

## BE Group Q4 2016 - Volume growth on main markets and improved operating result

- Net sales decreased by 3 percent, to SEK 953 M (981).
- Tonnage excluding operations under restructuring increased by 4 percent.
- The underlying operating result amounted to SEK -7 M (-12).
- The operating result improved to SEK 4 M (-17).
- The result after tax was SEK -2 M (-23).
- Earnings per share amounted to SEK -0.20.

### CEOs Message

We saw several positive signals from both the market and our internal work in the quarter. In general, the Distribution operations performed better than last year and showed improved results. In two of the Group's companies involved in project-related activities and advanced production the result trend was negative.

After several years of declining prices, which resulted in inventory losses, this year's upward price trend continued during the quarter, which led to inventory gains of SEK 11 M. This, together with an improved underlying performance, generated a positive operating result of SEK 4 M for the fourth quarter compared to SEK -17 M in the same period last year.

### *Tonnage and sales growth in our principal markets*

Sales growth of 12 percent in business area Finland & Baltics is a positive signal. For the year as a whole, growth in business area Sweden & Poland was not satisfactory and it is, therefore, gratifying to see an increase in tonnage for the last quarter of the year.

### *Restructuring in the Czech Republic and Slovakia progressing as planned*

The restructuring that was decided at the beginning of the year is almost completed. The work has progressed according to plan and at the estimated cost. The restructuring had a negative effect on consolidated net sales. During the fourth quarter, sales in the operations under restructuring decreased by SEK 70 M. The impact on sales will remain in the first half of 2017, when the cost savings will also reach their full effect.

### *Cash flow*

During the year, a cash flow of SEK 78 M was generated from operating activities. The majority of the improvement came from the result, and SEK 30 M has been released from working capital in the restructured operations. The positive cash flow has resulted in reduced net debt, which, in turn, will lead to continued lower financial expenses.

### *New Group structure and organization implemented*

During the year, the Group's structure has changed and now consists of two business



areas: Sweden & Poland, and Finland & Baltics, with a business focus on the Group's main markets. Within each business area, an organization has been built up with separate business units that focus on Distribution and Production, respectively. The purpose of this split is to obtain greater focus and increased transparency to more easily identify and implement improvements.

Distribution operations generally had a good year with improved underlying profitability, while the Production operations have a way to go before delivering satisfactory results. In particular, there was a negative operating result in two of the Group's companies, Lecor Ståltechnik and BE Group Produktion Eskilstuna, with a combined loss of SEK 12 M, which is SEK 8 M lower than in the same quarter last year. A number of measures taken in the second half of the year, to overcome the losses, have yet to take effect.

During the quarter, Daniel Fäldt was recruited as new CFO and member of Group Management. Daniel will take over as CFO in early March.

#### *Outlook*

Efforts to improve the Group's performance continue in many areas.

In our main markets we believe in a somewhat growing market in 2017. The price increase for steel products that we have seen during the year has provided a more sustainable situation. Current trade barriers, as well as anticipated future ones, make the market more regional, which should lead to a more stable price development.

We are continuing to work according to plan and market conditions are, after several years of negative growth, now brighter.

*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](mailto:anders.martinsson@begroup.com)

Andreas Karlsson, CFO

tel.: +46 (0)709-48 22 33

e-mail: [andreas.karlsson@begroup.com](mailto:andreas.karlsson@begroup.com)

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/9e3n7he2>

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

Sweden: +46 8 505 564 74  
UK: +44 20 336 453 73  
US: +1 855 753 22 30

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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 2016, the Group reported sales of SEK 3.9 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](http://www.begroup.com).*