



BE GROUP, INTERIM REPORT JANUARY – MARCH 2019

April 26th, 2019

Anders Martinsson, President and CEO

Daniel Fäldt, CFO

Agenda



Q1 Overview



Financials in Detail



Business Areas - Status



Outlook



Q&A



Financial highlights – Q1 2019

- Net sales amounted to SEK 1,205 M (1,226).
- The underlying operating result amounted to SEK 40 M (48).
- The operating result amounted to SEK 34 M (55), including inventory losses of SEK -6 M (7).
- Result after tax amounted to SEK 20 M (39).
- Cash flow from operating activities increased to SEK 62 M (-1).
- Earnings per share amounted to SEK 1.56 (3.03).



Business development – Q1 2019

- Demand in the next quarters is expected to remain strong in our main markets
- Steel prices anticipated to remain on Q1 levels and prices on aluminum and stainless are expected to recover after Q1 decline.

Business area Sweden & Poland

- The production units continued to develop positively due to high demand from OEM customers
- The distribution business, experienced a slow start of the year and a higher proportion of direct business

Business area Finland & Baltics

- The production unit in Finland still an improvement area with still too high production cost and lower demand from main customers during the first months
- The distribution business in Finland in line with previous year
- The distribution business in Baltic still a improvement area impacted by lower demand during first months



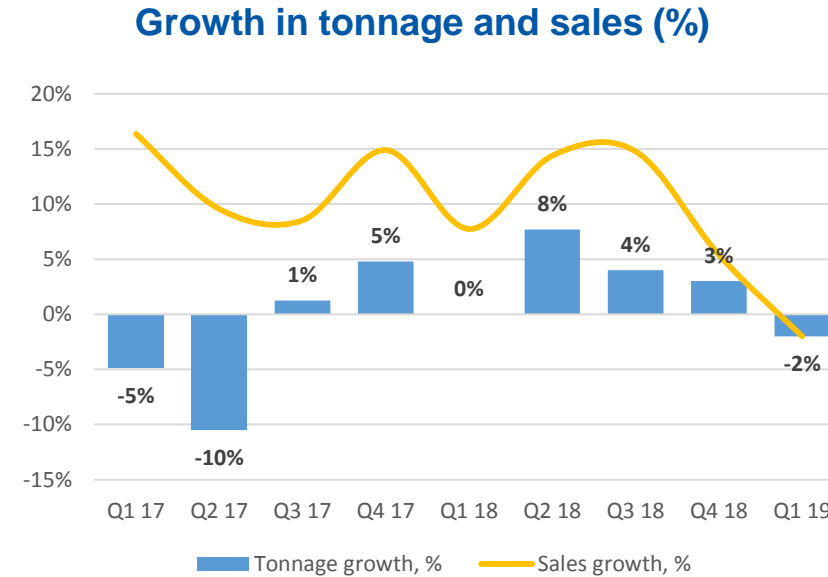


FINANCIALS IN DETAIL

Sales – Marginal impact of tonnage decline and price/mix effects

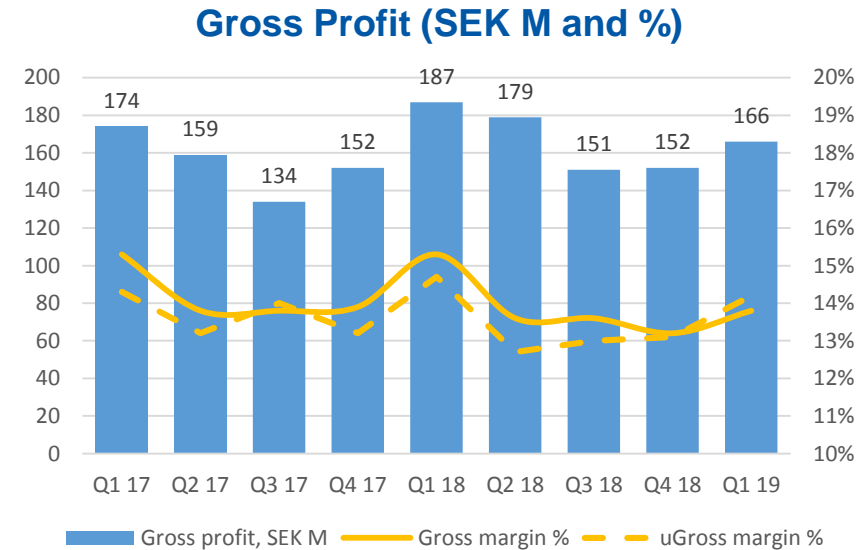
	<u>Q1</u>
Change in Net Sales	-2%
▪ <i>Tonnage</i>	-2%
▪ <i>Price/Mix</i>	-2%
▪ <i>Currency</i>	+2%

	<u>Q1</u>
Change in tonnage	-2%
▪ <i>Sweden & Poland</i>	+2%
▪ <i>Finland & Baltics</i>	-6%



Gross Profit – Inventory losses and channel mix

- Gross profit below last year SEK 166 M (187). Mainly driven by inventory losses of -6 M (7)
- Gross margin 13.8% (15.3) and underlying margin 14.2% (14.7)
- High impact from inventory losses on Aluminium and Stainless
- Unfavorable channel mix in Distribution Sweden
- Improved underlying margin in Production units Sweden & Poland



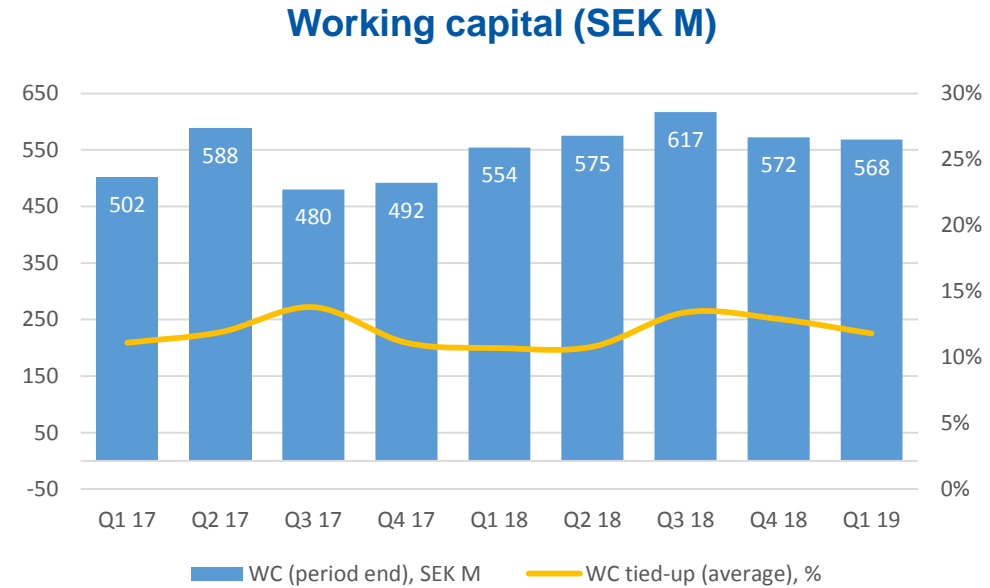
Quarterly comparison to last year

SEK M	Q1	Q2	Q3	Q4	FY
Net sales 2018	1 226	1 312	1 111	1 154	4 803
Change BA Sweden & Poland	-8				
Change BA Finland & Baltics	0				
Change Other	-13				
Net sales 2019	1 205				
<i>Change</i>	<i>-2%</i>				
Operating result 2018	55	22	33	22	132
Inventory gains (-)/ losses (+)	-7	-12	-7	-1	-27
Items affecting comparability	-	16	-	-4	12
Underlying operating result 2018	48	26	26	17	117
Change in sales	-3				
Change in underlying gross margin	-5				
Change in overhead costs	0				
Underlying operating result 2019	40				
Inventory gains (+)/losses (-)	-6				
Items affecting comparability	-				
Operating result 2019	34				



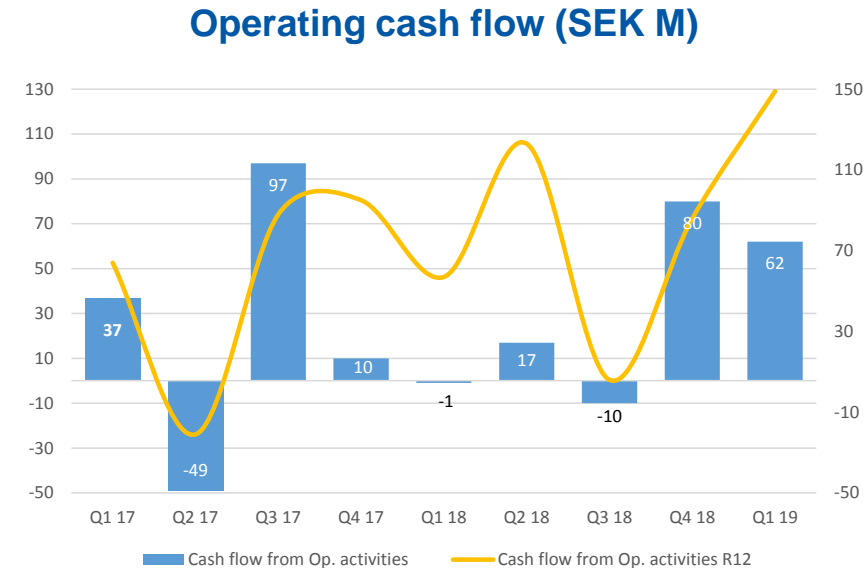
Working capital – In line with previous quarter

- Q1 working capital improved for the second quarter in a row
- Stock levels remain on same level as Q4
- Average working capital tied-up increased to 11.8% (10.7)



Operating cash flow – Continued improvement

- Operating cash flow of SEK 62 M (-1), of which SEK 20 M is an effect of IFRS 16 implementation.
- R12 SEK 149 M of which SEK 20 M is an effect IFRS 16 implementation
- Net debt reduced to 418 M (504) and gearing now at 45 percent (59).
- Available cash SEK 237 M (139) including overdraft facility



Financial Summary

<i>SEK M</i>	Q1 2019	Q1 2018	Change
Net sales	1 205	1 226	-21
Underlying EBIT	40	48	-8
<i>% of Sales</i>	3.3%	3.9%	-0.6%
Inventory gains/losses	-6	7	-13
Items affecting comparability	-	-	-
EBIT	34	55	-21
<i>% of Sales</i>	2.8%	4.5%	-1.7%
Financial net	-6	-4	-2
Earnings before tax	28	51	-23
Net earnings	20	39	-19
Operating Cash-Flow R12	149	57	92
Net Debt excluding IFRS16	418	504	-86
Gearing excluding IFRS16	45%	59%	-14%





BUSINESS AREAS

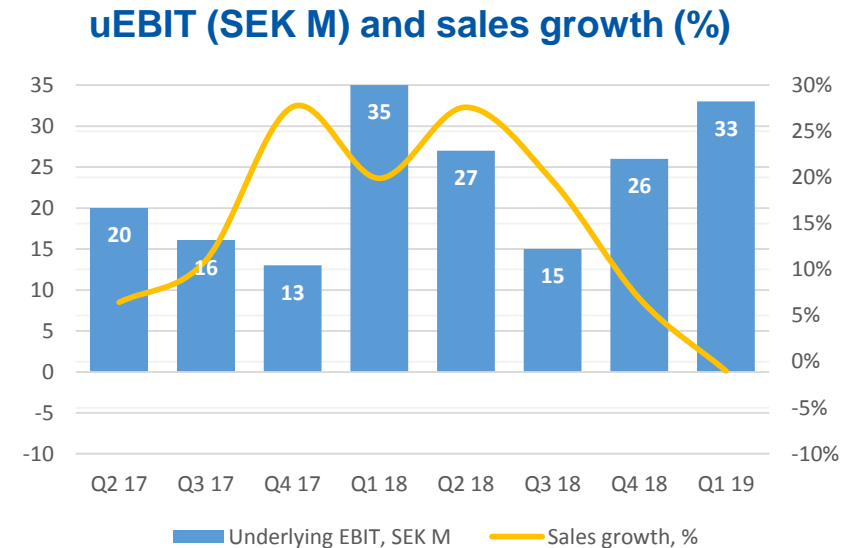
- STATUS Q1 2019



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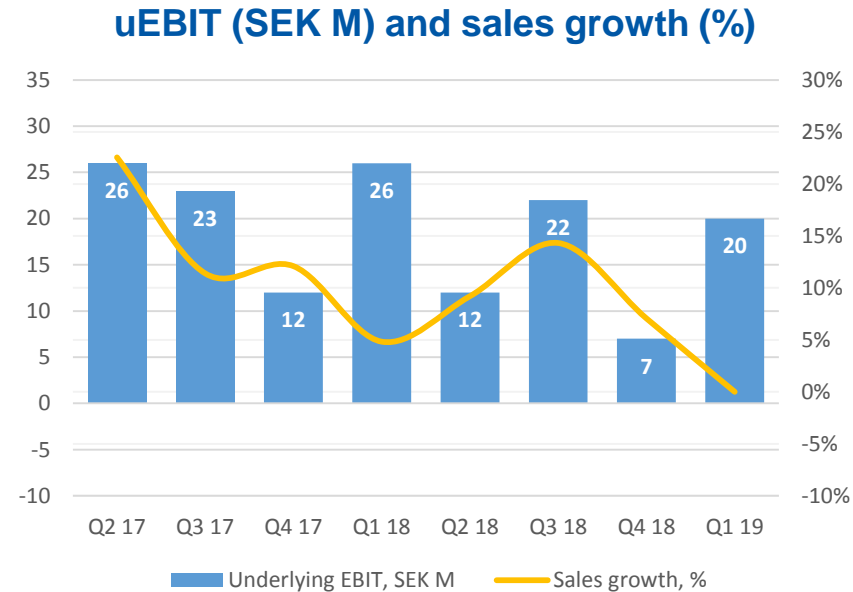
BA Sweden & Poland – Strong development in Production units

- Tonnage up 2% vs Q1 2018
- Net sales down 1%, and amounted to SEK 643 M (651)
- uEBIT of SEK 33 M (35) mainly due to mix effects impacting uGM%
- Business unit Production Sweden & Poland continue to improve underlying operating result
- EBIT of SEK 30 M (39) impacted by inventory losses of SEK 3 M



BA Finland & Baltics – Distribution unit in line with last year

- Tonnage down 6% vs last year
- Net sales in line with last year and amounted to SEK 565 M (565) due to higher steel prices and mix effects
- uEBIT of SEK 20 M (26)
- Initiatives ongoing to improve performance in Baltics and Production Finland
- EBIT of SEK 17 M (29) impacted by inventory losses of SEK 3 M





OUTLOOK



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Business Outlook

- Demand in the next quarter is expected to remain strong in the company's main markets
- Steel prices anticipated to remain on the same level as those seen in the first quarter and prices on aluminum and stainless are expected to recover after the first quarter's decline
- Stable market conditions and relatively weak profitability in second quarter 2018. Leads to expected improvement of yearly comparison in profitability during next quarter



Summary and conclusions

- Cash flow from operating activities increased to SEK 62 M (-1)
- Underlying operating result amounted to SEK 40 M (48)
- Balance sheet keeps improving with net debt, excluding IFRS 16, at SEK 418 M (504) and net debt/equity ratio at 45% (59%)
- Continued good market conditions



Q&A

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THANK YOU!
For your time and interest

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APPENDIX – FINANCIAL INFORMATION



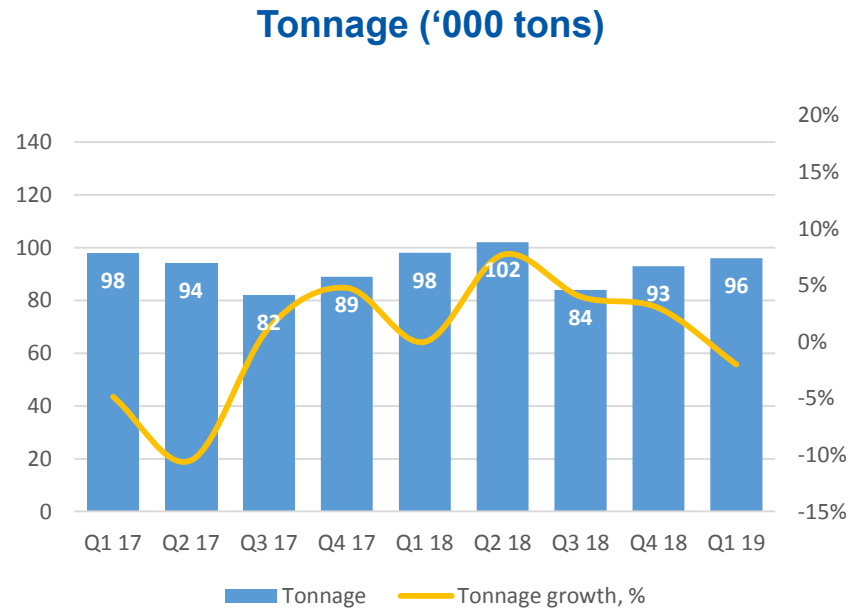
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Description of segments

- **BA Sweden & Poland;** BE Group Sweden, Lecor Stålteknik and BE Group Poland
- **BA Finland & Baltics;** BE Group Finland, BE Group Estonia, BE Group Latvia and BE Group Lithuania
- **Parent Company and consolidated items;** BE Group AB, Group eliminations and Operations under restructuring (BE Group Czech Republic, BE Group Slovakia and RTS Estonia), BE Group Produktion Eskilstuna



Appendix: Tonnage development



Balance sheet

<i>SEK M</i>	Mar 2019	Mar 2018	Change
Non-current assets	1 369	865	+504
Inventories	657	682	-25
Accounts receivable	624	664	-40
Other receivables	43	45	-2
Cash	137	39	+98
Total assets	2 830	2 295	+535
Equity	922	852	+70
Interest bearing liabilities	549	537	+12
Leasing liabilities	546	-	+546
Accounts payable	586	660	-74
Other liabilities	227	246	-19
Total equity and liabilities	2 830	2 295	+535
Working capital	568	554	+14

