

BE Group Year-end Report 2017 – Continued improvement of underlying operating result and cash flow

Fourth quarter

- Net sales increased by 15 percent to SEK 1,095 M (953), 20 percent excluding operations under restructuring.
- The underlying operating result increased to SEK 9 M (-7).
- Operating result increased to SEK 5 M (4), including items affecting comparability of SEK -10 M (-).
- Result after tax was SEK -5 M (-2).
- Cash flow from operating activities increased to SEK 10 M (3).
- Earnings per share amounted to SEK -0.40 (-0.20).

Statement from the CEO

Comments on the period

The fourth quarter saw a tonnage growth totalling 5 percent and sales growth of 15 percent. Higher demand in our main markets and generally higher price levels are the main factors contributing to this positive trend. The underlying operating result in the fourth quarter, which is always the weakest quarter during the year, improved to SEK 9 M compared with SEK -7 M the previous year. The distribution units are improving and the production units, mainly Norrköping, are also developing strongly.

It is also pleasing that the discontinuation of the production unit in Eskilstuna went better than planned. I thank the team for their good effort.

After the third quarter, when the prices stabilized somewhat, the year's positive price trend continued, leading to inventory gains of SEK 6 M (11). Despite lower inventory gains and items affecting comparability of SEK -10 M (-) being charged to profit, a positive operating result of SEK 5 M is being presented for the fourth quarter compared with SEK 4 M last year.

It is also positive that cash flow from operating activities continued to improve and amounted to SEK 10 M (3) during the quarter. As a result, the balance sheet is increasingly stronger and net debt decreased further to SEK 478 M (562).

Tonnage and sales growth

I am particularly satisfied with the tonnage growth of 11 percent in business area Sweden & Poland during the fourth quarter. Finland & Baltics is in line with previous year but grew 4 percent for the full year.

For the year as a whole we have seen growth in both business areas which contributed to the sales growth of 20 percent for the quarter and 17 percent for the full year. Including operations under reconstructing, growth was 15 percent for the quarter and 12 percent for the full year.



Development of the company

The transformation of the company after several years of losses is continuing. Units with large losses in the Czech Republic, Slovakia and in Eskilstuna, Sweden have been closed and focus has been able to increasingly be placed on improving our units that serve Swedish and Finnish customers in the construction and manufacturing industries. Work on refining our customer offering together with strategic suppliers and optimizing our internal processes and equipment is continuing.

Outlook

Demand during the upcoming quarter is expected to remain strong in the company's main markets. At the same time steel prices are expected to remain at the same level as in the fourth quarter. On-going improvement measures together with the completed closure of unprofitable operations continue to strengthen the Group's profitability.

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 February 1, 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/fuknc6xi>

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

Sweden:	+46 8 505 564 74
UK:	+44 20 336 453 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.