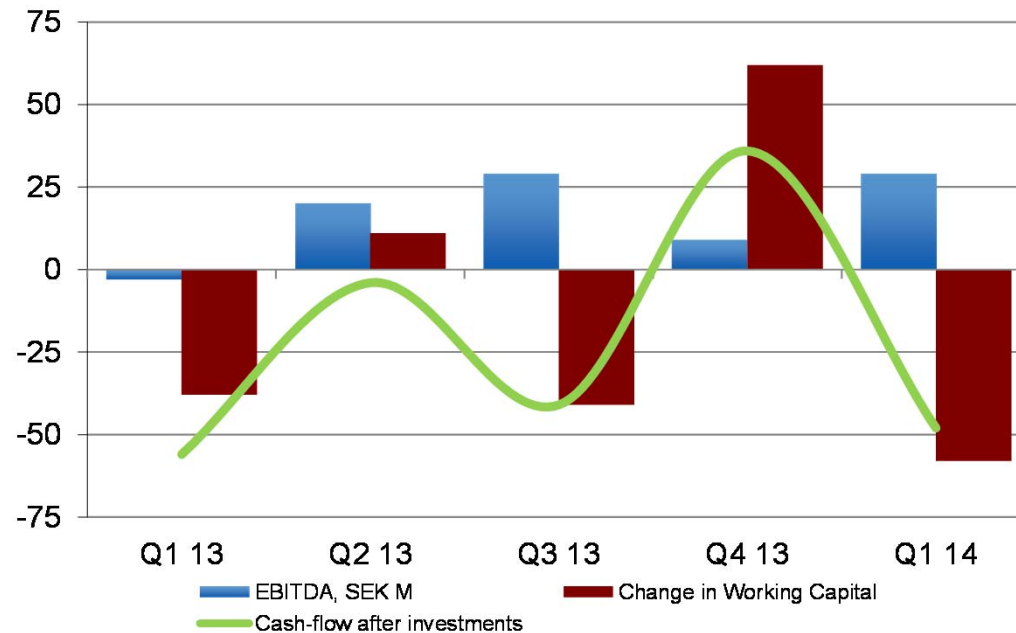


Q1 – EBIT significantly above last year

<i>SEK M</i>	Q1 2014	Q1 2013	Change	Q4 2013
Net sales	1,003	1,032	-29	957
Underlying EBIT	16	14	2	0
<i>% of Sales</i>	1.6%	1.4%	0.2%	0.0%
Inventory gains/losses	-4	-2	-2	-4
Non-recurring items	0	-29	29	0
EBIT	12	-17	29	-4
<i>% of Sales</i>	1.2%	-1.7%	2.9%	-0.4%
Earnings before tax	-5	-33	28	-20
Earnings continuing operations	-4	-24	20	-11
Earnings from operations for sale	-1	-3	2	-4
Net earnings	-5	-27	22	-15
EPS (SEK)	-0.06	-0.54	0.48	-0.29

Working capital in good control

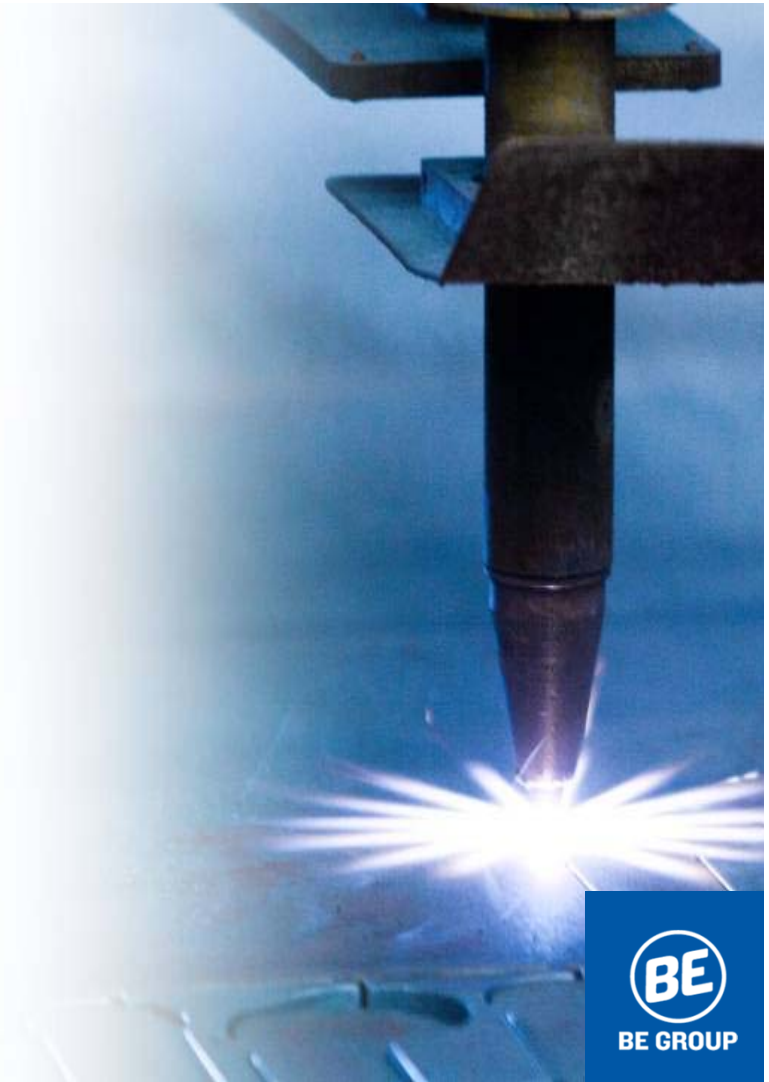
Cash-flow (SEK M)



- Cash-flow after investments of SEK -48 M (-56) due to working capital build-up
- Minor investments
- Total cash-flow improved to SEK 48 M (-49) through the rights issue
- Working capital tied-up 9% (9)
- Net debt of SEK 743 M (822) – gearing 96% (128)
- The rights issue strengthened the balance sheet and reduced net debt

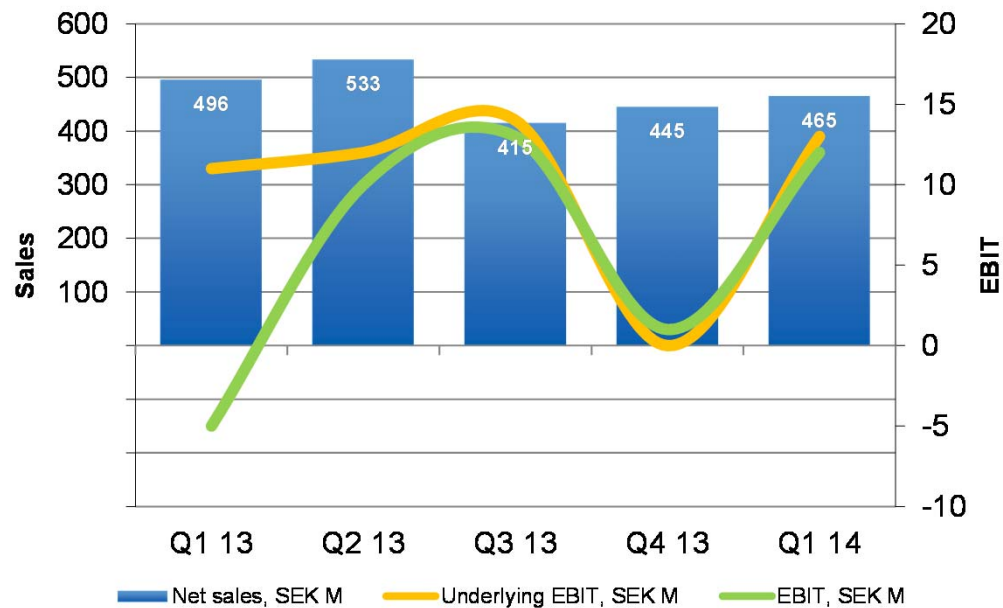
BUSINESS AREAS STATUS Q1 2014

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BA Sweden – EBIT above last year despite lower sales

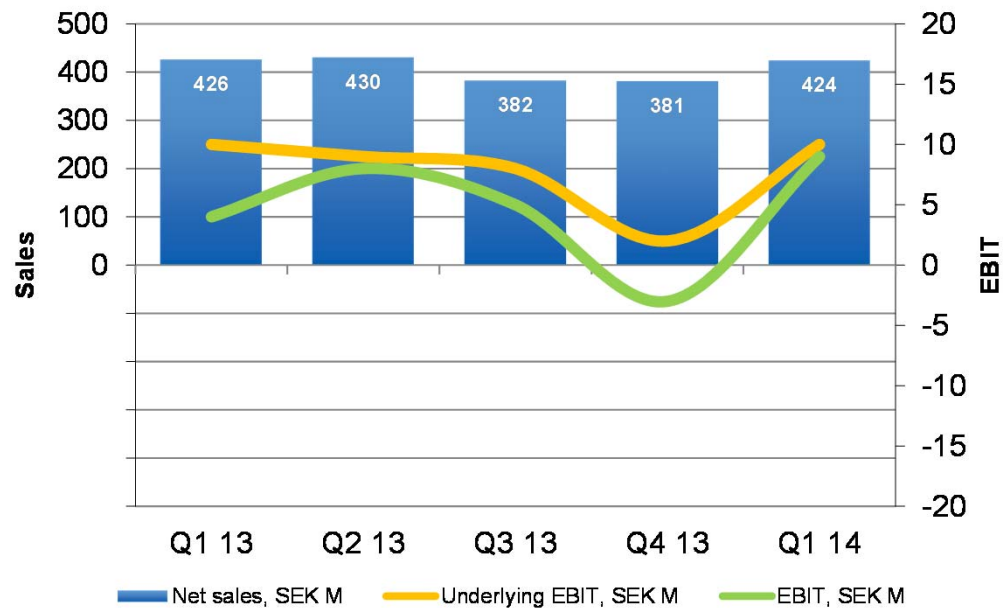
Sales, EBIT and uEBIT (SEK M)



- Gradual improvement in demand during the quarter
- Net sales decreased by 6% and tonnage decreased by 3% vs Q1 last year
- EBIT of SEK 12 M (-5) and uEBIT of SEK 13 M (11)
- Good impact from improved gross margin and lower costs

BA Finland – Flat net sales but improved margins

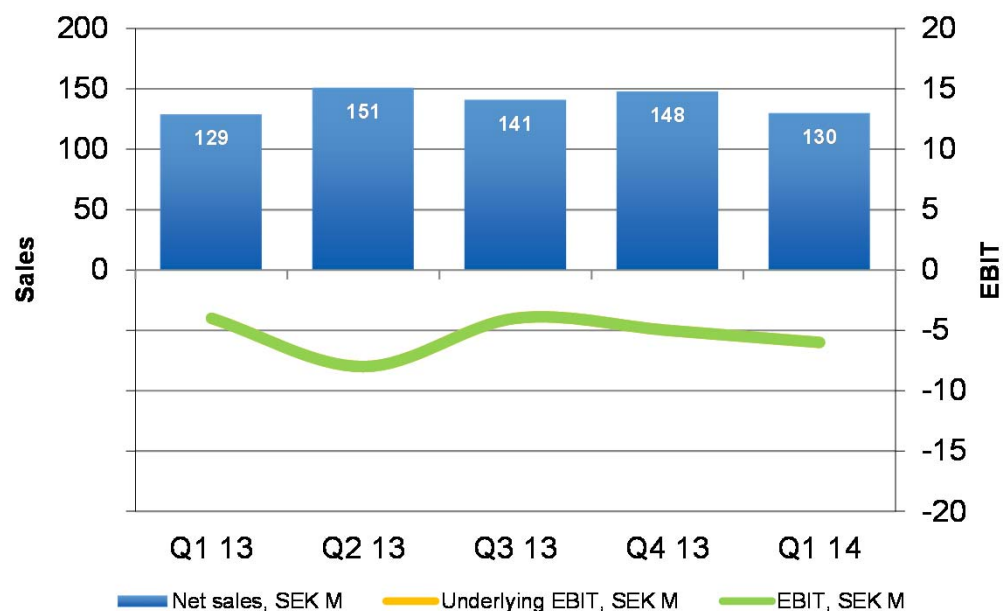
Sales, EBIT and uEBIT (SEK M)



- Demand on same level as during fall 2013
- Net sales flat and tonnage decreased by 1% vs Q1 last year
- Weak sentiment in Finnish engineering sector
- Some improvements noted at the end of the quarter
- EBIT of SEK 9 M (4) and uEBIT of SEK 12 M (10)

Other Units – Hurt by lower activity

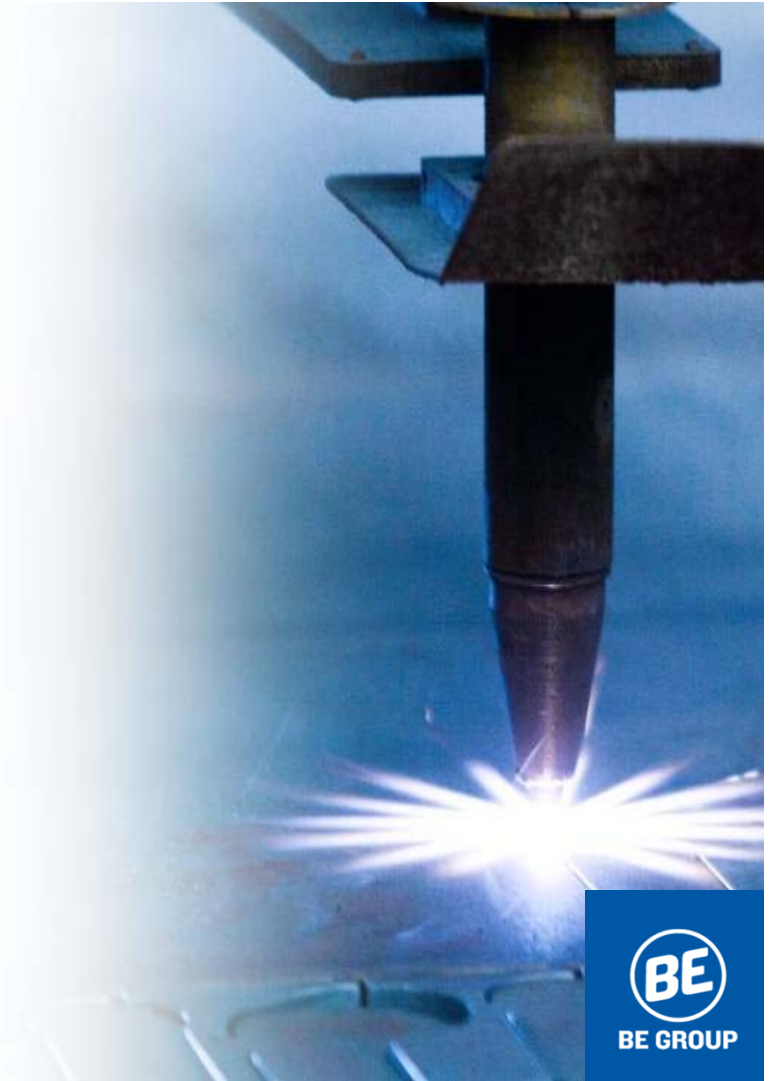
Sales, EBIT and uEBIT (SEK M)



- Net sales flat vs Q1 last year
- EBIT of SEK -6 M (-4), mainly from BE Group Produktion
- Continued work with improving profitability in loss making companies
- Czech Republic (classified as operations for sale) shows effects from structural changes and efficiency work

OUTLOOK

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Current business situation and outlook

- Customers' signals indicate improvement in demand
- A continued recovery in demand expected on main markets
- Signals from the Swedish market are more positive than in Finland
- Steel prices seem to have stabilized. Higher commodity prices are expected to support rising steel prices
- Implemented efficiency improvements will continue to strengthen our competitiveness
- The rights issue has strengthened the Group's financial position



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Current focus areas

- Actions ongoing to generate growth with customer and supplier cooperation
- Utilize upcoming structural changes
- Improve capacity utilization
- Continue to improve cost control even more
- Efficient working capital utilization
- Improve activity and earnings in Other Units from current platform



Our vision

BE Group shall be the most:

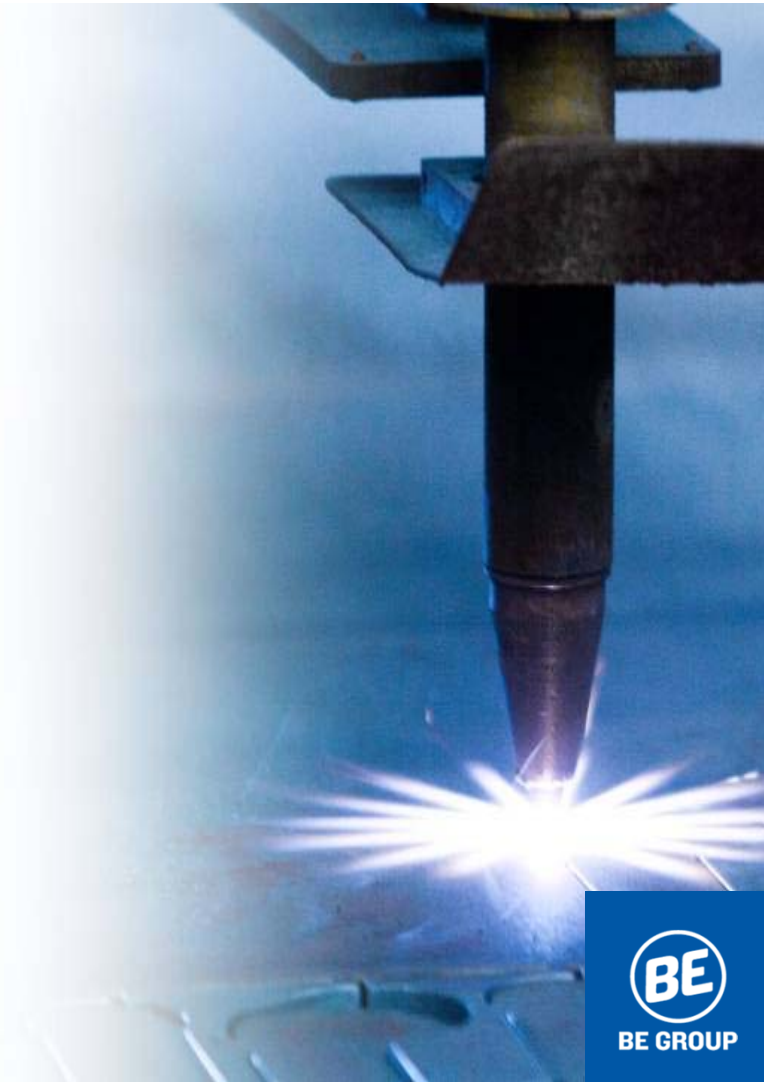
- Professional**
- Successful**
- Respected**

steel service company



APPENDIX FINANCIAL INFORMATION

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Appendix: Financial summary

	2013				2014	Full year	
	Q1	Q2	Q3	Q4	Q1	2012	2013
Tonnage	102	108	92	96	98	438	398
Net Sales	1,032	1,089	916	957	1,003	4,634	3,994
Underlying EBIT	14	8	18	0	16	49	40
<i>% of Sales</i>	1.4%	0.8%	2.0%	0.0%	1.6%	1.1%	1.0%
EBIT	-17	5	13	-4	12	26	-3
<i>% of Sales</i>	-1.7%	0.5%	1.4%	-0.4%	1.2%	0.6%	-0.1%
Earnings cont. operations	-24	-7	1	-11	-4	-12	-41
Earnings from operations for sale	-3	-1	-2	-4	-1	-99	-10
Net earnings	-27	-8	-1	-15	-5	-111	-51
Earnings/share ¹	-0.54	-0.16	-0.02	-0.29	-0.06	-2.25	-1.02
Cash-flow ²	-56	-4	-41	36	-48	0	-65
Working Capital ³	378	389	411	353	409	325	353
Underlying EBITA(%)	1.8%	1.1%	2.4%	0.4%	2.2%	1.4%	1.4%
Underlying ROOC(%)	11.2%	7.3%	12.3%	1.6%	12.5%	8.3%	8.1%

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¹ Earnings per share after dilution

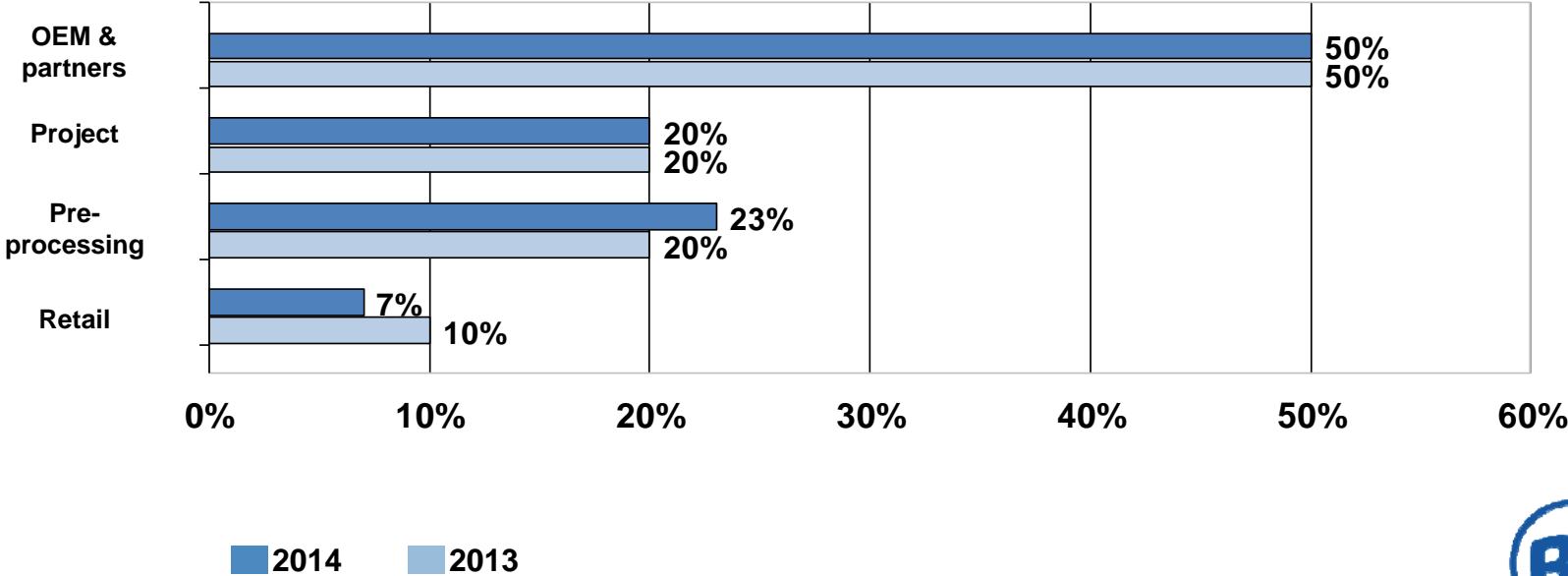
² Cash-flow after investments

³ Period end working capital



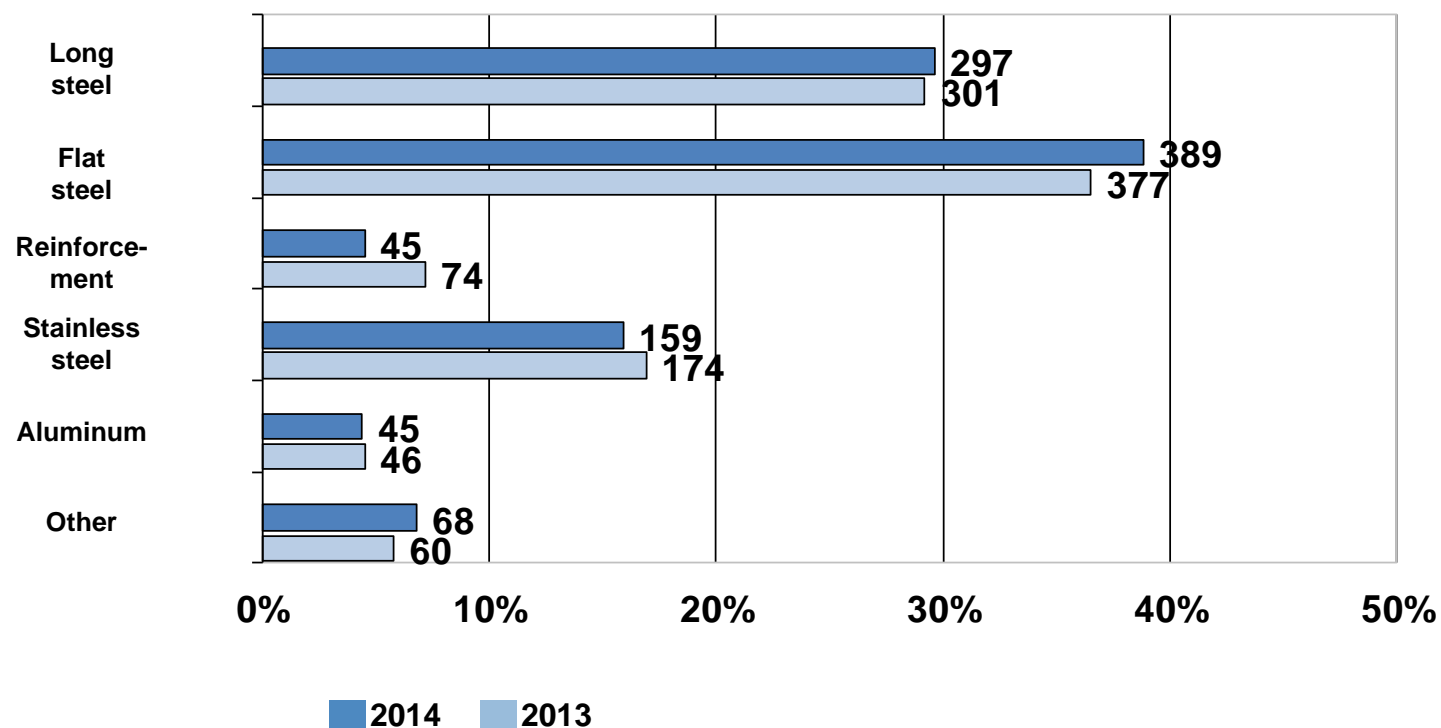
Appendix: Sales per customer segment

Q1 – Share of total sales (MSEK)



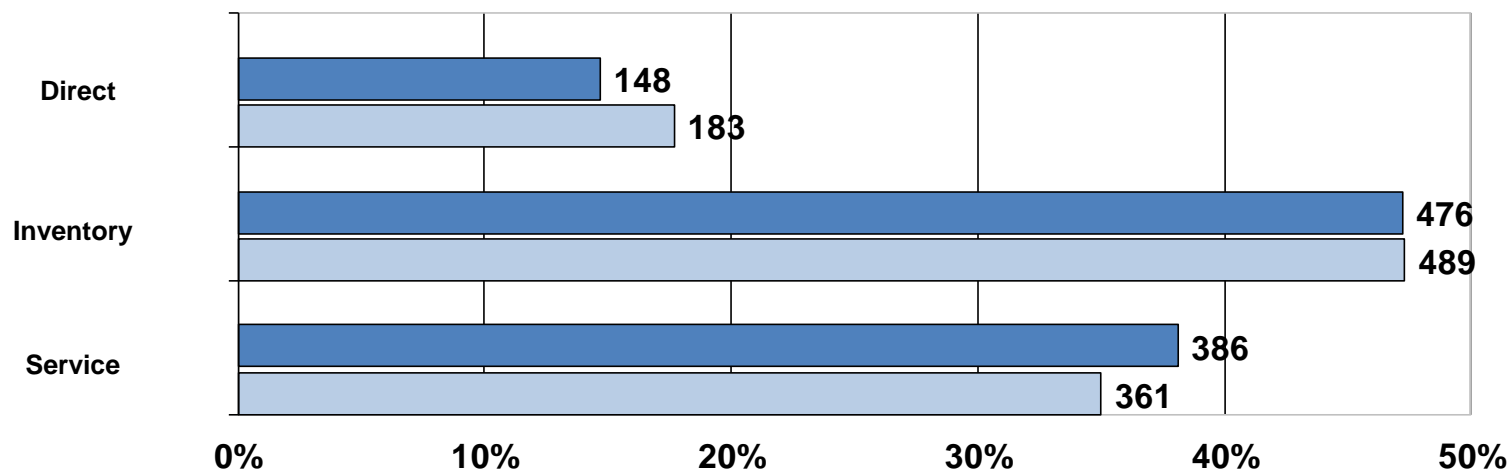
Appendix: Sales per product area

Q1 – Share of total sales (MSEK)



Appendix: Sales per channel

Q1 – Share of total sales (MSEK)



Sales outside scope of channels not included

■ 2014 ■ 2013

