

## BE Group Year-end report 2020

### Fourth quarter

- Net sales decreased by 11% to SEK 875 M (984)
- The underlying operating result increased to SEK 12 M (9)
- The operating result increased to SEK 18 M (8)
- Result after tax increased to SEK 13 M (7)
- Cash flow from operating activities increased to SEK 152 M (85)
- Earnings per share increased to SEK 1.06 (0.57)

### Statement from the CEO

The weaker demand that characterised the whole year continued in the final quarter and net sales decreased by 11%. However, in recent months, we have hopefully seen a break in the trend and in December, for the first time during the year, we had net sales that were higher than last year. Despite lower sales during the quarter, the underlying operating result increased to SEK 12 M (9). This is the result of a higher gross margin in virtually all of the companies combined with good cost control.

Rising steel prices during the quarter resulted in an inventory gain of SEK 6 M, compared with an inventory loss of SEK 1 M the same period last year, and the operating result amounted to SEK 18 M. Good control of working capital resulted in a cash flow from operating activities of SEK 152 M (85).

### *Continued recovery*

We are now seeing a gradual market recovery combined with rising material prices. In the main markets, the recovery is clear in the manufacturing industry while the construction industry is back to levels in line with the previous year. However, what will happen in 2021 as a result of Covid-19 and its development is still difficult to predict. What I do know is that BE Group will handle the situation, with a focus on customers, hard work and a belief in our basic idea and readiness to quickly shift gears both up and down.

### *Steel price development*

The background to rising steel prices is a strong economy in Asia during 2020 with China as the net importer of steel for the first time in many years. Halfway through the year, the demand for automotive related products increased in Europe but by then, producers were cautious of building up their capacity. The alternative, to meet European demands with imported steel, was not possible since the outside world had stronger demands and willingness to pay a significantly higher price.

With a limited availability and increasing lead times, customers started to accept rising prices during the autumn. By the end of 2020, the demand for steel accelerated further, and despite an increase in production capacity in Europe, we now see a shortage in several types of material, mainly automotive related. The shortage has led to rapid and large price increases in steel as well as raw material by the end of 2020 and the beginning of 2021.



### *Future outlook*

We continue to focus on building a good company with a solid foundation for the future. Major projects, such as the investment in Norrköping, the centralization of warehouse and production operations to Norrköping together with the closure of the warehouse in Malmö, have been completed and will have a positive impact on 2021. The restructuring in the Baltics is running according to plan and our e-commerce portal will have a pre-launch at the end of the first quarter with a full launch in the second quarter. In the fourth quarter, we also decided to broaden and increase our offering of laser-cut sheet metal in Finland through further investment in a state-of-the-art fiber laser.

In addition to the above, a lot is now about the fact that we must continuously and repeatedly implement small improvements in every part of the company. It is my absolute belief that our staff, with their commitment, persistence and flexibility, are ready to take on this task.

*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 2020, the Group reported sales of SEK 3.7 billion. BE Group has approximately 630 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).*