

BE Group Q3 2018 – Good growth and continued improved profitability

Third quarter

- Net sales increased by 15% to SEK 1,111 M (968).
- The underlying operating result increased to SEK 26 M (22).
- The operating result increased to SEK 33 M (19).
- Result after tax increased to SEK 23 M (9).
- Cash flow from operating activities amounted to SEK -10 M (97).
- Earnings per share increased to SEK 1.73 (0.72).

Statement from the CEO

In the third quarter, the business showed good growth and improved profitability compared to previous year, net sales increased by 15 percent. The underlying operating result improved by 22 percent, which is driven by organic tonnage growth, a favourable price trend, positive currency effects and continued profitability improvement in our production operations in Sweden and Poland. We also see that our focus on cost control combined with implemented structural measures is having an effect.

Steel prices that continued to increase during the quarter resulted in inventory gains of SEK 7 M, compared with inventory losses of SEK -3 M in the period previous year. Altogether, the operating result increased to SEK 33 M (19).

It is pleasing that we, after the period end, have reached an agreement with the landlord regarding maintenance of the warehouse in Malmö. As part of this, a new agreement with reduced rent is signed. The content of the agreement means that approximately SEK 4 M of the provision booked at the end of 2017 can be released in the fourth quarter of 2018.

Tonnage and sales growth

Demand in our main markets remains strong. During the quarter, business area Sweden & Poland showed tonnage growth of 8 percent and an increase in sales of 20 percent. In business area Finland & Baltics, the tough competition is continuing mainly in thin sheets, which is a significant part of the business, at the same time that we are seeing a somewhat declining demand in the Baltics. Despite this, net sales increased in the quarter by 14 percent compared to last year. A continued price increase and volume trend increased the working capital during the quarter, which was partially compensated by the positive results development. However, this development resulted in a negative cash flow in the period, which we are expecting to be corrected in the fourth quarter.

Outlook

Demand in the next quarter is expected to be strong in the company's main markets at the same time that the steel prices are expected to remain on the same level as those seen in the third quarter. Our ongoing improvement measures is continuing to strengthen the Group's profitability.

Anders Martinsson, President and CEO



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On October 23, 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/xch7euv6>

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

Sweden:	+46 8 505 564 74
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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.