



BE GROUP, YEAR-END-REPORT OCTOBER – DECEMBER 2018

January 31st, 2019

Anders Martinsson, President and CEO

Daniel Fäldt, CFO

Agenda



Q4 & FY Overview



Financials in Detail



Business Areas - Status



Outlook



Q&A



Financial highlights – Q4 2018

- Net sales increased by 5% to SEK 1,154 M (1,095)
- The underlying operating result increased to SEK 17 M (9)
- The operating result increased to SEK 22 M (5), including items affecting comparability of SEK 4 M (-10).
- Result after tax increased to SEK 11 M (-5)
- Cash flow from operating activities increased to SEK 80 M (10)
- Earnings per share increased to SEK 0.83 (-0.40)



Financial highlights – Full-year 2018

- Net sales increased by 10% to SEK 4,803 M (4,348)
- The underlying operating result increased to SEK 117 M (82)
- The operating result increased to SEK 132 M (57), including items affecting comparability of SEK -12 M (-52).
- Result after tax increased to SEK 80 M (24)
- Cash flow from operating activities increased to SEK 86 M (95)
- Earnings per share increased to SEK 6.13 (1.87)
- The Board of Directors proposes dividend of SEK 1.75 for the financial year of 2018



Market situation – Q4 2018

- Demand in our main markets remains strong
- Price trend stabilized from last quarter but up vs last year
- Continued tough competition in the thin sheets business but sales and margin recovering in both Sweden and Finland
- In business area Sweden & Poland tonnage and sales increased by 7 percent
- In business area Finland & Baltics tonnage were in line with last year but sales increased 7 percent



Operational highlights – Q4 2018

- Business unit Production Sweden & Poland continues to develop well
- Exit from remaining business in Prerov, Czech Republic, is in essence completed
- Focus on cost control, on-going improvement actions, and implemented structural changes continue to have effect
- During the quarter, an agreement was reached with the landlord regarding maintenance of the warehouse in Malmö. The content of the agreement means that approximately SEK 4 M of the provision booked at the end of 2017 was released during the fourth quarter



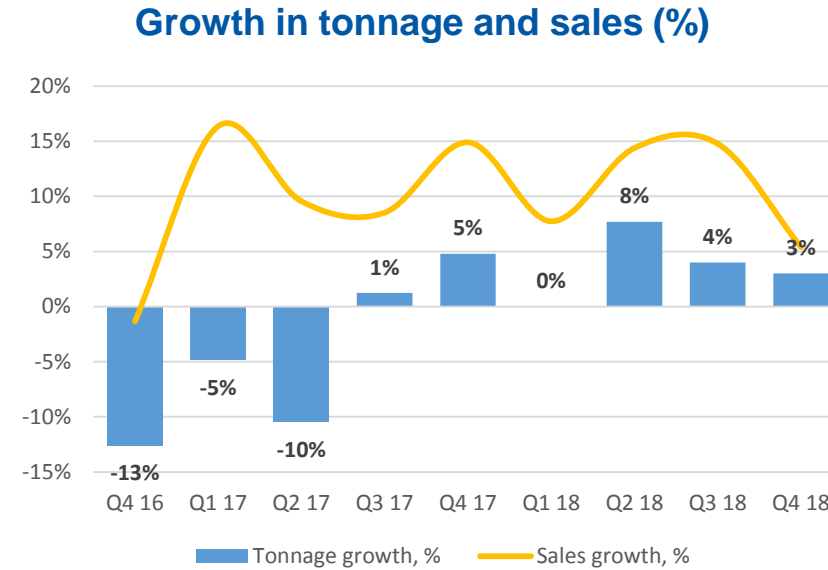


FINANCIALS IN DETAIL

Sales – Positive development driven by organic growth in SE

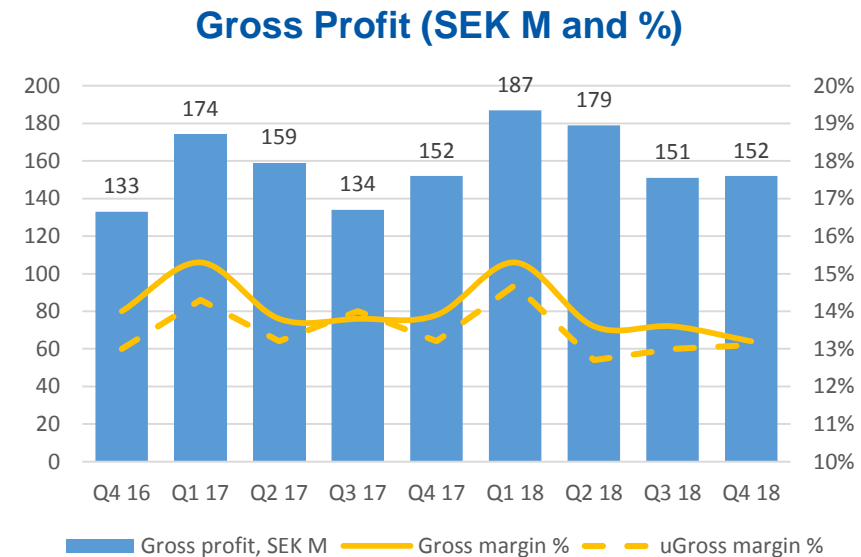
	<u>Q4</u>
Change in Net Sales	+5%
▪ <i>Tonnage</i>	+3%
▪ <i>Price/Mix</i>	-1%
▪ <i>Currency</i>	+3%

	<u>Q4</u>
Change in tonnage	+3%
▪ <i>Sweden & Poland</i>	+7%
▪ <i>Finland & Baltics</i>	0%



Gross Profit – Sales increase compensating for lower inventory gains

- Gross profit in line with last year SEK 152 M (152)
- Impact of sales increase offset by lower gross margin %
- Pressure on margins due to continued tough competition
- Gross margin 13.2% (13.9) and underlying margin 13.1% (13.2)
- Improved underlying margin in BU Production Sweden & Poland
- Inventory gains of SEK 1 M (6 M)



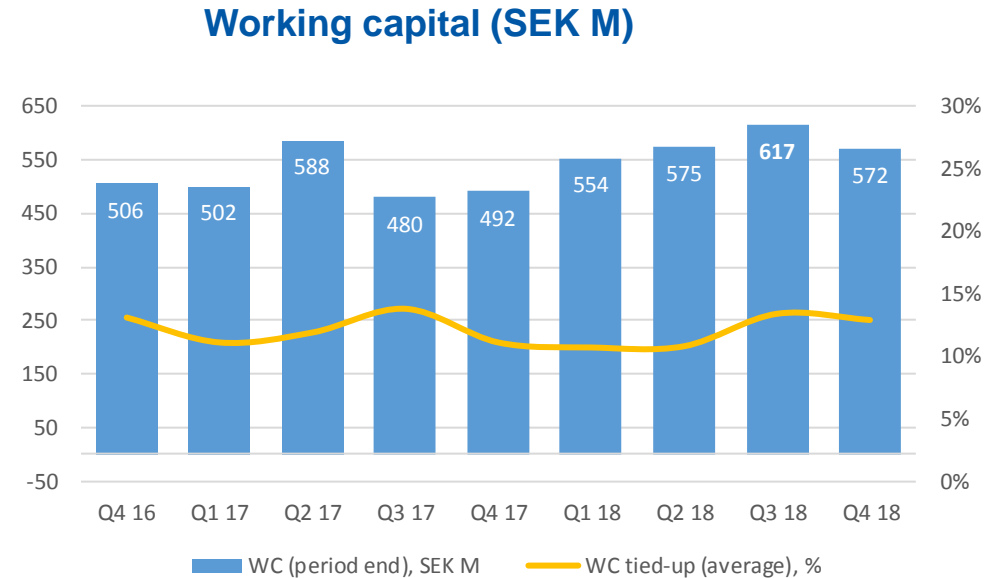
Quarterly comparison to last year

SEK M	Q1	Q2	Q3	Q4	FY
Net sales 2017	1 138	1 147	968	1 095	4 348
Change BA Sweden & Poland	108	146	89	39	382
Change BA Finland & Baltics	26	53	70	36	185
Change Other	-46	-34	-16	-16	-112
Net sales 2018	1 226	1 312	1 111	1 154	4 803
<i>Change</i>	+8%	+14%	+15%	+5%	+10%
Operating result 2017	46	-13	19	5	57
Inventory gains (-)/ losses (+)	-16	-8	3	-6	-27
Items affecting comparability	-	42	-	10	52
Underlying operating result 2017	30	21	22	9	82
Change in sales	13	22	20	8	63
Change in underlying gross margin	4	-7	-11	-2	-16
Change in overhead costs	1	-10	-5	2	-12
Underlying operating result 2018	48	26	26	17	117
Inventory gains (+)/losses (-)	7	12	7	1	27
Items affecting comparability	-	-16	-	4	-12
Operating result 2018	55	22	33	22	132



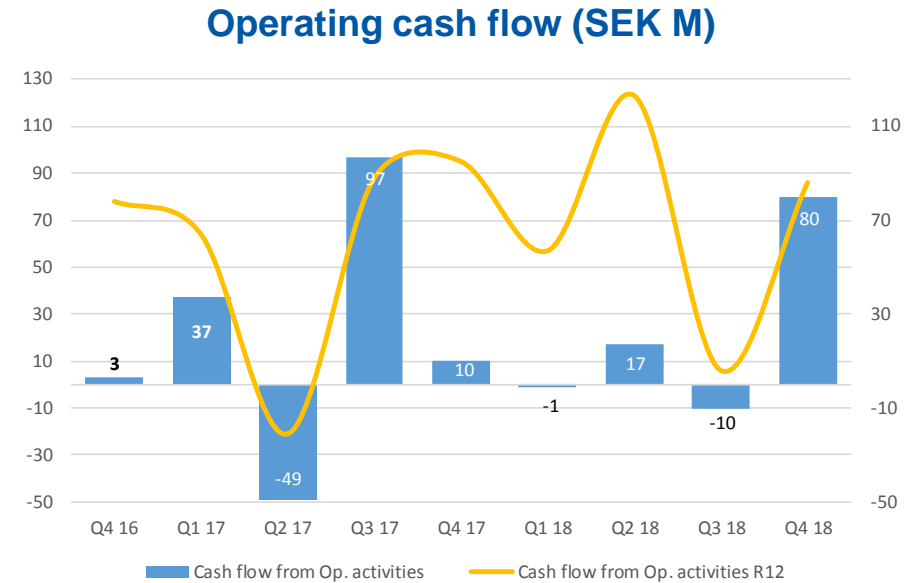
Improved working capital vs last quarter

- Q4 WC improved vs previous quarter as expected due to decreasing stock level
- Working capital increased by SEK 80 M compared to last year
- Average working capital tied-up increased to 12.9% (11.1)



Operating cash flow – Strong finish to 2018

- Operating cash flow of SEK 80 M (10)
- Investment cash flow of SEK -10 M (-9)
- Full-year operating cash flow of SEK 86 M (95)
- Net debt of SEK 440 M (478) and gearing of 49 percent (60)
- Available cash SEK 208 M (161) incl. overdraft facility



Financial Summary

<i>SEK M</i>	Q4 2018	Q4 2017	Change
Net sales	1 154	1 095	+59
Underlying EBIT	17	9	+8
<i>% of Sales</i>	1.4%	0.8%	+0.6%
Inventory gains/losses	1	6	-5
Items affecting comparability	4	-10	+14
EBIT	22	5	+17
<i>% of Sales</i>	1.9%	0.5%	+1.4%
Financial net	-5	-6	+1
Earnings before tax	17	-1	+18
Net earnings	11	-5	+16
Operating Cash-Flow Full-Year	86	95	-9
Net Debt	440	478	-38
Gearing	49%	60%	-11%





BUSINESS AREAS

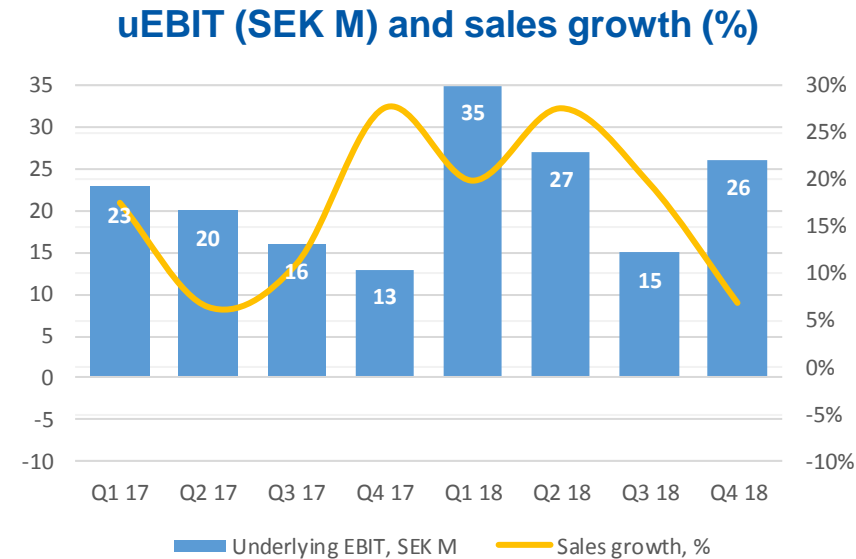
- STATUS Q4 2018



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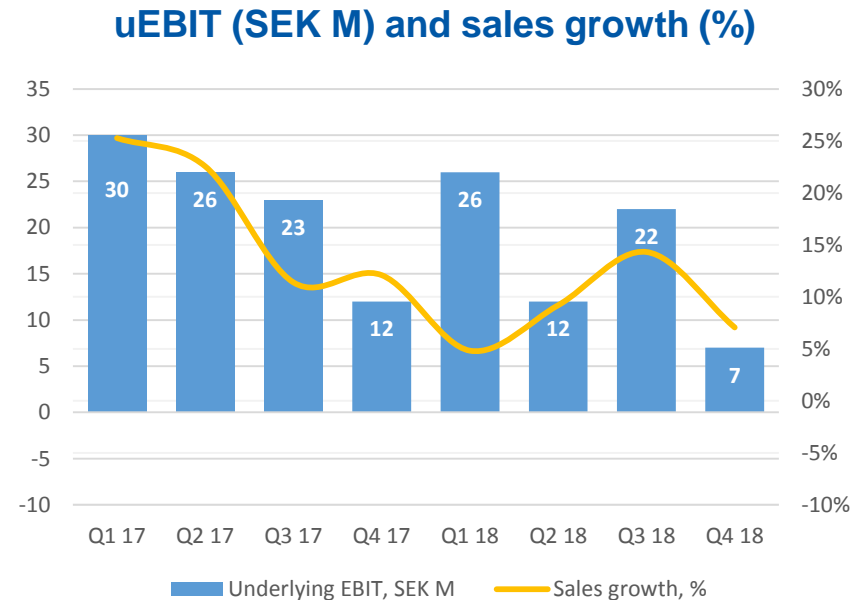
BA Sweden & Poland – Strong growth and improved profitability

- Tonnage up 7% vs Q4 2017
- Net sales up 7%, and amounted to SEK 607 M (568)
- uEBIT improved to SEK 26 M (13) due to a combination of improvements in volume, uGM% and cost
- Our joint venture AMBE is showing improved result compared to last year
- Business unit Production Sweden & Poland is yet again a strong contributor to the improved underlying operating result
- EBIT of SEK 30 M (6)



BA Finland & Baltics – Sales growth off-set by weak development in Production Finland

- Tonnage in line with last year
- Net sales up 7% and amounted to SEK 546 M (510) due to higher steel prices and mix effects
- uEBIT of SEK 7 M (12)
- Business unit Distribution Finland stronger vs. last year
- Initiatives ongoing to improve performance in Baltics & Production Finland
- EBIT of SEK 8 M (16)





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 expected to remain on the same level as those seen in the fourth quarter
- Decision by EU on January 16 to extend duration of implemented import tariffs
- Continued cost control and improvement measures are expected to continue to strengthen the Group's profitability



Summary and conclusions

- Strong sales growth both in Q4 and full-year 2018
- Improved underlying operating result both in Q4 and full-year 2018
- The operating result significantly higher in Q4 and more than doubled full-year 2018 vs last year
- Strongest quarter in 2018 in terms of cash flow, slightly lower on full-year 2018 vs last year due to higher working capital
- Balance sheet keeps improving with net debt at SEK 440 M (478) and net debt/equity ratio at 49% (60%)
- Agreement finalized for warehouse in Malmö in Q4. Approximately SEK 4 M of the provision booked at the end of 2017 was released in the fourth quarter of 2018



THANK YOU!
For your time and interest

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APPENDIX – FINANCIAL INFORMATION



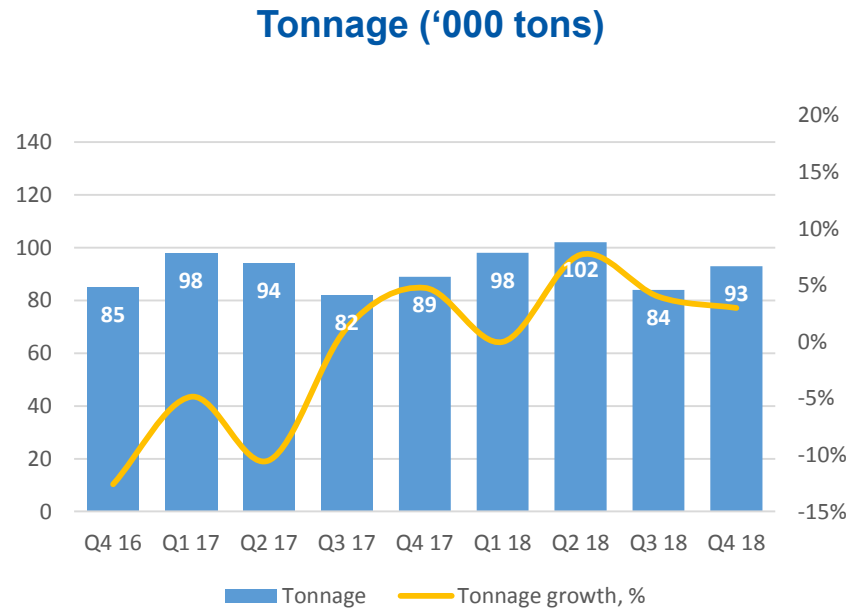
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Description of segments

- **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 (since Q4 2017)



Appendix: Tonnage development



Balance sheet

<i>SEK M</i>	Dec 2018	Dec 2017	Change
Non-current assets	826	851	-25
Inventories	651	599	+52
Accounts receivable	470	489	-19
Other receivables	63	35	+28
Cash	108	61	+47
Total assets	2 118	2 035	+83
Equity	892	802	+90
Interest bearing liabilities	548	539	+9
Accounts payable	468	479	-11
Other liabilities	210	215	-5
Total equity and liabilities	2 118	2 035	+83
Working capital	572	492	+80
Net debt	440	478	-38
Gearing	49%	60%	-11%

