

## BE Group Q3 2019

### Third quarter

- Net sales decreased by 12% to SEK 977 M (1,111)
- The underlying operating result amounted to SEK 13 M (26)
- The operating result amounted to SEK 14 M (33)
- Result after tax amounted to SEK 4 M (23)
- Cash flow from operating activities amounted to SEK -14 M (-10)
- Earnings per share amounted to SEK 0.30 (1.73)
- Peter Andersson started as CEO and President
- A new three-year credit agreement was signed
- Decision was taken regarding investments in production equipment in Norrköping and an extension of existing rental agreement

### Statement from the CEO

In the third quarter, the slowdown in demand, which also characterized the second quarter, continued in our business areas and net sales dropped by 12 percent compared to last year. The underlying operating result was halved mainly due to negative organic volume growth combined with some negative price and mix changes. The improved gross margin in the quarter could only partly compensate for this.

Steel prices that continued to be stable during the quarter meant inventory gains of SEK 1 M, compared with inventory gains of SEK 7 M in the same period last year. Altogether, the operating result decreased to SEK 14 M (33).

As an effect of the restructuring carried out last year, the average number of employees decreased by 3 percent. Other activities related to efficiency improvements have led to the strengthening of the gross margin by 0.4 percentage points during the quarter compared to last year.

### *Tonnage and sales growth*

During the quarter, we had a 12 percent negative tonnage growth in business area Sweden & Poland and a sales decline by 14 percent as a result of declining demand from both the construction and manufacturing industry.

In business area Finland & Baltics the tough competition continues combined with negative signals from the large OEM customers in Finland. Meanwhile, we see lower activity in the Baltic markets. This led to a negative tonnage growth by 10 percent and a sales decrease by 9 percent compared with the same quarter in the previous year. The lower operating result could not be fully compensated by lower working capital, which resulted in a negative cash flow during the period.

### *Efficiency improvements and investments*

We see an economic downturn and focus ahead is on efficiency improvements and taking market shares. The investments in Norrköping give us an opportunity to gain strength and to be even more competitive.

*Peter Andersson, President and CEO*



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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 manufacturing industries. In 2018, the Group reported sales of SEK 4.8 billion. BE Group has approximately 670 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).*