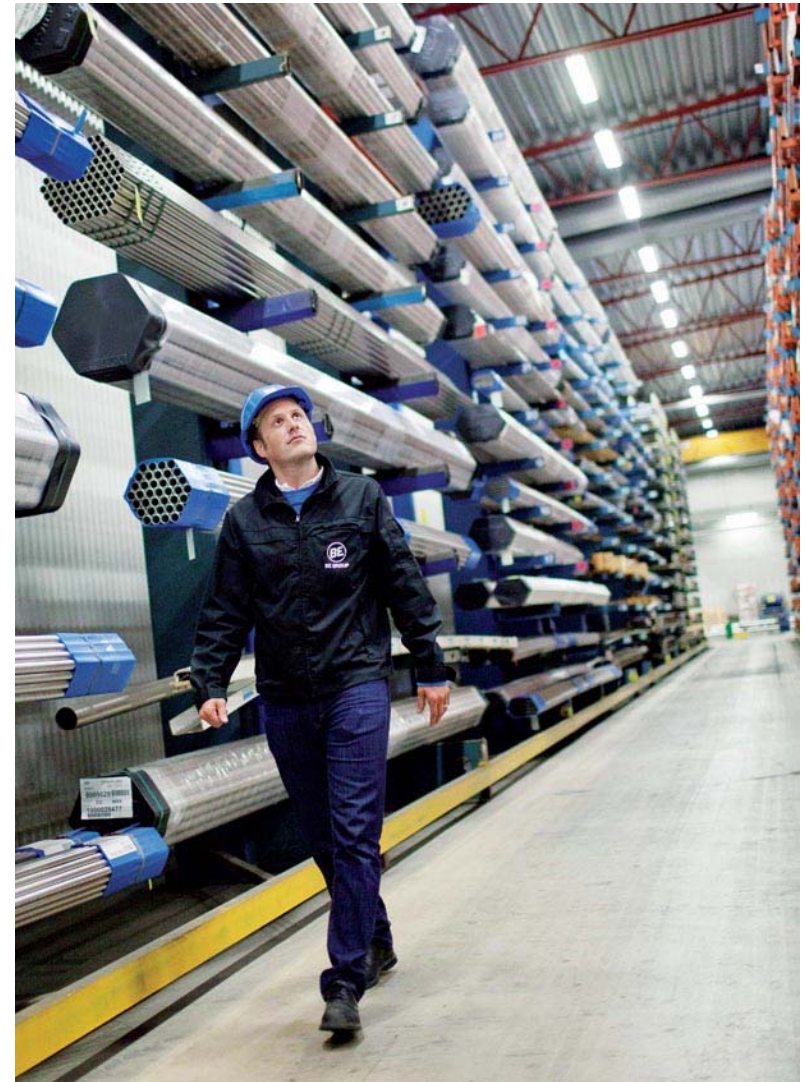


BE Q2

BE GROUP INTERIM REPORT JANUARY – JUNE 2014

Kimmo Väkiparta, President and CEO
Andreas Karlsson, CFO

Slide 1



Q2 – Reduced cost base compensates lower sales

Financial highlights

- Shipped tonnage decreased by 10%
- Net sales decreased by 6% or SEK 62 M
- Gross profit of SEK 132 M (144)
- Operating result of SEK 4 M (5)



Market situation

- The Swedish market demand continued to slowly improve during the quarter
- Demand on the Finnish market was more or less on the same level as during the first quarter
- Fierce market competition and price pressure continued within flat products

Operational highlights

- Tight cost control continued to give positive impact
- Focus on improved service level coupled with operational efficiency
- More sales activity

FINANCIALS IN DETAIL

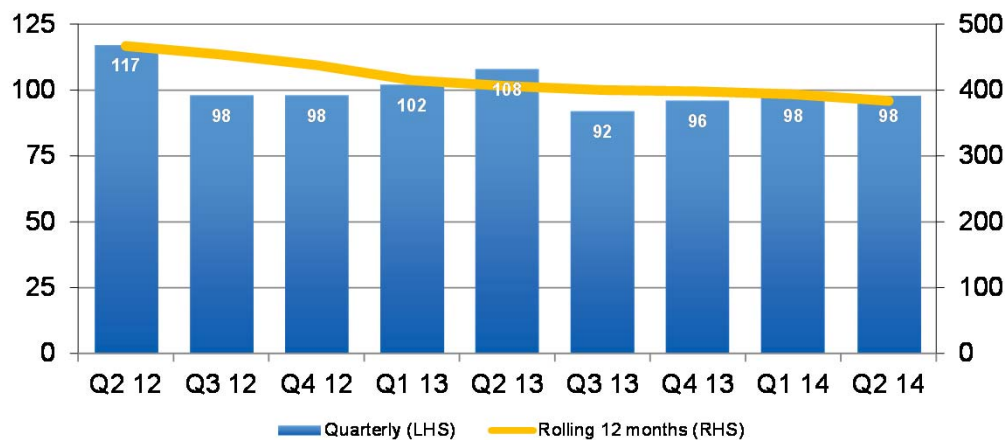
Slide 4



BE GROUP

Q2 tonnage – improvement on main markets vs. Q1

Tonnage ('000 tons)



■ Tonnage 10% down vs Q2 2013

- Sweden -7%
- Finland 0%
- Other Units -39%

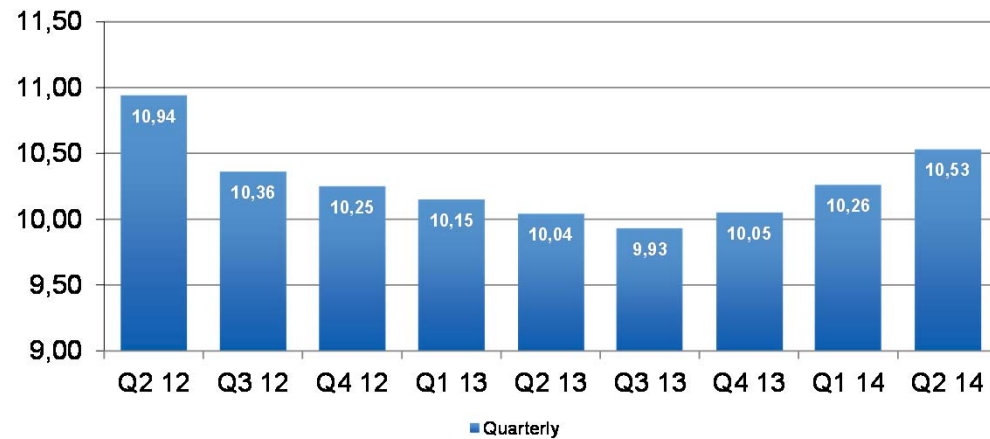
■ Tonnage flat vs Q1 2014

- Sweden +6%
- Finland +1%
- Other Units -20%



Average sales price increase driven by mix and currency effects more than underlying price increases

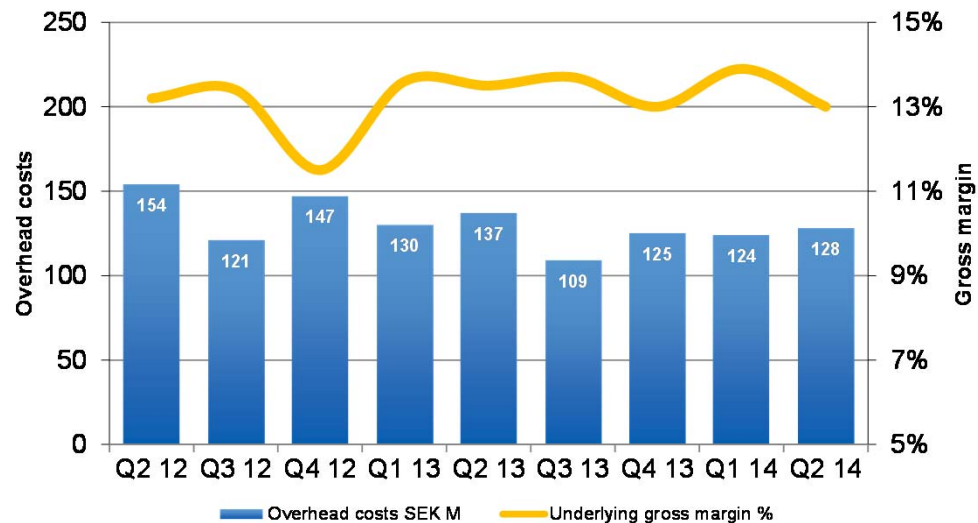
Average sales price (SEK/kg)



- Q2 average sales price increased by 4% vs Q2 2013 and increased by 3% vs Q1 2014
- Increase driven by:
 - Stainless steel prices turning upwards during quarter
 - Sales mix
 - Currency effects

Cost under control, margins in focus

Overhead costs (SEK M) and margin (%)



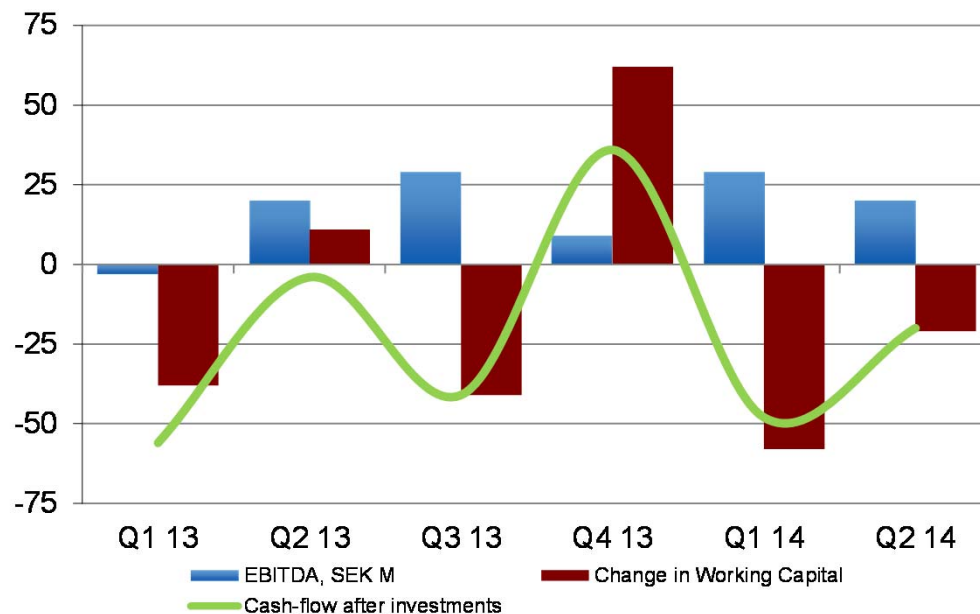
- Underlying gross margin of 13.0% (13.5) are below expectation
 - Fierce competition mainly on flat products
 - Margin improvement in focus
 - Higher inventory adjustments compared to average quarter
- Sales and Administration costs significantly reduced
 - Personnel reduction program completed
 - Effects seen from continued cost control

Lower sales compensated by reduced cost

SEK M	Q1	Q2	H1
Net sales 2013	1,032	1,089	2,121
Net sales 2014	1,003	1,027	2,030
<i>Change</i>	-3%	-6%	-4%
Operating result 2013	-17	5	-12
Inventory losses	2	3	5
Total non-recurring items	29	0	29
Underlying operating result 2013	14	8	22
Tonnage-, price- and mix effects	-4	-8	-12
Change in underlying gross margin	3	-5	-3
Change in overhead costs, etc.	3	10	14
Underlying operating result 2014	16	5	21
Inventory losses	-4	-1	-5
Operating result 2014	12	4	16

Working capital in good control

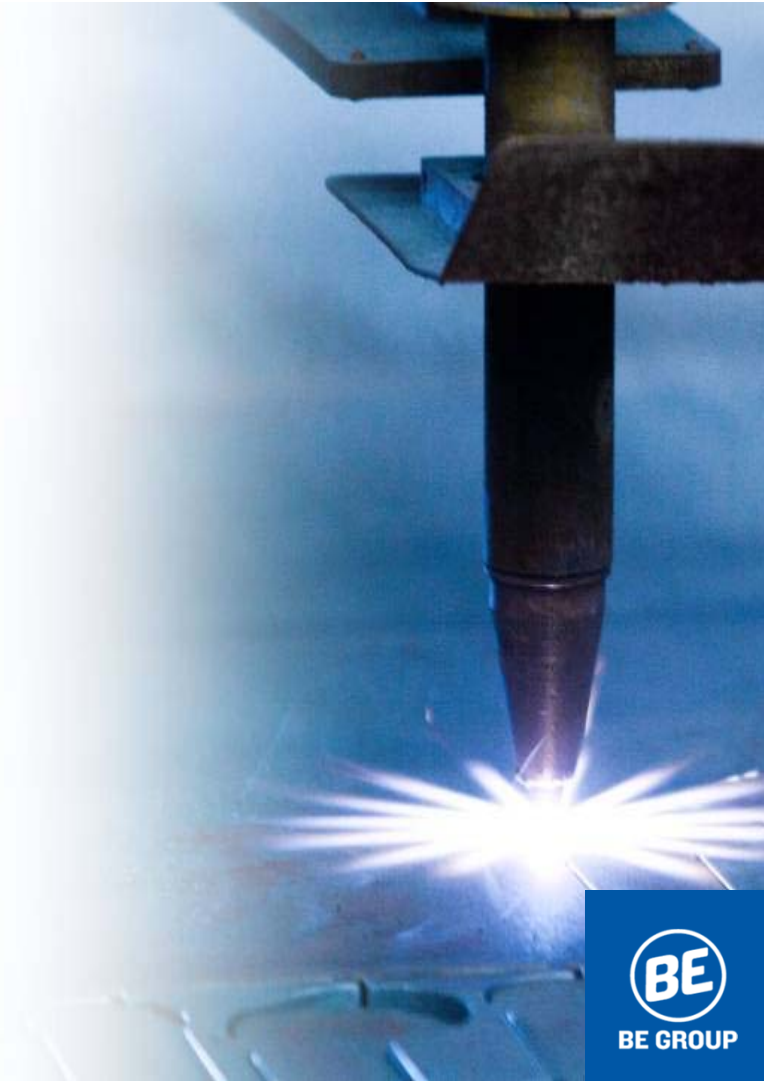
Cash-flow (SEK M)



- Cash-flow after investments of SEK -20 M (-4) due to working capital build-up
- Investments of SEK 2 M (13)
- Total cash-flow of SEK -45 M (-4)
- Working capital tied-up 10% (9)
- Net debt of SEK 776 M (844) – gearing 101% (132)

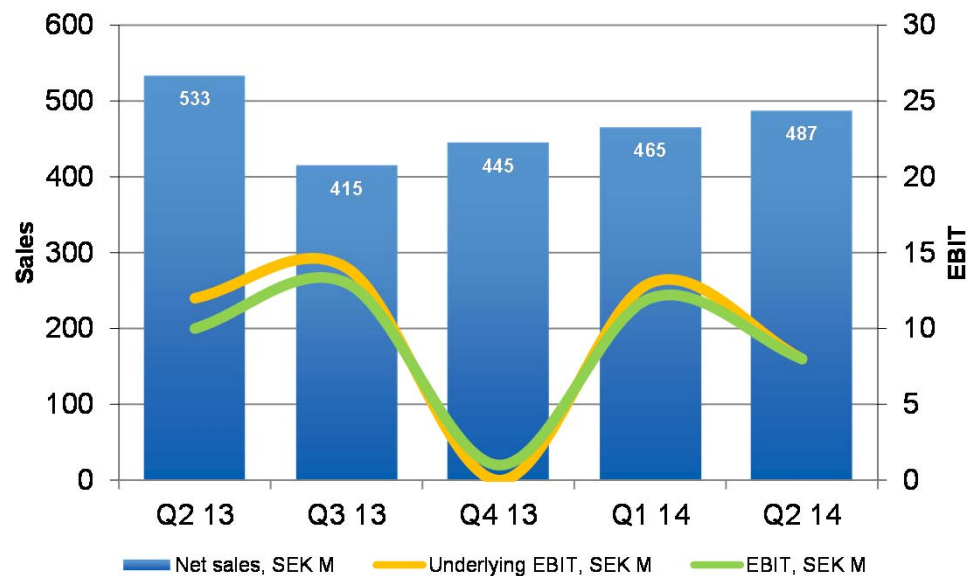
BUSINESS AREAS STATUS Q2 2014

Slide 10



BA Sweden – EBIT in line with last year despite lower sales

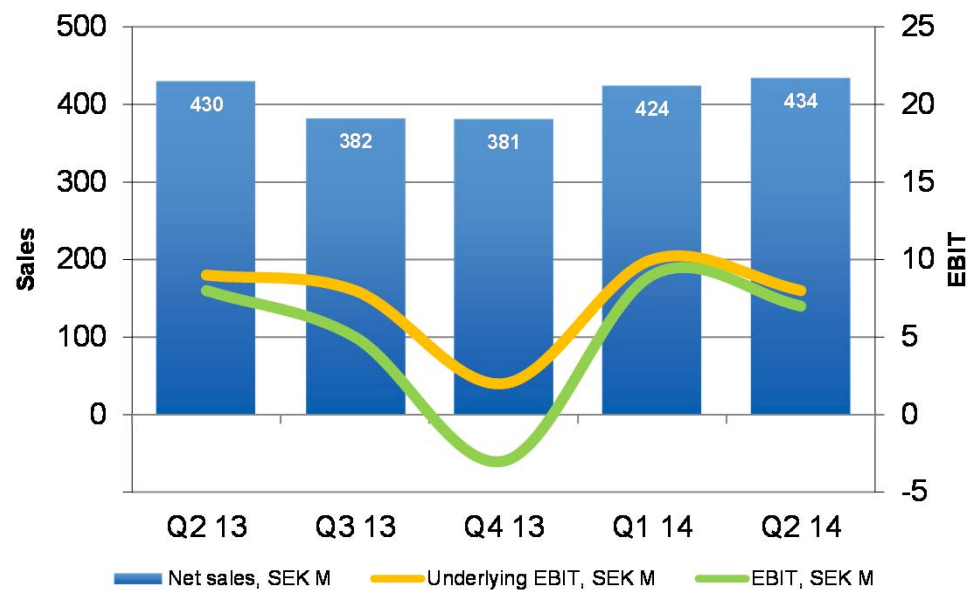
Sales, EBIT and uEBIT (SEK M)



- Gradually improved sales pace during the quarter
- Net sales decreased by 9% and tonnage decreased by 7% vs Q2 2013
- Fewer sales days during 2014 affects comparison vs last year
- Fierce competition in flats affect volumes and margins
- EBIT of SEK 8 M (10) and uEBIT of SEK 8 M (12)

BA Finland – Stable sales compared to last year despite of weak demand

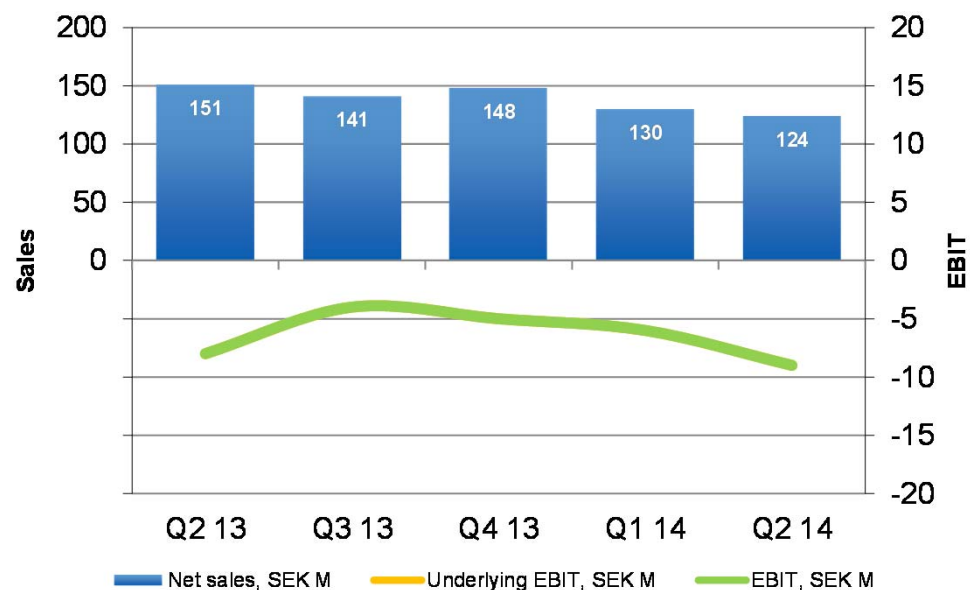
Sales, EBIT and uEBIT (SEK M)



- Overall market demand lower than last year but in line with Q1 2014
- Net sales increased by 1% and tonnage was flat compared to Q2 2013
- Active sales work and good service level compensate for low demand
- EBIT of SEK 7 M (8) and uEBIT of SEK 8 M (9)

Other Units – Improvement work continues

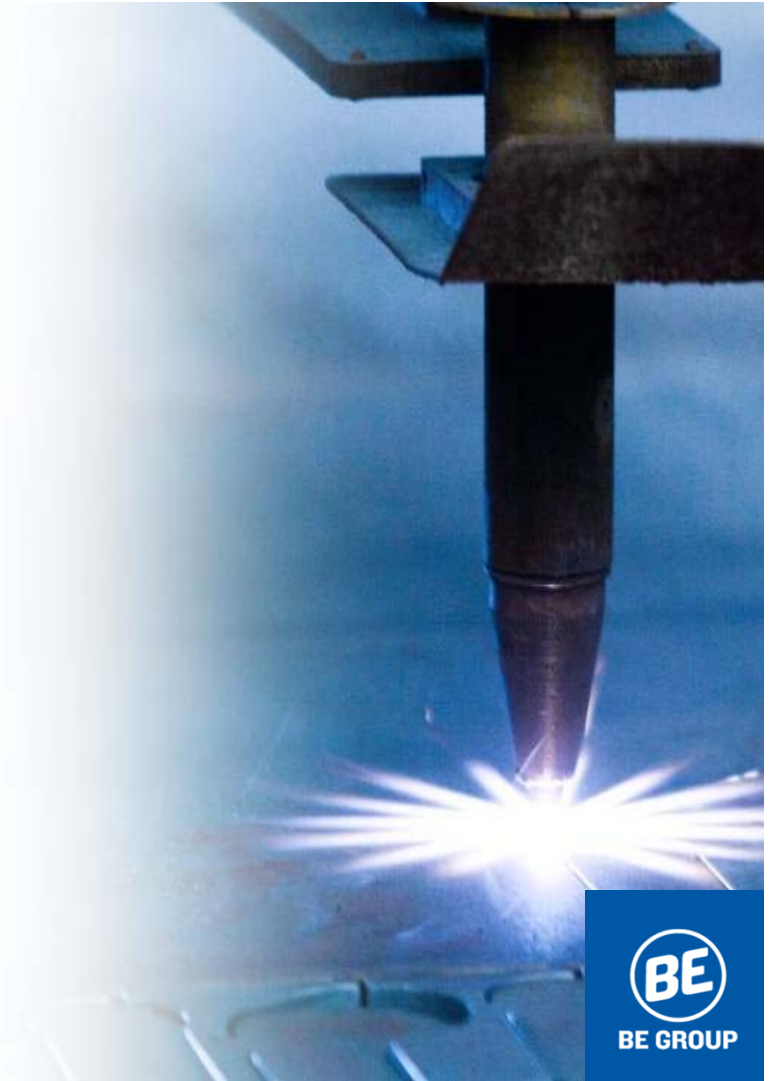
Sales, EBIT and uEBIT (SEK M)



- Net sales decreased by 18% vs Q2 2013
- Net sales decrease from Slovakia
- EBIT of SEK -9 M (-8), losses mainly from BE Group Produktion
- Continued work with improving profitability in loss-making companies
- Czech Republic (classified as operations for sale) shows EBIT of SEK -2 M (-1)

OUTLOOK

Slide 14



Current business situation and outlook

- Customers' signals indicate slight improvement in demand
- Moderate increase in demand expected on main markets during second half of 2014
- Steel prices seem to have stabilized
- Implemented efficiency improvements will continue to strengthen our competitiveness



Current focus areas

- Build on strong position on main markets
- Margin improvements
- Continue to improve efficiency in terms of cost, capacity and capital
- Turn Other Units profitable



Our vision

BE Group shall be the most:

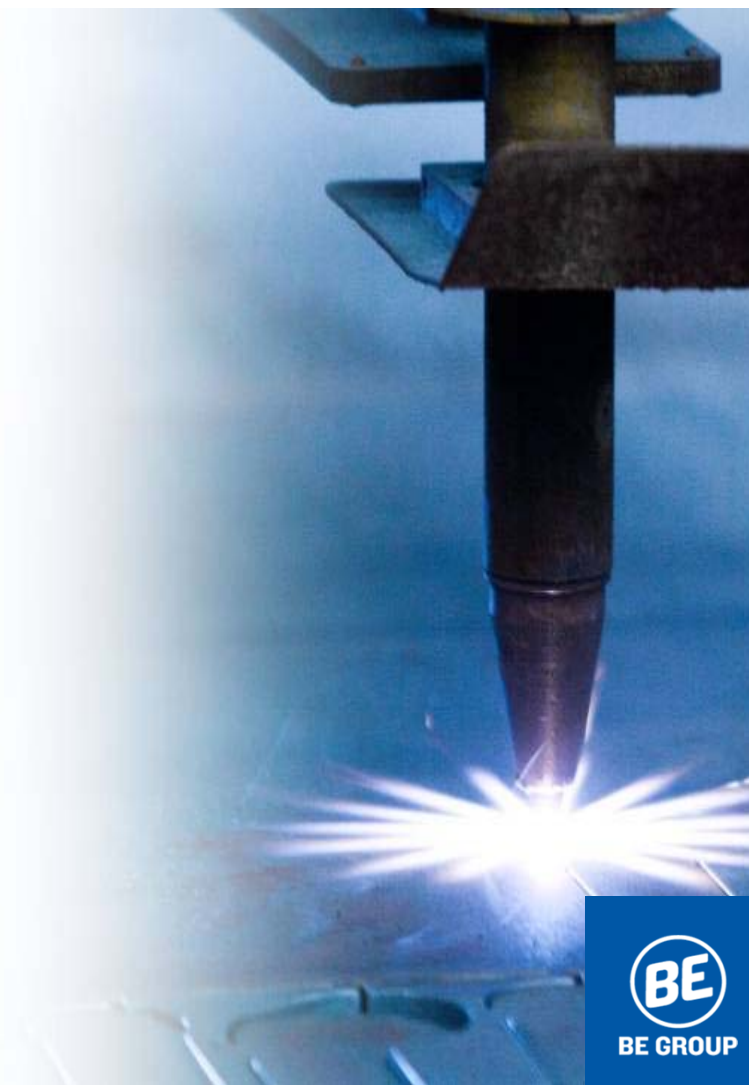
- Professional**
- Successful**
- Respected**

steel service company



APPENDIX FINANCIAL INFORMATION

Slide 19



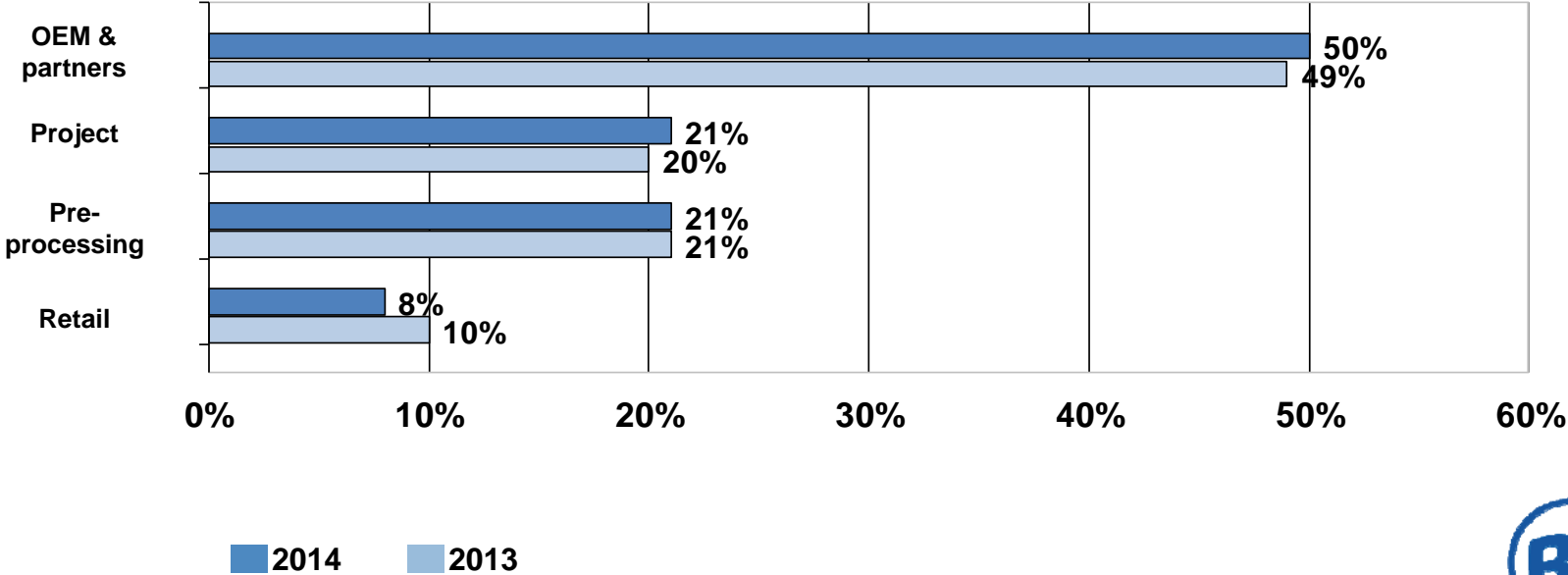
Appendix: Financial summary

	2013				2014		Full year	
	Q1	Q2	Q3	Q4	Q1	Q2	2012	2013
Tonnage	102	108	92	96	98	98	438	398
Net Sales	1,032	1,089	916	957	1,003	1,027	4,634	3,994
Underlying EBIT	14	8	18	0	16	5	49	40
<i>% of Sales</i>	1.4%	0.8%	2.0%	0.0%	1.6%	0.5%	1.1%	1.0%
EBIT	-17	5	13	-4	12	4	26	-3
<i>% of Sales</i>	-1.7%	0.5%	1.4%	-0.4%	1.2%	0.3%	0.6%	-0.1%
Earnings cont. operations	-24	-7	1	-11	-4	-5	-12	-41
Earnings disc. operations	-3	-1	-2	-4	-1	-2	-99	-10
Net earnings	-27	-8	-1	-15	-5	-7	-111	-51
Earnings/share ¹	-0.54	-0.16	-0.02	-0.29	-0.06	-0.10	-2.25	-1.02
Cash flow ²	-56	-4	-41	36	-48	-20	0	-65
Working Capital ³	378	389	411	353	409	426	325	353
Underlying EBITA	1.8%	1.1%	2.4%	0.4%	2.2%	1.1%	1.4%	1.4%
Underlying ROOC	11.2%	7.3%	12.3%	1.6%	12.5%	4.5%	8.3%	8.1%



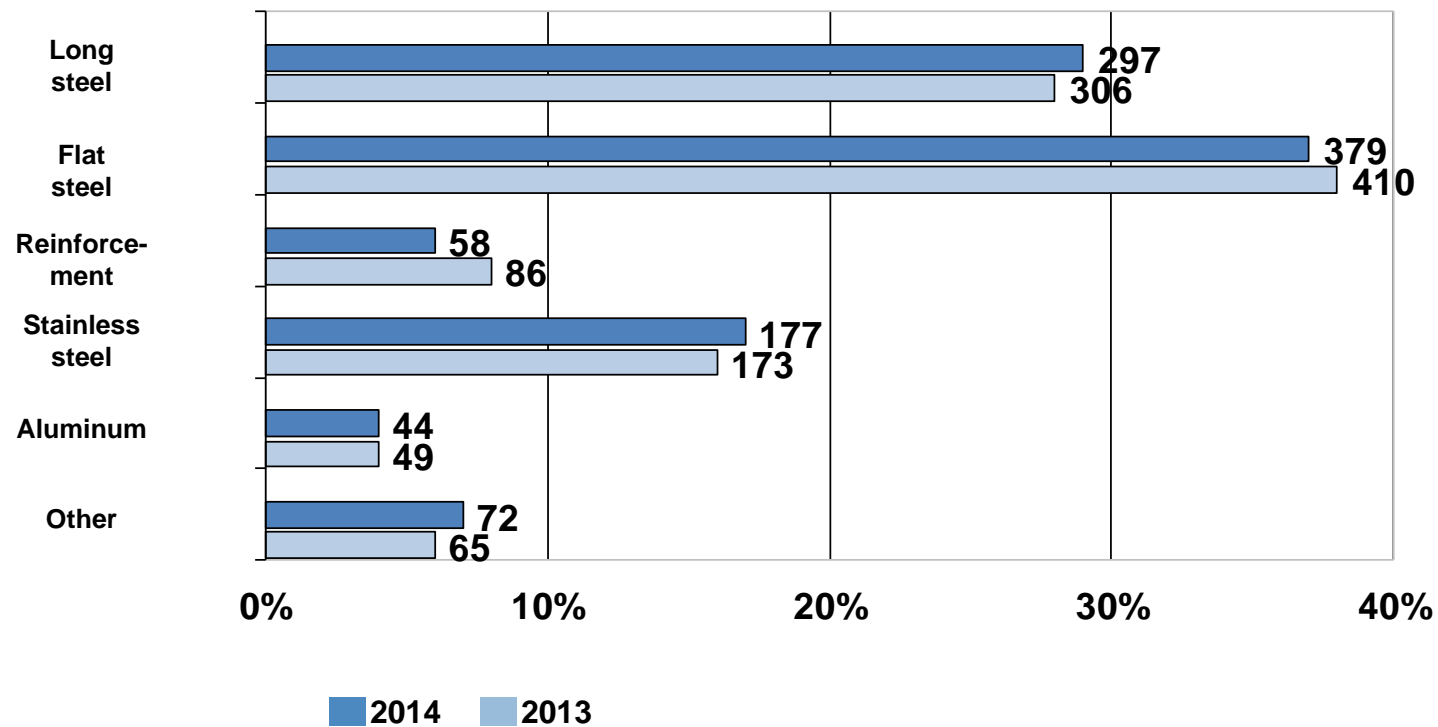
Appendix: Sales per customer segment

Q2 – Share of total sales (%)



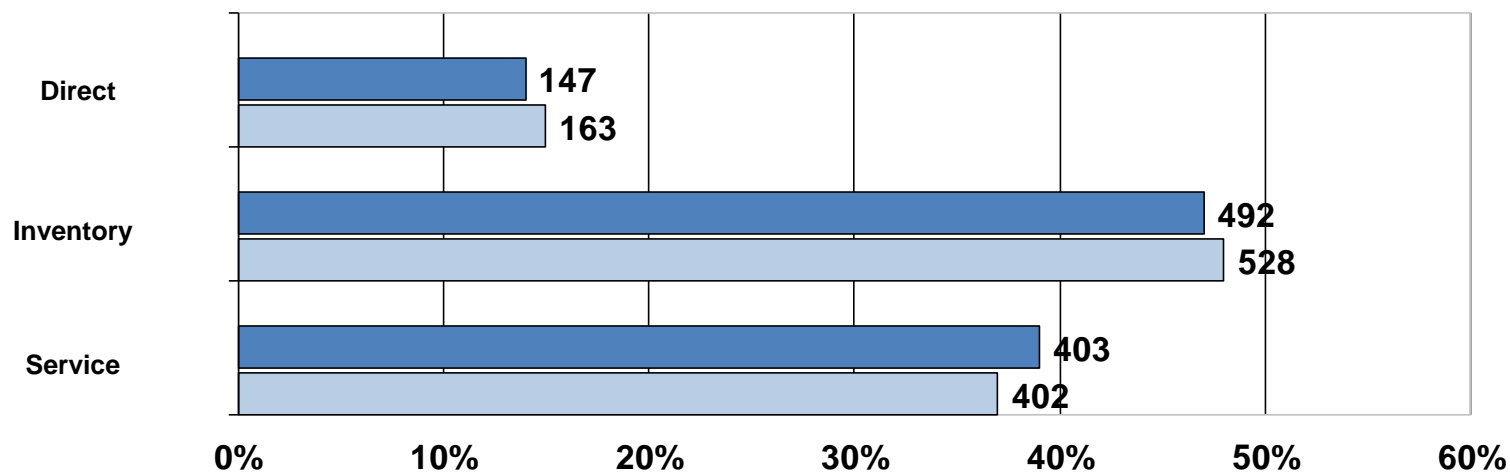
Appendix: Sales per product area

Q2 – Share of total sales (MSEK)



Appendix: Sales per channel

Q2 – Share of total sales (MSEK)



Sales outside scope of channels not included

■ 2014 ■ 2013

