

BE Group Q2 2021

Second quarter

- Net sales increased to SEK 1,403 M (935)
- The underlying operating result increased to SEK 133 M (28)
- Inventory gains and losses amounted to SEK 25 M (-2) and items affecting comparability to SEK 0 M (-5)
- The operating result increased to SEK 158 M (21)
- Result after tax increased to SEK 127 M (18)
- Cash flow from operating activities amounted to SEK 81 M (95)
- Earnings per share increased to SEK 9.74 (1.34)

Statement from the CEO

After last year's decline in the second and third quarters, demand gradually began increasing at the end of the year. An increase that continued in 2021 and which, combined with rising steel prices and increased gross margins, means that BE Group provided very strong earnings for the second quarter. The underlying operating margin amounted to 9.5 percent and is the best since the stock exchange listing in 2006.

Sales in the second quarter increased by 50 percent and the underlying operating result ended up at SEK 133 M (28). Sales for the first half of the year increased by 22 percent and the underlying operating result increased to SEK 201 M (70).

Steel prices are continuing to rise and led to inventory gains of SEK 25 M, compared with an inventory loss of SEK -2 M in the same period last year, and the operating result increased to SEK 158 M (21). For the first half of the year, inventory gains amounted to SEK 43 M (-13) and the operating result was SEK 244 M (17). In this context, it should be noted that the operating result in the first half of 2020 was charged with items affecting comparability of SEK -40 M concerning the centralization of the warehouse and production to Norrköping as well as the restructuring project in the Baltics.

Continued recovery

The market is continuing to recover and material prices that rose quickly and by a lot at the end of last year have continued to improve during both the first and second quarter. In our main markets, the recovery is clear in both the construction and manufacturing industry.

In terms of tonnage, the first half of the year is in line with 2019 and 7 percent below 2018 so there is definitely room for further recovery. More and more people are getting vaccinated and the hope is that the pandemic is beginning to near its end, but some uncertainty remains about how it may affect development in the future.

Steel price trend

Steel prices will continue to rise in the third quarter and possibly even the fourth quarter. Analyst firms have constantly been moving back their forecasts of when the peak will be



reached. Demand is expected to be high in the coming year and a higher price level is supported by continued protective duties. The transition to sustainable production of steel will also demand a more sustainable price situation for the steel producers.

Future outlook

Records are made to be celebrated, and we will, but records are also made to be broken. We are tirelessly continuing to build a stable company that is profitable in the long term. Focus continued to be working on smaller and recurring improvements in every part of the company. In some cases, this involves digging where we stand and in some cases, it's about raking gently. The primary aim is nonetheless to improve the customers' experience of doing business with us. Among other things, this is about sustainability, expertise, delivery reliability, offering and availability, put simply a good customer experience.

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BE Group AB (publ), 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.