



BE GROUP, INTERIM REPORT APRIL – JUNE 2019

July 18th, 2019

Anders Martinsson, President and CEO

Daniel Fäldt, CFO

Agenda



Q2 Overview



Financials in Detail



Business Areas - Status



Outlook



Q&A



Financial highlights – Q2 2019

- Net sales amounted to SEK 1,193 M (1,312)
- The underlying operating result increased to SEK 32 M (26)
- Inventory gains of SEK 0 M (12)
- The operating result increased to SEK 32 M (22)
- Result after tax increased to SEK 19 M (7)
- Cash flow from operating activities increased to SEK 67 M (17)
- Earnings per share amounted to SEK 1.44 (0.54)



Significant events after the end of the period

- Peter Andersson has been appointed President and CEO and will assume the position on October 11 at the latest. Peter is 44 years old and has been active as Business Unit Manager for Production Sweden & Poland since 2016
- A new three-year credit agreement was signed with Skandinaviska Enskilda Banken AB. The facility amounts to SEK 825 M and matures in July 2022 with an option for extension by another two years
- Decision has been taken to make significant investments of approximately SEK 60 M at the site in Norrköping. The investments are anticipated to give competitive advantages after being taken into operation in 2020. In connection with the investment decision the existing rental agreement for the Norrköping site has been extended to 2029



Business development – Q2 2019

Business area Sweden & Poland

- The production unit's underlying operating result continued to develop positively
- The distribution business, delivered lower volumes and a higher proportion of direct business but managed to increase underlying operating result in percent
- Lecor Stålteknik still not delivering according to expectations but expected to develop positively in coming quarters
- The joint venture AMBE delivered somewhat lower result compared to last year

Business area Finland & Baltics

- All units delivered lower volumes but managed to increase underlying operating result in percent
- The distribution unit in Finland delivered an underlying operating result in line with last year
- Positive development according to statistics regarding order intake for Finnish industry



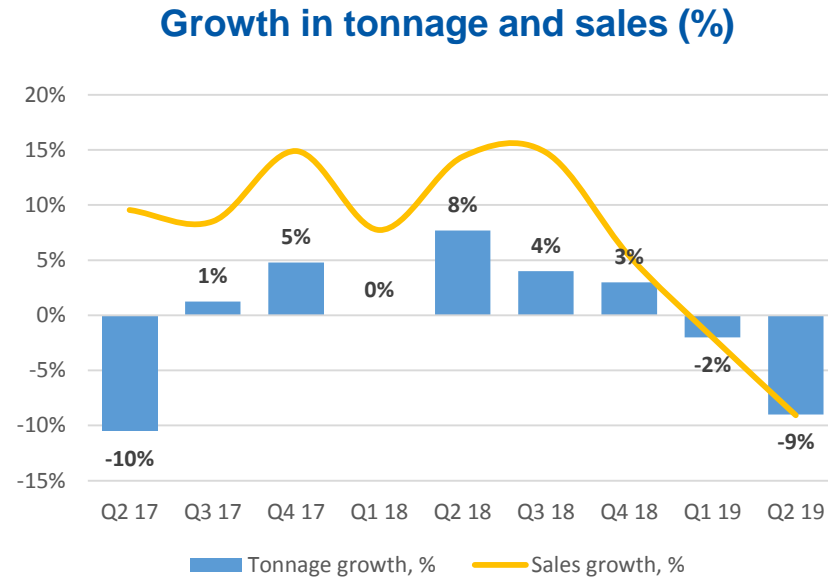


FINANCIALS IN DETAIL

Sales – Tonnage decline mainly in construction segment and manufacturing subcontractors

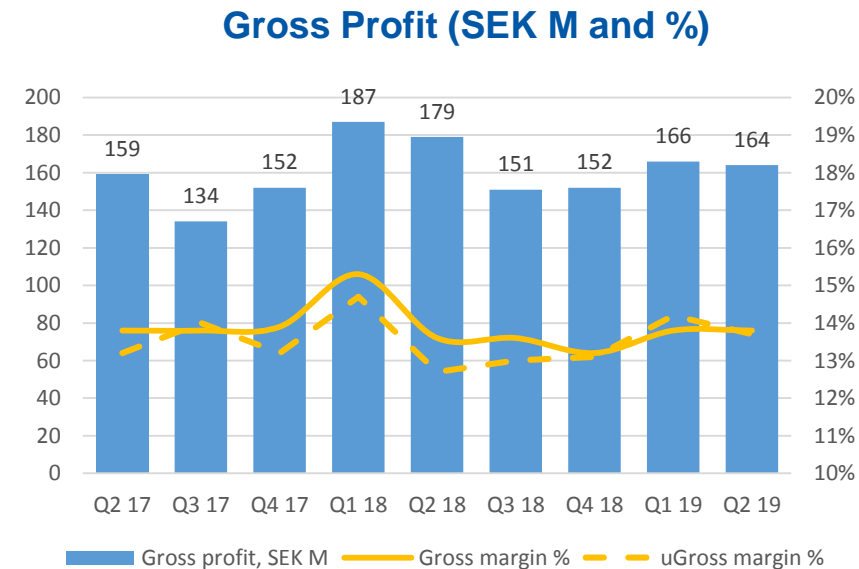
	<u>Q2</u>
Change in Net Sales	-9%
▪ <i>Tonnage</i>	-9%
▪ <i>Price/Mix</i>	-1%
▪ <i>Currency</i>	+1%

	<u>Q2</u>
Change in tonnage	-9%
▪ <i>Sweden & Poland</i>	-8%
▪ <i>Finland & Baltics</i>	-11%



Gross Profit – Lower volume partly compensated by stronger margins

- Gross profit below last year SEK 164 M (179). Mainly driven by lower volume and lack of inventory gains
- Gross margin 13.8% (13.6) and underlying margin 13.7% (12.8)
- Inventory gains and losses 0 MSEK (12)
- Improved underlying margins in main Distribution units and Production Sweden & Poland
- Lecor weaker compared to last year but expected to partly recover in coming quarters



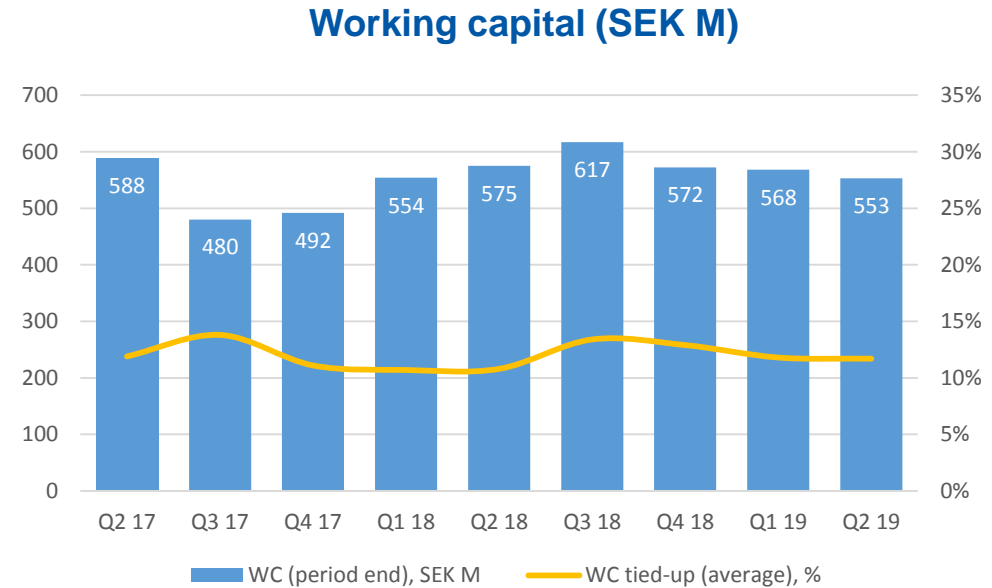
Quarterly comparison to last year

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	-65			
Change BA Finland & Baltics	0	-44			
Change Other	-13	-10			
Net sales 2019	1 205	1 193			
<i>Change</i>	<i>-2%</i>	<i>-9%</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	-15			
Change in underlying gross margin	-5	11			
Change in overhead costs	0	10			
Underlying operating result 2019	40	32			
Inventory gains (+)/losses (-)	-6	0			
Items affecting comparability	-	-			
Operating result 2019	34	32			



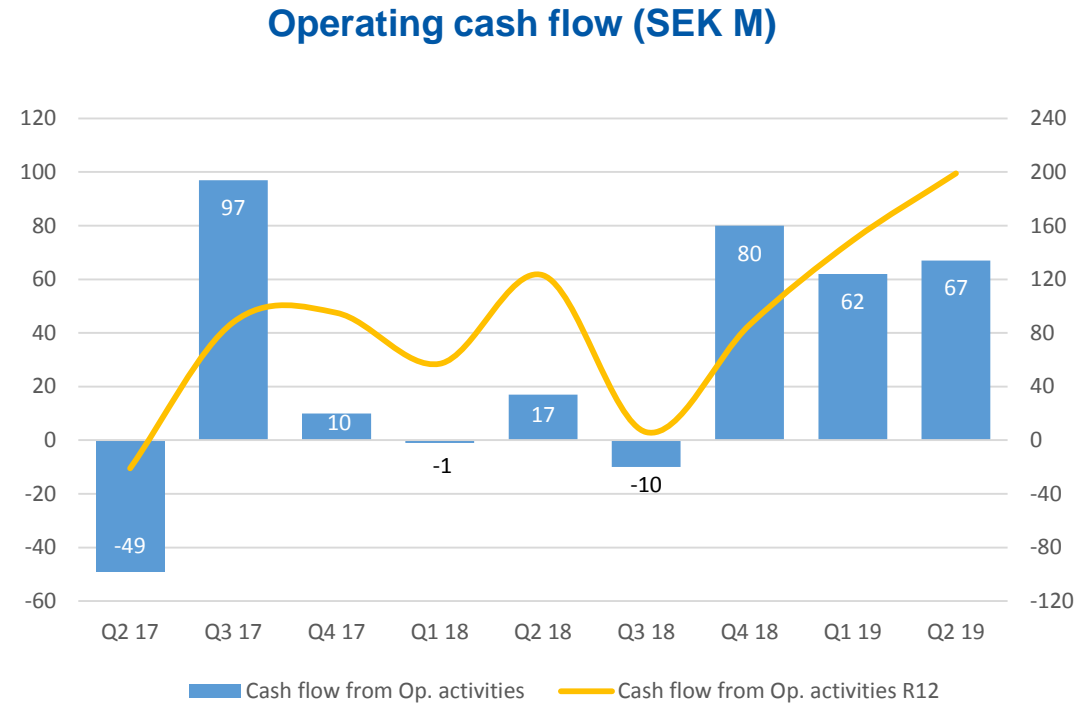
Working capital – Lower level compared to Q1 and previous year

- Q2 working capital improved for the third quarter in a row
- Stock levels remain on similar level as Q1
- Average working capital tied-up increased to 11.7% (10.8)



Operating cash flow – Continued positive development

- Operating cash flow of SEK 67 M (17), of which SEK 20 M is an effect of IFRS 16 implementation.
- R12 SEK 199 M of which SEK 40 M is an effect IFRS 16 implementation
- Net debt reduced to 402 M (496) and gearing now at 44 percent (57).
- Available cash SEK 258 M (151) including overdraft facility



Financial Summary

<i>SEK M</i>	Q2 2019	Q2 2018	Change
Net sales	1 193	1 312	-119
Underlying EBIT	32	26	6
<i>% of Sales</i>	2.6%	2.0%	+0.6%
Inventory gains/losses	0	-12	+12
Items affecting comparability	-	16	-16
EBIT	32	22	+10
<i>% of Sales</i>	2.7%	1.6%	+1.1%
Financial net	-7	-5	-2
Earnings before tax	25	17	+8
Net earnings	19	7	+12
Operating Cash-Flow R12	199	123	+76
Net Debt excluding IFRS16	402	496	-94
Gearing excluding IFRS16	44%	57%	-13%





BUSINESS AREAS

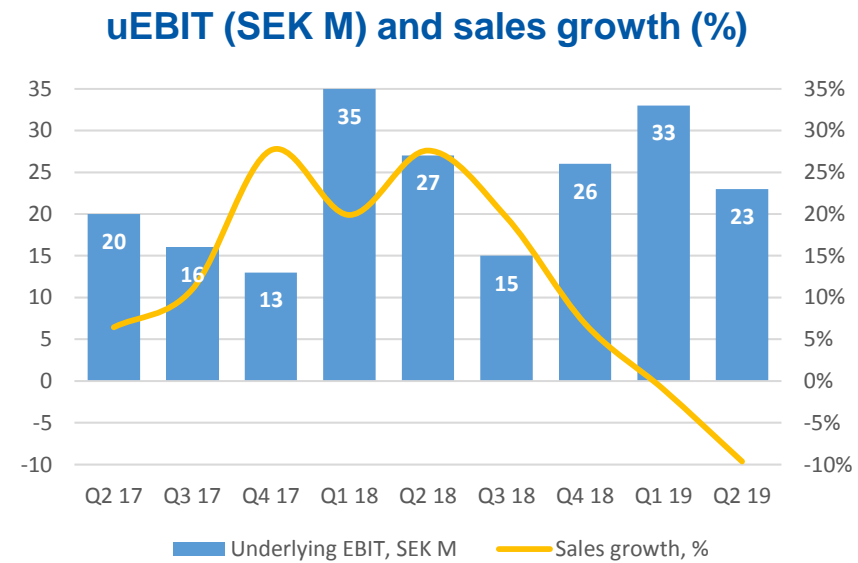
- STATUS Q2 2019



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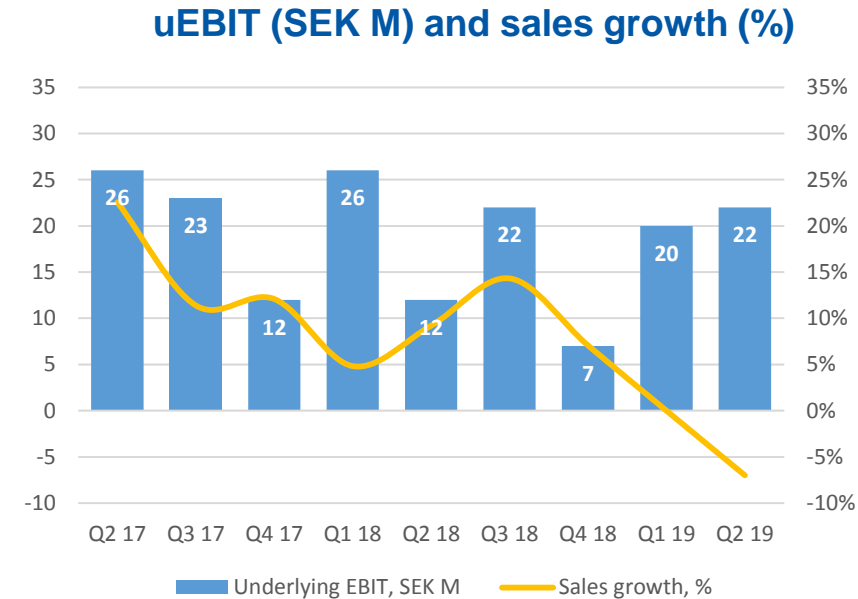
BA Sweden & Poland – lower volumes but underlying operating margin in line with previous year

- Tonnage down -8% vs Q2 2018
- Net sales down -10%, and amounted to SEK 610 M (675) due to lower volumes in the distribution business
- uEBIT of SEK 23 M (27) related to the lower volumes
- Business unit Production Sweden & Poland continue to improve underlying operating result
- EBIT of SEK 22 M (34)



BA Finland & Baltics – lower volumes compensated by higher underlying operating margin

- Tonnage down -11% vs Q2 2018
- Net sales down -7% and amounted to SEK 585 M (629) due to lower volumes
- uEBIT of SEK 22 M (12)
- Last year result includes a -12MSEK effect from customer loss in Baltic
- The distribution unit in Finland delivered an underlying operating result in line with last year
- EBIT of SEK 22 M (18)





OUTLOOK



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Business Outlook

- Demand in the third quarter is expected to be in line with the second quarter, adjusted for the vacation period.
- Positive development according to statistics regarding order intake for Finnish industry
- The steel prices are in general expected to remain on the same level as the second quarter.



Summary and conclusions

- Underlying operating result increased to SEK 32 M (26)
- Earning per share increased to SEK 1,44 (0,54)
- Balance sheet keeps improving with net debt, excluding IFRS 16, at SEK 402 M (496) and net debt/equity ratio at 44% (57%)
- Cash flow from operating activities increased to SEK 67 M and of SEK 129 M in the first six months.
- Set-back in demand seen in the end of quarter expected to partly recover





Q&A

THANK YOU!
For your time and interest

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APPENDIX – FINANCIAL INFORMATION



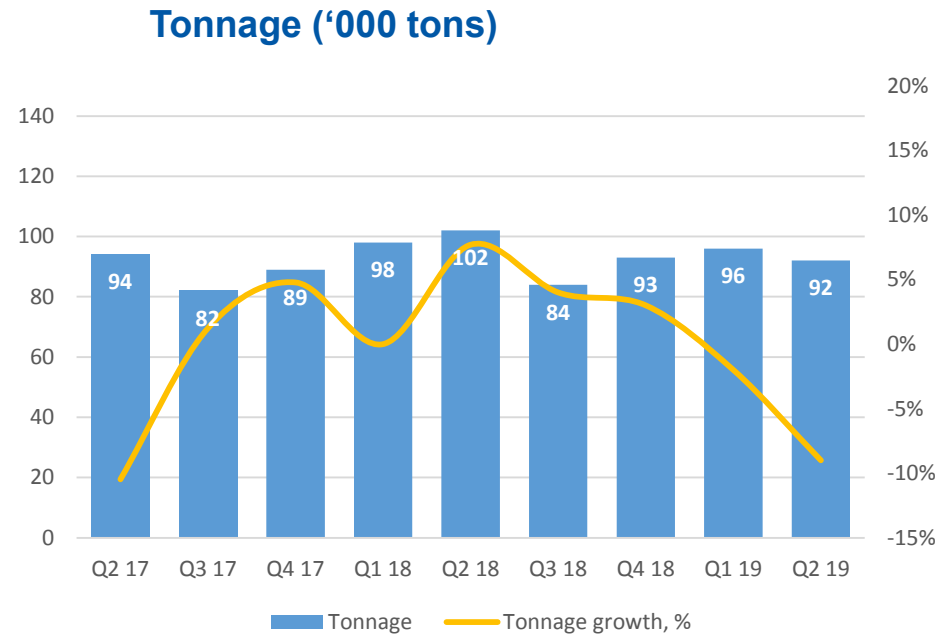
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Description of segments

- **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>	Jun 2019	Jun 2018	Change
Non-current assets	1 346	863	+483
Inventories	665	697	-32
Accounts receivable	603	663	-60
Other receivables	44	49	-5
Cash	158	51	+107
Total assets	2 816	2 323	+493
Equity	922	863	+59
Interest bearing liabilities	560	547	+13
Leasing liabilities	527	-	+527
Accounts payable	586	635	-49
Other liabilities	221	278	-57
Total equity and liabilities	2 816	2 323	+493
Working capital	553	575	-22

