



BE GROUP

INTERIM REPORT BE Group AB (publ)

January – September 2019

Third quarter 2019

- 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

First nine months 2019

- Net sales decreased by 8% to SEK 3,375 M (3,649).
- The underlying operating result amounted to SEK 85 M (100).
- The operating result amounted to SEK 80 M (110).
- Result after tax amounted to SEK 43 M (69).
- Cash flow from operating activities increased to SEK 115 M (6).
- Earnings per share amounted to SEK 3.30 (5.30).

Results overview	2019 Jul-Sep	2018 Jul-Sep	Change	2019 Jan-Sep	2018 Jan-Sep	Change
Tonnage, thousands of tonnes	75	84	-9	263	284	-21
Net sales, SEK M	977	1,111	-134	3,375	3,649	-274
Underlying operating result, SEK M	13	26	-13	85	100	-15
Operating result, SEK M	14	33	-19	80	110	-30
Profit/loss for the period, SEK M	4	23	-19	43	69	-26
Earnings per share, SEK	0.30	1.73	-1.43	3.30	5.30	-2.00
Cash flow from operating activities, SEK M	-14	-10	-4	115	6	109

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.



”Efficiency improvements and investments”

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

Bridge 2018-2019 operating result SEK M	Q1	Q2	Q3	Q4	Jan-Sep
Operating result 2018	55	22	33	22	110
Reversal of inventory gains (-)/losses (+)	-7	-12	-7	-1	-26
Items affecting comparability	-	16	-	-4	16
Underlying operating result 2018	48	26	26	17	100
Change in sales	-3	-15	-17	-	-35
Change in underlying gross margin	-5	11	8	-	14
Change in overhead costs	0	10	-4	-	6
Underlying operating result 2019	40	32	13	-	85
Reversal of inventory gains (+)/losses (-)	-6	0	1	-	-5
Items affecting comparability	-	-	-	-	-
Operating result 2019	34	32	14	-	80

The operating result has 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

Consolidated net sales for the period decreased by 12 percent compared to last year, amounting to SEK 977 M (1,111). The decrease is attributable to negative organic growth of 11 percent and negative price and mix effects of 2 percent, which were only partly compensated by positive currency effects of 1 percent.

Gross profit amounted to SEK 137 M (151), with a slightly stronger gross margin compared to last year of 14.0 percent (13.6). The operating result amounted to SEK 14 M (33), corresponding to an operating margin of 1.5 percent (3.0). Adjusted for inventory gains of SEK 1 M (7), the underlying operating result thereby amounted to SEK 13 M (26). The underlying operating margin during the period was 1.4 percent (2.4).

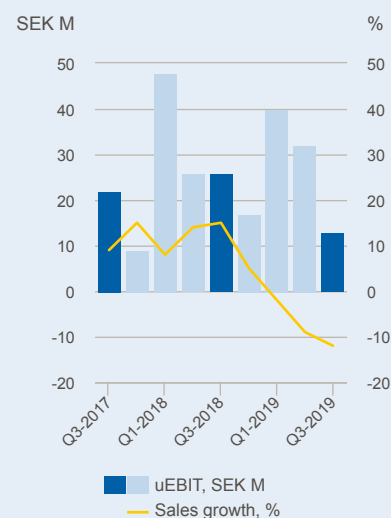
First nine months

In the first nine months, consolidated net sales decreased by 8 percent compared to last year, amounting to SEK 3,375 M (3,649). Tonnage in business area Sweden & Poland is below last year by 5 percent while Finland & Baltics delivered 9 percent less than last year. Price and mix effects negatively impacted net sales by 2 percent, which was partly compensated by positive currency effects of 1 percent. Inventory losses of SEK -5 M (26) affected the period.

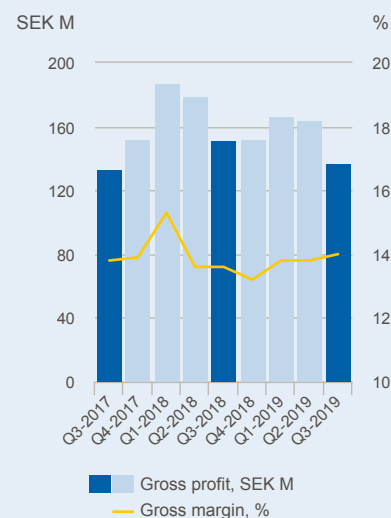
Gross profit amounted to SEK 467 M (517), with a gross margin of 13.8 percent (14.2). However, adjusted for inventory gains and losses, the gross margin increased to 13.9 percent (13.5).

The operating result amounted to SEK 80 M (110), mainly due to negative organic tonnage growth of 7 percent and net sales decrease of 8 percent. Sales and administration expenses are SEK 8 M lower than last year. Adjusted for inventory gains and losses, the underlying operating result amounted to SEK 85 M (100). The operating margin amounted to 2.4 percent (3.0) and the underlying operating margin was 2.5 percent (2.7).

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



THE GROUP'S GROSS MARGIN AND GROSS PROFIT PER QUARTER



BUSINESS AREA SWEDEN & POLAND

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 decreased by 14 percent in the third quarter compared to last year and amounted to SEK 467 M (543). The operating result amounted to SEK 9 M (19). Adjusted for inventory gains and losses of SEK 0 M (4), the underlying operating result amounted to SEK 9 M (15).

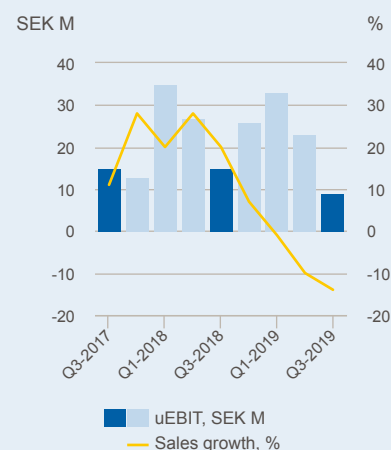
The distribution business in Sweden delivered a weaker underlying operating result compared to last year. The volume decreased at the same time as our joint venture with Arcelor Mittal generated a marginally better result. The production business in Sweden & Poland also showed weaker development and delivered a significantly lower underlying operating result. Lower volume and margin pressure in some segments contributed to this development. Lecor Stålteknik delivered a result of SEK -3 M (-2) mainly attributable to lower sales.

Decision was taken in the beginning of the quarter to make significant investments of approximately SEK 60 M at the site in Norrköping. The investments are expected to give competitive advantages after being taken into operation in 2020. In connection with the investment decision the existing rental agreement for the Norrköping site was extended to 2029.

First nine months

Net sales for the first nine months decreased by 8 percent compared to last year and amounted to SEK 1,720 M (1,869). Operating result amounted to SEK 61 M (93). Adjusted for inventory gains and losses of SEK -4 M (15), the underlying operating result amounted to SEK 65 M (78). The result weakened mainly due to the declining sales volume and tonnage decreased by 5 percent compared with the same period in 2018. For the first nine months, Lecor Stålteknik delivered a result of SEK -9 M (-1).

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

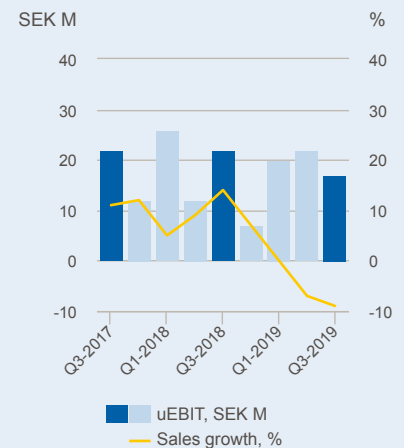
Compared to the third quarter last year, net sales were 9 percent lower and amounted to SEK 511 M (559). The tonnage was also lower compared to last year and negative price and mix effects contributed to the lower sales. The operating result amounted to SEK 19 M (26) mainly due to the lower volume and lower inventory gains that amounted to SEK 2 M (4). Adjusted for this effect, the underlying operating result decreased to SEK 17 M (22).

The distribution business in Finland provided a somewhat lower underlying operating result compared to last year. The lower tonnage volume was largely compensated by an improved underlying margin. The production business in Finland reported lower net sales at the same time as the underlying gross margin decreased slightly. This resulted in an underlying operating result that was weaker than last year.

First nine months

Net sales for the first nine months decreased by 5 percent compared to last year and amounted to SEK 1,661 M (1,753). The operating result weakened to SEK 58 M (73) and, adjusted for inventory gains, the underlying operating result decreased to SEK 59 M (61). The decline is largely attributable to the weaker development in the Finnish production business and the marginally weaker development in the Finnish distribution business. The improvement in the Baltic distribution business, mainly due to a major bad debt loss that affected last year's result, could not fully compensate for this.

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. For additional information see the Annual Report for 2018.

The effects regarding IFRS 16 were reported under Parent Company & consolidated items and have not been allocated to the two business areas.

Sales for the third quarter of the Parent Company, BE Group AB (publ), amounted to SEK 28 M (27) during the period and derived from intra-Group services. These intra-Group services mainly include licensing fees regarding the subsidiaries' use of the BE Group brand and central expenses for IT, Finance and Purchasing, etc. These expenses are distributed and invoiced to all subsidiaries in the Group. In the result follow-up of the business areas, these intra-group expenses have been eliminated. Out of the total costs for the Parent Company, of SEK -11 M (-14), SEK -11 M (-11) was allocated to the subsidiaries. Operating result amounted to SEK 17 M (13). For the first nine months, net sales amounted to SEK 82 M (79) and the operating result to SEK 42 M (39).

Net financial items for the quarter amounted to SEK -9 M (4). Profit before tax amounted to SEK 8 M (17) and profit after tax amounted to SEK 6 M (12). Investments in the Parent Company amounted to SEK 0 M (0). At the end of the period, cash and equivalents in the Parent Company increased to SEK 94 M (41).

Net financial items for the first nine months amounted to SEK -10 M (7). Profit before tax amounted to SEK 32 M (46) and profit after tax was SEK 26 M (40). Investments in the Parent Company amounted to SEK 0 M (0).

Group

Net financial items and tax

The Group's consolidated net financial items in the third quarter amounted to SEK -8 M (-2), of which net interest accounted for SEK -6 M (-3). During the quarter, interest expenses related to leasing according to IFRS 16 amounted to SEK -3 M (-). Net financial items for the first nine months amounted to SEK -21 M (-11) and net interest amounted to SEK -17 M (-12) of which SEK -9 M is related to leasing according to IFRS 16.

Taxes for the third quarter amounted to SEK -2 M (-8). Profit after tax amounted to SEK 4 M (23) and amounted to SEK 43 M (69) for the first nine months including items affecting comparability of SEK 0 M (-16).

Cash flow

The Group's consolidated working capital amounted to SEK 608 M (617) at the end of the period and the average working capital tied-up for the third quarter was 14.8 percent (13.4). Cash flow from operating activities amounted to SEK -14 M (-10) during the quarter, of which SEK 18 M is an effect of the implementation of IFRS 16 and to SEK 115 M (6) for the first nine months, of which SEK 58 M is an effect of the implementation of IFRS 16. Cash flow from investing activities was SEK -3 M (-11) for the third quarter and SEK -21 M (-22) for the first nine months. Cash flow after investments amounted to SEK -17 M (-21) during the third quarter and SEK 94 M (-16) for the first nine months.

Financial position and liquidity

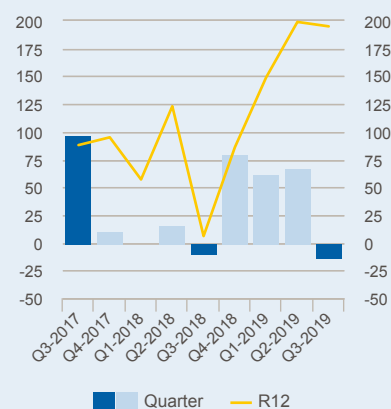
At the end of the period, consolidated cash and cash equivalents, including overdraft facilities, amounted to SEK 268 M (137) and the interest-bearing net debt excl. IFRS 16 was SEK 431 M (513). Equity amounted to SEK 932 M (882) at the end of the period and the net debt/equity ratio amounted to 46 percent (58).

A new three-year credit agreement was signed with Skandinaviska Enskilda Banken AB. The facility amounts to SEK 825 M and matures in July 2022 with an option for extension by another two years.

Organization, structure and employees

The number of employees decreased to 649 compared with 665 at the same time last year. The decrease is mainly due to the restructuring done last year. The average number of employees during the quarter amounted to 646 (665).

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



Other information

Significant events after the end of the period

No 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 apart from dividend paid to the mother company's shareholders according to decision taken at the Annual General Meeting 2019.

Extraordinary General Meeting

At BE Group's Extraordinary General Meeting on September 18 2019, Board member Jörgen Zahlin was elected new Chairman of the Board to succeed Petter Stillström. Petter Stillström remains as ordinary Board Member.

Nominating Committee

In accordance with the company's procedures, a Nominating Committee has been appointed. The Nominating Committee consists of Petter Stillström (AB Traction), Alf Svedulf (private incl. companies), Johan Ahldin (The Pure Circle AB) and Jörgen Zahlin, Chairman of BE Group AB, who is also the convener for the Nominating Committee.

Annual General Meeting 2020

BE Group's Annual General Meeting will take place on April 29, 2020, at 3:00 pm 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 2018 Annual Report, which was published in March 2019. 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 2018 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 principle regarding IFRS 16 that entered into effect on January 1, 2019, and are described in the Annual Report 2018, under Accounting principles.

IFRS 16 Leases replaces existing IFRS related to recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group applies the standard from January 1, 2019.

IFRS 16 mainly affects lessees and the central effect is that all leases that previously were recognized as operating leases are recognized in a way that is similar to the previous recognition of finance leases. This means that even for operating leases, assets and liabilities are recognized, with associated recognition of costs for depreciation and interest – in contrast to previous principles when no recognition was made of lease assets and related liabilities, and when the leasing fees were allocated to periods straight-line as a leasing cost. Except for recognition of the right of use asset and leasing liability for leases of minor value and contracts of a duration of no more than 12 months. The Group has chosen not to apply the exemption rules. The Group also applies the relief rule to inherit the earlier definition of leasing at the transition. This means that it is applied to all contracts entered into before January 1, 2019 identified as leases under IAS 17 and IFRIC 4.

At January 1, 2019, the Group reports rights of use, related to outstanding leasing commitments, of SEK 565 M and leasing liabilities of SEK 565 M. The effect of the introduction of IFRS 16 on the financial statements depends on future financial circumstances, including the Group's loan interest, the composition of the Group's leasing portfolio and the Group's assessment regarding whether or not they want to use any options to extend leases. The Group's EBITDA has improved at the same time that interest expenses have increased. The change is due to the costs for the operating leases previously being included in EBITDA, while amortization on rights of use and interest on the leasing liability do not.

The Group applies the modified retroactive transition method, which means that the accumulated effect of the transition to IFRS 16 is recognized in the retained earnings in the opening balance at January 1, 2019. The effect in the retained earnings of the transition to IFRS 16 has no material impact to BE Group. No comparative figures will be restated.

The reconciliation between commitments regarding operating leases according to IAS 17 as of December 31, 2018 and the lease liability as of January 1, 2019 according to IFRS 16 is presented below. The weighted average marginal loan interest rate as of January 1, 2019 was 2 percent.

Commitments for operating leases at December 31, 2018	617
Discounting with application of the Group's marginal interest on loans	-50
Other adjustment	-2
Lease liability at January 1, 2019	565
Liabilities for finance leases at January 1, 2018	18

IFRIC 23 clarifies how companies are to assess the manner in which a transaction is to be measured and recognized when there are uncertainties in income tax. The Group applies the new guidance as of January 1, 2019. In connection with application, the Group's tax positions were reassessed based on the new guidance, which generated an increased provision for income tax of SEK 1 M.

Future information

Future reporting dates

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

- The Year-End Report for 2019 will be published on January 30, 2020.
- The Annual Report for 2019 will be available in the beginning of April 2020.
- The Interim Report for January–March 2020 will be published on April 29, 2020.

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 24, 2019

BE Group AB (publ)

Peter Andersson

President and CEO

Questions concerning this report may be directed to:

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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 24, 2019.

Auditor's report

BE Group AB (publ). reg. no. 556578-4724

Introduction

We have reviewed the condensed interim financial information (interim report) of BE Group AB (publ) as of 30 September 2019 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 24, 2019

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

Condensed consolidated income statement

(SEK M)	Note	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Net sales		977	1,111	3,375	3,649	4,803	4,529
Cost of goods sold	1	-840	-960	-2,908	-3,132	-4,134	-3,910
Gross profit		137	151	467	517	669	619
Selling expenses	1	-91	-92	-291	-304	-402	-389
Administrative expenses	1	-28	-28	-94	-89	-125	-130
Other operating income and expenses	2	-5	2	-5	-17	-14	-2
Participation in joint venture		1	0	3	3	4	4
Operating profit/loss		14	33	80	110	132	102
Financial items		-8	-2	-21	-11	-16	-26
Profit/loss before tax		6	31	59	99	116	76
Tax		-2	-8	-16	-30	-36	-22
Profit/loss for the period		4	23	43	69	80	54
Earnings per share		0.30	1.73	3.30	5.30	6.13	4.13
Earnings per share before and after dilution		0.30	1.73	3.30	5.30	6.13	4.13

Consolidated statement of comprehensive income

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Profit/loss for the period	4	23	43	69	80	54
Other comprehensive income						
Items that have, or may be, reclassified to profit/loss for the period						
Translation differences	9	-8	48	25	21	44
Hedging of net investments in foreign subsidiaries	-4	5	-36	-18	-15	-33
Tax attributable to items in other comprehensive income	1	-1	8	4	4	8
Total other comprehensive income	6	-4	20	11	10	19
Comprehensive income for the period	10	19	63	80	90	73

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed consolidated balance sheet

(SEK M)	Note	2019 Sep 30	2018 Sep 30	2018 Dec 31
Goodwill		574	563	563
Other intangible assets		5	9	6
Tangible assets		83	115	111
Right of use assets		558	-	-
Investment in joint venture		115	116	113
Financial assets		0	0	0
Deferred tax assets		30	50	33
Total non-current assets		1,365	853	826
Inventories		676	719	651
Accounts receivable		561	664	470
Other receivables		42	46	63
Cash and equivalents		118	57	108
Total current assets		1,397	1,486	1,292
Total assets	3	2,762	2,339	2,118
Equity		932	882	892
Non-current interest-bearing liabilities		548	544	543
Non-current leasing liabilities		467	-	-
Provisions		0	0	0
Deferred tax liability		46	45	44
Total non-current liabilities		1,061	589	587
Current interest-bearing liabilities		1	25	5
Current leasing liabilities		92	-	-
Accounts payable		514	641	468
Other current liabilities		158	171	145
Other current provisions		4	31	21
Total current liabilities		769	868	639
Total equity and liabilities	3	2,762	2,339	2,118

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed consolidated cash-flow statement

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Operating result	14	33	80	110	132	102
Adjustment for non-cash items	28	10	73	44	42	71
– of which, amortization/depreciation	29	9	86	28	38	96
– of which, other items	-1	1	-13	16	4	-25
Interest paid/received and other financial items	-6	-3	-17	-9	-13	-21
Income tax paid	-2	-5	-6	-16	-16	-6
Change in working capital	-48	-45	-15	-123	-59	49
Cash flow from operating activities	-14	-10	115	6	86	195
Investments in intangible assets	0	0	0	-1	-2	-1
Investments in tangible assets	-4	-12	-9	-25	-32	-16
Divestments of tangible assets	1	0	1	2	2	1
Other cash flow from investing activities	0	1	-13	2	0	-15
Cash flow after investments	-17	-21	94	-16	54	164
Cash flow from financing activities ¹⁾	-23	27	-86	9	-10	-105
Cash flow for the period	-40	6	8	-7	44	59
Exchange-rate difference in cash and equivalents	0	0	2	3	3	2
Change in cash and equivalents	-40	6	10	-4	47	61

¹⁾ In the cash flow from financing activities for jan-sep 2019 SEK -23 M relates to dividend paid for 2018.

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Condensed statement of changes in equity

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Equity at beginning of period	922	863	892	802	802	882
Comprehensive income for the period	10	19	63	80	90	73
Dividend	–	–	-23	–	–	-23
Equity at end of period	932	882	932	882	892	932

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Note 1 Amortizations and depreciations

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Amortization of intangible assets	1	2	2	6	9	5
Depreciation of tangible assets	7	7	21	22	29	28
Depreciation of right of use assets	21	-	63	-	-	63
Total amortizations and depreciations	29	9	86	28	38	96

Note 2 Items affecting comparability

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Restructuring expenses	-	-	-	-16	-12	4
Total items affecting comparability	-	-	-	-16	-12	4

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 2018 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

Segment reporting

Net sales by business area (SEK M)

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	467	543	1,720	1,869	2,476	2,327
Finland & Baltics	511	559	1,661	1,753	2,299	2,207
Parent Company & consolidated items	-1	9	-6	27	28	-5
Group	977	1,111	3,375	3,649	4,803	4,529

Net sales by business area and product group

2019	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Rolling 12 months
	2019 Jul-Sep	2019 Jan-Sep	2019 Jul-Sep	2019 Jan-Sep	2019 Jul-Sep	2019 Jan-Sep	2019 Jul-Sep	2019 Jan-Sep	
Long steel products	218	782	127	430	0	-1	345	1,211	1,627
Flat steel products	135	529	249	822	0	0	384	1,351	1,803
Stainless steel	79	286	96	291	0	0	175	577	781
Aluminium	16	59	34	101	0	0	50	160	213
Other	19	64	5	17	-1	-5	23	76	105
Total	467	1,720	511	1,661	-1	-6	977	3,375	4,529

2018	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Full-year
	2018 Jul-Sep	2018 Jan-Sep	2018 Jul-Sep	2018 Jan-Sep	2018 Jul-Sep	2018 Jan-Sep	2018 Jul-Sep	2018 Jan-Sep	
Long steel products	241	819	142	448	1	0	384	1,267	1,683
Flat steel products	157	544	274	873	0	0	431	1,417	1,869
Stainless steel	93	324	108	316	8	28	209	668	872
Aluminium	20	65	29	97	7	14	56	176	229
Other	32	117	6	19	-7	-15	31	121	150
Total	543	1,869	559	1,753	9	27	1,111	3,649	4,803

Net sales by country based on customer's domicile (SEK M)

By country based on customer's domicile (SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden	455	530	1,679	1,837	2,431	2,273
Finland	453	481	1,431	1,472	1,935	1,894
Other	69	100	265	340	437	362
Group	977	1,111	3,375	3,649	4,803	4,529

Shipped tonnage per segment (thousands of tonnes)

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	36	40	131	138	187	180
Finland & Baltics	40	45	133	146	190	177
Parent Company & consolidated items	-1	-1	-1	0	0	-1
Group	75	84	263	284	377	356

Operating result (EBIT) per segment

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	9	19	61	93	123	91
Finland & Baltics	19	26	58	73	81	66
Parent Company & consolidated items	-14	-12	-39	-56	-72	-55
Group	14	33	80	110	132	102

Operating margin per segment

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	1.9%	3.5%	3.6%	5.0%	5.0%	3.9%
Finland & Baltics	3.7%	4.6%	3.5%	4.1%	3.5%	3.0%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
Group	1.5%	3.0%	2.4%	3.0%	2.8%	2.3%

Underlying operating result (uEBIT) per segment ¹⁾

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	9	15	65	78	104	91
Finland & Baltics	17	22	59	61	68	66
Parent Company & consolidated items	-13	-11	-39	-39	-55	-55
Group	13	26	85	100	117	102

Underlying operating margin per segment ²⁾

	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	1.9%	2.8%	3.8%	4.2%	4.2%	3.9%
Finland & Baltics	3.4%	4.0%	3.6%	3.5%	2.9%	3.0%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
Group	1.4%	2.4%	2.5%	2.7%	2.4%	2.3%

Depreciation per segment

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	4	4	10	10	13	13
Finland & Baltics	4	4	13	13	18	18
Parent Company & consolidated items	21	1	63	5	7	65
Group	29	9	86	28	38	96

Investments in tangible and intangible assets per segment

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Sweden & Poland	1	1	4	10	16	10
Finland & Baltics	2	10	5	15	18	8
Parent Company & consolidated items	1	1	0	1	1	0
Group	4	12	9	26	35	18

¹⁾ 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.

²⁾ Underlying operating result (uEBIT) as a percentage of net sales.

The comparative figures for 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

Key data

(SEK M unless otherwise stated)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Net sales	977	1,111	3,375	3,649	4,803	4,529
Earnings measurements						
Gross result	137	151	467	517	669	619
Underlying gross result	136	145	471	492	643	622
Operating result (EBIT)	14	33	80	110	132	102
Underlying operating result (uEBIT)	13	26	85	100	117	102
Margin measurements						
Gross margin	14.0%	13.6%	13.8%	14.2%	13.9%	13.7%
Underlying gross margin	13.9%	13.0%	13.9%	13.5%	13.4%	13.7%
Operating margin	1.5%	3.0%	2.4%	3.0%	2.8%	2.3%
Underlying operating margin	1.4%	2.4%	2.5%	2.7%	2.4%	2.2%
Capital structure						
Net debt excl. IFRS 16 ¹⁾	431	513	431	513	440	431
Net debt/equity ratio excl. IFRS 16 ¹⁾	46%	58%	46%	58%	49%	46%
Working capital at end of period	608	617	608	617	572	608
Working capital (average)	580	596	575	560	562	583
Capital employed (average) excl. IFRS 16 ¹⁾	1,477	1,431	1,468	1,399	1,408	1,465
Working capital tied-up	14.8%	13.4%	12.8%	11.5%	11.7%	12.9%
Return						
Return on capital employed excl. IFRS 16 ¹⁾	4.0%	9.4%	7.0%	10.5%	9.4%	6.8%
Per share data						
Earnings per share (SEK)	0.30	1.73	3.30	5.30	6.13	4.13
Earnings per share after dilution (SEK)	0.30	1.73	3.30	5.30	6.13	4.13
Equity per share (SEK)	71.80	67.92	71.80	67.92	68.67	71.80
Cash flow from operating activities per share (SEK)	-1.03	-0.74	8.87	0.47	6.60	15.00
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	12,983	12,983	12,983	12,983	12,983	12,983
Growth						
Sales growth	-12%	15%	-8%	12%	10%	-5%
- of which organic tonnage growth	-11%	4%	-7%	4%	4%	-5%
- of which price and mix changes	-2%	6%	-2%	5%	3%	-1%
- of which currency effects	1%	5%	1%	3%	3%	2%
Other						
Average number of employees	646	665	655	667	668	657
Inventory gains and losses	1	7	-5	26	27	-4
Shipped tonnage (thousands of tonnes)	75	84	263	284	377	356

¹⁾ To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

Condensed parent company income statement

(SEK M)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Net sales	28	27	82	79	108	111
Administrative expenses	-11	-14	-40	-41	-58	-57
Other operating income and expenses	0	0	0	1	0	-1
Operating profit/loss	17	13	42	39	50	53
Financial items	-9	4	-10	7	2	-15
Profit/loss after financial items	8	17	32	46	52	38
Appropriations	-	-	-	-	33	33
Profit/loss before tax	8	17	32	46	85	71
Tax	-2	-5	-6	-6	-16	-16
Profit/loss for the period, or comprehensive income for the period	6	12	26	40	69	55

Condensed parent company balance sheet

(SEK M)	2019 Sep 30	2018 Sep 30	2018 Dec 31
Intangible assets	0	2	1
Tangible assets	1	1	1
Financial assets	992	1,011	997
Total non-current assets	993	1,014	999
Current receivables	175	198	200
Cash and equivalents	94	41	71
Total current assets	269	239	271
Total assets	1,262	1,253	1,270
Equity	630	597	626
Non-current liabilities	548	532	531
Current liabilities	84	124	113
Total equity and liabilities	1,262	1,253	1,270

Key data – multi-quarter summary

(SEK M unless otherwise stated)	2019 Jul-Sep	2019 Apr-Jun	2019 Jan-Mar	2018 Oct-Dec	2018 Jul-Sep	2018 Apr-Jun	2018 Jan-Mar	2017 Oct-Dec	2017 Jul-Sep
Net sales	977	1,193	1,205	1,154	1,111	1,312	1,226	1,095	968
Earnings measurements									
Gross result	137	164	166	152	151	179	187	152	134
Underlying gross result	136	163	172	151	145	167	180	145	136
Operating result (EBIT)	14	32	34	22	33	22	55	5	19
Underlying operating result (uEBIT)	13	32	40	17	26	26	48	9	22
Margin measurements									
Gross margin	14.0%	13.8%	13.8%	13.2%	13.6%	13.6%	15.3%	13.9%	13.8%
Underlying gross margin	13.9%	13.7%	14.2%	13.1%	13.0%	12.8%	14.7%	13.2%	14.0%
Operating margin	1.5%	2.7%	2.8%	1.9%	3.0%	1.6%	4.5%	0.5%	2.0%
Underlying operating margin	1.4%	2.6%	3.3%	1.4%	2.4%	2.0%	3.9%	0.8%	2.2%
Capital structure									
Net debt excl. IFRS 16 ¹⁾	431	402	418	440	513	496	504	478	465
Net debt/equity ratio excl. IFRS 16 ¹⁾	46%	44%	45%	49%	58%	57%	59%	60%	58%
Working capital at end of period	608	553	568	572	617	575	554	492	480
Working capital (average)	580	560	570	594	596	565	523	486	534
Capital employed (average) excl. IFRS 16 ¹⁾	1,477	1,481	1,459	1,446	1,431	1,403	1,368	1,371	1,397
Working capital tied-up	14.8%	11.7%	11.8%	12.9%	13.4%	10.8%	10.7%	11.1%	13.8%
Return									
Return on capital employed excl. IFRS 16 ¹⁾	4.0%	8.2%	9.2%	6.0%	9.4%	6.1%	16.2%	1.7%	5.4%
Per share data									
Earnings per share (SEK)	0.30	1.44	1.56	0.83	1.73	0.54	3.03	-0.40	0.72
Earnings per share after dilution (SEK)	0.30	1.44	1.56	0.83	1.73	0.54	3.03	-0.40	0.72
Equity per share (SEK)	71.80	71.00	71.03	68.67	67.92	66.48	65.65	61.77	61.70
Cash flow from operating activities per share (SEK)	-1.03	5.11	4.79	6.13	-0.74	1.29	-0.08	0.78	7.48
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	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Growth									
Sales growth	-12%	-9%	-2%	5%	15%	14%	8%	15%	9%
- of which organic tonnage growth	-11%	-9%	-2%	3%	4%	8%	0%	5%	1%
- of which price and mix changes	-2%	-1%	-2%	-1%	6%	3%	6%	10%	8%
- of which currency effects	1%	1%	2%	3%	5%	3%	2%	0%	0%
Other									
Average number of employees	646	652	664	666	665	670	670	684	709
Inventory gains and losses	1	0	-6	1	7	12	7	6	-3
Shipped tonnage (thousands of tonnes)	75	92	96	93	84	102	98	89	82

¹⁾ To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

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)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Full-year	Rolling 12 months
Operating result	14	33	80	110	132	102
Reversal of inventory gains (-)/losses (+)	-1	-7	5	-26	-27	4
Adjustment for items affecting comparability	-	-	-	16	12	-4
Group	13	26	85	100	117	102

Working capital

(SEK M)	2019 Sep 30	2018 Sep 30	2018 Dec 31
Inventories	676	719	651
Accounts receivable	561	664	470
Other receivables	42	46	63
Deduction accounts payable	-514	-641	-468
Deduction other current liabilities	-158	-171	-145
Rounding	1	-	1
Group	608	617	572

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

Net debt excl. IFRS 16

(SEK M)	2019 Sep 30	2018 Sep 30	2018 Dec 31
Non-current interest-bearing liabilities and leasing liabilities	1,015	544	543
Current interest-bearing liabilities and leasing liabilities	93	25	5
Deduction leasing liabilities	-559	-	-
Deduction financial assets	0	0	0
Deduction cash and equivalents	-118	-57	-108
Rounding	-	1	-
Group	431	513	440

Net debt/equity ratio excl. IFRS 16 is calculated as net debt excl. IFRS 16 divided by Equity.

Capital employed excl. IFRS 16

(SEK M)	2019 Sep 30	2018 Sep 30	2018 Dec 31
Equity excl. IFRS 16	936	882	892
Non-current interest-bearing liabilities and leasing liabilities	1,015	544	543
Current interest-bearing liabilities and leasing liabilities	93	25	5
Deduction leasing liabilities	-559	-	-
Rounding	-1	1	-
Group	1,484	1,452	1,440

Average capital employed excl. IFRS 16 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 excl. IFRS 16	Interest-bearing liabilities excluding leasing liabilities acc. to IFRS 16 less cash and equivalents and financial assets.
Net debt/equity ratio excl. IFRS 16	Net debt excl. IFRS 16 divided by equity excl. IFRS 16.
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 excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16.
Capital employed (average) excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16. 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 excl. IFRS 16	Annually adjusted operating result excl. IFRS 16, as a percentage of average capital employed excl. IFRS 16.
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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.
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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.
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Please refer to the 2018 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 670 employees and sales of SEK 4.8 billion in 2018. 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. 670

Net sales

SEK 4.8 billion

