

BE Group Q2 2018 – Improved underlying operating result and cash flow

Second quarter

- Net sales increased by 14% to SEK 1,312 M (1,147).
- The underlying operating result increased to SEK 26 M (21).
- The underlying operating result and the operating result were affected by a provision for bad debt and inventory adjustment in the Baltics of SEK -12 M.
- The operating result also included items affecting comparability of SEK -16 M, no cash flow impact, related to the exit of the operation in Prerov, Czech Republic.
- Operating result increased to SEK 22 M (-13).
- Result after tax increased to SEK 7 M (-14).
- Cash flow from operating activities increased to SEK 17 M (-49).
- Earnings per share increased to SEK 0.54 (-1.03).

Statement from the CEO

During the second quarter of 2018, the Group delivered an underlying operating result that was 20 percent stronger than the same period in 2017. Adjusted for one-off costs in the Baltic operations of SEK -12 M during the quarter, the underlying operations result increased by 77 percent and amounted to SEK 38 M (21).

When excluding the measures taken in the Baltics and adding back items affecting comparability of SEK -16 M related to the exit of the remaining part of the operations in Prerov, Czech Republic, the result from the operating activities corresponds to SEK 50 M (29). The improvement is due to a mix of tonnage growth, price development, implemented improvement measures and a continuing focus on costs.

I can now confirm that we have reviewed all units and the employees have shown strong commitment and determination in this work. However, we remain focused on continuous improvements and still see potential in efficiency measures.

Tonnage and sales growth

Demand in our main markets remains strong. During the quarter, tonnage in business area Sweden & Poland grew by 14 percent and sales increased by 28 percent. In business area Finland & Baltics, the tough competition has continued, mainly in thin sheets, which constitutes a significant part of the business. In spite of this, the tonnage delivered increased by 2 percent during the quarter and net sales increased by 9 percent, compared to last year. The positive earnings trend compensates for a marginal increase in working capital during the quarter and led to positive cash flow in the period.

Structural and organisational change

As mentioned above, we have decided to make an exit from the remaining part of the business in Prerov, Czech Republic. The market situation has now led us to the end of the road for this operation. It is anticipated that the exit will be completed before year end.



Outlook

Demand and price trends are expected to remain strong in the company's main markets in the next quarters. Customs duties on steel and the announced European protective measures have led to continuing price increases. We strongly believe that our ongoing improvement measures will continue to strengthen the Group.

Anders Martinsson, President and CEO

For further information, please contact:

Anders Martinsson, President and CEO

tel.: +46 (0)706-21 02 22 e-mail: anders.martinsson@begroup.com

Daniel Fäldt, CFO

tel.: +46 (0)705-60 31 75 e-mail: daniel.faldt@begroup.com

On July 19, 2018, at 9:00 am, Anders Martinsson and Daniel Fäldt 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.

<https://edge.media-server.com/m6/p/owhup4ij>

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

Sweden:	+46 8 505 564 74
UK:	+44 20 336 453 74
US:	+1 855 753 22 30

This information is information that BE Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 7.45 am CET on July 19, 2018.

BE Group, which is 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 2017, the Group reported sales of SEK 4.3 billion. BE Group has approximately 700 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.