

BE Group Q3 2016 – Strongly improved operating result

- Net sales decreased by 8 percent to SEK 892 M (966).
- Out of the decrease in net sales of SEK 74 M, SEK 63 M is attributable to the operations under restructuring.
- The underlying operating result was unchanged at SEK 10 M.
- The operating result improved to SEK 26 M (-117 whereof SEK -124 M is related to non-recurring items).
- The result after tax was SEK 16 M (-133).
- Earnings per share amounted to SEK 1.25.

CEOs Message

Comments on the quarter

The third quarter of 2016 is another step in the right direction for BE Group. Although a weak start of the quarter, we achieved a volume in our business areas that matched last year's. Depending on the on-going restructuring of the operations in the Czech Republic and Slovakia, BE Group recognizes total sales that are 8 percent lower. Thanks to continued good underlying gross margins and lower costs, the Group is reporting an unchanged underlying operating result of SEK 10 M. The price increase on steel that occurred during the year has led to inventory gains of SEK 16 M and the operating result accordingly improved to SEK 26 M.

The cash flow continues to improve compared with the previous year. Seen over the past 12 months, SEK 112 M was generated from operating activities, which considerably reduced the company's net debt. It is also pleasing that the Group is showing positive net earnings for the second consecutive quarter.

Structural and organisational change

The structural process for the closure of unprofitable units that was begun in the second quarter is continuing according to plan. The operations in Slovakia and the production operations in Estonia are being closed and the sales of flat carbon steel and aluminium in the Czech market are being concluded. During the quarter, the sales of inventories concerned was finalized, and the number of employees was reduced. The affected employees have excellently contributed to a successful process. The restructuring, for which expenses of SEK -45 M were recognized in the first quarter, will be completed in 2016.

During the second quarter, a new Group structure and organisation based on the Group's business models was launched. As a result of this and the on-going restructuring of the Group's operations in the Czech Republic and Slovakia, the Group is now operating according to the structure set out below:



- Business area Sweden & Poland comprises the Group's operations in Sweden and Poland and is operated in two business units focused on distribution and production, respectively.
- Business area Finland & Baltics comprises the Group's operations in Finland and the Baltic States and are operated as three business units: Finland distribution, Baltics distribution and Finland production.

While the Group's operations in the Czech Republic and Slovakia are undergoing restructuring, these operations are reported under the Parent Company and Consolidated Items segment.

During the third quarter, work continued on implementing improvement measures linked to the new structure. Work of identifying synergies in production operations is under way together with the development of processes and refining the Group's offerings.

Outlook

Demand is expected to remain at the current level in the Group's primary markets. Delivered tonnage will be impacted negatively by the restructuring in the Czech Republic and Slovakia. Steel prices are expected to be in line with the third quarter until year-end.

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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/ukqsytzi>



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

Sweden: +46 8 505 564 74
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BE Group, listed on Nasdaq Stockholm, 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 730 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.