

BE Group Q1 2016 – strong cash flow

- Net sales fell by 11 percent, amounting to SEK 978 M (1,104).
- The underlying operating result amounted to SEK 9 M (12).
- Operating result, affected by non-recurring costs of SEK -45 M (0), amounted to SEK -45 M (10).
- The result after tax was SEK -53 M (0).
- Cash flow from operating activities was SEK 51 M (-54).
- Earnings per average number of shares amounted to SEK -0.20 (0.00).
- Decision to close the unprofitable parts of the operations in the Czech Republic and Slovakia.

CEOs Message

Comments on the period

Development in the first quarter was largely characterized by the sharp decline in steel prices that occurred at the end of 2015. The current price level is significantly lower than just a year ago. Generally lower prices, combined with sales in the Czech and Slovakian markets having declined by about 40 percent, mean that the Group's overall sales have fallen by 11 percent compared with the same quarter last year.

The decline in sales and continued losses, combined with the weak market outlook, has resulted in a decision to restructure the Group's operations in the Czech Republic and Slovakia. This entails that the operations in Slovakia will be closed, as will flat carbon steel and aluminium in the Czech Republic. The profitable part of our operations in the Czech Republic, which successfully supplies the market with cut round bars, is not affected by the change.

Shipped tonnage in the main markets Sweden and Finland are largely on the same level as last year, despite the fact that the quarter is seasonally affected by the Easter holiday, which unlike last year, occurred during the first quarter. With improved underlying margins and lower overheads we show a result in line with last year in these markets, despite lower prices.

In total, the quarter's underlying result decreased to SEK 9 M, compared with SEK 12 M last year. The decline is mainly due to a lower result in the Czech Republic and Slovakia. The sharp fall in prices in late 2015 led to inventory losses, totaling SEK -9 M in the first quarter of this year. Combined with non-recurring costs of SEK -45 M, mainly related to restructuring in the Czech Republic and Slovakia, this means that we



also reported a lower operating result. The Group shows a strong cash flow from operating activities during the first quarter, which means that the cash flow for the last twelve months is positive.

Structure and organizational change

To improve conditions for a stronger and more profitable BE Group, we have, in addition to the cutbacks in the Czech Republic and Slovakia, also performed an organizational change in order to decentralizing responsibility for results on the basis of two new business units, Distribution and Production, on our main markets Sweden and Finland respectively. In concrete terms, this means that the business areas will be divided into business units focused on distribution and production respectively. The full measures were announced in April and are presented in the section Significant events after the end of the period, in this report.

With the changes in the Czech Republic and Slovakia and an organization that clearly reflects and supports our business models, we will improve the conditions for a stronger market position.

Outlook

Looking ahead, the price situation appears to have stabilized following the sharp decline at the end of last year. Our assessment is that prices have reached bottom and that the trend going forward will be positive. At the same time, the view is that market demand will remain at the current level.

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Today, at 9:00 a.m., Anders Martinsson and Andreas Karlsson will comment on developments in a press and analyst conference. The conference may be followed via webcast or by phone (see information below).

If you wish to participate via webcast and/or ask questions at the press conference, please copy and paste the following link into your web browser to register online. Please be certain to copy the full link.

<http://edge.media-server.com/m/p/zv23w649>

The following telephone numbers can be used to participate in the presentation:

Sweden:	+46 8 519 993 64
UK:	+44 20 336 453 73
US:	+1 855 753 22 37

The information in this press release is such that BE Group AB (publ) is required to disclose pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on 22 April 2016 at 7.45 a.m. CET.

BE Group, listed on the Nasdaq Stockholm exchange, is a trading and service company in steel, stainless steel and aluminium. BE Group offers efficient distribution and value-adding production services to customers primarily in the construction and engineering sectors. In 2015, the Group reported sales of SEK 4.2 billion. BE Group has about 770 employees, with Sweden and Finland as its largest markets. The head office is located in Malmö, Sweden. Read more about BE Group at www.begroup.com.