

BE Group Q2 2017 – Continued and stable underlying operating result

- Net sales increased by 10 percent to SEK 1,147 M (1,047), and by 15 percent excluding operations under restructuring.
- The underlying operating result was at the same level as last year at SEK 21 M (21), despite fewer trading days.
- The quarter was affected by non-recurring items of SEK -42 M related to the closure of the operations in Eskilstuna, the write-down of goodwill in Lecor and the reversal of part of the write-down of the participation in the joint venture ArcelorMittal BE Group SSC AB.
- The operating result amounted to SEK -13 M (31).
- The result after tax was SEK -14 M (19).
- Cash flow from operating activities amounted to SEK -49 M (36), mainly due to an increase in working capital explained by timing effects and higher price levels.
- Earnings per average number of shares outstanding amounted to SEK -1.03 (1.47).

CEOs Message

In the second quarter of 2017, the effects of higher steel prices were observed. This has a positive effect on net sales, which rose by 15 percent compared with last year, excluding operations under restructuring. The underlying operating result was in line with last year at SEK 21 M (21), despite three fewer trading days. In addition to the increase in sales, the gradually rising prices gave inventory gains of SEK 8 M (10) during the quarter. The operating result, excluding non-recurring items of SEK -42 M, was in line with the same period last year at SEK 29 M (31).

Market demand has increased slightly. Sold tonnage, excluding operations under restructuring, was in line with the second quarter last year. Shipped tonnage for the first half of the year was 5 percent higher than last year, which is mainly attributable to Business Area Finland & Baltics.

Cash flow from operating activities in the second quarter amounted to SEK -49 M (36) and to SEK -12 M (87) for the first half of the year. The negative cash flow was largely generated by increased inventories and accounts receivable due to rising steel prices. The assessment is that cash flow will improve in the second half of 2017.

During the period, decisions were taken to write down goodwill in Lecor Stålteknik and to reverse part of the write-down in the joint venture that was made in 2015.

Structural and organizational change

The structural process for the discontinuation of unprofitable units in the Czech Republic and Slovakia that began last year has essentially been completed. The sale of a property in Ostrava was completed during the quarter and the liquidation of the company in Slovakia is in progress. The discontinuation of operations in Eskilstuna



is proceeding according to plan. The operating result was affected by non-recurring items of SEK -45 M in the quarter, in line with what was communicated at the end of May.

Outlook

Steel prices are expected to continue rising slightly in the second half of the year, while demand, with the effects of the vacation period in July and August taken into account, is expected to remain at the current level. The process of restructuring and improvement within the framework of the new organization is expected to progress as planned, gradually improving the Group's results compared to last year.

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On July 20, 2017, at 9:00 a.m. 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.

<http://edge.media-server.com/m/p/iy42954m>

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

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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 2016, the Group reported sales of SEK 3.9 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.