



BE GROUP

INTERIM REPORT BE Group AB (publ)

January – September 2018

Good growth and continued improved profitability

Third quarter 2018

- Net sales increased by 15% to SEK 1,111 M (968).
- The underlying operating result increased to SEK 26 M (22).
- The operating result increased to SEK 33 M (19).
- Result after tax increased to SEK 23 M (9).
- Cash flow from operating activities amounted to SEK -10 M (97).
- Earnings per share increased to SEK 1.73 (0.72).

The first nine months of 2018

- Net sales increased by 12% to SEK 3,649 M (3,253).
- The underlying operating result increased to SEK 100 M (73).
- Operating result increased to SEK 110 M (52).
- Result after tax increased to SEK 69 M (29).
- Cash flow from operating activities amounted to SEK 6 M (85).
- Earnings per share increased to SEK 5.30 (2.27).

Results overview	2018 Jul-Sep	2017 Jul-Sep	Change	2018 Jan-Sep	2017 Jan-Sep	Change
Tonnage, thousands of tonnes	84	82	2	284	274	10
Net sales, SEK M	1,111	968	143	3,649	3,253	396
Underlying operating result, SEK M	26	22	4	100	73	27
Operating result, SEK M	33	19	14	110	52	58
Profit/loss for the period, SEK M	23	9	14	69	29	40
Earnings per share, SEK ¹⁾	1.73	0.72	1.01	5.30	2.27	3.03
Cash flow from operating activities, SEK M	-10	97	-107	6	85	-79

¹⁾ Based on the average number of shares.

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 manufacturing and construction industries. 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.



BE Group is on the right track

Statement from the CEO

In the third quarter, the business showed good growth and improved profitability compared to previous year, net sales increased by 15 percent. The underlying operating result improved by 22 percent, which is driven by organic tonnage growth, a favourable price trend, positive currency effects and continued profitability improvement in our production operations in Sweden and Poland. We also see that our focus on cost control combined with implemented structural measures is having an effect.

Steel prices that continued to increase during the quarter resulted in inventory gains of SEK 7 M, compared with inventory losses of SEK -3 M in the period previous year. Altogether, the operating result increased to SEK 33 M (19).

It is pleasing that we, after the period end, have reached an agreement with the landlord regarding maintenance of the warehouse in Malmö. As part of this, a new agreement with reduced rent is signed. The content of the agreement means that approximately SEK 4 M of the provision booked at the end of 2017 can be released in the fourth quarter of 2018.

Tonnage and sales growth

Demand in our main markets remains strong. During the quarter,

business area Sweden & Poland showed tonnage growth of 8 percent and an increase in sales of 20 percent. In business area Finland & Baltics, the tough competition is continuing mainly in thin sheets, which is a significant part of the business, at the same time that we are seeing a somewhat declining demand in the Baltics. Despite this, net sales increased in the quarter by 14 percent compared to last year. A continued price increase and volume trend increased the working capital during the quarter, which was partially compensated by the positive results development. However, this development resulted in a negative cash flow in the period, which we are expecting to be corrected in the fourth quarter.

Outlook

Demand in the next quarter is expected to be strong in the company's main markets at the same time that the steel prices are expected to remain on the same level as those seen in the third quarter. Our ongoing improvement measures is continuing to strengthen the Group's profitability.

Anders Martinsson
President and CEO

Bridge 2017-2018 operating result SEK M	Q1	Q2	Q3	Q4	Jan-Sep
Operating result 2017	46	-13	19	5	52
Reversal of inventory gains (-)/losses (+)	-16	-8	3	-6	-21
Items affecting comparability	-	42	-	10	42
Underlying operating result 2017	30	21	22	9	73
Change in sales	13	22	20	-	55
Change in underlying gross margin	4	-7	-11	-	-14
Change in overhead costs	1	-10	-5	-	-14
Underlying operating result 2018	48	26	26	-	100
Reversal of inventory gains (+)/losses (-)	7	12	7	-	26
Items affecting comparability	-	-16	-	-	-16
Operating result 2018	55	22	33	-	110

The "change in underlying gross margin" and "change in overhead costs" have been impacted by a total of SEK -12 M due to a provision for an anticipated bad debt and adjustment of inventory in the Baltics during Q2 2018.

Items affecting comparability in Q2 2018 is related to the exit of the operations in Prerov, Czech Republic, SEK -9 M is affecting the Group's consolidated statement of comprehensive income while SEK -7 M refers to translation differences from previous fiscal years.

Comments on the report

Third quarter

The Group's consolidated net sales increased by 15 percent during the period compared to last year and amounted to SEK 1,111 M (968). The increase is explained by an organic growth of 4 percent, positive price and mix effects of 6 percent and currency effects of 5 percent. The positive price effect is due to higher steel prices compared to last year.

Gross profit increased to SEK 151 M (134), with a gross margin in line with last year of 13.6 percent (13.8). Operating result increased to SEK 33 M (19), corresponding to an operating margin of 3.0 percent (2.0). Adjusted for inventory gains of SEK 7 M (-3), the underlying operating result amounted to SEK 26 M (22). The underlying operating margin during the period amounted to 2.4 percent (2.2).

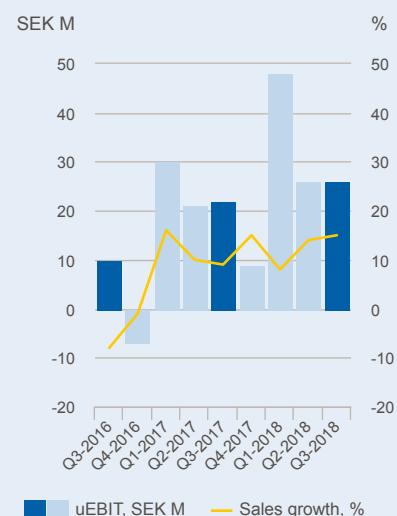
First nine months

During the first nine months, the Group's net sales increased by 12 percent compared to last year and amounted to SEK 3,649 M (3,253). Tonnage in business area Sweden & Poland exceeded last year by 9 percent, while Finland & Baltics delivered 1 percent less than last year. Higher average steel prices and mix effects had a positive impact of 5 percent on net sales. The price trend also led to inventory gains of SEK 26 M (21).

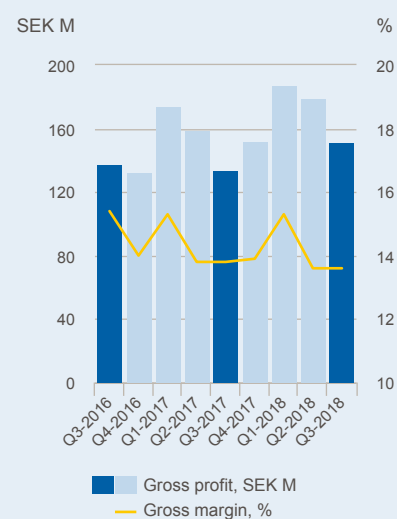
Gross profit amounted to SEK 517 M (467), with a gross margin of 14.2 percent (14.4). The operating result was impacted by one-off costs of SEK -28 M (-42) relating to the plan for exit of the remaining unprofitable operation in Prerov, Czech Republic, and adjustment of inventory and bad debt in the Baltics.

The operating result increased to SEK 110 M (52) which is mainly explained by maintained gross margin at the same time as we have grown organically from a tonnage perspective by 4 percent and increased net sales by 12 percent. Sales and administration costs are at the same level as last year. Adjusted for items affecting comparability and inventory gains and losses, the underlying operating result increased to SEK 100 M (73). Operating margin amounted to 3.0 percent (1.6) and the underlying operating margin amounted to 2.7 percent (2.2).

THE GROUP'S SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



THE GROUP'S GROSS MARGIN AND GROSS PROFIT PER QUARTER





The business area includes the Group's operations in Sweden consisting of the companies BE Group Sverige and Lecor Stålteknik, as well as the Polish operation BE Group Poland.

Third quarter

Net sales increased by 20 percent in the third quarter compared to last year and amounted to SEK 543 M (454). The operating result improved to SEK 19 M (15). Adjusted for inventory gains and losses of SEK 4 M (-2) the underlying operating result decreased to SEK 15 M (16).

The distribution business in Sweden generated a weaker underlying operating result compared with the previous year. The volume increased, but our joint venture with Arcelor Mittal generated weaker results at the same time that we have seen some price pressure on long products and reinforcement. The production business in Sweden & Poland showed good development and delivered an improved underlying operating result. Volume growth led to better capacity utilization. Positive price and mix effects also contributed to the development.

First nine months

Net sales increased by 22 percent in the first nine months compared with last year and amounted to SEK 1,869 M (1,526). Operating result amounted to SEK 93 M (72). Adjusted for inventory gains and losses of SEK 15 M (10) and items affecting comparability, the underlying operating result amounted to SEK 78 M (58). The result has strengthened mainly due to continuous improvement measures in the production site in Norrköping and in Lecor. Tonnage increased by 9 percent compared to the same period in 2017.

BUSINESS AREA SWEDEN & POLAND, SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER*



*BE Group Produktion Eskilstuna has been reported under Parent Company and Group items since the fourth quarter of 2017. Comparative numbers have been restated.



BUSINESS AREA FINLAND & BALTICS

The business area includes the Group's operations in Finland and the three Baltic States.

Third quarter

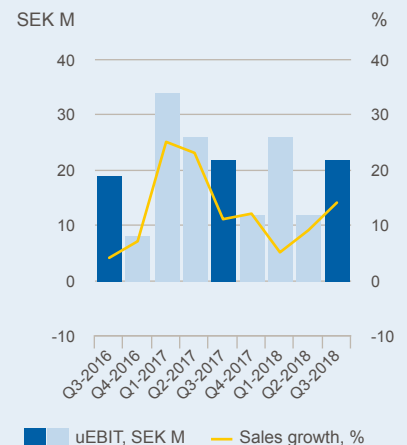
Compared with the third quarter previous year, net sales were 14 percent higher and amounted to SEK 559 M (489). The tonnage was in line with previous year and higher steel prices, on average, and mix effects contributed to the higher sales. The operating result improved to SEK 26 M (23), primarily due to inventory gains of SEK 4 M (-). Adjusted for this effect, the underlying operating result decreased to SEK 22 M (23).

The distribution business in Finland delivered a result in line with previous year in the period despite a lower tonnage volume and margin as a result of the development in thin sheets. The production business in Finland showed higher net sales while volume, gross margin and result were in line with previous year.

First nine months

Net sales for the first nine months increased by 9 percent compared with previous year, amounting to SEK 1,753 M (1,604). The operating result decreased to SEK 73 M (90) and, adjusted for inventory gains, the underlying operating result decreased to SEK 61 M (79). The decrease is mainly attributable to the provision for an anticipated bad debt and adjustment of inventory in the Baltics of SEK -12 M that impacted the second quarter. In addition to this, the distribution business is still affected by price pressure on thin sheets in the Finnish market, which had a negative effect on gross margin. Tonnage decreased by 1 percent compared with the same period in 2017.

BUSINESS AREA FINLAND & BALTICS SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



Parent Company & consolidated items

Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring (BE Group Czech Republic, BE Group Slovakia, BE Group Produktion Eskilstuna and RTS Estonia). BE Group Produktion Eskilstuna has been reported under Parent Company and Group items since the fourth quarter of 2017. Comparative numbers have been restated.

The restructuring of these operations, approved by the Board of BE Group partly in the first quarter of 2016 and partly in the second quarter of 2017, are completed. The exit from remaining business in Prerov, Czech Republic, is ongoing. In total, the operations under restructuring had sales of SEK 14 M (29) in the third quarter with an underlying operating result of SEK 0 M (-5). For the first nine months, net sales amounted to SEK 43 M (137) and the underlying operating result to SEK 0 M (-24).

Third quarter sales in the Parent Company, BE Group AB (publ), which consist of intra-Group services, amounted to SEK 27 M (12). Operating result amounted to SEK 13 M (-1).

Net financial items in the first nine months amounted to SEK 7 M (29). Profit before tax increased to SEK 46 M (24) and profit after tax was SEK 40 M (26). Investments in the Parent Company amounted to SEK 1 M (-). At the end of the period, cash and equivalents in the Parent Company amounted to SEK 41 M (123).

Group

Net financial items and tax

The Group's consolidated net financial items in the third quarter amounted to SEK -3 M (-6), of which net interest accounted for SEK -3 M (-4). Net financial items for the first nine months amounted to SEK -12 M (-17) and net interest was SEK -9 M (-13). On an annual basis, consolidated net interest corresponded to 2.5 percent (3.2) of average interest-bearing net debt.

Taxes for the third quarter amounted to SEK -8 M (-4). Profit after tax increased to SEK 23 M (9) and amounted to SEK 69 M (29) for the first nine months including items affecting comparability and one-off costs of SEK -28 M (-42).

Cash flow

The Group's consolidated working capital amounted to SEK 617 M (480) at the end of the period and the average working capital tied-up for the third quarter was 13.4 percent (13.8). Cash flow from operating activities amounted to SEK -10 M (97) during the quarter and SEK 6 M (85) for the first nine months. Cash flow from investing activities was SEK -11 M (19) for the third quarter and SEK -22 M (14) for the first nine months. Cash flow after investments therefore amounted to SEK -21 M (116) in the third quarter and SEK -16 M (99) for the first nine months.

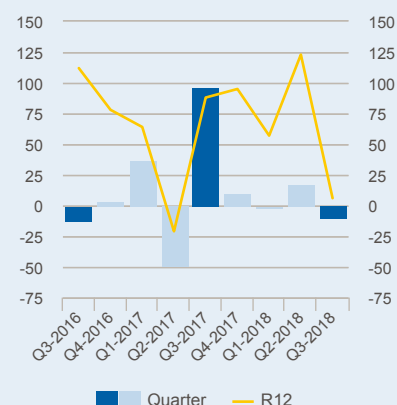
Financial position and liquidity

At the end of the period, consolidated cash and cash equivalents, including overdraft facilities, amounted to SEK 137 M (234) and the consolidated interest-bearing net debt was SEK 513 M (465). Equity amounted to SEK 882 M (801) at the end of the period and the net debt/equity ratio amounted to 58 percent (58).

Organization, structure and employees

The number of employees decreased to 665 compared with 703 at the same time in the previous year. The decrease is mainly due to the restructuring done last year. The average number of employees during the third quarter amounted to 665 (709).

THE GROUP'S CASH FLOW FROM OPERATING ACTIVITIES, SEK M



Other information

Significant events after the end of the period

After the period end, an agreement has been reached with the landlord regarding maintenance of the warehouse in Malmö. As part of this, a new agreement with reduced rent is signed. The content of the agreement means that approximately SEK 4 M of the provision booked at the end of 2017 can be released in the fourth quarter of 2018.

No other significant events have taken place after the end of the period.

Transactions with related parties

No transactions took place between BE Group and related parties that had a material impact on the company's financial position and results.

Annual General Meeting 2019

BE Group's Annual General Meeting will take place on April 25, 2019, at 3:00 p.m. in Malmö, Sweden. Further information will be published on the company's website.

Significant risks and uncertainties

The financial risk exposure is explained in the 2017 Annual Report, which was published in March 2018. No new significant risks or uncertainties have arisen since that date.

Accounting principles

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's interim report is prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Refer to the 2017 Annual Report for details of the Group's accounting principles and definitions of certain terms. The principles applied are unchanged in relation to the Annual Report with addition of the new accounting principles IFRS 9 and IFRS 15 that have entered into effect on January 1, 2018. These have been applied and in accordance with the assessment done during 2017 they have not had any major impact on the financial reporting. The information in the interim report have been adapted to the new standards.

In January 2016, IASB published a new leasing standard that will replace IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, are recognised in the balance sheet. The standard is applicable to financial years that begin on or after January 1, 2019.

Transition method

As a lessee, the Group can choose to apply the standard either:

- retroactively; or
- with a modified retroactive approach

The selected method is applied to all leases.

The Group plans to apply the modified retroactive approach, which means that the accumulated effect of the transition to IFRS 16 will be recognized in the retained earnings in the opening balance at 1 January 2019. No comparative figures will be restated.

Relief rules

The Group plans to apply the following relief rules:

- The definition of what is viewed as leases according to IAS 17 and IFRIC 4 is used for all leases entered into before 1 January 2019
- Leases with a leasing term of 12 months or less and leases for which the underlying asset has a low value have not been included in the leasing liability and leasing asset
- Non-leasing components in all leases have been included in the leasing fee

Preliminary analysis

A preliminary analysis shows that premises rental agreements contracted by the Group's subsidiaries will reach an essential part of the total leasing asset.

In addition, the preliminary analysis indicates that the transition to IFRS 16 has a significant effect on the Group's total assets. As at 31 December 2017, the Group's future undiscounted minimum lease payments and non-cancellable operating leases amount to approximately SEK 700 M.

In 2019, the transition to IFRS 16 is expected to affect EBITDA and EBIT positively at the same time that the effect on result after tax is expected to be negative.

Future information

Future reporting dates

BE Group AB (publ) intends to publish financial information on the following dates:

- The year-end report for 2018 will be published on January 31, 2019.
- The Annual Report for 2018 will be available in late March/beginning of April 2019.
- The Interim Report for January–March 2019 will be published on April 25, 2019.

Financial information is available in Swedish and English from BE Group's website and can be ordered by phone +46 (0) 40 38 42 00 or e-mail: info@begroup.com

Malmö, October 23, 2018

BE Group AB (publ)

Anders Martinsson

President and CEO

Questions concerning this report may be directed to:

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

BE Group AB (publ), Box 225, 201 22 Malmö, Sweden; Street address: Krangatan 4B

Corp. Reg. No: 556578-4724, Tel: +46 (0)40 38 42 00, Fax: +46 (0)40 38 41 11

info@begroup.com, www.begroup.com

This report has been reviewed by the company's auditors.

This information is information that BE Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above at 7.45 a.m. CET on October 23, 2018.

Aditor's report

Interim report prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act

Introduction

We have reviewed the condensed interim financial information (interim report) of BE Group AB (publ) as of 30 September 2018 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 23 2018

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant
Auditor-in-Charge

Tomas Hilmarsson

Authorized Public Accountant

Condensed consolidated income statement

(SEK M)	Note	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Net sales		1,111	968	3,649	3,253	4,348	4,744
Cost of goods sold	1	-960	-834	-3,132	-2,786	-3,729	-4,075
Gross profit		151	134	517	467	619	669
Selling expenses	1	-92	-89	-304	-293	-395	-406
Administrative expenses	1	-28	-26	-89	-90	-123	-122
Other operating income and expenses	2	2	-1	-17	-42	-55	-30
Participation in joint venture		0	1	3	10	11	4
Operating profit/loss		33	19	110	52	57	115
Financial items		-2	-6	-11	-17	-23	-17
Profit/loss before tax		31	13	99	35	34	98
Tax		-8	-4	-30	-6	-10	-34
Profit/loss for the period		23	9	69	29	24	64
Earnings per share ¹⁾		1.73	0.72	5.30	2.27	1.87	4.90
Earnings per share before and after dilution ¹⁾		1.73	0.72	5.30	2.27	1.87	4.90

¹⁾ Refers to the average number shares.

Consolidated statement of comprehensive income

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Profit/loss for the period	23	9	69	29	24	64
Other comprehensive income						
Items that have, or may be, reclassified to profit/loss for the period						
Translation differences	-8	-6	25	0	16	41
Hedging of net investments in foreign subsidiaries	5	5	-18	1	-12	-31
Tax attributable to items in other comprehensive income	-1	-1	4	0	3	7
Total other comprehensive income	-4	-2	11	1	7	17
Comprehensive income for the period	19	7	80	30	31	81

Condensed consolidated balance sheet

(SEK M)	Note	2018 Sep 30	2017 Sep 30	2017 Dec 31
Goodwill		563	545	552
Other intangible assets		9	12	11
Tangible assets		115	103	115
Investment in joint venture		116	117	117
Financial assets		0	0	0
Deferred tax assets		50	70	56
Total non-current assets		853	847	851
Inventories		719	604	599
Accounts receivable		664	602	489
Other receivables		46	43	35
Cash and equivalents		57	134	61
Total current assets		1,486	1,383	1,184
Total assets	3	2,339	2,230	2,035
Equity		882	801	802
Non-current interest-bearing liabilities		544	538	519
Provisions		0	0	0
Deferred tax liability		45	43	43
Total non-current liabilities		589	581	562
Current interest-bearing liabilities		25	61	20
Accounts payable		641	593	479
Other current liabilities		171	176	152
Other current provisions		31	18	20
Total current liabilities		868	848	671
Total equity and liabilities	3	2,339	2,230	2,035

Condensed consolidated cash-flow statement

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Operating result	33	19	110	52	57	115
Adjustment for non-cash items	10	1	44	57	63	50
- of which, amortization/depreciation	9	3	28	72	74	30
- of which, other items	1	-2	16	-15	-11	20
Interest paid/received and other financial items	-3	-6	-9	-16	-21	-14
Income tax paid	-5	-5	-16	-18	-19	-17
Change in working capital	-45	88	-123	10	15	-118
Cash flow from operating activities	-10	97	6	85	95	16
Investments in intangible assets	0	0	-1	0	0	-1
Investments in tangible assets	-12	-6	-25	-11	-22	-36
Divestments of tangible assets	0	25	2	25	27	4
Other cash flow from investing activities	1	0	2	0	0	2
Cash flow after investments	-21	116	-16	99	100	-15
Cash flow from financing activities	27	5	9	7	-69	-67
Cash flow for the period	6	121	-7	106	31	-82
Exchange-rate difference in cash and equivalents	0	-1	3	0	3	6
Change in cash and equivalents	6	120	-4	106	34	-76

Condensed statement of changes in equity

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Equity at beginning of period	863	794	802	771	771	801
Comprehensive income for the period	19	7	80	30	31	81
Equity at end of period	882	801	882	801	802	882

Note 1 Amortizations and depreciations

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Amortization of intangible assets	2	2	6	7	8	7
Depreciation of tangible assets	7	8	22	26	33	29
Total amortizations and depreciations	9	10	28	33	41	36

Note 2 Items affecting comparability

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Restructuring expenses	-	-	-16	-18	-28	-26
Write-down of tangible assets	-	-	-	-4	-4	-
Write-down of intangible assets	-	-	-	-1	-1	-
Write-down of current assets	-	-	-	-22	-22	-
Reversal of write-down of participation in joint venture	-	-	-	20	20	-
Write-down of goodwill	-	-	-	-17	-17	-
Total items affecting comparability	-	-	-16	-42	-52	-26

Note 3 Valuation of financial assets and liabilities

In all material respects fair value coincides with the carrying amount in the balance sheet for financial assets and liabilities.

The assessment of the fair value of the financial assets has been carried out in accordance with level 2 as defined by IFRS 7.27 A, with the exception of cash and equivalents, which are valued in accordance with level 1. For additional information, see Note 31 in the 2017 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

Segment reporting

Net sales per segment ¹⁾

Per segment (SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	543	454	1,869	1,526	2,094	2,437
Finland & Baltics	559	489	1,753	1,604	2,114	2,263
Parent Company and consolidated items	9	25	27	123	140	44
Group	1,111	968	3,649	3,253	4,348	4,744

Per product group (SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Long steel Products	384	329	1,267	1,056	1,436	1,647
Flat steel Products	431	377	1,417	1,255	1,673	1,835
Stainless steel	209	173	668	621	801	848
Aluminium	56	50	176	156	212	232
Other	31	39	121	165	226	182
Group	1,111	968	3,649	3,253	4,348	4,744

By country based on customer´s domicile (SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden	530	465	1,837	1,601	2,170	2,406
Finland	481	411	1,472	1,332	1,756	1,896
Other	100	92	340	320	422	442
Group	1,111	968	3,649	3,253	4,348	4,744

Shipped tonnage per segment (thousands of tonnes)

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	40	37	138	127	172	183
Finland & Baltics	45	44	146	147	191	190
Parent Company and consolidated items	-1	1	0	0	0	0
Group	84	82	284	274	363	373

Operating result (EBIT) per segment ¹⁾

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	19	15	93	72	78	99
Finland & Baltics	26	23	73	90	105	88
Parent Company and consolidated items	-12	-19	-56	-110	-126	-72
Group	33	19	110	52	57	115

Operating margin per segment ¹⁾

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	3.5%	3.2%	5.0%	4.7%	3.7%	4.1%
Finland & Baltics	4.6%	4.6%	4.1%	5.6%	5.0%	3.9%
Parent Company and consolidated items	neg	neg	neg	neg	neg	neg
Group	3.0%	2.0%	3.0%	1.6%	1.3%	2.4%

Underlying operating result (uEBIT) per segment ^{1) 2)}

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	15	16	78	58	72	92
Finland & Baltics	22	23	61	79	89	71
Parent Company and consolidated items	-11	-17	-39	-64	-79	-54
Group	26	22	100	73	82	109

Underlying operating margin per segment ^{1) 3)}

	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	2.8%	3.6%	4.2%	3.8%	3.4%	3.8%
Finland & Baltics	4.0%	4.8%	3.5%	4.9%	4.2%	3.2%
Parent Company and consolidated items	neg	neg	neg	neg	neg	neg
Group	2.4%	2.2%	2.7%	2.2%	1.9%	2.3%

Depreciation per segment ¹⁾

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	4	3	10	11	14	13
Finland & Baltics	4	4	13	12	16	17
Parent Company and consolidated items	1	3	5	10	11	6
Group	9	10	28	33	41	36

Investments in tangible and intangible assets per segment ¹⁾

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Sweden & Poland	1	3	10	5	10	15
Finland & Baltics	10	3	15	6	12	21
Parent Company and consolidated items	1	0	1	0	0	1
Group	12	6	26	11	22	37

¹⁾ BE Group Eskilstuna is reported under Parent Company and consolidated items since the fourth quarter of 2017. Comparative numbers have been restated.

²⁾ Operating profit/loss (EBIT) adjusted for inventory gains and losses and items affecting comparability. Inventory gains and losses are the differences between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost. The Group's internal model is used to calculate inventory gains and losses and has not been subject for review by the Group's auditor.

³⁾ Underlying operating result (uEBIT) as a percentage of net sales.

Key data

(SEK M unless otherwise stated)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Net sales	1,111	968	3,649	3,253	4,348	4,744
Earnings measurements						
Gross result	151	134	517	467	619	669
Underlying gross result	145	136	492	451	596	637
Operating result (EBIT)	33	19	110	52	57	115
Underlying operating result (uEBIT)	26	22	100	73	82	109
Margin measurements						
Gross margin	13.6%	13.8%	14.2%	14.4%	14.2%	14.1%
Underlying gross margin	13.0%	14.0%	13.5%	13.9%	13.7%	13.4%
Operating margin	3.0%	2.0%	3.0%	1.6%	1.3%	2.4%
Underlying operating margin	2.4%	2.2%	2.7%	2.2%	1.9%	2.3%
Capital structure						
Net debt	513	465	513	465	478	513
Net debt/equity ratio	58%	58%	58%	58%	60%	58%
Working capital at end of period	617	480	617	480	492	617
Working capital (average)	596	534	560	519	514	544
Capital employed (average)	1,431	1,397	1,399	1,381	1,373	1,400
Working capital tied-up	13.4%	13.8%	11.5%	12.0%	11.8%	11.5%
Return						
Return on capital employed	9.4%	5.4%	10.5%	5.0%	4.2%	8.3%
Per share data						
Earnings per share (SEK) ¹⁾	1.73	0.72	5.30	2.27	1.87	4.90
Earnings per share after dilution (SEK) ¹⁾	1.73	0.72	5.30	2.27	1.87	4.90
Equity per share (SEK)	67.92	61.70	67.92	61.70	61.77	67.92
Cash flow from operating activities per share (SEK) ¹⁾	-0.74	7.48	0.47	6.57	7.35	1.25
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution ¹⁾	12,983	12,983	12,983	12,983	12,983	12,983
Growth						
Sales growth	15%	9%	12%	12%	12%	13%
– of which organic tonnage growth	4%	1%	4%	-5%	-3%	4%
– of which price and mix changes	6%	8%	5%	16%	14%	6%
– of which currency effects	5%	0%	3%	1%	1%	3%
Other						
Average number of employees	665	709	667	709	700	674
Inventory gains and losses	7	-3	26	21	27	32
Shipped tonnage (thousands of tonnes)	84	82	284	274	363	373

¹⁾ Refers to average number of shares.

Condensed parent company income statement

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Net sales	27	12	79	36	92	135
Administrative expenses	-14	-13	-41	-41	-54	-54
Other operating income and expenses	0	0	1	0	0	1
Operating profit/loss	13	-1	39	-5	38	82
Financial items	4	4	7	29	-22	-44
Profit/loss after financial items	17	3	46	24	16	38
Appropriations	-	-	-	-	-16	-16
Profit/loss before tax	17	3	46	24	0	22
Tax	-5	-1	-6	2	-1	-9
Profit/loss for the period, or comprehensive income for the period	12	2	40	26	-1	13

Condensed parent company balance sheet

(SEK M)	2018 Sep 30	2017 Sep 30	2017 Dec 31
Intangible assets	2	9	8
Tangible assets	1	0	0
Financial assets	1,011	1,035	1,016
Total non-current assets	1,014	1,044	1,024
Current receivables	198	175	213
Cash and equivalents	41	123	44
Total current assets	239	298	257
Total assets	1,253	1,342	1,281
Equity	597	584	557
Non-current liabilities	532	529	512
Current liabilities	124	229	212
Total equity and liabilities	1,253	1,342	1,281

Key data – multi-quarter summary

(SEK M unless otherwise stated)	2018 Jul-Sep	2018 Apr-Jun	2018 Jan-Mar	2017 Oct-Dec	2017 Jul-Sep	2017 Apr-Jun	2017 Jan-Mar	2016 Oct-Dec	2016 Jul-Sep
Net sales	1,111	1,312	1,226	1,095	968	1,147	1,138	953	892
Earnings measurements									
Gross result	151	179	187	152	134	159	174	133	138
Underlying gross result	145	167	180	145	136	152	163	124	123
Operating result (EBIT)	33	22	55	5	19	-13	46	4	26
Underlying operating result (uEBIT)	26	26	48	9	22	21	30	-7	10
Margin measurements									
Gross margin	13.6%	13.6%	15.3%	13.9%	13.8%	13.8%	15.3%	14.0%	15.4%
Underlying gross margin	13.0%	12.8%	14.7%	13.2%	14.0%	13.2%	14.3%	13.0%	13.8%
Operating margin	3.0%	1.6%	4.5%	0.5%	2.0%	-1.1%	4.0%	0.4%	2.9%
Underlying operating margin	2.4%	2.0%	3.9%	0.8%	2.2%	1.9%	2.6%	-0.7%	1.1%
Capital structure									
Net debt	513	496	504	478	465	586	528	562	563
Net debt/equity ratio	58%	57%	59%	60%	58%	74%	66%	73%	73%
Working capital at end of period	617	575	554	492	480	588	502	506	493
Working capital (average)	596	565	523	486	534	545	504	499	473
Capital employed (average)	1,431	1,403	1,368	1,371	1,397	1,381	1,364	1,368	1,381
Working capital tied-up	13.4%	10.8%	10.7%	11.1%	13.8%	11.9%	11.1%	13.1%	13.3%
Return									
Return on capital employed	9.4%	6.1%	16.2%	1.7%	5.4%	-3.7%	13.4%	1.2%	7.6%
Per share data ²⁾									
Earnings per share (SEK) ¹⁾	1.73	0.54	3.03	-0.40	0.72	-1.03	2.58	-0.20	1.25
Earnings per share after dilution (SEK) ¹⁾	1.73	0.54	3.03	-0.40	0.72	-1.03	2.58	-0.20	1.25
Equity per share (SEK)	67.92	66.48	65.65	61.77	61.70	61.19	61.93	59.41	59.67
Cash flow from operating activities per share (SEK) ¹⁾	-0.74	1.29	-0.08	0.78	7.48	-3.72	2.81	0.21	-0.89
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution ¹⁾	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Growth									
Sales growth	15%	14%	8%	15%	9%	10%	16%	-3%	-8%
– of which organic tonnage growth	4%	8%	0%	5%	1%	-10%	-5%	-13%	-13%
– of which price and mix changes	6%	3%	6%	10%	8%	18%	20%	8%	5%
– of which currency effects	5%	3%	2%	0%	0%	2%	1%	2%	0%
Other									
Average number of employees	665	670	670	684	709	710	708	715	729
Inventory gains and losses	7	12	7	6	-3	8	16	11	16
Shipped tonnage (thousands of tonnes)	84	102	98	89	82	94	98	85	81

¹⁾ Refers to average number of shares.

²⁾ A 1:20 reverse share split was carried out in 2016. Comparative figures for 2016 have been restated for this.

Alternative performance measures

The Group uses a number of alternative performance measures in its report. The alternative performance measures that BE Group considers significant are the following:

Underlying operating result (uEBIT)

(SEK M)	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Full-year	Rolling 12 months
Operating result	33	19	110	52	57	115
Reversal of inventory gains (-)/losses (+)	-7	3	-26	-21	-27	-32
Adjustment for items affecting comparability	-	-	16	42	52	26
Group	26	22	100	73	82	109

Net debt

(SEK M)	2018 Sep 30	2017 Sep 30	2017 Dec 31
Non-current interest-bearing liabilities	544	538	519
Current interest-bearing liabilities	25	61	20
Deduction financial assets	0	0	0
Deduction cash and equivalents	-57	-134	-61
Rounding	1	-	-
Group	513	465	478

Net debt/equity ratio is calculated as net debt divided by Equity.

Working capital

(SEK M)	2018 Sep 30	2017 Sep 30	2017 Dec 31
Inventories	719	604	599
Accounts receivable	664	602	489
Other receivables	46	43	35
Deduction accounts payable	-641	-593	-479
Deduction other current liabilities	-171	-176	-152
Rounding	-	-	-
Group	617	480	492

Average working capital is an average for each period based on quarterly data.

Capital employed

(SEK M)	2018 Sep 30	2017 Sep 30	2017 Dec 31
Equity	882	801	802
Non-current interest-bearing liabilities	544	538	519
Current interest-bearing liabilities	25	61	20
Rounding	1	-	-
Group	1,452	1,400	1,341

Average capital employed is an average for each period based on quarterly data.

Definitions of key data

Adjusted results measurements

Underlying gross result	The underlying gross result is the reported gross result adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating result (uEBIT)	Operating result (EBIT) before items affecting comparability adjusted for inventory gains and losses (deductions for gains and additions for losses).
Items affecting comparability	Items that do not have any link to the normal operations of the Group or that are of a non-recurring nature, where a reporting together with other items in the consolidated comprehensive income statement would have given a comparison distortion effect that would have made it difficult to judge the development of the ordinary operations for an outside viewer. Replaces previous concept "non-recurring items".

Adjusted margin measurements

Underlying gross margin	Underlying gross result as a percentage of net sales.
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.

Capital structure

Net debt	Interest-bearing liabilities less cash and equivalents and financial assets.
Net debt/equity ratio	Net debt divided by equity.
Working capital	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities.
Working capital (average)	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Capital employed	Equity plus interest-bearing liabilities.
Capital employed (average)	Equity plus interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Working capital tied-up	Average working capital, as a percentage of annually adjusted net sales.

Return on capital

Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
----------------------------	--

Per share data

Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Cash flow per share from operating activities	Cash flow from operating activities divided by the average number of shares for the period.
Shares outstanding at the end of the period	Shares outstanding at the end of the period adjusted for rights issues and share splits.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issued and share splits.

Growth

Sales growth	Change in net sales from the preceding period in percent.
--------------	---

Other

Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost.
----------------------------	--

Please refer to the 2017 annual report for other definitions of key data.



About BE Group

A leading steel service company in Northern Europe

BE Group is a trading and service company in the steel and metal industry. Customers mainly operate in the manufacturing and construction industries in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors.

With extensive expertise and efficient processes in purchasing, logistics and production, BE Group offers inventory sales, production service and direct deliveries to customers based on their specific needs for steel and metal products. BE Group has approximately 700 employees and sales of SEK 4.3 billion in 2017. The head office is located in Malmö, Sweden.

BUSINESS IDEA

BE Group is an independent efficient distributor of steel, stainless steel, aluminum and value adding services to Nordic manufacturing and construction companies.

Number of employees

approx. 700

Net sales

SEK 4.3 billion

