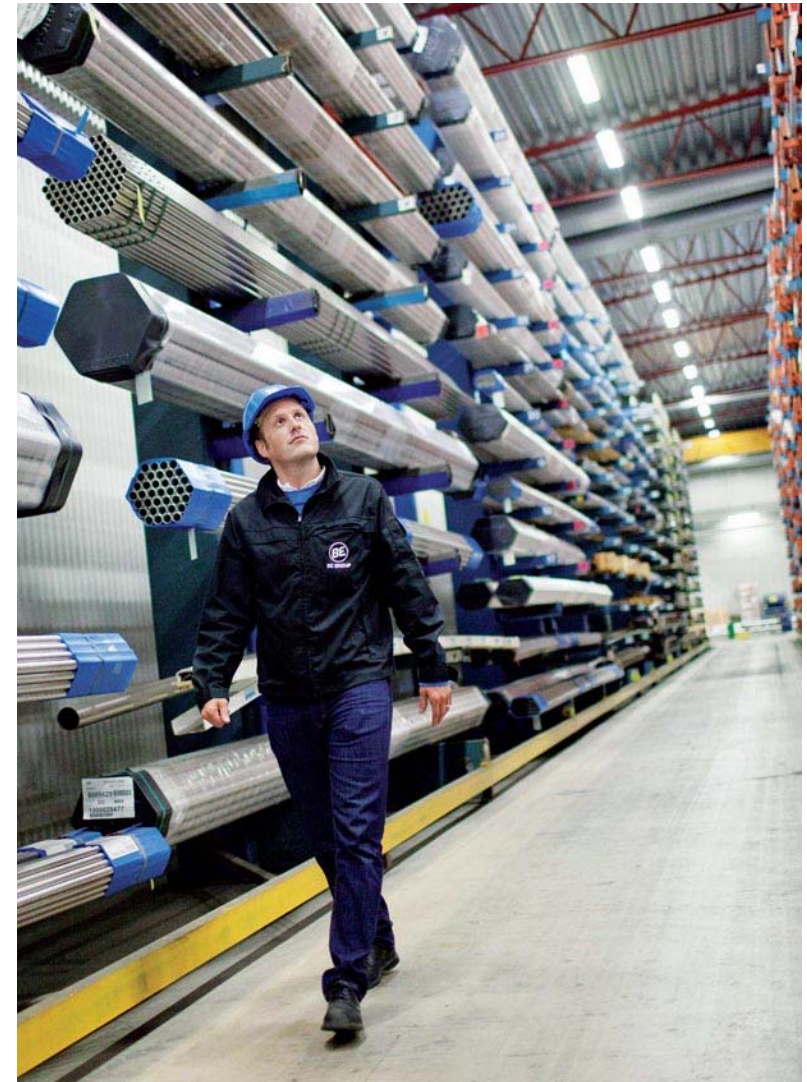


BE Q3

BE GROUP INTERIM REPORT JANUARY – SEPTEMBER 2014

Lars Engström, acting President and CEO
Andreas Karlsson, CFO

Slide 1



Q3 – Sales in line with last year despite difficult market

Financial highlights

- Net sales increased by 1%
- Shipped tonnage decreased by 7%
- Gross profit of SEK 120 M (121)
- Operating result (EBIT) of SEK -1 M (13)



Market situation

- Demand on the Swedish market was weaker than expected during the third quarter
- Outlook in Finnish mechanical industry positive but year-on-year output still negative
- General market situation more uncertain than before

Operational highlights

- Focus on active sales work continues
- Margin improvements ongoing
- Change of CEO

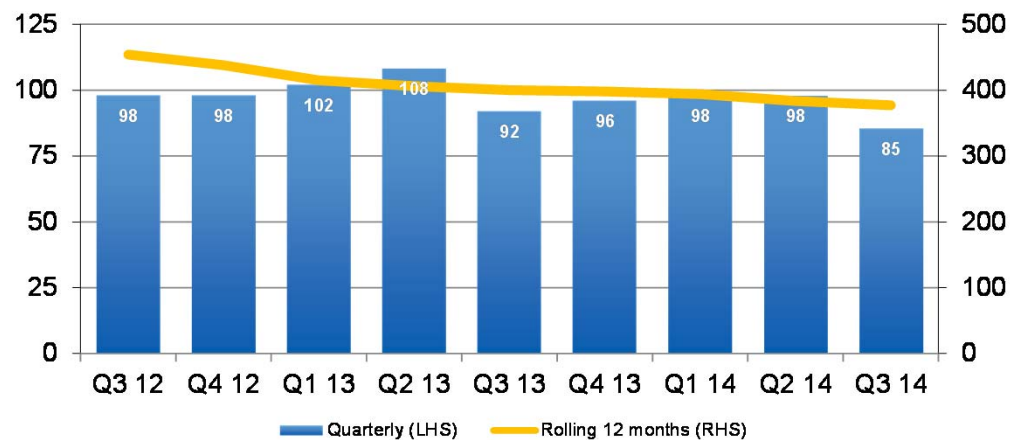
FINANCIALS IN DETAIL

Slide 4



Q3 tonnage – positive development in BA Finland

Tonnage ('000 tons)



■ Tonnage 7% down vs Q3 2013

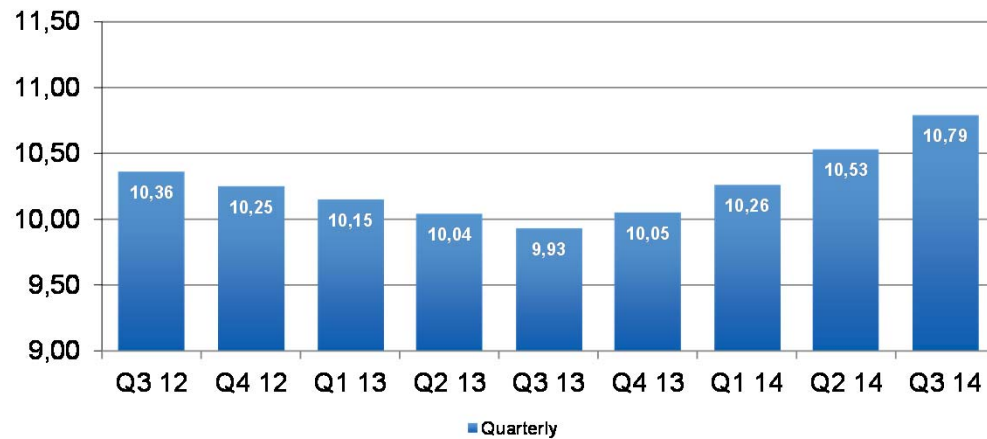
- Sweden -10%
- Finland 4%
- Other Units -34%

■ Tonnage 12% down vs Q2 2014

- Sweden -23%
- Finland -6%
- Other Units 4%

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

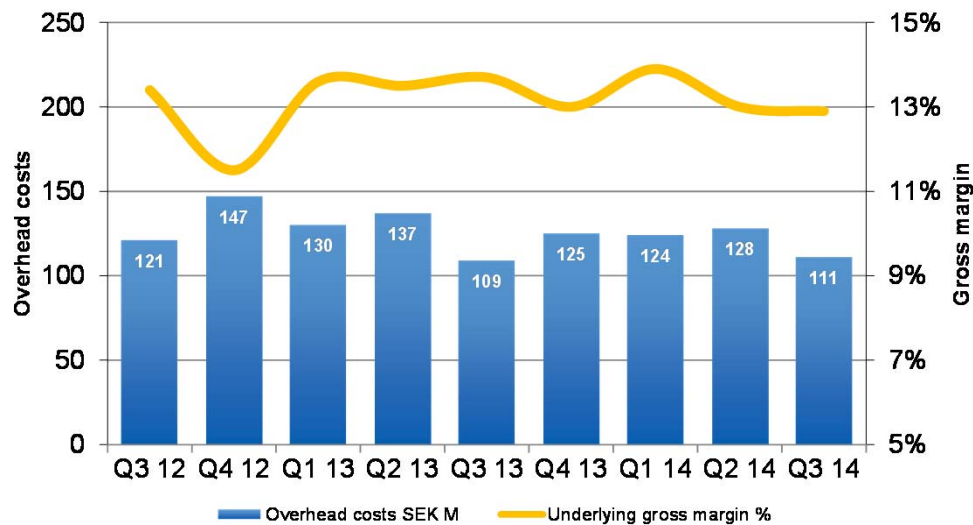
Average sales price (SEK/kg)



- Q3 average sales price increased by 9% vs Q3 2013 and increased by 2% vs Q2 2014
- Increase driven by:
 - Higher stainless steel prices
 - Sales mix
 - Currency effects

Underlying gross margin affected by under-absorption

Overhead costs (SEK M) and margin (%)



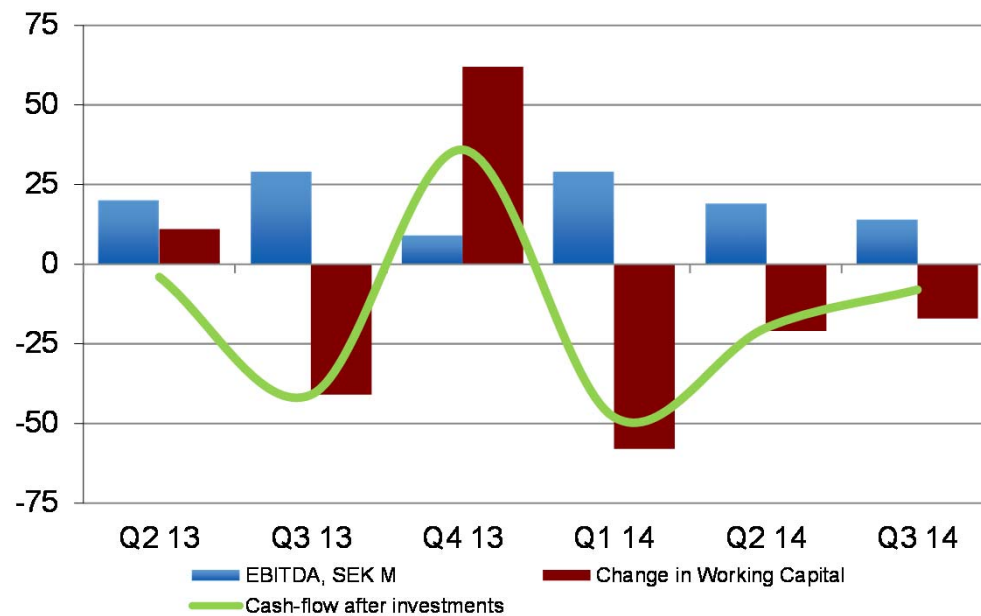
- Underlying gross margin of 12.9% (13.7)
 - Under-absorption in production
 - Production cost level adjusted to demand
 - Margin improvements continue to be a focus area
- Sales and administration costs significantly reduced
 - Cost level in line with last year after completion of personnel reduction program
 - Continued tight cost control

Sales slightly up, gross margin needs to be improved

SEK M	Q1	Q2	Q3	YTD
Net sales 2013	1,032	1,089	916	3,037
Net sales 2014	1,003	1,027	923	2,953
<i>Change</i>	<i>-3%</i>	<i>-6%</i>	<i>+1%</i>	<i>-3%</i>
Operating result 2013	-17	5	13	1
Inventory losses	2	3	5	10
Non-recurring items	29	-	-	29
Underlying operating result 2013	14	8	18	40
Tonnage-, price- and mix effects	-4	-8	1	-11
Change in underlying gross margin	3	-5	-8	-11
Change in overhead costs, etc.	3	10	-4	10
Underlying operating result 2014	16	5	7	28
Inventory gains/losses	-4	-1	1	-4
Non-recurring items	-	-	-9	-9
Operating result 2014	12	4	-1	15

Working capital

Cash-flow (SEK M)



- Cash-flow after investments of SEK -8 M (-41)
- Investments of SEK 1 M (13)
- Total cash-flow of SEK -9 M (-22)
- Working capital tied-up 12% (11)
- Net debt of SEK 785 M (884) – gearing 104% (139)

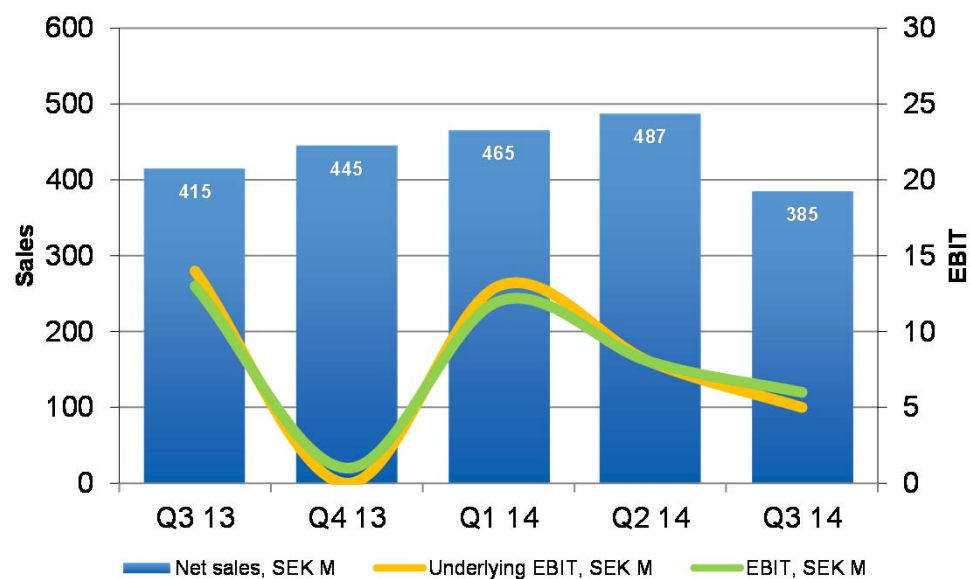
BUSINESS AREAS STATUS Q3 2014

Slide 10



BA Sweden – Third quarter weaker than expected

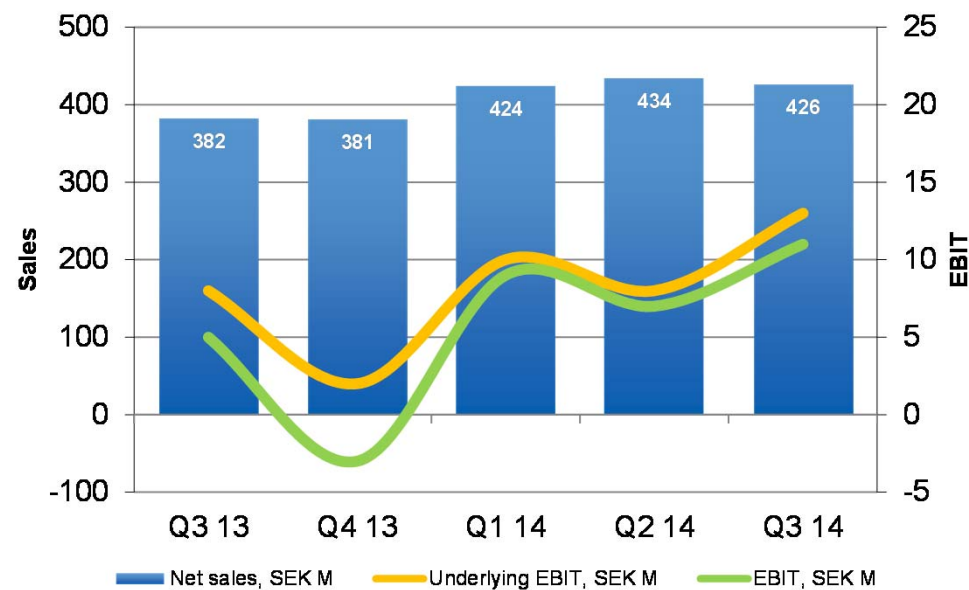
Sales, EBIT and uEBIT (SEK M)



- Demand during quarter lower than expected before summer
- Net sales decreased by 7% and tonnage decreased by 10% vs Q3 2013
- EBIT of SEK 6 M (13) and uEBIT of SEK 5 M (14)
- Comparison to second quarter affected by holiday period

BA Finland – Sales and profit heading the right way

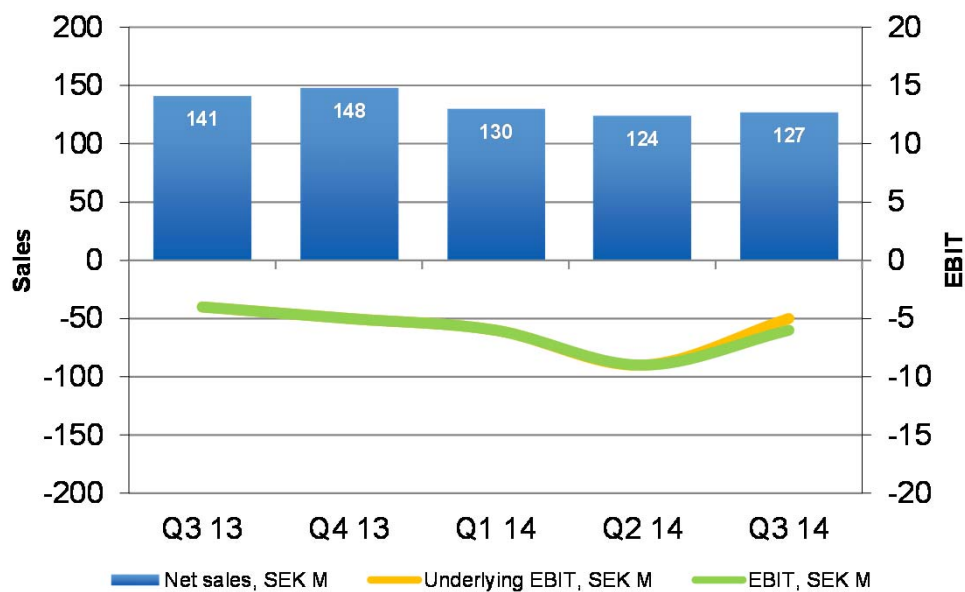
Sales, EBIT and uEBIT (SEK M)



- Market demand remains below last year's level
- Net sales increased by 12% and tonnage increased by 4% compared to Q3 2013
- New business compensates slow market and seasonal demand drop
- EBIT of SEK 11 M (5) and uEBIT of SEK 13 M (8)

Other Units – Improvement work continues

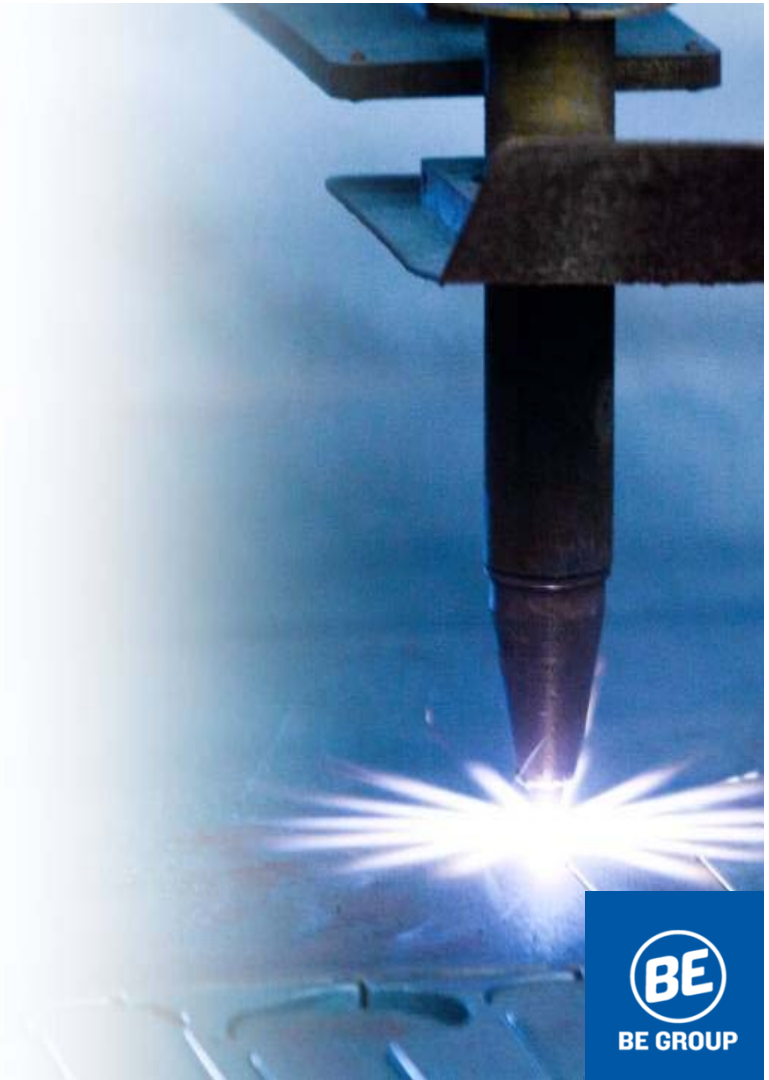
Sales, EBIT and uEBIT (SEK M)



- Net sales decreased by 10% vs Q3 2013, but increased compared to Q2
- EBIT of SEK -6 M (-4), improvement vs Q2
- Continued work with improving profitability in loss-making companies
- Czech Republic (classified as operations for sale) earnings before tax of SEK -2 M (-1)
- Czech and Slovak sales affected by material shortage

OUTLOOK

Slide 14



Current business situation and outlook

- Uncertainty in the market increased
- No major improvement in demand expected during fourth quarter
- Steel prices are moving slightly downwards
- Structural changes in the market start to give positive effects



Current focus areas

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



Our vision

BE Group shall be the most:

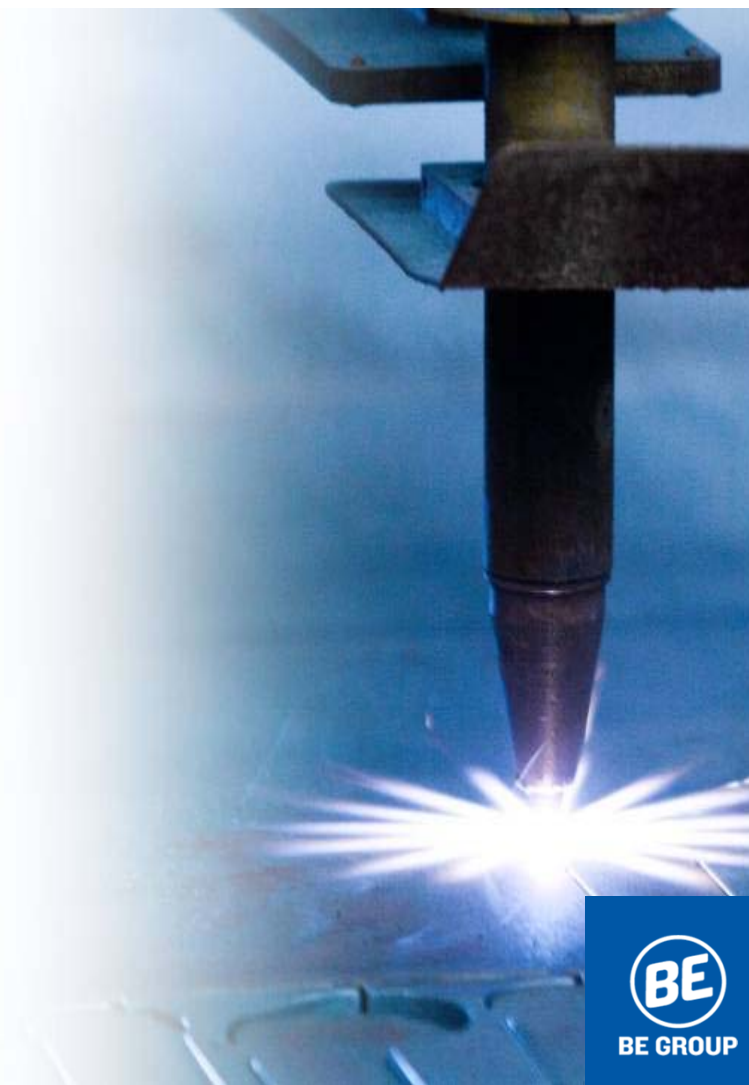
- Professional**
- Successful**
- Respected**

steel service company



APPENDIX FINANCIAL INFORMATION

Slide 19

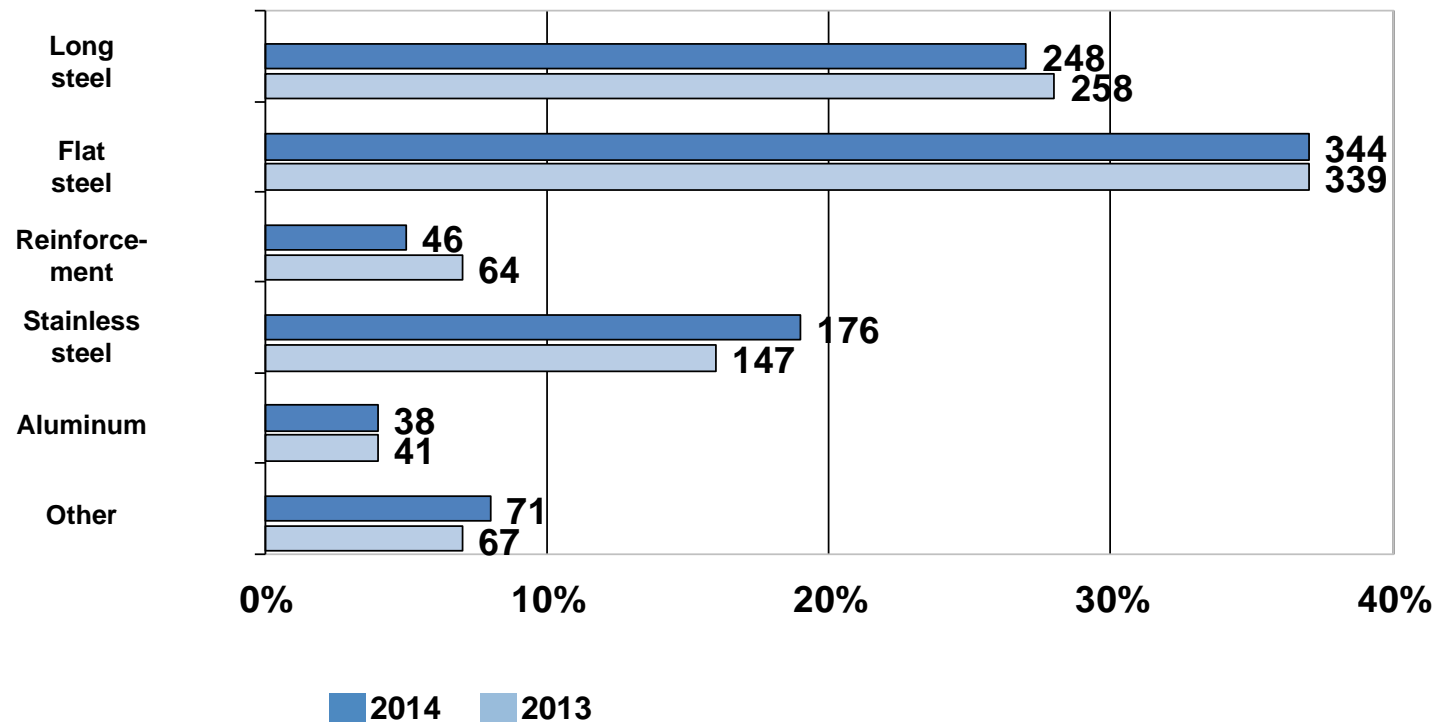


Appendix: Financial summary

	2013				2014			Full year	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	2012	2013
Tonnage	102	108	92	96	98	98	85	438	398
Net sales	1,032	1,089	916	957	1,003	1,027	923	4,634	3,994
Underlying EBIT	14	8	18	0	16	5	7	49	40
<i>% of sales</i>	1.4%	0.8%	2.0%	0.0%	1.6%	0.5%	0.8%	1.1%	1.0%
EBIT	-17	5	13	-4	12	4	-1	26	-3
<i>% of sales</i>	-1.7%	0.5%	1.4%	-0.4%	1.2%	0.3%	-0.1%	0.6%	-0.1%
Earnings cont. operations	-24	-7	1	-11	-4	-5	-11	-12	-41
Earnings disc. operations	-3	-1	-2	-4	-1	-2	-5	-99	-10
Net earnings	-27	-8	-1	-15	-5	-7	-16	-111	-51
Earnings/share ¹	-0.54	-0.16	-0.02	-0.29	-0.06	-0.10	-0.22	-2.25	-1.02
Cash-flow ²	-56	-4	-41	36	-48	-20	-8	0	-65
Working capital ³	378	389	411	353	409	426	449	325	353
Underlying EBITA	1.8%	1.1%	2.4%	0.4%	2.2%	1.1%	1.5%	1.4%	1.4%
Underlying ROOC	11.2%	7.3%	12.3%	1.6%	12.5%	4.5%	7.1%	8.3%	8.1%

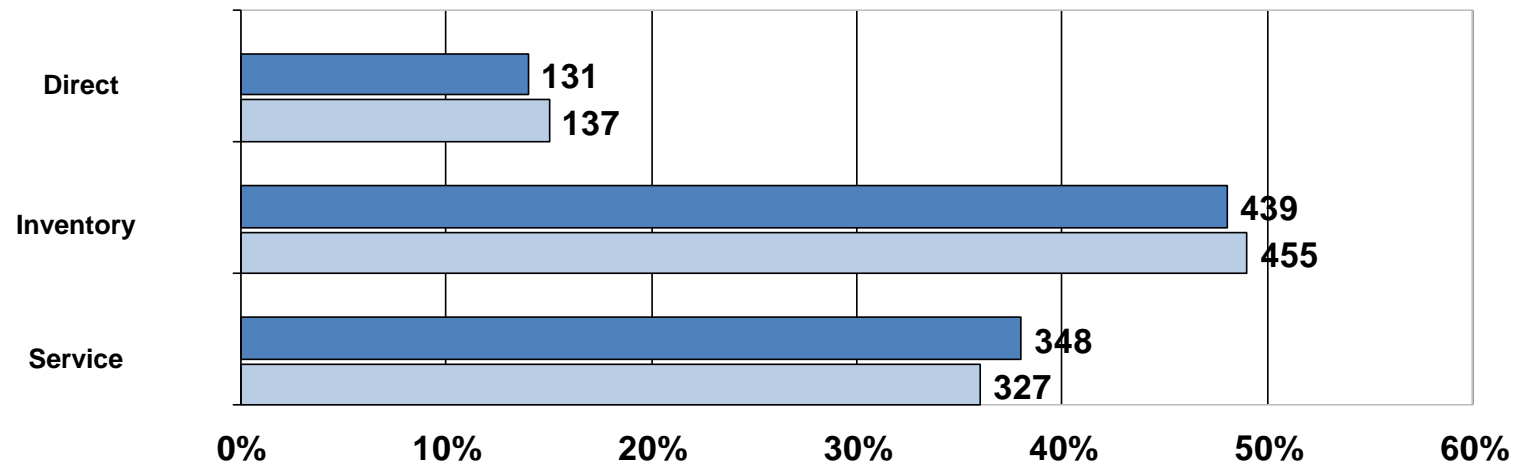
Appendix: Sales per product area

Q3 – Share of total sales (MSEK)



Appendix: Sales per channel

Q3 – Share of total sales (MSEK)



Sales outside scope of channels not included

2014 2013

