BE Group AB (publ)

Year-end Report 2007

BE Group improved underlying earnings in 2007, despite a weaker fourth quarter

FOURTH QUARTER

- Net sales increased by 7.0% to SEK 1,803M (corresponding quarter 2006: 1,938).
- Shipped tonnage declined by 8.4% due to weak demand, mainly at the end of the quarter. The downturn is attributable primarily to lower direct sales.
- Operating profit was SEK 82M (168). Underlying EBITA[1)] was SEK 106M (147) and the underlying EBITA margin 5.9% (7.6).
- Profit after tax amounted to SEK 54M (125). Earnings per share after dilution were SEK 1.08 (2.50) and underlying earnings per share after dilution were SEK 1.42 (2.20).
- Improved cash flow due to inventory reductions during the quarter.
- Business acquisition in the Czech Republic has strengthened BE Group's presence in Eastern Europe.
- BE Group finalized an agreement with ArcelorMittal after the end of the financial year to form a joint venture within thin sheets in the Swedish market.

FULL YEAR

- Net sales increased in 2007 by 14.5% to SEK 7,650M (6,681) with tonnage growth of 1.1%.
- Operating profit declined to SEK 510M (550).
- Consolidated underlying earnings and margins were higher than in 2006 despite lower tonnage and margins on stainless products in the second half. Underlying EBITA[1)] was SEK 552M (474) and the underlying EBITA margin[1)] was 7.2% (7.1).
- Profit after tax amounted to SEK 353M (395). Earnings per share after dilution were SEK 7.06 (7.60). Underlying earnings per share after dilution[1)] improved to SEK 7.58 (6.46).
- Proposed dividend to shareholders of SEK 3.50 per share (3.50).

1) Definitions are provided on page 19.

BE Group, listed on the Stockholm Stock Exchange since November 24, 2006, is one of the leading trading and service companies in steel and other metals in Europe. The company has about 10,000 customers, primarily within the construction and engineering industries. BE Group provides service in the steel, stainless steel and aluminium sectors. The company's sales in 2007 were SEK 7.7 billion. BE Group has approximately 1 000 employees in ten countries in northern Europe, where Sweden and Finland are its largest markets. The head office is in Malmö, Sweden. Read more about BE Group at www.begroup.com.

Market and business environment

The world market for steel and metals remained strong during the year, buoyed by high demand from China, India and Russia. The International Iron and Steel Institute (IISI) has reported that global demand for steel reached 1.2 billion tonnes in 2007, an increase of 7% compared to 2006.

Tonnage in BE Group's markets declined early in the second half of the year and the fourth quarter was characterized by a continued downturn in tonnage. The trend is mainly due to the steep decline in demand for stainless steel in Q3 and consequently higher inventory levels. Demand was slightly lower for other product groups as well, mainly towards the end of the quarter.

Total tonnage in the Swedish and Finnish markets improved after Q3 but fourth-quarter volume was lower than in Q4 2006. The high-growth trend was sustained in Central and Eastern Europe, but growth tapered off slightly in the Baltic countries.

After steady increases throughout 2006 and the first three quarters of 2007, market prices for commercial steel declined somewhat in the fourth quarter.

The market price for stainless steel fell in Q3 due to the downturn in nickel prices, but stabilized in the fourth quarter. As of January 2008, European companies are now basing the alloy surcharge for a large portion of stainless steel sales on the average price of nickel during the 10-40 days prior to the first day of the month orders are shipped. The shortened alloy surcharge reference period is expected to inhibit speculation and promote long-term price stability in the stainless steel market.

The Group's average sales price per kg rose by 1.5% in the fourth quarter compared to Q4 2006, but declined 5.4% compared to Q3 2007, primarily driven by lower prices for stainless steel. Excluding stainless steel, the sales price per kg declined by 1.0% in the fourth quarter compared to Q3.

Outlook

The International Iron and Steel Institute (IISI) is expecting growth in global demand for steel to remain strong in 2008. The latest IISI forecast is that total demand for steel will increase by about 7% in 2008 compared to 2007. Moreover, indications of rising prices for primary materials are signalling a strong global market and relatively high steel prices again in 2008.

However, BE Group's markets have become more uncertain, which makes it difficult to judge the full-year trend for 2008 at this time. Future trends in BE Group's main markets will be affected by factors such as presumed lower industrial growth, generally higher inventories, the alloy surcharge trend and developments in the construction sector, which impedes overall assessment. With this uncertainty taken into account, BE Group expects demand in Sweden and Finland to remain relatively high during the first half of 2008. Demand is expected to remain strong in Central and Eastern Europe, but as in 2007, BE Group is forecasting a somewhat weaker trend in the Baltic countries. The acquisition in the Czech Republic is expected to enhance growth and profitability.

In the next few years, BE Group intends to sharpen the focus on service to strengthen competitiveness, profitability and growth. The Group will accomplish this by further investments in production equipment and new skills to create higher value for BE Group and its customers. Another key mandate – when the opportunity presents itself – will be additional strategic acquisitions.

Financial targets

BE Group has five financial targets. The outcomes for growth, profitability and return are measured over an economic cycle, while capital structure targets refer to a normal situation. Temporary deviations may occur, for instance in conjunction with acquisitions.

The financial targets are measured with a 12-month perspective and all targets were met for the full year of 2007, except for underlying growth in sales.

The financial targets are based on underlying earnings and return in order to clearly illustrate the operational trend. Underlying earnings are adjusted for exceptional items and inventory gains and losses. As a result, temporary earnings fluctuations due to the steel price trend are excluded from the analysis of operations. BE Group's internal model is used to calculate inventory gains and losses (see definitions on page 19).

Financial targets	Figures	Outcome 2007
Underlying growth in sales	>5%	1.1%
Underlying EBITA margin	>6%	7.2%
Underlying return on operating capital	>40%	63.2%
Net debt as a percentage of total equity	<150%	69.8%
Net debt/underlying EBITDA	<3 (multiple)	1.0 (multiple)

Fourth quarter trend

Group

Consolidated net sales declined by 7.0% to SEK 1,803M (1,938). The decrease in net sales is distributed between price and mix changes of 0.6% and downturn in tonnage of 8.4%. Currency effects increased net sales by 0.8%.

The downturn in tonnage is primarily attributable to a reduction in direct sales. At SEK 11.99 (11.81), the average sales price per kg was 1.5% higher than in Q4 2006.

Consolidated gross profit declined to SEK 260M (354), resulting in a gross margin of 14.4% (18.3). The underlying gross margin declined to 15.7% (17.0), primarily due to higher production costs and lower margins on stainless steel, but the decline was offset by a favourable change in the distribution mix.

EBITA declined to SEK 82M (168). Earnings were adversely affected by inventory losses of SEK 24M, while the comparative figure for the Q4 2006 included inventory gains of SEK 24M and exceptional costs of SEK 3M. BE Group earned virtually no margin on sales of stainless steel in the fourth quarter due to the September 30th impairment of the inventory value of stainless steel to the assessed net sales price.

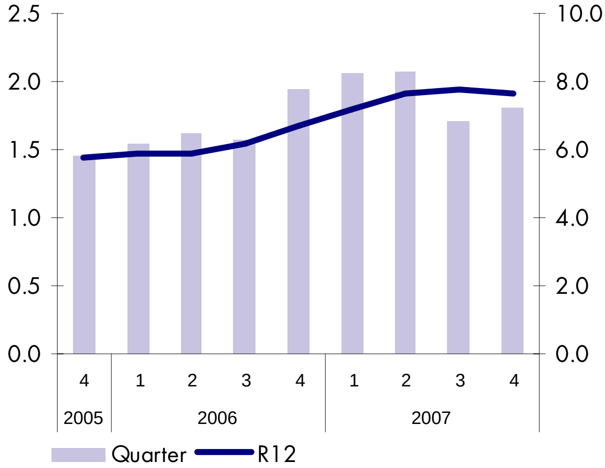
Adjusted for inventory losses, underlying EBITA was SEK 106M (147), a decline by 28.1% compared to Q4 2006. The poorer outcome is due to lower tonnage, slightly lower gross margin and higher production costs.

Efficiency improvements, mainly in Sweden, cut overhead costs compared to 2006. The efficiency gain was offset by higher costs related to organizational buildup in connection with to the market listing of BE Group in late 2006.

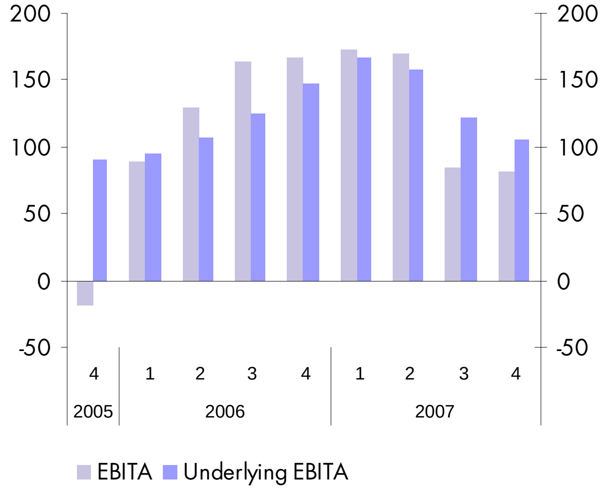
Changes in profit, fourth quarter

(SEKM)	Oct-Dec
Operating profit 2006	**167**
Reversal of amortization of intangible assets	1
EBITA 2006	**168**
Exceptional items	3
Inventory gains	-24
Underlying EBITA 2006	**147**
Changes in tonnage, price, mix and gross margin	-46
Overhead costs	5
Underlying EBITA 2007	**106**
Inventory losses	-24
EBITA 2007	**82**
Less amortization of intangible assets	0
Operating profit 2007	**82**

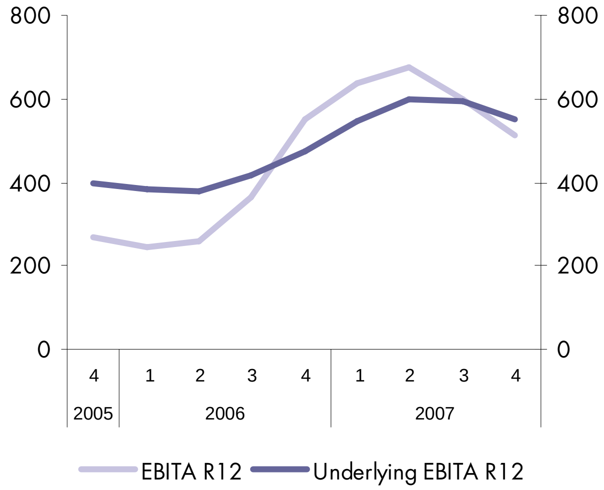
Net sales, SEK Bn
Quarter and rolling 12 months



EBITA, SEK m
Quarter



EBITA, SEK m
Rolling 12 months



The EBITA margin declined to 4.6% (8.7), while the underlying EBITA margin declined to 5.9% (7.6), due to the lower gross margin and proportionally higher overhead.

Distribution trends

BE Group's sales are made through three distribution channels: inventory sales, service sales of processed materials and direct sales (sales of products shipped directly to customers from producers). Margins are generally highest for the more advanced segment of service sales and lowest for direct sales.

The largest distribution channel is inventory sales, which accounted for 49.6% (47.4) of total shipped tonnage in the fourth quarter. The tonnage share for direct sales declined progressively during the year and was 16.1% (20.6%) for the fourth quarter. The service component of sales (including materials) increased compared to Q4 2006 and rose to a record-high 34.3% (32.0).

For the full year 2007, the service component of sales increased from 31.8% to 33.6% of total tonnage. Inventory sales increased to a 48.8% share (48.4), while direct sales declined to 17.5% (19.8).

Commercial steel trend

Commercial steel sales continued with relatively high demand, which tapered off at the end of the quarter. The tonnage downturn of 7.6% generated a 2.6% decrease in net sales compared to 2006. The downturn was offset by the higher average price level.

Long products accounted for a higher percentage of net sales, at 30.7% (27.3), and flat products increased to 35.3% (33.3).

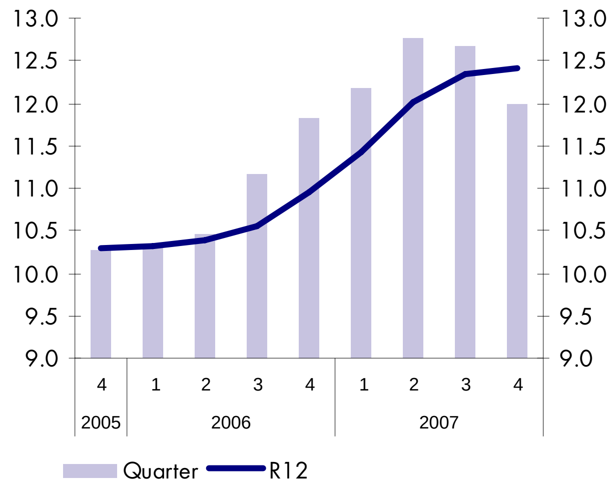
From the full-year perspective, the percentage of long products has increased to 28.9% (28.4) and the percentage of flat products has decreased to 32.8% (33.7).

Stainless steel trend

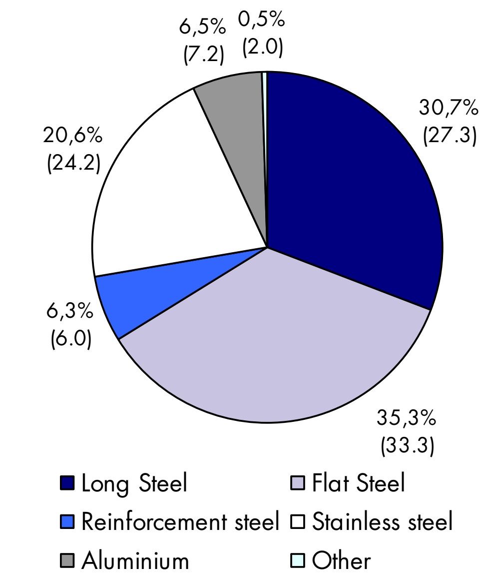
BE Group's sales of stainless steel declined during the quarter, primarily due to lower demand compared to last year, and totalled SEK 372M (469), or 20.6% (24.2) of total quarterly sales. Sold tonnage was 20.0% lower than in Q4 2006. The decline is primarily due to the Swedish and Finnish markets. The average sales price was on par with Q4 2006.

The market price for stainless steel consists of a base price for the primary steel product and an alloy surcharge set by stainless steel producers. BE Group's prices to customers in the Swedish market and for direct sales in the Finnish market are based on the base price and no margin is taken on the alloy surcharge. Accordingly, when the alloy surcharge goes up, margins normally decline for BE Group. Alloy

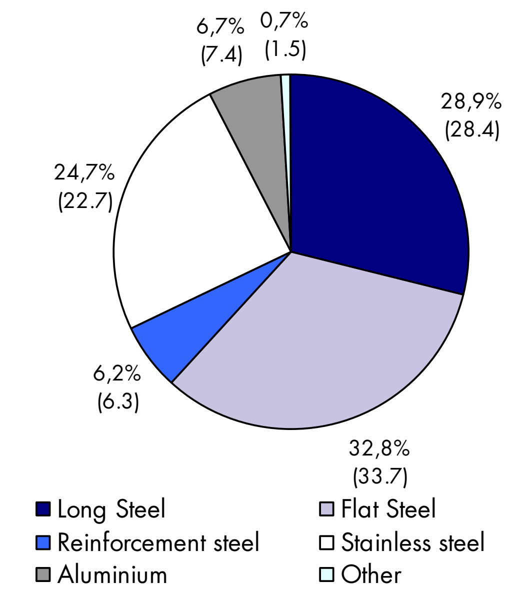
Average sales price (SEK/kg)
Quarter and rolling 12 months



Main products´share of total sales
Fourth quarter 2007



Main products´share of total sales
Jan-Dec 2007



surcharges with no mark-up accounted for approximately SEK 140M (169) or 7.7 % (8.7) of total consolidated sales for the fourth quarter. Declining nickel prices reduced the impact from the alloy surcharge on total sales compared to earlier quarters.

The alloy surcharge, which is linked to the price of nickel and other alloy metals, is determined in arrears after a lag. Plummeting prices for nickel during the summer and autumn led many customers to delay purchases of stainless steel while waiting for the observed lower nickel prices to show up in a lower alloy surcharge and thus lower total prices. This triggered a steep drop in demand for stainless steel products market-wide, including for BE Group. The impact was greatest in the second half. As explained above, the industry has shortened the lag between price changes for nickel/alloy metals and changes in the alloy surcharge with regard to a large percentage of stainless steel product sales.

Stainless steel generated 24.7% (22.7) of total consolidated sales for the full year 2007, or SEK 1,889M (1,518). The alloy surcharge with no mark-up accounted for SEK 763M (432) or 10.0% (6.5) of total sales.

Business areas

Sweden business area

Sweden is reporting sales of SEK 954M (1,075). The 11.2% decrease is due to a 12.3% decrease in tonnage.

EBITA declined to SEK 60M (98), mainly owing to the lower tonnage. Underlying EBITA declined to SEK 73 (89). The EBITA margin was 6.3% (9.1) and the underlying EBITA margin was 7.6% (8.3).

The lower margins are the result of the adverse trend for stainless steel, but were partially offset by a beneficial change in the sales mix. Successful efficiency improvements cut costs compared to Q4 2006.

Finland business area

Finland is reporting sales of SEK 682M (754), a decrease of 9.5%. The decline is entirely related to the decrease in tonnage. EBITA decreased to SEK 38M (85) and underlying EBITA to SEK 48M (74). The EBITA margin was 5.6% (11.3) and the underlying EBITA margin declined to 7.1% (9.9). The underlying EBITA margin was adversely affected by the lower gross margin resulting from the stainless steel trend and higher production costs.

A comprehensive capital investment programme at the Lapua site was completed at the end of the year, bringing additional capacity and advanced equipment, with capability for a wider range of production services. Start-up costs of SEK 3M for the capital investments were charged against quarterly earnings. These and other investments have eliminated the previous capacity shortfall in various production segments, which was experienced especially in the first half.

Central and Eastern Europe business area

The Central and Eastern Europe business area, formerly New Markets, began operating under the new name in 2008.

Central and Eastern Europe is reporting a tonnage increase of 18.2% in the fourth quarter. Sales increased by 22.0% to SEK 209M (172). Demand for BE Group's products remained strong, particularly in Poland, the Czech Republic and Slovakia, while the trend has moderated slightly in the Baltic countries. The service component of sales continued rising on the strength of capital investments to enhance production service.

EBITA rose to SEK 2.0M (1.8). Increased expenses to build up the organization, which were offset by higher sales, were charged against earnings in 2007. Underlying EBITA increased to SEK 2.8M (-2.2). The EBITA margin was unchanged at 1.0% (1.0), while the underlying EBITA margin improved to 1.3% (negative).

BE Group finalized an agreement to acquire a company in Central Europe during the quarter. Further details are provided below.

Net financial items and tax

The Group is reporting net finance expense for the fourth quarter of SEK 6M (2) including net interest expense of SEK 10M (expense: 8). This corresponds to 5.3% (4.7) of net interest-bearing liabilities during the quarter, which averaged SEK 723M (651).

Tax expense for the quarter was SEK 22M (44), or 28.7% (26.1) of profit before tax. The decrease is due to the decline in quarterly profits. Profit after tax was lower than in Q4 2006 at SEK 54M (125). Earnings per share after dilution were SEK 1.08 (2.50). Underlying earnings per share after dilution were SEK 1.42 (2.20).

Cash flow

BE Group's cash flow increased in the fourth quarter to SEK 229M (156).

Cash flow from operating activities improved to SEK 293M (223). The improvement is due primarily to a decrease in working capital, based on the reduction of inventory by 11.9% during the quarter. Cash flow from investing activities was negative at SEK 26M (negative: 26) primarily due to capital expenditure in tangible assets of SEK 27M (29).

Cash flow from financing activities was negative at SEK 38M (negative: 41).

Full year trend

Group

Consolidated net sales increased overall by 14.5% to SEK 7,650M (6,681) on the strength of higher tonnage and prices. The rise in net sales is distributed mainly between price and mix changes of 13.3% and tonnage growth of 1.1%. Currency effects increased net sales by 0.1%.

At SEK 12.40 (10.95), the average sales price per kg was 13.2% higher than during 2006.

Consolidated gross profit decreased to SEK 1,167M (1,173). Reported gross profit includes inventory losses of SEK 40M, compared to SEK 57M in inventory gains in 2006. The gross margin was 15.3%, a decrease compared to 2006 (17.6).

The alloy surcharge for stainless steel fluctuated sharply during the year, with an upturn in the first half followed by a dramatic downturn in the third quarter before stabilizing in the fourth quarter. The overall impact was lower margins than during 2006. The alloy surcharge with no mark-up accounted for SEK 331M of the consolidated sales increase of SEK 969M. Alloy surcharges with no mark-up accounted for SEK 763M or 10.0% of total sales.

EBITA declined to SEK 512M (552) and underlying EBITA rose to SEK 552M (474).

The EBITA margin was 6.7% (8.3), while the underlying EBITA margin of 7.2% (7.1) outperformed the 2006 figure.

Business areas

Sweden business area

Sweden is reporting sales of SEK 4,072M (3,633). The increase of 12.0% is due mainly to higher prices.

Changes in profit, full year

(SEKM)	Full year
Operating profit 2006	**550**
Reversal of amortization of intangible assets	2
EBITA 2006	**552**
Exceptional items	-21
Inventory gains	-57
Underlying EBITA 2006	**474**
Changes in tonnage, price, mix and gross margin	91
Change in overhead costs	-13
Underlying EBITA 2007	**552**
Inventory losses including impairment of the inventory value of stainless steel	-40
EBITA 2007	**512**
Less amortization of intangible assets	-2
Operating profit 2007	**510**

EBITA rose to SEK 310M (288). Underlying EBITA increased to SEK 327M (264). The EBITA margin was 7.6% (7.9) and the underlying EBITA margin was 8.0% (7.3).

Finland business area

Finland is reporting sales of SEK 2,999M (2,640), an increase of 13.5%. EBITA declined to SEK 227M (263). Underlying EBITA increased to SEK 249M (238). The EBITA margin was 7.6% (10.0) and the underlying EBITA margin was 8.3% (9.0).

Central and Eastern Europe business area

Central and Eastern Europe is reporting continued increases in tonnage. Sales increased by 24.4% to SEK 780M (627).

EBITA declined to SEK 9M (41), primarily due to the sale of real estate in Estonia, Lithuania and Poland in 2006 and the consequent capital gain of SEK 30M. Underlying EBITA increased to SEK 10M (3). The EBITA margin declined to 1.2% (6.6), while the underlying EBITA margin increased to 1.2% (0.5).

Net financial items and tax

The Group is reporting net finance expense of SEK 23M (expense: 11). Net interest expense was SEK 32M (expense: 16), equivalent to 4.8% (4.6) of net interest-bearing liabilities, which averaged SEK 655M (336).

Tax expense was SEK 134M (144), equal to 27.5% (26.8) of profit before tax. Profit after tax amounted to SEK 353M (395). Earnings per share after dilution were SEK 7.06 (7.60). Underlying earnings per share after dilution were SEK 7.58 (6.46).

Cash flow

BE Group had negative cash flow of SEK 38M compared to a positive cash flow of SEK 92M in 2007.

Cash flow from operating activities was SEK 215M (236). Cash flow from investing activities was negative at SEK 58M (negative: 16). Cash flow from financing activities was negative at SEK 196M (negative: 127).

Capital, investments and return

BE Group had working capital of SEK 728M (550) at year-end. The increase is due mainly to higher inventories and lower trade payables resulting from the goal to reduce inventory. These increases were offset by lower trade receivables.

As a result of higher working capital, capital tied-up rose to 9.6% (8.2) for the full year, but is still relatively low in historical terms. Capital expenditure in tangible assets during the year totalled SEK 61M (68). The capital expenditure is related primarily to the build-up of the new Swedish business structure, investments in new production equipment in Finland and reinvestments.

A decision has been taken to develop the corporate IT platform and implement a new corporate business system over a period of three years.

Return on operating capital (excluding intangible assets) decreased to 58.6% (84.4) due to the increase in operating capital.

Financial position and liquidity

BE Group had cash and cash equivalents of SEK 259M (289) at year-end. The Group also had unutilized credit facilities of SEK 200M and SEK 500M in unutilized credit facilities earmarked for acquisitions.

As of December 31, consolidated net interest-bearing liabilities were SEK 593M (556). Total credit facilities amount to SEK 1,535M.

Net debt/underlying EBITDA for the full year was a multiple of 1.0 (1.1).

Consolidated equity as of December 31 was SEK 849M (664) while the net debt/equity ratio was 69.8 % (83.8).

Organization, structure and employees

BE Group's purchasing organizations were merged as of January 1, 2008 into a centralized product supply function managed from the head office in Malmö. The new organization's responsibilities include contract negotiations and developing BE Group's product range. It will also act as a corporate centre of technical and production excellence. The new organization has strengthened BE Group's capacity for coordinated action vis-à-vis suppliers and streamlined product flows and capital management.

BE Group opened a representation office in Shanghai in 2007 as part of the new product supply organization. The tasks of the new representation office include involvement in purchasing from China and Southeast Asia, building up a supplier network and monitoring market trends.

The average number of employees during the year was 940 (926). BE Group had 959 employees (935) as of December 31.

Contingent liabilities

BE Group has contingent liabilities of SEK 362M (362).

Parent company

Parent company operations consist entirely of corporate functions. The parent company's mandate extends to owning and managing shares in subsidiaries and financing the Group. The average number of employees during the year was 13 (9).

Sales for the year, which consisted of internal corporate services, were SEK 16M (6). The parent company is reporting an operating loss of SEK 36M (-53). Net finance income was SEK 131M (409). Net financial items include anticipated dividends from subsidiaries of SEK 168M (413). Profit before appropriations and tax was SEK 95M (356) and profit after tax was SEK 115M (372).

The parent company invested SEK 15M (156) in shares in subsidiaries in 2007, mainly in relation to internal Group restructuring. Financing was arranged internally within the Group. The parent company had cash and cash equivalents at year-end of SEK 200M (6).

Acquisition in the Czech Republic

BE Group AB finalized an agreement in December to acquire the privately owned company Czechprofil s.r.o. in the Czech Republic and ownership was transferred on January 23, 2008. The acquisition strengthens the Group's position, primarily in the Czech steel market. The planned merger of Czechprofil and BE Group's existing Czech subsidiary is expected to yield operational synergies.

Czechprofil reported sales of about SEK 140M for the 2006 financial year. The acquisition is expected to have an immediate and favourable impact on BE Group's operating profit.

Czechprofil was founded in 1996 and does business in the market for both flat and long steel products. The company has an expansive service business and is a strong complement to BE Group's product range. Total distribution volume in 2006 was about 25,000 tonnes.

Czechprofil enjoys a strong position in the southeastern regions of the country and the company has three facilities: two warehouses in Uherske Hradiste and a combined production and warehouse facility in Prerov, where BE Group is already represented. Czechprofil has 40 employees.

Common name and brand

The company changed the names of all subsidiaries during the year, which now operate under the common name of BE Group. BE Group has also launched a common brand for the entire company. In order to accentuate the Group's new focus on enhanced service and service content, the BE Group logo was also redesigned.

Significant risks and uncertainty factors

BE Group is exposed to business and financial risks in ongoing operations. Movements in steel prices, exchange rates and interest rates are risk factors which affect the Group's financial performance and cash flow. BE Group is also exposed to refinancing and liquidity risk, as well as credit and counterparty risk.

The financial risk exposure is explained in the 2006 annual report published on March 16, 2007. No new significant risks or uncertainty factors have arisen since that date.

Acquisition of treasury shares

The annual general meeting held 15 May 2007 authorized BE Group AB (publ) to acquire a maximum of 332,500 treasury shares prior to the 2008 AGM as part of the Share Savings Scheme adopted by the AGM ("Share Savings Scheme 2007"). Based on the authorization, BE Group acquired 120,000 shares in September at an average price of SEK 78.45 per share. The company had no treasury shares prior to the acquisition.

For further disclosures about the Share Savings Scheme, please refer to information pertaining to the AGM on the BE Group website.

Related party transactions

Prior to the initial public offering on November 24, 2006 the Group was under the controlling influence of Nordic Capital funds, which owned 85.4% of equity in the parent company. As of December 31, 2007, Nordic Capital funds owned 20.6% of equity through Trenor Holding Limited, Jersey. As of December 31, there were no transactions between the Group and Trenor Holding Limited.

Transactions between the parent company and related parties are disclosed in the notes on page 16.

Significant events after the end of the year

Acquisition and joint venture within thin sheets in Sweden

BE Group entered into an agreement in January to acquire a 50% interest in ArcelorMittal SSC AB. Through this strategically important step, BE Group and ArcelorMittal are creating a joint venture for processing and sales of thin sheets in the Swedish market.

BE Group will pay the purchase consideration by transferring the thin sheet business in Borlänge in a non-cash issue combined with cash consideration of SEK 15M. The interest in the new company will be reported as an associated company in the consolidated accounts. The deconsolidation of the existing company will generate a capital gain for BE Group of approximately SEK 50M. The final amount will be based on the balance sheet as of the transfer date.

The transaction is subject to review by competition authorities.

Transfer of ownership, Czechprofil s.r.o.

As mentioned above, ownership of Czechprofil s.r.o. in the Czech Republic was transferred to BE Group after the end of the financial year.

Accounting principles

The year-end report was prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the European Commission for application within the European Union.

The year-end report was prepared in accordance with IAS 34 Interim Financial Reporting, which meets the requirements imposed by the Swedish Financial Reporting Board's standard RR 31, Interim Reports for Groups. Please refer to the 2006 annual report for details of the company's accounting principles and definitions of certain terms. The accounting principles applied have not changed, apart from than that starting with the 2007 financial year, BE Group now applies hedge accounting for a portion of the Group's loans denominated in euro, related to net assets in Finland, and that the company started a Share Savings Scheme in 2007.

Please refer to the interim report for Q3 2007 for information concerning accounting of the Share Savings Scheme adopted by the Annual General Meeting. The parent and subsidiaries are applying IFRIC 11 Group & Treasury Share Transactions early for 2007. Accordingly, the subsidiaries recognize the costs of the Share Savings Scheme attributable to their employees as a capital contribution from the parent. The parent recognizes the corresponding amounts as investments in the respective subsidiaries.

The new IAS/IFRS standards effective January 1, 2007, IFRS 7 Financial Instruments and IAS 1 Presentation of Financial Statements, have had no impact on the consolidated financial statements.

Annual general meeting

The annual general meeting of shareholders in BE Group will be held Tuesday, April 23, 2008 at 4 p.m. in Malmö. Information about the place of the meeting, how shareholders can register to attend and when proposals to be addressed at the meeting must be submitted will be provided in a separate press release and published well in advance of the meeting on the BE Group website.

BE Group's audited annual report will be made available on the company's website and at the head office on Spadegatan in Malmö no later than March 20, 2008.

Recommended dividend

The board of directors and chief executive officer will be recommending a cash dividend to shareholders of SEK 3.50 per share (3.50), corresponding to 50% of profit after tax. According to the Group dividend policy, BE Group will, over time, distribute at least 50% of profit after tax to shareholders, if justified by the Group's financial position and outlook.

Nominating Committee

A Nominating Committee has been appointed in accordance with BE Group's corporate governance policy, as adopted by the board of directors. The members of the Nominating Committee, based on shareholdings as of August 31, 2007, are: Ulf Rosberg, representing Nordic Capital; Mats Guldbrand, representing AMF Pension; Jesper Bonnivier, representing Länsförsäkringar Fonder; Nils Petter Hollekim, representing Odin Fonder; and Carl-Erik Ridderstråle, Chairman of BE Group AB (publ).

Future reporting dates

BE Group AB (publ) plans to publish financial information in 2008 on the following dates:

- Annual report 2007: March
- Interim report January-March: 23 April
- Annual general meeting: April 23 in Malmö
- Interim report January-June: July 17
- Interim report January-September: October 22

The year-end report for 2008 will be published in February 2009.

Malmö, February 5, 2008
BE Group AB (publ)

Håkan Jeppsson
President and Chief Executive Officer

This report has not been examined by the company's auditors.

The information in the year-end report is such that BE Group AB (publ) is required to publish pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on February 5, 2008 at 7.30 a.m. CET.

Questions concerning this report may be directed to:

President and Chief Executive Officer Håkan Jeppsson, +46 (0) 70-550 15 17, e-mail: hakan.jeppsson@begroup.com
Chief Financial Officer Torbjörn Clementz, +46 (0) 70-869 07 88, e-mail: torbjorn.clementz@begroup.com

BE Group AB (publ), Box 225, SE-201 22 Malmö, Sweden.
Street address: Spadegatan 1. Company registration number 556578-4724. Tel: +46 (0) 40-38 42 00. Fax: +46 (0) 40-38 41 11.
info@begroup.com, www.begroup.com

Condensed consolidated income statement

(SEKM)	Not	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Net sales		1,802.7	1,938.0	7,650.2	6,681.2
Cost of goods sold	1	-1,542.9	-1,584.1	-6,483.1	-5,508.4
Gross profit		**259.8**	**353.9**	**1,167.1**	**1,172.8**
Selling expenses		-129.8	-127.3	-497.8	-470.9
Administrative expenses		-49.2	-58.4	-156.4	-172.5
Other operating revenue and expenses	1	0.8	-0.9	-3.0	20.8
Operating profit		**81.6**	**167.3**	**509.9**	**550.2**
Financial items		-6.1	2.1	-23.0	-11.2
Profit before tax		**75.5**	**169.4**	**486.9**	**539.0**
Tax		-21.7	-44.3	-134.0	-144.3
Profit for the period		**53.8**	**125.1**	**352.9**	**394.7**
Amortization of intangible assets		0.5	0.4	1.8	1.7
Depreciation of tangible assets		10.6	14.8	40.1	45.6
Earnings per share[1)]		1.08	2.50	7.06	7.90
Earnings per share after dilution[2)]		1.08	2.50	7.06	7.60

1)Profit for the period divided by average shares outstanding during the period. Comparative figures have been restated taking into account the split (49:1) implemented in September 2006.

2)Profit for the period divided by average shares outstanding after dilution during the period. Comparative figures have been restated taking into account the split (49:1) implemented in September 2006.

Note 1 Exceptional items

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Preparatory expenses for IPO[1)]	-	-2.9	-	-8.2
Capital gain on sale of properties[1)]	-	-	-	29.6
Total exceptional items	**-**	**-2.9**	**-**	**21.4**

1) Recognized in "Other operating revenue and expenses".

Condensed consolidated balance sheet

(SEKM)	2007 31 Dec	2006 31 Dec
Goodwill	544.5	540.2
Other intangible assets	4.5	5.5
Tangible assets	248.1	226.1
Financial assets	2.1	1.9
Deferred tax assets	4.2	1.5
Total fixed assets	**803.4**	**775.2**
Inventories	942.6	912.1
Trade receivables	690.9	844.1
Other operating receivables	67.8	55.3
Cash and cash equivalents	258.5	289.3
Assets held for sale	86.8	-
Total current assets	**2,046.6**	**2,100.8**
Total assets	**2,850.0**	**2,876.0**
Equity	**848.9**	**664.2**
Long-term interest-bearing liabilities	840.3	834.6
Provisions	1.0	1.3
Deferred tax liability	71.5	64.7
Total long-term liabilities	**912.8**	**900.6**
Current interest-bearing liabilities	13.1	13.0
Trade payables	743.2	948.8
Other current liabilities	274.4	313.1
Other current provisions	16.7	36.3
Liablities associated with assets held for sale	40.9	-
Total current liabilities	**1,088.3**	**1,311.2**
Total equity and liabilities	**2,850.0**	**2,876.0**

Condensed consolidated cash flow statement

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Profit before tax	75.5	169.4	486.9	539.0
Adjustment for non-cash items	-12.2	-5.9	24.5	-14.0
Tax paid	-44.3	-9.2	-142.3	-57.5
Change in working capital	273.6	68.6	-153.9	-231.9
Cash flow from operating activities	**292.6**	**222.9**	**215.2**	**235.6**
Capital expenditure in tangible assets	-27.1	-29.2	-60.7	-68.1
Other cash flow from investing activities	0.7	3.4	2.8	51.8
Cash flow from investing activities	**-26.4**	**-25.8**	**-57.9**	**-16.3**
Cash flow from financing activities	**-37.7**	**-40.9**	**-195.7**	**-126.9**
Cash flow for the period	**228.5**	**156.2**	**-38.4**	**92.4**
Exchange rate difference in cash and cash equivalents	3.5	-4.0	7.6	-5.1
Change in cash and cash equivalents	**232.0**	**152.2**	**-30.8**	**87.3**

Condensed statement of changes in equity

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Equity at beginning of period	**782.6**	**551.8**	**664.2**	**970.9**
Effect of changed accounting principles	-	-	-	-
Adjusted equity at beginning of period	**782.6**	**551.8**	**664.2**	**970.9**
Translation differences	19.3	-12.7	26.9	-21.6
Hedging of net investments in foreign subsidiaries after tax	-7.6	-	-12.3	-
Total equity after changes in assets value reported directly in equity, excluding transactions with the company's owners	**794.3**	**539.1**	**678.8**	**949.3**
Profit for the period	53.8	125.1	352.9	394.7
Total equity after changes in net asset value excluding transactions with the company's owners	**848.1**	**664.2**	**1,031.7**	**1,344.0**
Dividends	-	-	-175.0	-680.0
Acquisition of treasury shares	-	-	-9.4	-
New share issue	-	-	-	0.2
Share Savings Scheme	0.8	-	1.6	-
Equity at end of period	**848.9**	**664.2**	**848.9**	**664.2**

Segment reporting

Net sales per segment[1)]

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Sweden	953.9	1,074.7	4,071.9	3,632.6
Finland	682.3	753.9	2,999.4	2,639.8
Central and Eastern Europe	209.3	171.6	779.7	627.1
Parent company and consolidated items	-42.8	-62.3	-200.8	-218.3
Group	**1,802.7**	**1,938.0**	**7,650.2**	**6,681.2**

EBITA per segment

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Sweden	60.2	98.1	309.6	287.9
Finland	38.4	84.9	226.7	263.1
Central and Eastern Europe	2.0	1.8	9.1	41.2
Parent company and consolidated items	-18.5	-17.1	-33.7	-40.3
Group	**82.1**	**167.7**	**511.7**	**551.9**

Depreciation per segment

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Sweden	5.3	9.8	19.3	24.7
Finland	4.9	4.6	19.3	19.0
Central and Eastern Europe	0.9	0.8	3.2	3.5
Parent company and consolidated items	0.0	0.0	0.1	0.1
Group	**11.1**	**15.2**	**41.9**	**47.3**

Capital expenditure per segment

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Sweden	2.8	18.8	23.5	41.9
Finland	21.4	9.0	31.6	20.6
Central and Eastern Europe	4.1	1.3	7.2	8.6
Parent company and consolidated items	0.3	0.1	0.5	0.2
Group	**28.6**	**29.2**	**62.8**	**71.3**

1) As of 2007, net sales per segment include both internal and external sales. Comparative figures have been adjusted accordingly.

Condensed parent company income statement

(SEKM)	Note	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Net sales		2.6	1.4	16.2	5.6
Administrative expenses		-15.3	-21.7	-52.5	-50.0
Other operating revenue and expenses	1	-	–	-	-
Operating profit (-loss)		**-17.9**	**-23.3**	**-36.3**	**-52.7**
Financial items		154.7	415.0	131.0	408.9
Profit (-loss) before tax		**136.8**	**391.6**	**94.7**	**356.2**
Tax		8.5	5.8	20.5	15.9
Profit (-loss) for the period		**145.3**	**397.4**	**115.2**	**372.1**

Note 1 Exceptional items

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Preparatory expenses for IPO	-	-2.9	-	-8.2
Total exceptional items	**-**	**-2.9**	**-**	**-8.2**

Condensed parent company balance sheet

(SEKM)	2007 31 Dec	2006 31 Dec
Tangible assets	0.7	0.3
Financial assets	1,054.6	1,039.5
Interest-bearing receivables, group companies	8.5	11.5
Deferred tax assets	0.2	-
Total fixed assets	**1,064.0**	**1,051.3**
Current interest-bearing receivables, group companies	111.0	33.2
Receivables, group companies	247.5	374.0
Other operating receivables	15.9	5.8
Cash and cash equivalents	200.0	5.5
Total current assets	**574.4**	**418.5**
Total assets	**1,638.4**	**1,469.8**
Equity	**582.8**	**592.8**
Other long-term interest-bearing liabilities	823.3	816.6
Provisions	0.1	-
Total long-term liabilities	**823.4**	**816.6**
Current interest-bearing liabilities	12.1	11.9
Current interest-bearing liabilities, group companies	198.6	21.7
Trade payables	7.9	3.6
Liabilities to group companies	1.4	4.2
Other current liabilities	12.2	19.0
Total current liabilities	**232.2**	**60.4**
Total equity and liabilities	**1,638.4**	**1,469.8**

Pledged assets and contingent liabilities - parent company

(SEKM)	2007 31 Dec	2006 31 Dec
Pledged assets	**1,229.4**	**1,219.1**
Contingent liabilities	**27.9**	**19.4**

Note 2 Related party transactions

The parent company has had the following related party transactions

Related party	Period	Sales of services	Purchases of services	Interest income	Interest expense	Dividend Received (+)/ or paid (-)	Claims on related parties on balance day	Debt to related parties on balance day
Nordic Capital funds [1]	2007 Full year	-	-	-	-	-63.6	-	-
	2006 Full year	-	-	-	-	-680.0	-	-
Subsidiaries	2007 Full year	16.2	-3.7	17.1	-10.5	168.0	367.0	200.0
	2006 Full year	5.6	-2.1	4.5	-6.3	413.1	664.3	271.5

1)During 2006 and until June 30, 2007, Nordic Capital funds owned shares through BE Group Holding AB. The shares were subsequently owned by BE Investcom Luxembourg S.a.r.l., until October 1, when the shares were acquired by Trenor Holding Limited, Jersey.

No director or key management personnel has now or in the past had any direct or indirect participation in any business transactions between the individual and the Company that are or were unusual in nature with regard to terms and conditions. The Group has not extended loans, provided warranties, or provided financial guarantees for any director or key management personnel.

Key data

(SEKM unless otherwise stated)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Earnings measurements				
EBITA	82.1	167.7	511.7	551.9
Margin measurements				
Gross margin	14.4%	18.3%	15.3%	17.6%
EBITA margin	4.6%	8.7%	6.7%	8.3%
Operating margin	4.5%	8.6%	6.7%	8.2%
Capital structure				
Net debt	592.8	556.4	592.8	556.4
Net debt/equity ratio	69.8%	83.8%	69.8%	83.8%
Working capital (average)	839.4	602.5	734.7	546.9
Operating capital (average)	1,538.3	1,259.9	1,421.1	1,199.7
Operating capital (excluding intangible assets) (average)	990.6	713.0	873.7	653.6
Working capital tied-up	11.6%	7.8%	9.6%	8.2%
Return				
Return on operating capital (%)	21.2%	53.1%	35.9%	45.9%
Return on operating capital (excluding intangible assets) (%)	33.1%	94.1%	58.6%	84.4%
Return on equity (%)	26.4%	82.3%	46.1%	45.6%
Per share data				
Earnings per share (SEK)	1.08	2.50	7.06	7.90
Earnings per share after dilution (SEK)	1.08	2.50	7.06	7.60
Equity per share (SEK)	17.02	13.28	17.02	13.28
Equity per share after dilution (SEK)	17.02	13.28	17.02	13.28
Cash flow from operating activities per share (SEK)	5.87	4.46	4.31	4.72
Shares outstanding at period end (thousands)	49,880	50,000	49,880	50,000
Shares outstanding at period end after dilution (thousands)	49,880	50,000	49,880	50,000
Average number of shares (thousands)	49,880	50,000	49,967	49,946
Average number of shares after dilution (thousands)	49,880	50,005	49,967	51,912
Other				
Average number of employees	959	936	940	926

Supplementary disclosures

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Growth				
Sales growth	-7.0%	32.8%	14.5%	15.4%
- organic volume growth	-8.4%	15.4%	1.1%	8.5%
- price and mix changes	0.6%	19.2%	13.3%	7.0%
- currency effects	0.8%	-1.8%	0.1%	-0.1%
- acquisitions	-	-	-	-
Adjusted earnings measurements				
Underlying EBITA	105.7	147.0	551.9	473.7
Adjusted margin measurements				
Underlying gross margin	15.7%	17.0%	15.8%	16.7%
Underlying EBITA margin	5.9%	7.6%	7.2%	7.1%
Adjusted return				
Underlying return on operating capital (excluding intangible assets)	42.7%	82.5%	63.2%	72.5%
Adjusted per share data				
Underlying earnings per share (SEK)	1.42	2.20	7.58	6.72
Underlying earnings per share after dilution (SEK)	1.42	2.20	7.58	6.46
Adjusted capital structure				
Net debt/underlying EBITDA (multiple)	1.3	0.9	1.0	1.1
Other				
Inventory gains and losses	-23.6	23.6	-40.2	56.8
Shipped tonnage (thousands of tonnes)	150.4	164.0	617.1	610.2
Average sales prices (SEK/kg)	11.99	11.81	12.40	10.95

Underlying EBITA per segment[1)]

(SEKM)	2007 Oct-Dec	2006 Oct-Dec	2007 Full year	2006 Full year
Sweden	73.0	89.2	327.3	264.4
Finland	48.5	74.3	248.6	238.4
Central and Eastern Europe	2.8	-2.2	9.7	3.2
Parent company and consolidated items	-18.6	-14.3	-33.7	-32.3
Group	**105.7**	**147.0**	**551.9**	**473.7**

1) EBITA adjusted for inventory gains and losses and exceptional items. Inventory gains and losses are the differences between the cost of goods sold at historical cost and the cost of good sold valued at replacement cost. The company's internal model is used to calculate inventory gains and losses.

Definitions of key data

SUPPLEMENTARY DISCLOSURES

Growth	
Sales growth	Change from the preceding period as a percentage of net sales.
Adjusted growth	
Underlying growth in sales	Change in net sales from operations since the comparative period, measured as a percentage and adjusted for changes in market prices and currency effects.
Adjusted earnings measurements	
Underlying EBITA	EBITA before exceptional items adjusted for inventory gains and losses (deductions for gains and additions for losses).
Adjusted margin measurements	
Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit is the reported gross profit adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA margin	Underlying EBITA as a percentage of net sales. Underlying EBITA is EBITA before exceptional items and adjusted for inventory gains and losses (deductions for gains and additions for losses).
Adjusted return	
Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets. Underlying EBITA is EBITA before exceptional items and adjusted for profits and losses (deductions for profits and additions for losses). EBITA is operating profit before amortization of intangible assets.
Adjusted per share data	
Underlying earnings per share (SEK)	Profit for the period before exceptional items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares during the period.
Underlying earnings per share after dilution (SEK)	Profit for the period before exceptional items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares after dilution during the period.
Adjusted capital structure	
Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before exceptional items and adjusted for profits and losses (deductions for profits and additions for losses). EBITDA is operating profit before amortization.
Other	
Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold where the goods have been valued at replacement price.

Please refer to the 2006 annual report for other definitions of key data.