BE GROUP

Annual Report 2014

BE GROUP

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers mainly operate in the engineering and construction sectors in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors.

History BE Group has its roots in Sweden and Finland, where Bröderna Edstrand and Starckjohann & Co were founded towards the end of the 19th century.

Business concept BE Group offers efficient distribution and value-generating production services in steel, stainless steel and aluminium. By saving time, cost and capital for customers, BE Group helps them strengthen their competitiveness.

Vision BE Group shall be the most professional, successful and respected steel services company.

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Pages 16–70 have been reviewed by the Company's Auditors and comprise the formal Annual Report.

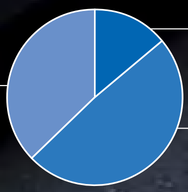
The year in brief

Key data

	2012	2013	2014
Net sales, SEK M	4,984	4,355	4,202
Tonnage, thousands of tonnes	485	455	411
Operating result, SEK M	-74	-8	-17
Operating margin, %	-1.5	-0.2	-0.4
Underlying operating result, SEK M	28	36	18
Result after tax, SEK M	-111	-51	-73
Earnings per share, SEK	-2,25	-1.02	-1.07
Return on capital employed, %	-4.3	-0.5	-1.1
Net debt/equity ratio, %	116	136	105
Cash flow from operating activities, SEK M	59	-30	-25
Average number of employees	907	853	782

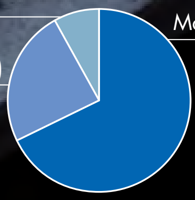
Sales by sales solution

(preceding year)



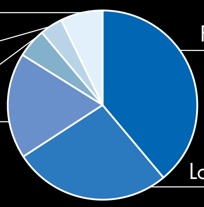
Sales by customer segment

(preceding year)



Sales by product area

(preceding year)



Business Areas

	Sweden	Finland	Other Units	Parent Company and consolidated items
Percentage of consolidated external net sales	41 %	41 %	18 %	0 %
Operating result	SEK 31 M	SEK 32 M	SEK -49 M	SEK -31 M

Changed competitive environment strengthens BE Group's role as an independent actor

For the steel industry and for BE Group, 2014 was a difficult year. Over the year as a whole, no positive trend could be seen in either demand or steel prices. At the same time, the merger of SSAB and Rautaruukki brings a changed competitive environment that generates opportunities for us as an independent actor to break new ground with business solutions tailored to customers' changing needs.

Market development

In the Swedish market, we saw improved demand in the first half of the year, while the second half of the year was weak. One highlight was that sales efforts over the year were reflected in a better fourth quarter than was the case for the market in general.

Our other core market, Finland, was characterized by a hesitant market in the first half of the year. In the second half of the year followed a slight growth thanks to increased orders from the Finnish manufacturing sector. By means of targeted sales efforts, we also managed to increase our share of the Finnish market.

Changed market environment

The merger of SSAB and Rautaruukki also had an effect among distributors in both Sweden and Finland over the past year. The competition authorities' requirements for approving the merger generated a certain degree of uncertainty. In early 2015, the situation grew clearer when the new organization was unveiled and the buyers of the operations divested by SSAB were announced. The distribution operations have been gathered under the Tibnor brand, while parts of plates processing have been sold to Tata, India. For BE Group, this means that our position as a producer-independent supplier can be strengthened.

"By adding value for our customers in the form of a broad product range, high level of service, short lead times and superior delivery accuracy, we see opportunities to capture additional market share."

With SSAB's acquisition of Rautaruukki, what many customers previously seen as two suppliers has become one. This allows us to advance our positions in relation to a number of major steel purchasers whose strategic focus is to use several suppliers. Consequently, we have opportunities to initiate new customer relationships, while also strengthening our role in relation to existing customers.

Financial position

Since the industry, and BE Group, developed more weakly than expected in 2014, it has become apparent that we need to further strengthen our financial position. Consequently, the Board will propose to the Annual General Meeting that a rights issue for approximately SEK 250 M be implemented. The rights issue will significantly lower BE Group's net debt/equity ratio and give us the financial muscle to achieve growth and to handle a possible continued weak trend in the market.

Outlook

In our assessment, we will see a slight increase in demand in our markets during 2015. By adding value for our customers in the form of a broad product range, high level of service, short lead times and high delivery accuracy, we perceive opportunities to capture additional market share.

An important factor in succeeding with this is developing our sales processes, qualitatively and quantitatively, and continuing the dedicated sales process that we began in 2014, primarily to take advantage of the opportunities arising as a consequence of SSAB's acquisition of Rautaruukki.

Despite the weaker trend of recent years, BE Group is a fundamentally well-positioned company with a significant market share, an excellent reputation and long-term customer relationships in the markets where we are represented. We largely have our skilled employees to thank for this. Finally, I want to thank all of BE Group's employees for their valuable contributions over the past year.

Lars Engström
Acting President and CEO

The year in brief

Q1

Net sales SEK M

1,083 (1,119)

Operating result SEK M

13 (-19)

- Improved earnings and signs of improved demand
- An oversubscribed rights issue raises SEK 154 M for BE Group
- New three year credit agreement with a total facility of SEK 1,250 M

Q2

Net sales SEK M

1,112 (1,185)

Operating result SEK M

3 (5)

- Demand continues to gradually improve in Sweden
- Volumes largely unchanged in Business Area Finland, despite a weak market
- Andreas Karlsson appointed new CFO

Q3

Net sales SEK M

998 (1,012)

Operating result SEK M

-3 (14)

- Weaker demand in market under considerable pressure
- Lars Engström replaces Kimmo Väkiparta as acting President and CEO

Q4

Net sales SEK M

1,009 (1,039)

Operating result SEK M

-30 (-8)

- Positive sales trend towards the end of the year
- Czech operations reinstated as normal operations
- The Board of Directors proposes a rights issue of approximately SEK 250 M

Customers' needs in focus

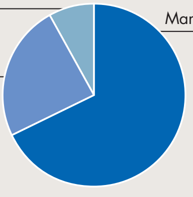
BE Group meets the industry's demand for materials in steel, stainless steel and aluminium. Since our customers represent many different industries subject to different conditions and needs, BE Group offers three different sales solutions that are each intended to meet different needs in the customer's operations. The cooperation between BE Group and our customers can correspond to one or more of these sales solutions.

BE Group's customers

BE Group's customers can be divided into segments based on the orientation of their operations. The construction sector and manufacturing sector are customer segments that are important to BE Group in terms of sales. The manufacturing sector includes, for example, the transport, processing and subcontracting segments. The retailer customer segment consists primarily of construction supply chains and locally based steel retailers. The total number of customers is extensive and includes everything from smaller local actors to major multinational groups. Regardless of size, the objective is to be a long-term partner for customers and to contribute to their development and growth. Over the year, the ten largest customers accounted for 11 percent (13) of sales.

Sales by customer segment

(preceding year)



BE Group's sales solutions

Inventory sales

Share of the Group´s net sales, 49 % (48)

BE Group offers a broad range of products that are sold from warehouses with a high level of service and delivery accuracy at competitive prices. The breadth of the range represents a total solution for the customer and thus distinguishes BE Group from more specialized competitors. Once ordered, products are delivered from one of BE Group´s warehousing units to the customer's production unit, construction site or warehouse.

Production service sales

Share of the Group´s net sales, 37 % (35)

In production services, BE Group offers services whereby products are further refined to meet customers' specific needs by, for example, cutting to length or particular shapes. Customers' need to purchase pre-processed materials can, for example, be explained by their strive to streamline processes, free up resources, minimize their own inventories or to focus on their core business. BE Group is able to offer significant production capacity, economies of scale, optimized utilization of materials and opportunities to coordinate multiple machining processes.

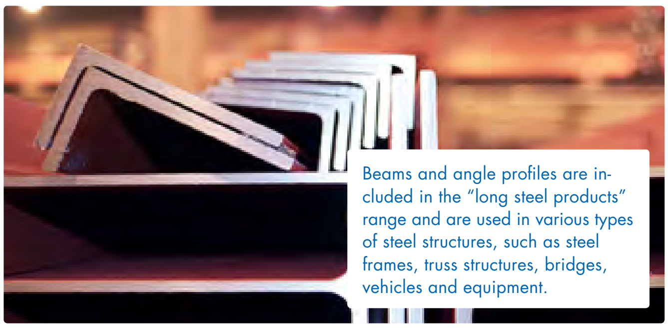
Direct sales

Share of the Group´s net sales, 14 % (17)

For larger order volumes or specific needs, BE Group can offer direct deliveries from steel and aluminum production plants. BE Group has a in-depth knowledge of materials, combined purchasing power and a global supplier network – making it possible to offer customers direct deliveries on competitive terms.

BE Group’s product range

BE Group’s inventory range includes a large number of products and the stocks held are continuously developed based on market and customer needs. The range consists of long and flat steel products, rebar, stainless steel and aluminium.



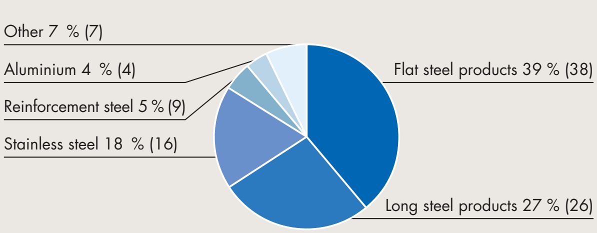
Beams and angle profiles are included in the “long steel products” range and are used in various types of steel structures, such as steel frames, truss structures, bridges, vehicles and equipment.

The range of flat steel products consists of plates and sheets in various forms and conditions, including hot-rolled, cold-rolled or metal-plated. Flat steel products are used in all of the customer segments that BE Group serves.

Stainless steel is used in everything from demanding structures in the construction or process sectors to kitchen cabinets, knives and razor blades. BE Group’s stainless steel range includes sheet metal, bars, tubes and tube sections.

Sales by product area

(preceding year)



BE Group’s service offering

Slightly more than a third of the products that BE Group sells are processed at one of the Group’s production facilities. BE Group performs various types of pre-processing of steel, stainless steel and aluminium, including cutting to length, gas cutting, drilling, slitting, blasting and painting. In addition, cutting and slitting of sheet metal is also carried out at BE Group´s steel service center (SSC) in Finland and through the joint venture ArcelorMittal BE Group SSC AB in Sweden.

BE Group’s capacity to take care of customers’ collective needs means that production processes can be coordinated and streamlined. In combination with optimized utilization of materials, this means that production service is a competitive solution for producing finished components that can directly enter the customers’ production processes.

Alongside pre-processing production services, providing producer-independent advice on materials and time-saving IT solutions are examples of important parts of BE Group’s service offering. IT solutions include web-based e-trade, EDI, digital delivery notifications and electronic invoices.

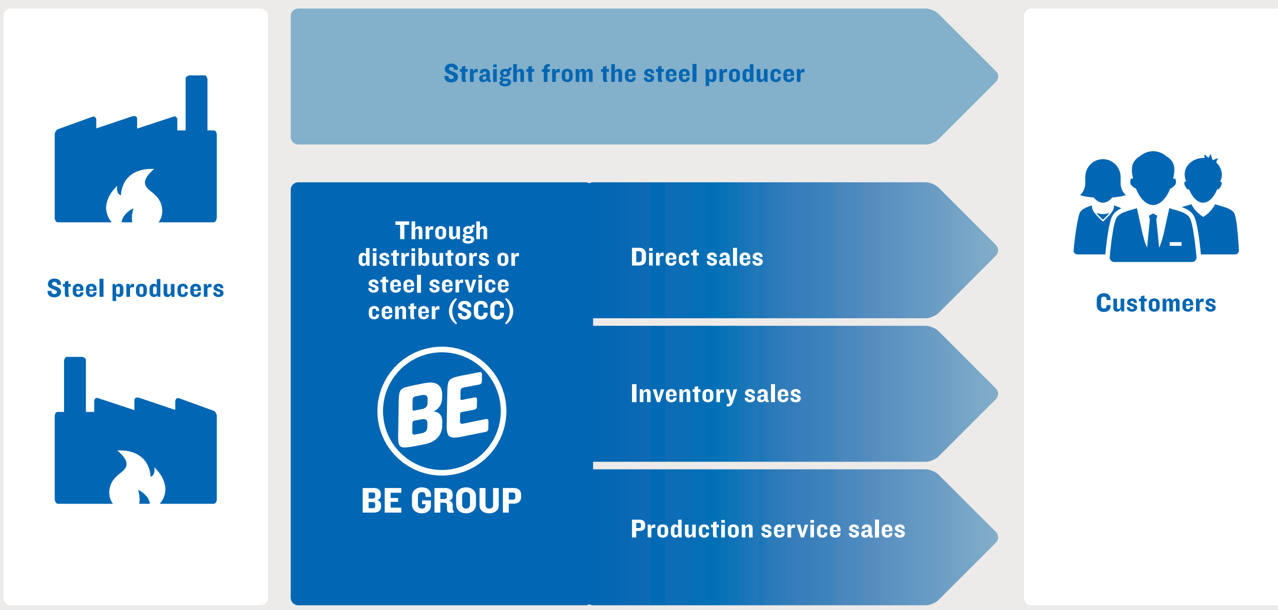
For our customers, delivery accuracy and short lead times are crucial factors. From the warehouse, deliveries are normally made within 24 hours of the sale. With strategically located warehouses and production units, BE Group can also offer tailored logistics solutions.

Actors and development in the steel market

Steel is one of the most important construction materials and is found in everything from machinery and buildings to tools and household appliances. In terms of value, steel is one of the largest products in global trade. This section gives a picture of what the market looks like in BE Group's markets.

From producer to customer

The chain from the production of the steel to its final use by the purchaser of the steel can, put simply, take two different forms.



BE Group's market

BE Group and other steel distributors play an important role in the value chain. We compensate for the gaps that exist between steel producers' delivery capacity and steel consumers' needs.

In general, individual steel producers provide a limited selection of products, in bulk, with relatively long lead times. On the other hand, many steel consumers seek a single coordinated supply of several products in smaller quantities with short delivery times. Purchasing is then normally conducted via a steel service company – BE Group being one of the leading producer-independent alternatives.

BE Group creates value for its customers through efficiency and coordination in purchasing, transportation and storage of commercial steel, special steel, stainless steel and aluminium. Different types of pre-processing through production services also represent an important element in BE Group's offering, as do value-adding and time-saving IT and logistics services. A description of BE Group's customer offering can be found on pages 4–5.

Demand in BE Group's markets

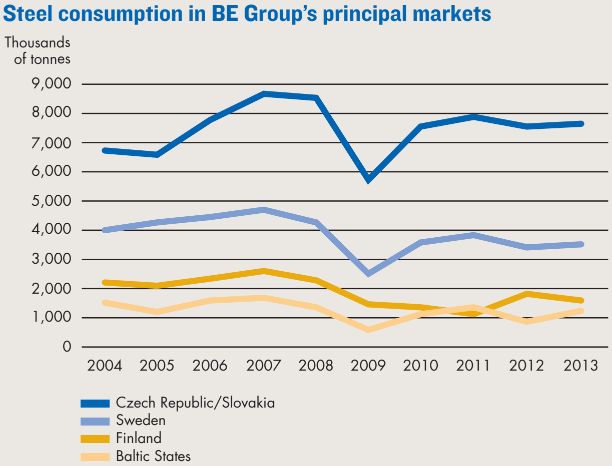
Steel is supplied to the customer market directly from the steel mills, as well as via distributors and steel service centers.

The steel mills prefer to sell directly to customers that consume large amounts of steel in, for example, the shipbuilding and automotive sectors. Direct deliveries are generally more common in the flat products segment, where volumes are often large and needs for supplementary services are lower.

The division of the market between direct deliveries and deliveries via distributors or steel service centers varies from market to market, but is relatively constant over time. It is estimated that approximately 40 percent of the total tonnage in BE Group's markets is supplied through distributors and steel service centers.

The sector organization World Steel Association (WSA) publishes data annually on the steel consumption in the world. The diagram below shows the trend in BE Group's markets between the years 2004 and 2013. Data for 2014 are not available at the time of publication of this annual report, but demand is estimated to have been somewhat lower than in 2013 in all markets, with the exception of the Baltic States.

Steel consumption in BE Group's principal markets



Competitors

In Sweden and Finland, BE Group is a well-established name and holds the second-largest share of both distribution markets. Through the merger of SSAB and Rautaruukki, Tibnor has become the main competitor in the Finnish market too. Other major competitors are, Stena Stål in Sweden and Kontino and Flinkenberg in Finland. In addition to these, there are a number of specialized actors offering more limited product ranges.

In the Czech and Slovakian markets, Ferona and Raven are the largest actors. BE Group is one of the five largest distributors in both of these markets.

BE Group's competitors in Sweden

Amounts in SEK M

Company	Sales	Change 2013–2014	Operating result	Operating margin
BE Group[1)]	4,202	-4 %	12	0.3 %
Tibnor	8,151	1 %	83	1.0 %
Stena Stål[2)]	1,618	-8 %	2	0.1 %

[1)] Excluding non-recurring items
[2)] Data pertain to the financial year September 2013–August 2014.

Sustainable development

BE Group's sustainability work involves efforts to generate long-term sustainable development of our operations. On the next few pages, we outline what the Group has achieved and is working to achieve in this area.

In 2012, BE Group performed an inventory of its operations based on ISO 26000 and identified a number of prioritized focus areas that were identified as being of particular importance for the Group. Each focus area also includes measures for implementation over the coming years. Several of the measures were started in 2012 with work progressing during 2014.

ISO 26000 is an international standard that defines what areas are included in the sustainability concept of CSR (Corporate Social Responsibility) and provides recommendations regarding what, beyond applicable legislation, can be done in these areas.

Focus areas and examples of measures

- *Limiting climate impact and carbon dioxide emissions*
  Detailed charting of the Company's own carbon dioxide emissions in accordance with a common measurement standard. Overview charting of carbon dioxide emissions throughout the value chain from steel producers to end customers.

- *Setting of requirements and follow-up among suppliers*
  Extending the Group's existing purchasing policy, which currently focuses on quality and the environment, to also address social and labor law aspects among suppliers. Development of an assessment system for suppliers.

- *Integration of sustainability work throughout the Group*
  Training of employees in BE Group's sustainability work (targets, activities, documentation, process, etc.) Establishment of a Group-wide team in which all business areas are represented to carry out this work.

- *Increased dialog with key stakeholders*
  Sustainability reporting in accordance with GRI (Global Reporting Initiative). Increased information on BE Group's website and training of salespeople.

The status of measures in progress and the results of measures that have been implemented will be presented on an on-going basis on BE Group's website and in future annual reports.

Approval for Swedbank Robur's responsible investments.

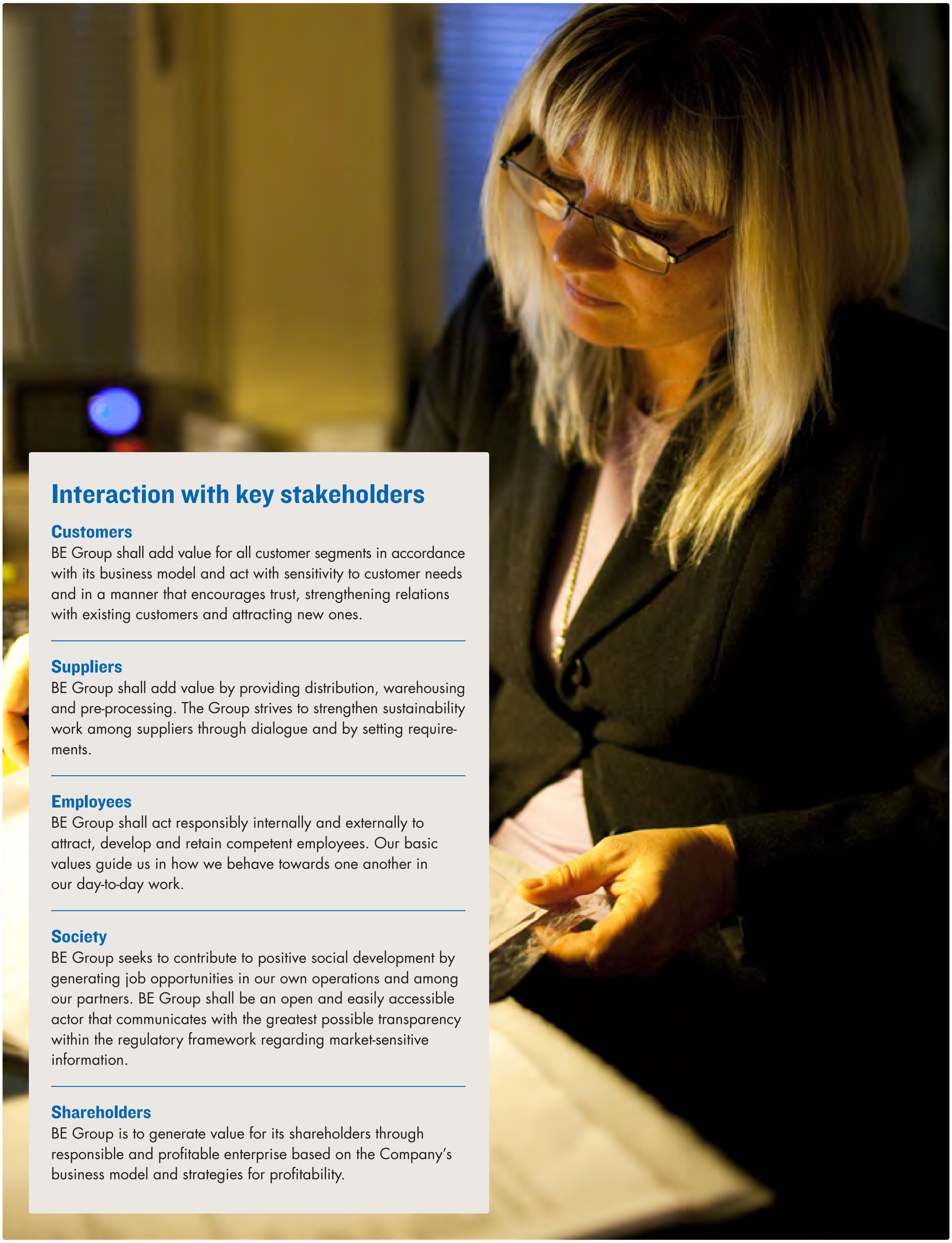
Swedish mutual fund management company Swedbank Robur analyzes companies in the technical trading sector and in 2015 renewed its approval of BE Group for its "responsible investments".

The excerpt below is taken from the latest assessment, due to the fact that the renewed assessment was not available at the time of production of this Annual Report:

"Relative to its sector, BE Group has low sustainability risks with nearly all of its sales and purchasing in the Nordic region and Western Europe, as well as raw materials in the form of steel products. The Company's work with the supply chain is primarily focused on raising suppliers' environmental performance, with suppliers consisting of Nordic and European steel companies. Most of BE Group is environmentally certified and conducts adequate environmental work in which cooperation with suppliers of raw materials in particular is prioritized to reduce the environmental impact of products, although internal environmental targets concerning transports and proprietary production are also applied."

Contributions to charitable causes

In 2014, BE Group made minor donations to charitable causes by means of Christmas gifts to BRIS (Children's Rights in Society) in Sweden, the Mannerheim League for Child Welfare in Finland, and Doctors without Borders.



Interaction with key stakeholders

Customers
BE Group shall add value for all customer segments in accordance with its business model and act with sensitivity to customer needs and in a manner that encourages trust, strengthening relations with existing customers and attracting new ones.

Suppliers
BE Group shall add value by providing distribution, warehousing and pre-processing. The Group strives to strengthen sustainability work among suppliers through dialogue and by setting requirements.

Employees
BE Group shall act responsibly internally and externally to attract, develop and retain competent employees. Our basic values guide us in how we behave towards one another in our day-to-day work.

Society
BE Group seeks to contribute to positive social development by generating job opportunities in our own operations and among our partners. BE Group shall be an open and easily accessible actor that communicates with the greatest possible transparency within the regulatory framework regarding market-sensitive information.

Shareholders
BE Group is to generate value for its shareholders through responsible and profitable enterprise based on the Company’s business model and strategies for profitability.

Environmental policy and environmental work

For a long time, BE Group has been working with environmental issues as an integrated part of its operations. With its position between steel producers and customers, it is in the area of transport in particular that BE Group is able to help lessen the environmental impact. In addition, BE Group works continuously to improve its own facilities' energy consumption, emissions and waste management.

Overarching environmental policy

A comprehensive environmental policy forms the basis of BE Group's environmental work. The policy states that BE Group shall:

- As a minimum comply with current environmental legislation and requirements from local authorities.
- Be economical in our use of energy and natural resources.
- Work to decrease the amount of waste and emissions from our facilities.
- Identify opportunities to make adjustments benefiting the environment when making investments and changes in processes and facilities.
- Maintain a high level of awareness on environmental issues through ongoing training.
- Document and communicate environmental work to employees and provide open and objective information to external stakeholders.

CO_2-emissions per tonne sold, kg/tonne

2014	2013	2012
16	22	–

Proportion of waste that is recycled, %

2014	2013	2012
98	98	98

Proportion of sales made by ISO 14001-certified units, %

2014	2013	2012
92	93	94

Proportion of purchasing from ISO 14001-certified units, %

2014	2013	2012
73	72	–

Carbon dioxide footprint

The reduction of carbon dioxide emissions is a major global environmental challenge. In the refinement chain from the steel producer to the end-customer, it is at the producer level that the absolute majority of carbon dioxide emissions take place. Nonetheless, there are things that BE Group can do to reduce emissions in its part of the chain.

In 2013, BE Group commenced efforts to calculate emissions in accordance with the recommendations in the GHG (Greenhouse Gas Protocol) measurement standard and these efforts continued and were improved in 2014. The estimated carbon dioxide footprint from BE Group's facilities (equivalent to scope 1 & 2 in accordance with GHG) was 16 kg CO_2/tonne steel sold (22). The calculated emissions from transports to and from our facilities (corresponding to scope 3 in accordance with GHG) were estimated to be 3.5–4 times greater than the emissions from the operations at BE Group's own facilities.

Continued development and adaptation of emission calculations according to the GHG standard will occur during 2015 to improve our knowledge and the monitoring of emissions in the value chain from supplier to customer. According to the company's own estimates, BE Group is currently responsible for about 1 percent of the total carbon dioxide emissions in the value chain, while transports to and from BE Group's facilities account for about 4 percent. The remaining 95 percent of the emissions originate among producers.

Internal environmental objectives

BE Group wants each employee to feel actively committed to improving the environment. This requires continuous information and training, although it is equally important that the set environmental targets are relevant to the individual employee. For this reason, BE Group works with environmental key figures in areas such as purchasing, sales, transport, energy consumption, emissions and handling of residual materials.

Clear, locally adapted targets are set based on identified environmental aspects, applicable legislation and available technology. Based on the specific needs and opportunities of each unit, concrete plans of action are then set up, enabling regular review and the quantification of results.

Environmental certifications

BE Group is working to have all of its production facilities environmentally certified in accordance with the ISO 14001 standard and has come a long way in this process. Of BE Group's total 14 sites, 10 are currently certified which means that 92 percent (93) of BE Group's total sales come from environmentally certified units.

The reason for the decrease is that the distribution of sales between the units has changed over the years and we did not certify any additional facilities in 2014. The long-term goal is a 95 percent share, which we expect to reach in 2015 when two more facilities are expected to be certified.

Environmental certification is also an area where BE Group has progressed far in its cooperation with its various suppliers. In several instances, close dialog has also resulted in individual suppliers commencing projects to environmentally certify their operations. Today, 73 percent (72) of BE Group's purchasing is sourced from producers who are certified in accordance with ISO 14001. In recent years, significant efforts have been made dedicated to improving the quality of incoming basic data and to using data from BE Group's common IT-system. This process has now been completed and the objective is to be able to set a target for environmental certifications in 2015.

Prioritized environmental areas

Transports

BE Group's objective is to continuously increase the proportion of deliveries to our warehouse facilities made by rail and sea. Where this is not possible, deliveries are made by truck. The transports that BE Group is most able to affect are its deliveries to customers. Currently, 70 percent (66) of these deliveries are made using ISO 14001 certified transport companies. The figures are significantly higher for transports in Sweden and Finland – 95 percent (94) and 82 percent (82) percent respectively – and an increased proportion of sales in these markets is the main reason for the improvement.

Energy consumption

Thanks to reduced use of oil and gas in favor of district heating, and the consolidation of the number of facilities, the trend has for some time been for BE Group's energy consumption to decline at its own facilities. In recent years, however, this trend has leveled off due to an increased proportion of production services sales. BE Group's total energy consumption was 77 kWh/tonne (79) (corresponding to scope 1 and 2 in accordance with GHG). Carbon dioxide emissions have decreased further due to a number of activities having been carried out, among other things, the Swedish operations switched to using green electricity. Efforts will continue in 2015, with, among other things, a mapping of energy consumption in the Finnish operations.

Emissions from production

BE Group's own operations cause only limited emissions. Emissions originate primarily from the production units in Malmö and Norrköping in Sweden and in Lahti and Turku in Finland where operations such as painting and blasting are carried out. The filtration of solvents (VOCs) from painting facilities and dust from blasting and cutting equipment is highly efficient. All production units have the necessary environmental permits.

Waste management

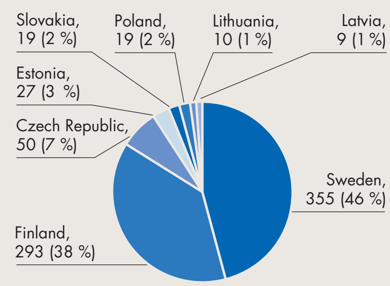
Residual materials in BE Group's operations are principally metals, wood and cardboard. These are sorted and recycled to the greatest possible extent. BE Group also carefully follows up the work of its suppliers of recycling services. In 2014, the average amount of residual materials per tonne sold amounted to 62 kg (64), with 98 percent (98) being sent for recycling.

Corporate culture and values

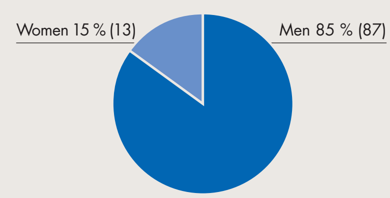
BE Group considers its employees to be ambassadors and long-term advocates. On many occasions, it is individual employees who are the outward face towards a specific customer and the objective is therefore to take care that everyone who works at BE Group should contribute to us being perceived as an economically, socially and ethically responsible company. The corporate culture is based, among other things, on what BE Group has defined as its basic values.

Two of BE Group's employees at the sales office in Gothenburg: Frida Grahn and Maggan Pettersson.

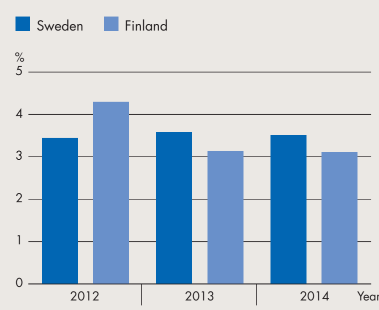
Average number of employees by country
(percentage of total)



Gender distribution, total



Absence due to sickness



Basic values

BE Group's basic values act as a guide in the day-to-day work of everyone within BE Group. These values address how employees behave towards one another, as well as towards customers, suppliers and others with whom they come into contact.

Understanding customers – We understand our customers and contribute to their success
Profit – We are cost-efficient and together we generate profit for our customers and ourselves
Action – We try new solutions and encourage creativity and action
Responsibility – We assume responsibility and keep our promises
Openness – We are open, straightforward and clear

Code of Conduct

BE Group's Code of Conduct details the Group's responsibilities towards its business partners, owners, employees and society and applies to all employees. Managers within the Group bear an additional responsibility to act as role models in the application of the Code of Conduct, ensuring adherence to the Code by all employees.

Responsibilities towards our business partners and owners

- Bribes are prohibited. All forms of compensation to agents, suppliers and partners shall be consistently based on relevant products and services.
- Gifts and other hospitality gestures may not exceed local practice and legislation.

Responsibility towards employees

- All employees shall be treated equally, fairly and with respect, regardless of ethnic background, gender, age, national origin, disability, religion, sexual orientation, trade union membership and political affiliation.
- Wages and other benefits shall correspond to or exceed the minimum wage stipulated by law and in accordance with agreements in each country where the Group operates.
- All employees shall be afforded a fair chance to compete for vacant positions within the Company, with professional skill and competence being the only decisive factors in recruitment.

Responsibility towards society

- BE Group shall provide objective and continuous information on products, services and development. Information of importance to the Company's business partners shall always be communicated as quickly as possible.
- The Company has a permanent commitment to contribute to ecologically sustainable development.

BE Group has a whistle-blower policy that entails all employees opportunity to report anonymously any digressions from the Group's Code of Conduct.

Competence development

BEOS (BE Operating System) describes the working principles that are to create more efficient workflows at warehouses and production units in accordance with lean production. The units have made considerable progress in implementing these principles and consequently training in this area will continue in 2015.

"The BE School" is the collective name used for BE Group Sweden's ongoing internal training for sales, warehouse and production personnel, among others. This may, for example, involve in-depth knowledge on products or equipment, or study visits to customers and suppliers to develop the service provided to these. During 2014, BE Group Sweden invested specifically in management training for personnel in logistics and production.

In BE Group Finland, the coaching program commenced in 2013 continued and was completed during the year. All employees have now attended the program, the methodology involves working groups agreeing independently on rules and guidelines for day-to-day work. The objective is to achieve lasting improvements in everything from leadership and cooperation to motivation and workplace satisfaction.

Over the year, BE Group Finland also trained personnel in the area of quality assurance and this work is set to continue in 2015.

A safe workplace

In the operations that BE Group conducts, it is unavoidable that there are tasks that entail risks if not performed correctly. Besides adhering to applicable workplace environment legislation at all of our facilities, BE Group focuses on advancing safety issues in day-to-day operations. All visitors to production facilities in Sweden must wear a safety helmet and must be 18 years of age or older. Since operations include an increasing proportion of production service, continuous training of personnel in general safety awareness, safe handling of materials and safe handling of the growing amount of equipment.

The BE Group share

BE Group AB has been listed on the NASDAQ OMX Stockholm Exchange since the end of 2006. The share can only be traded in this marketplace. The Company trades under the ticker BEGR and is included in the Basic Resources sector. Total turnover of BE Group shares in 2014 was 50.2 million shares with a combined value of SEK 506.2 Bn, representing an average turnover of 201,653 shares or SEK 2.0 M per trading day. Turnover represented 0.02 percent of total turnover on the NASDAQ OMX Stockholm Exchange in 2014.

On the year's last trading day, December 30, 2014, the market price for the BE Group share was SEK 5.50. The highest trading price in 2014 was quoted on May 8 at SEK 14.00. The year's lowest share price was quoted on December 16, at SEK 4.35. At the end of the year, BE Group's total market capitalization was SEK 411 M.

Share capital and voting rights

At December 31, 2014, the share capital in BE Group was SEK 152.5 M (102.0) allocated among 74,728,128 shares, each with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital in the Company is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares.

Each share carries one vote and there is only one class of shares.

Ownership

At the end of 2014, BE Group had 6,949 shareholders, compared with 7,298 at the end of the preceding year. AB Traction and Swedbank Robur were the two largest owners. The other major shareholders are listed in the table. At the end of the year, the proportion of Swedish institutional ownership (legal entities) totaled 60 percent and foreign ownership was 13 percent.

At the end of the year, the five members of Group Management together held 28,950 shares in BE Group. At the same time, the Company's directors together held 169,750 shares.

BE Group AB held 538,381 treasury shares at the close of 2014.

Dividend policy and dividends

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2014 (-).

Publication of financial information

BE Group applies a clear strategy for communications with stakeholders in the financial markets. The Company observes a so-called silent period from the close of the period being reported on and until the publication of the interim report.

In line with this strategy, BE Group held several meetings during 2014 with representatives of the capital market and the media in connection with the interim reports. Group management also commented on the interim reports in webcasts and meetings with investors and analysts.

Shareholder contacts

CFO Andreas Karlsson is responsible for contacts with shareholders. Press releases issued by BE Group are distributed via Cision and are made available on the Group's website at www.begroup.com in connection with publication. Information on the BE Group share is updated continuously on the Group's website.

Rights issue 2014

In the first quarter of 2014, a rights issue was implemented. The issue amounted to SEK 161 M before transaction costs. Each existing share conveyed the right to one subscription right and two subscription rights conveyed the right to subscribe for one new share. Through the issue, 24,728,128 new shares were issued and share capital increased by SEK 50.5 M.

Proposed rights issue in 2015

To strengthen the company's financial flexibility, the Board of Directors has decided to propose to the Annual General Meeting a rights issue for approximately SEK 250 M. The rights issue will be carried out during the second quarter of 2015.

Analysts monitoring BE Group

Erik Penser, Johan Dahl, tel: +46 (0)8-463 84 37
Handelsbanken Jon Hyltner, tel: +46 (0)8-701 12 75
SEB, Julian Beer, tel: +46 (0)8-522 29 652

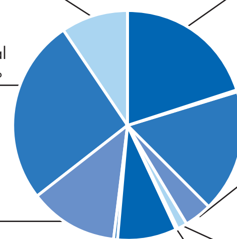
Shareholder structure, December 30, 2014

Holding	Number of shareholders	Number of shares	Capital and votes (%)
1 – 500	3,158	765,490	1.0
501 – 1,000	1,031	816,922	1.1
1,001 – 2,000	943	1,458,159	1.9
2,001 – 5,000	840	2,890,589	3.9
5,001 – 10,000	466	3,555,575	4.8
10,001 – 20,000	239	3,577,920	4.8
20,001 – 50,000	162	4,941,433	6.6
50,001 – 100,000	54	3,953,812	5.3
100,001 – 500,000	36	7,585,872	10.1
500,001 – 1,000,000	7	4,841,522	6.5
1,000,001–	13	40,340,834	54.0
Total number	**6,949**	**74,728,128**	**100.0**

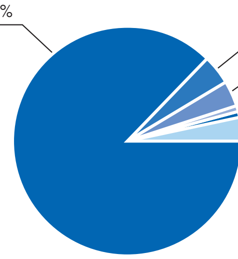
Largest shareholders, December 30, 2014

Shareholders	Number of shares	Capital and votes (%)
AB Traction	12,881,901	17.3
Swedbank Robur Funds	5,374,215	7.2
IF Skadeförsäkring	4,735,223	6.3
Avanza Pension	3,958,027	5.3
Fourth Swedish Nat'l Pension Fund	2,862,732	3.8
Nordnet Pensionsförsäkring	1,670,442	2.2
Citybank NA New York	1,566,116	2.1
Skandinaviska Enskilda Banken	1,347,600	1.8
Catella Fondförvaltning	1,278,300	1.7
Foundation for Baltic and East European Studies	1,202,122	1.6
Total, 10 largest shareholders	36,876,678	49.3
BE Group's holding of treasury shares	538,381	0.7
Other shareholders	37,313,069	50.0
Total number	**74,728,128**	**100.0**

Shareholder category, December 30, 2014



Shareholdings by country, December 30, 2014

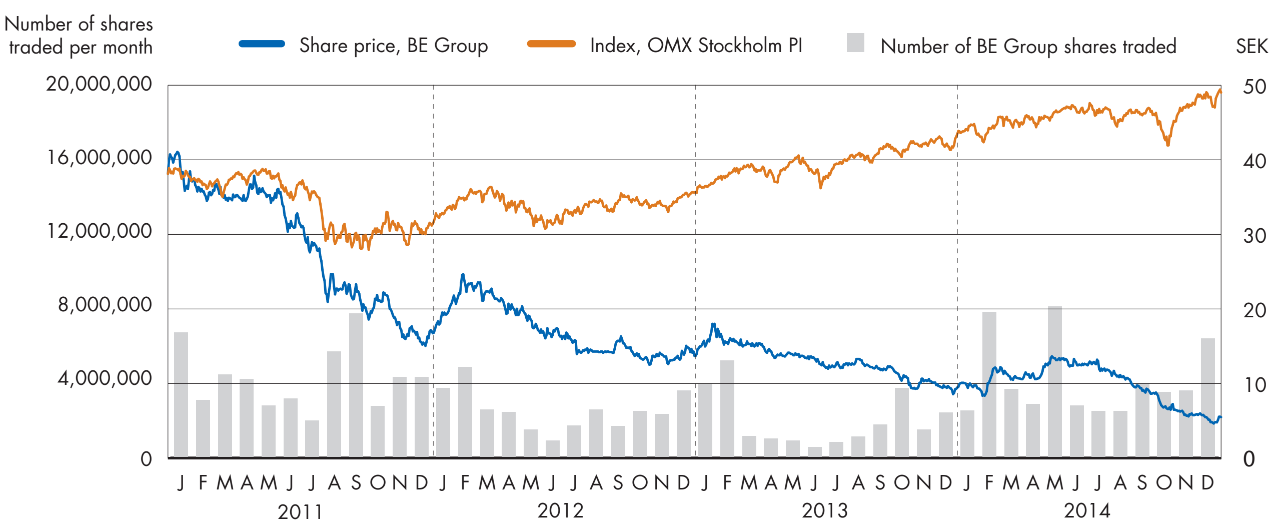


Source: Euroclear Sweden

Per share data

SEK M unless otherwise stated	**2014**	**2013**
Earnings per share	-1.07	-1.02
Underlying earnings per share	-0.58	-0.21
Earnings per share after dilution	-1.07	-1.02
Underlying earnings per share after dilution	-0.58	-0.21
Equity per share	9.64	12.68
Proposed dividend per share	–	–
Dividend yield, %	–	–
P/E ratio, multiple	neg	neg
Market price, December 30, latest price paid	5.50	9.94
Market capitalization, December 30, SEK M	411	590

Share price development, January 2011 – December 2014



ISIN code: SE0001852211 Ticker on NASDAQ OMX: BEGR Source: SIX Telekurs

Board of Directors' Report

The Board of Directors and the President and CEO of BE Group AB (publ), corporate identity number 556578-4724, hereby present the annual accounts and consolidated annual accounts for the financial year January 1 – December 31, 2014.

Operations

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers mainly operate in the engineering and construction sectors in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors.

Operations are maintained in eight countries, with Sweden and Finland being the largest markets. The Group employs approximately 800 people. The head office is located in Malmö, Sweden.

BE Group's stock is listed on the NASDAQ OMX Stockholm Exchange. Read more about BE Group at www.begroup.com.

Market and business environment

Market demand in the first half of 2014 was in line with the previous year, while the second half was weaker. In terms of demand, the full-year is assessed to be weaker than 2013.

Reclassification of the operations in the Czech Republic

The Czech operations, which have been reported as operations for sale since 2012, were reinstated as ordinary operations in the company's accounts. Consequently, the income statements and balance sheets for 2012 and onwards have been recalculated. In connection with the reversal, impairment of SEK 14 million was recognized in the assets of the company and was charged against the operating result during fourth quarter.

Net sales and business performance

Net sales for 2014 fell 4 percent compared with the preceding year, amounting to SEK 4,202 M (4,355). The decrease is explained by a reduction in tonnage of 10 percentage points which is offset by positive price and mix effects of 4 percentage points and currency effects of 2 percentage points.

Consolidated gross profit amounted to SEK 527 M (547), with a gross margin of 12.5 percent (12.6). The operating result amounted to SEK -17 M (-8). Adjusted for inventory losses of SEK -6 M (-14) and non-recurring items of SEK -29 M (-30), the underlying operating result decreased to SEK 18 M (36). The underlying weakening in results was primarily attributable to lower sales and a somewhat weaker gross margin. This was offset to some extent by lower overhead costs. The operating margin amounted to -0.4 percent (-0.2) and the underlying operating margin was 0.4 percent (0.8).

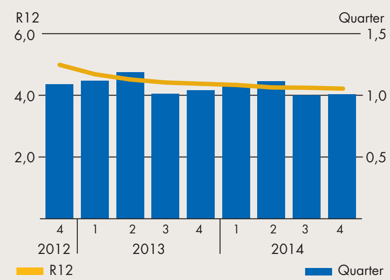
Net sales and earnings trend

(SEK M)

Net sales 2013	**4,355**
Net sales 2014	**4,202**
Operating result 2013	**-8**
Inventory losses	-14
Non-recurring items	-30
Underlying operating result 2013	**36**
Tonnage, price and mix effects	-20
Change in gross margin	-8
Change in overhead costs	10
Underlying operating result 2014	**18**
Inventory losses	-6
Non-recurring items	-29
Operating result 2014	**-17**

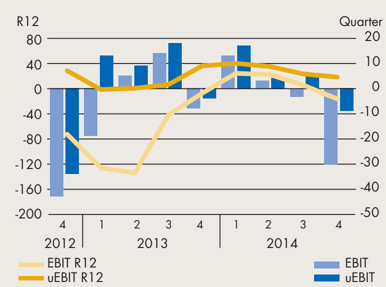
Net sales, SEK Bn

Rolling 12 months and quarter



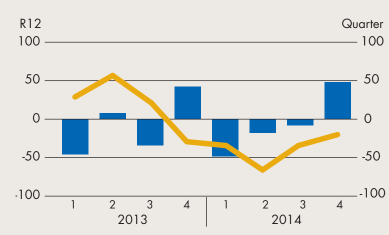
Operating result (EBIT), SEK M

Rolling 12 months and quarter



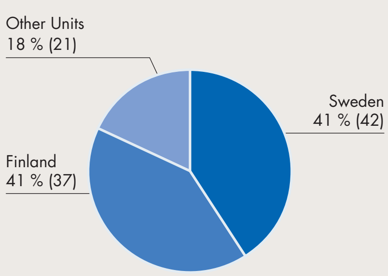
Cash flow from operating activities, SEK M

Rolling 12 months and quarter



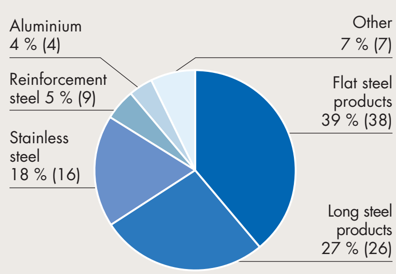
Net sales by business area

% of net sales (preceding year)



Sales by product area

(preceding year)



Business Area Sweden

Business Area Sweden accounted for 41 percent (42) of BE Group's net sales in 2014. The business area serves customers from warehouse and production facilities in Malmö and Norrköping and sales offices in a total nine locations with geographic links to key industrial clusters.

Kalle Björklund
Business Area Manager Sweden

Key data	2012	2013	2014
Shipped tonnage, thousands of tonnes	205	169	160
Net sales, SEK M	2,313	1,889	1,776
Change, %	-15	-18	-6
Operating result (EBIT), SEK M	51	19	31
Operating margin, %	2.2	1.0	1.7
Underlying operating result (uEBIT), SEK M	57	37	31
Underlying operating margin, %	2.5	2.0	1.7
Investments, SEK M	10	6	1
Average number of employees	291	287	265

The Market

The Swedish customer base consists of a large number of customers in the engineering and construction sectors. The size of customers and their needs vary substantially, so BE Group places great emphasis on the continuous development of its product and service offerings to meet market demand.

A local presence and high level of service are also prerequisites for a functioning long-term partnership. Today, the ten largest customers account for about 20 percent of the business area's sales.

Alongside Tibnor, which is part of the SSAB Group, and Stena Stål, BE Group is one of the leading suppliers in the Swedish market. In addition, there are a number of actors that are strong in particular areas.

Development over the year

The export-oriented engineering sector showed weaker demand than expected, while the domestic construction sector, focused on the metropolitan regions, developed somewhat better. The demand trend was slightly positive during the first six months of the year but later stalled and, overall, 2014 was a weaker year than 2013.

The trend in steel prices has been weak due to continued high steel production and weak global demand. In the Swedish market, BE Group has worked intensively to increase its sales, despite weak market conditions.

Sales and business performance

The business area reported sales of SEK 1,776 M (1,889), a decrease of 6 percent compared with the preceding year. Shipped tonnage also decreased by 6 percent.

The operating result amounted to SEK 31 M (19) and the underlying operating result to SEK 31 M (37). The weakening in the underlying result is due to lower sales, partially offset by lower overhead costs. Last year, the operating result was affected by non-recurring costs attributable to restructuring.

The joint venture ArcelorMittal BE Group SSC AB is reported in accordance with the equity method. The participation in earnings for the year amounted to SEK 1 M (1).

Key events

Over the year, the Swedish market was characterized by the ongoing merger of steel producers SSAB and Rautaruukki, a merger entailing, among other things, the consolidation of two leading Nordic steel wholesalers, Tibnor and Ruukki as a single actor. This means that a number of steel purchasers in the Swedish market are reviewing their supplier relationships, thereby opening up to new partnerships. Over the year, BE Group has consequently focused considerably on identifying and developing new customer relationships.

Another important parameter for the continued development of existing customer relationships is delivery accuracy. Efforts in the area of delivery accuracy were intensified over the year, resulting in a contiuous improvements.

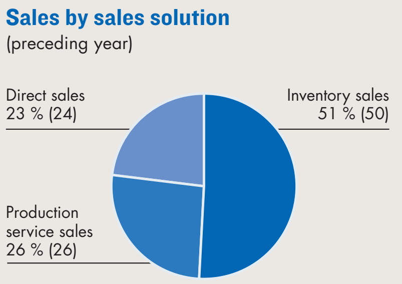
The process of realigning the organization to be able to meet greater variation in volumes through flexibility has continued and cross-functional collaboration provides flexibility and considerable improvements in efficiency.

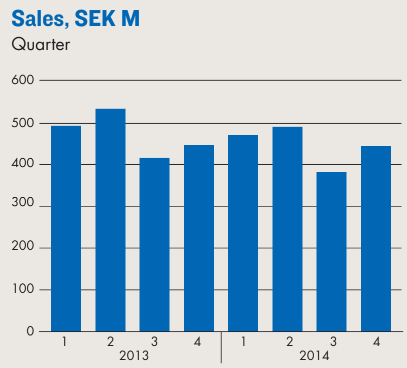
BE Online, BE Group's e-trading platform, continued to grow and today about 10 percent of the business area's order volumes are received through this digital channel.

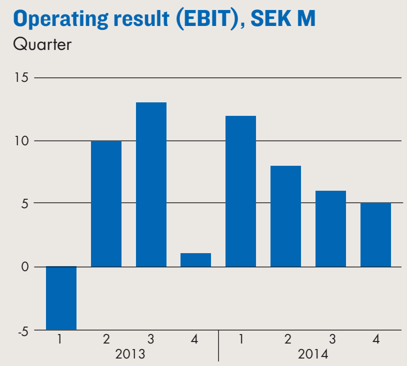
Continued development

A target-oriented sales process to break the trend of declining volumes is at the top of the agenda for 2015.

To generate competitive advantages, the product range is continuously being developed, in parallel with the optimization of warehousing. Efforts to ensure a high level of delivery accuracy remain in focus. For example, a comprehensive mapping of processes is underway with the purpose of developing and streamlining customer service and processes.







Delivery accuracy critical to BT

Forklift truck manufacturer BT Products AB, part of Toyota Material Handling Europe has been a customer of BE Group's since the 1970s. BE Group mainly supplies cut plates, although the commitment also includes bars, hollow profiles and other products. BT Products imposes rigorous demands on material supply and BE Group's position as a Certified Supplier builds largely on high product quality and delivery accruacy.

Business Area Finland

Since August 2013, Business Area Finland also includes the operations in the Baltic States. In 2014, the business area accounted for a total of 41 percent (37) of BE Group´s net sales. The organization in Finland consists of production and warehousing facilities in Lapua, Lahti and Turku and sales offices in nine locations. In the Baltic States, there are warehousing and sales units in Tallinn, Riga and Kaunas.

Key data	2012	2013	2014
Shipped tonnage, thousands of tonnes	179	168	172
Net sales, SEK M	1,881	1,619	1,715
Change, %	-18	-14	6
Operating result (EBIT), SEK M	41	14	32
Operating margin, %	2.2	0.9	1.9
Underlying operating result (uEBIT), SEK M	58	29	40
Underlying operating margin, %	3.1	1.8	2.3
Investments, SEK M	18	21	4
Average number of employees	379	360	340

Lasse Levola
Business Area Manager Finland

The Market

Historically, Business Area Finland has focused on providing value-adding services, primarily to the engineering sector. The proportion of production services is 46 percent, which is higher than elsewhere in the Group, and the market position here is strong. This is based on the investments in advanced production equipment made on an ongoing basis at the facilities in Lapua, Lahti and Turku.

Compared with Business Area Sweden, the construction sector has accounted for a smaller proportion of sales for BE Group in Finland, although the need for turnkey construction and increased demands on, for example, delivery accuracy and certification open up new opportunities.

BE Group's market share is stable and, alongside SSAB/Tibnor, Kontino and Flinkenberg, the Group accounts for more than two-thirds of the distribution market in Finland.

The business area also includes the operations in the Baltic States. Here, the market is more diversified and conditions vary substantially between Estonia, Latvia and Lithuania. In general, BE Group holds a favorable and growing position in the area.

Development over the year

In 2014, steel consumption in Finland is estimated to have declined compared with the preceding year. Despite this, BE Group has increased its sales in terms of both volume and value. This has been based on prioritized market segments, particularly metal processing sectors, having shown improved demand, and on the price structure for production services being more favorable than other delivery formats.

The drive initiated in the construction sector also contributed positively to development.

The Baltic markets have generally developed more strongly. In Estonia, the market is estimated to have grown by about 5 percent over the year, while volumes in Latvia and Lithuania were unchanged. In general, BE Group has strengthened its market shares in the Baltic States, and the operations in Estonia grew by about 25 percent over the year.

Sales and business performance

Business Area Finland's sales rose 6 percent compared with the preceding year, amounting to SEK 1,715 M (1,619). Shipped tonnage rose by 2 percent, which, combined with a 5 percent higher exchange rate for the euro, accounts for the increase in sales when expressed in SEK. The operating result improved to SEK 32 M (14) and the underlying operating result, adjusted for inventory losses and non-recurring items, to SEK 40 M (29). The improvement in results is explained by higher sales.

Key events

The merger between SSAB and Rautaruukki, combined with a general uncertainty surrounding continued developments, caused a certain degree of turbulence in the Finnish market. Among other things, this led to some competitors choosing to cut back or completely discontinue all or part of their operations. Over the year, this enabled BE Group to initiate a number of new customer relationships and to enter the new year with strengthened market shares and growth potential.

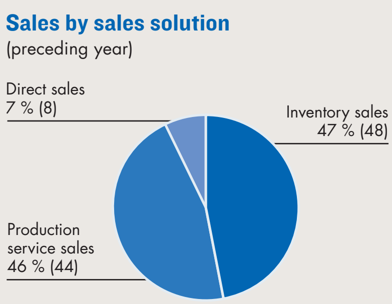
During the year, BE Group secured a breakthrough order in the construction sector. This is a direct result of investments in production service and an upgrade of gas cutting equipment. During the year, the operations in Finland were also certified in accordance with EN 1090, which has become a requirement for supplies to the construction sector.

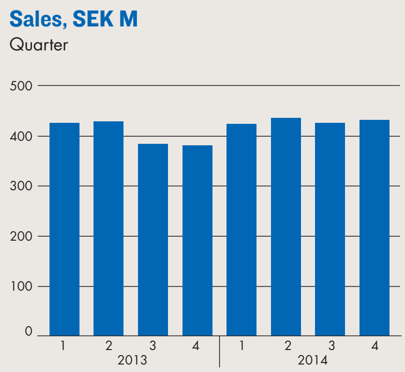
Continued development

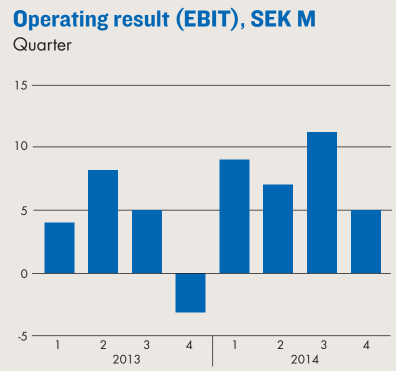
The structural changes that took place in 2014 will provide growth opportunities in 2015. Likewise, the outlook for further growth in the Baltic States is favorable and consequently substantial resources will be focused on this sales area.

Further efforts to increase volumes in the construction sector, focusing on production service and complete structures, will be implemented.

Increased sales will lead to better utilization of capacity in the business area's production equipment.





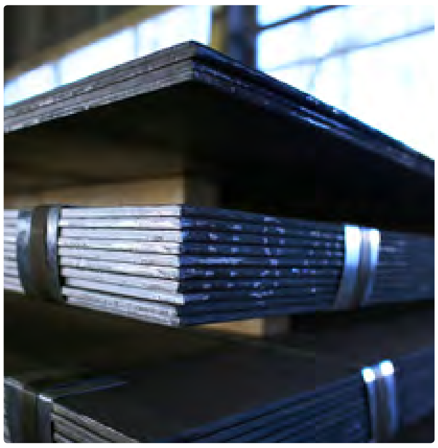


Breakthrough order in the construction sector

In 2014, Business Area Finland secured a breakthrough order in the construction sector for approximately 3,000 tonnes of steel in the form of pre-welded steel structures. The order was made possible by, among other things, investments in advanced gas cutting equipment, as well as the certification of BE Group in Finland in accordance with the EN 1090 standard. The steel is being delivered to the new Iso Omena shopping center in Matinkylä, Espoo and is being made in partnership with engineering firm JPV Engineering.

Other Units

Other Units consists of BE Group's operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna. The operations in the Czech Republic and Slovakia primarily conduct distribution operations, while the other operations are production units. Other Units accounted for 18 percent (21) of BE Group´s net sales in 2014.



Key data	2012	2013	2014
Shipped tonnage, thousands of tonnes	118	126	86
Net sales, SEK M	905	947	776
Change, %	-17	5	-18
Operating result (EBIT), SEK M	-140	-26	-49
Operating margin, %	-15.5	-2.7	-6.4
Underlying operating result (uEBIT), SEK M	-61	-25	-28
Underlying operating margin, %	-6.8	-2.6	-3.6
Investments, SEK M	19	15	2
Average number of employees	218	190	168

Development over the year

Other Units' net sales decreased by 18 percent compared with the year-earlier period, amounting to SEK 776 M (947).

The lower sales were primarily a consequence of shipped tonnage having decreased by 32 percent. Of this decrease, 28 percentage points is a consequence of the discontinuation of the company's rebar sales operations in the Czech and Slovakian markets towards the end of 2013.

The operating result amounted to SEK -49 M (-26) and the underlying operating result to SEK -28 M (-25). The operating result was impacted negatively by non-recurring costs of SEK 21 M.

Reclassification of the operations in the Czech Republic

The Czech operations, which have been reported as operations for sale since 2012, were reinstated as ordinary operations in the company's accounts. Consequently, the income statements and balance sheets for 2012 and onwards have been recalculated.

In connection with the reversal, impairment of SEK 14 million was recognized in the assets of the company and was charged against the operating result during the fourth quarter.

Czech Republic

BE Group's operations in the Czech Republic consists of a warehouse facility in Ostrava and a production plant in Prerov. After having discontinued rebar sales in the latter part of 2013, inventory sales mainly consist of sales of plates to the engineering sector. The production site in Prerov specializes in cutting bar materials to length, primarily stainless steel and other alloy steels.

Industrial production in the country was weak over the year. Despite this, the company's sales, disregarding rebar, increased somewhat and the result before non-recurring items was slightly better than last year.

Slovakia

BE Group's operations in Slovakia consist of two warehouse facilities located in Michalovce and Martin. Following the discontinuation of the rebar operations, the customer base is primarily in the engineering sector, where most customers are suppliers to the OEM segment.

During the year, industrial production in Slovakia slowed, partly as a result of the conflict in Ukraine. The discontinuation of the rebar operations has entailed sales decreasing by about a third. For the remaining business, which involves plates, sales were in line with the preceding year.

The result weakened somewhat as lower costs did not fully offset lower sales.

Poland

BE Group's operations in Poland consist of a production plant in Trebaczew in southern Poland. The facility conducts cutting, bending and simpler machining of plates.

Over the year, the focus was on developing a local customer base as a complement to the production performed for the Swedish and Finnish markets, as well as on reducing costs.

Although sales increased slightly compared to the previous year, the main reason for the improved result is an increase in the gross margins as the customer base has developed.

BE Group Produktion Eskilstuna

BE Group Produktion Eskilstuna specializes in advanced processing of plates or customers in the engineering sector. The company's operations consist of a production facility in Eskilstuna, Sweden.

In early 2014, a new president was appointed and the year was marked by new orders being won, an increased focus on follow-up and improved production flows. Sales were in line with the preceding year but the result was weaker. Non-recurring costs of SEK 7 M were recognized in the result. Even taking these non-recurring costs into account, the result level is too low, mainly due to low capacity utilization in some parts of the facility.

Lecor Stålteknik

Lecor Stålteknik, whose operations are located in Kungälv, Sweden, has been part of BE Group since 2011. The company broadens the Group's offering by providing prefabricated steel structures for construction and industrial projects.

Although the year started relatively well, sales fell sharply in the final quarter, which, for the year as a whole, led to slightly lower sales and a weaker result compared with the previous year.

Continued development

The overall result for the Czech Republic, Slovakia and Poland improved over the year, while the results of BE Group Production Eskilstuna and Lecor Stålteknik decreased. Regardless of development over the year, the result levels are generally too low and improvement efforts are continuing.

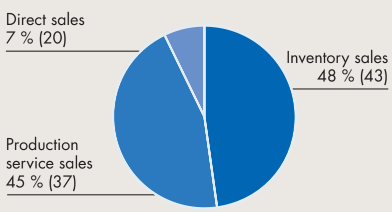
For the Czech Republic and Slovakia, the main focus is on increasing coordination between markets and thereby reducing costs. There are also good opportunities for growth in these markets.

In Poland, work continues to build up the customer base with business that is well-suited to the existing facility.

Lecor Stålteknik's principal focus is on increasing the number of offers it makes and building up its order book with projects suited to the company's expertise. For BE Group Produktion Eskilstuna it is a matter of starting production on new orders and securing additional orders to increase utilization.

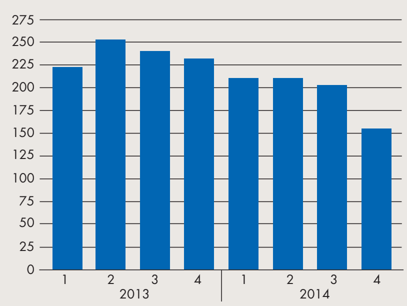
Sales by sales solution

(preceding year)



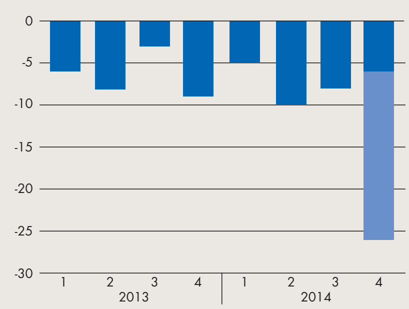
Sales, SEK M

Quarter



Operating result (EBIT), SEK M

Quarter



The operating result in the fourth quarter of 2014 includes non-recurring costs of SEK 20 M.

Development by sales solution

BE Group's sales are conducted via three sales solutions: Inventory sales, production service sales and direct sales. In all solutions, BE Group holds a central role as a strategic purchaser, meaning that the customers have access to the knowledge and relations with the major steel producers that BE Group has built up.

BE Group's offering in inventory sales complements the purchasing function with warehousing and distribution, securing the customer's material flows by ensuring that products are delivered at times suited to the customer's production processes. Inventory sales form the largest sales solution and accounted for 49 percent (48) of total sales over the year.

Production service sales consist of material deliveries complemented by production services. BE Group refines the products through, for example, cutting to length, drilling and various types of cutting according to customer specifications. The proportion of production service sales rose to 37 percent (35).

Direct sales are an alternative mainly where orders involve major volumes or a limited number of simpler products that can be delivered directly from material producers to BE Group's customers. The share of direct sales declined to 14 percent (17).

Sales trend by product area

Net sales of commercial steel fell by 6 percent and totaled SEK 2,956 M (3,159). Shipped tonnage decreased by 11 percent. Overall, commercial steel accounted for 71 percent (73) of net sales. Sales of stainless steel rose by 7 percent and amounted to SEK 765 M (714). Shipped tonnage was unchanged. Overall, stainless steel accounted for 18 percent (16) of net sales.

Net financial items and tax

Consolidated net financial items for the year amounted to SEK -55 M (-58), of which net interest accounted for SEK -34 M (-39). On an annual basis, total net interest corresponded to 4.4 percent (4.7) of interest-bearing net debt.

Tax for the year amounted to SEK -1 M (15). The reason why a tax expense arises this year is that impairment has been recognized in previously valued loss carryforwards.

Cash flow

Cash flow after investments was SEK -30 M (-65). Cash flow from investing activities amounted to SEK -5 M (-35) and cash flow from operating activities amounted to SEK -25 M (-30).

Capital, investments and return

At the end of the year, consolidated working capital amounted to SEK 426 M (388) and average operating capital tied-up was 10 percent (9).

Of the year's investments, totaling SEK 7 M (43), investments in intangible assets accounted for SEK 0 M (1) and investments in tangible assets for SEK 7 M (42). The return on capital employed decreased in comparison with that in the preceding year and amounted to -1.1 percent (-0.5).

Financial position and liquidity

In the first quarter of 2014, a rights issue was implemented. The rights issue brought BE Group SEK 154 M after issue costs. The proceeds from the rights issue have been used to amortize loans.

In the first quarter, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,250 M, including guarantee facilities, and matures in February 2017. The facility was first utilized at the end of March.

At the end of the period, consolidated cash and equivalents were SEK 73 M (57) and consolidated interest-bearing net debt, including the Czech Republic, amounted to SEK 754 M (851).

At the end of the period, equity totaled SEK 715 M (627), while the debt/equity ratio improved to 105 percent (136).

Organization, structure and employees

The number of employees decreased to 766 compared with 807 at the beginning of the year. The average number of employees during the year amounted to 782 (853).

Environment

BE Group is engaged in operations at two sites in Sweden for which environmental permits are required. In Finland, operations in one location require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required.

The operations in Sweden, with the exception of Lecor Stålteknik, and the operations in Finland, Latvia, the Czech Republic and Slovakia are certified under the ISO 14001 environmental management system.

Risks and risk management in BE Group

BE Group's profits and financial position are affected by a large number of factors. Several of these are beyond the Company's own control. The Group operates in several countries and is therefore exposed to various risks as a consequence of differences in legislation, regulations and guidelines. Risk management within the Group is guided by established policies and procedures that are revised by the Board of Directors and/or Group Management on an ongoing basis. The Board of Directors in BE Group AB bears an overall responsibility for identifying, following up and managing risks.

The most important risks and factors of uncertainty for BE Group can be divided between:

- sector and market risks (economy and steel price trend),
- strategic and operational risks (suppliers, customers, increased direct deliveries from producers, agreements, personnel, product liability, legal and environmental liability), and
- financial risks (currency risk, interest risk, refinancing risk and credit risk).

Sector and market risks

The weak economic climate that BE Group has experienced over recent years has entailed increased general uncertainty, which also implies risks and uncertainty in operations. For BE Group, this has entailed increased short-term pricing among producers.

Economic trend

As for nearly all other businesses, the general economic trend affects BE Group and its customers. A weak economic trend increases the risk of lower demand for the Group's products, resulting in lower sales revenues. In addition, a weaker economy can lead to low inventory turnover, falling prices and inventory losses on existing inventories.

BE Group's strategy regarding inventory levels is to warehouse products based on estimated customer demand. This demands good customer contacts and accurate forecasting. The various companies in BE Group strive to maintain a level of inventory turnover suited to the market and local conditions of each company. The operational control of inventory levels is exerted by means of targets for the number of inventory days.

Steel price trend

The steel industry is strongly influenced by economic developments. As a consequence, steel price trends are volatile and are affected by the balance between the production offering and demand for steel at the different points along the value chain.

Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given a constant gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. Operating profit/loss for 2014 was charged with inventory losses of SEK 6 M (14). To limit these inventory effects, BE Group is working actively to reduce the number of inventory days while maintaining its level of service towards customers. Consequently, falling steel prices have a negative impact on BE Group's operations and earnings.

The table below shows the estimated effect on underlying operating result of changes in steel prices and sold tonnage. The sensitivity analysis is based on the outcome for 2014 and assumes a constant underlying gross margin.

	Change	Operating result effect
Steel price	+/- 5%	SEK +/- 22 M
Tonnage	+/- 5%	SEK +/- 22 M

Strategic and operational risks

BE Group's operations are influenced by a number of factors in various areas that can each affect development over the year.

Insufficient deliveries

BE Group's products consist of materials from several different suppliers. The Group strives to establish relations with the best steel producers and to maintain sustainable, long-term cooperation. To safeguard access to materials, the Group seeks to always maintain relations with several suppliers in each product group. Over the year, BE Group has cooperated with close to 700 suppliers. Before establishing new business relationships and entering agreements, suppliers' capacity to meet BE Group's demands in terms of finance, quality, logistics, the environment and other aspects is ascertained.

In BE Group's assessment, it is not dependent on any single supplier and all major suppliers are considered fully interchangeable, so disruption to deliveries by any one of them need not therefore entail long-term consequences for operations. In 2014, the largest single supplier accounted for 10 percent (8) of the Group's purchases measured in EUR. Combined, the ten largest suppliers accounted for 52 percent (46) of the Group's total purchasing. BE Group is also exposed to the risk that deliveries from suppliers could be substantially delayed in the event of interrupted production, capacity shortage or transport issues, thereby making the Group's processes more expensive. In recent years, individual suppliers have increasingly begun to take out credit insurance on their deliveries to the Group. In cases where suppliers cannot take out credit insurance and thus choose not to deliver to BE Group, there could be a negative impact on the Group.

Customers

BE Group's operations are conducted in several different markets and to numerous customer categories. The ten largest customers accounted for about 11 percent (13) of total sales in 2014. BE Group is not dependent on any individual customer and therefore has a good spread of risk in this regard.

Increased direct deliveries of steel and other metals

Users of steel and other metals have two principal procurement sources: direct from producers of steel and other metals or through trading and service companies. Traditionally, many large-scale users have bought directly from producers, while small and medium-sized users have often made use of trading and service companies. There is, however, a risk that producers will try to extend their direct sales, reducing the use of trading and service companies as agents.

Contractual relations

In accordance with current market practices, neither BE Group's customers nor its suppliers are to any great extent tied to the Group through long-term, formally binding contracts. Instead, it is the Group's custom to rely primarily on its good and often long-term relations with customers and suppliers, and on the normal practices that have been established between the parties. As a consequence, the implications of existing agreements may be difficult to clarify if the parties were to have differing opinions. There are specific agreements with some of BE Group's larger customers, which, in certain cases, require relatively comprehensive guarantees.

Human Resources

BE Group depends on competent employees for its future development and success. The ability to recruit, retain and develop qualified employees and being an attractive employer is an important prerequisite for success. The effect on the operations would be negative if key individuals were to quit and without it being possible to recruit suitable replacements.

BE Group has compiled a number of values that reflect the spirit of the Group. Among other areas, these values shall pervade the management. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.

Product liability

In the event of defect products, some of the products that BE Group sells could cause personal injury or other harm, thereby incurring a risk of claims for damages in accordance with the product liability laws of the country concerned. BE Group has taken out the customary liability insurance policies on its operations. To date, no claims for damages based on product liability have been brought against BE Group.

Legal

Since BE Group maintains operations in several countries, the Group is exposed to different laws, regulations, agreements and guidelines, as well as to changes in the stipulations within these. Among other things, regulations include trade restrictions, such as customs duties and tariffs, requirements for import and export licenses, restrictions on movements of capital and tax regulations.

In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility and interpretations of contract terms. From a risk perspective, BE Group is not dependent on any individual commercial agreement that could significantly limit the Group's operations.

Environmental legislation and responsibility for the environment

BE Group's operations are subject to legislation pertaining to the environment, as well as regulations on emissions to the atmosphere and water, waste management and the workplace environment. BE Group could become liable for environmental damage caused by operations conducted, or that have previously been conducted by the Company. According to Swedish law, certain environmental liability is not subject to limitations of time. It cannot be ruled out that operations such as those that are conducted, or have been conducted, by BE Group could lead to liability for environmental impacts that do not appear until much later.

Financial risks

For an account of financial risks, see Note 31.

Share-related information

Ownership structure

BE Group's shares have been listed on the NASDAQ OMX Stockholm Exchange since the end of 2006. BE Group had 6,949 shareholders at the end of the financial year. AB Traction was the largest shareholder with a holding of 17.3 percent. The ownership structure is described in greater detail on pages 14–15 of the Annual Report.

Share capital, shares outstanding and rights

In 2014, the Company completed a rights issue. As a result of the rights issue, share capital in the Company increased to 152,506,384 SEK (102,040,817) as of December 31, 2014 and the number of shares increased by 24,728,128 fully paid-up shares to 74,728,128 (50,000,000), each share with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital in the company is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares. Share capital is determined in Swedish kronor.

All shares convey equal rights to a percentage of the Company's net assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares. At the end of 2014, BE Group AB held 538,381 treasury shares. Further information about the BE Group share is provided on pages 14–15.

Authorization to the Board of Directors

The Annual General Meeting resolved to authorize the Board of Directors, on one or several occasions and not later than the 2015 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions. Transfers of at most 538,381 shares, corresponding to the company's existing holding of treasury shares, may be made deviating from shareholders' preferential rights. Transfers may be applied as payment of all or part of the purchase consideration in the acquisition of companies or operations or parts of companies or operations, in which case the payment shall correspond to the assessed market value of the shares. Alongside share transfers, payment may be effectuated through capital contributed in kind or by setting off claims against BE Group. Transfers may also be made on cash payment through sales on the NASDAQ OMX Stockholm Exchange at a price within the price interval registered at any given time – that being the interval between the highest bid price and lowest asking price at the time of sale. The Board of Directors shall have the right to decide on other conditions for the transfer. However, the conditions shall be market-based.

During the year, 18,238 shares, for which no compensation has been obtained, been transferred in connection with the Share Savings Scheme 2011. In addition, 5,363 shares were transferred through the exchange, in connection to the same Share Savings Scheme, for compensation equivalent to SEK 0 M. The total number of shares transferred over the financial year thus amounts to 23,601 corresponding to 0.03 percent of the share capital. In total, BE Group held 538,381 treasury shares at the end of the financial year, corresponding to 0.7 percent of the share capital, for a total amount of SEK 21 M.

Corporate governance

The Corporate Governance Report, which, among other things includes an account of the Group's governance and the work of the Board of Directors over the year, is presented on pages 72–75.

Remuneration principles for senior executives

The 2014 Annual General Meeting adopted guidelines for executive remuneration. The policies apply to remuneration and other terms of employment for the individuals who, while the policies are in effect, are members of Group management for BE Group.

During the year, Group management has consisted of five people: the President and CEO, the CFO, Business Area Managers for Sweden and Finland and the head of the Group function Operations Development.

The policies apply for agreements entered in accordance with Annual General Meeting resolutions and to amendments to existing agreements made after this date. The guidelines are reviewed annually.

The guidelines mainly state that remuneration for senior executives shall consist of fixed base pay, variable remuneration, pension benefits and other benefits. Total remuneration shall be market-based. Fixed pay shall be individual and differentiated based on the individual's responsibilities and performance and set annually. Variable remuneration shall be related to the degree of meeting the annual pre-determined, well-defined goals and shall be able to be comprised of a maximum of 50 percent of fixed salary.

Pension is to be defined-contribution-based and correspond to a maximum of 35 percent of fixed annual salary plus a maximum of 20 percent of the average bonus over the past three years.

Where notice of termination is issued by BE Group, fixed salary and severance pay shall not exceed an amount equivalent to at most 18 months' fixed pay, with severance pay, where applicable, being reduced by an amount equivalent to the executive's earnings from other employment or activities.

The actual remunerations agreed during the year are detailed in Note 3.

The Board of Directors' proposal on new executive remuneration policies to senior executives

The Board of Directors proposes that the Annual General Meeting 2015 resolves that the above guidelines for remuneration to senior executives be amended such that the defined contribution pension may correspond to at most 30 percent of annual base salary and that, upon termination by BE Group, salary and severance pay shall not exceed an amount corresponding to 12 months' base salary.

The Board of Directors' preparations and resolutions in business related to pay and other terms of employment for senior executives.

The Remuneration Committee appointed by the Board of Directors shall prepare matters related to pay and other terms of employment for executives. Decisions on remuneration to the President and CEO shall be taken by the Board of Directors in its entirety. In respect to other senior executives, decisions on pay shall be taken by the Remuneration Committee based on proposals by the President and CEO.

Provisions of the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association

There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Companies Act, directors are elected by the Annual General Meeting for the period extending until the close of the first Annual General Meeting after that at which they were elected, and amendments to the Articles of Association are determined by the Annual General Meeting in accordance with the regulations set out in the Companies Act.

Significant agreements

The Company is not party to any significant agreements that will take effect, be altered, or become null if control over the Company changes due to a public takeover bid. Nor are there any agreements between the Company and directors or employees which require compensation if such persons resign, are terminated without reasonable cause, or their employment is terminated due to a public takeover bid in respect to shares in the Company.

Contingent liabilities

Consolidated contingent liabilities amounted to SEK 33 M (23).

Significant events after the end of the financial year.

To strengthen the company's financial flexibility, the Board of Directors has decided to propose to the Annual General Meeting a rights issue for approximately SEK 250 M. The rights issue will be carried out during the second quarter.

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

Parent Company

Sales for the Parent Company, BE Group AB (publ), amounted to SEK 43 M (58) during the period and derived from intra-Group services. The operating result weakened to SEK -32 M (-19) due to lower internal invoicing. Net financial items amounted to SEK -104 M (-50), this weakening is primarily the result of the impairment of shareholdings in subsidiaries and Group-internal receivables. The result before tax was SEK -154 M (-28) and the result after tax was SEK -131 M (-24). The Parent Company invested SEK 0 M (1) in intangible assets during the year. At the end of the year, cash and equivalents amounted to SEK 31 M (19).

Accounting principles

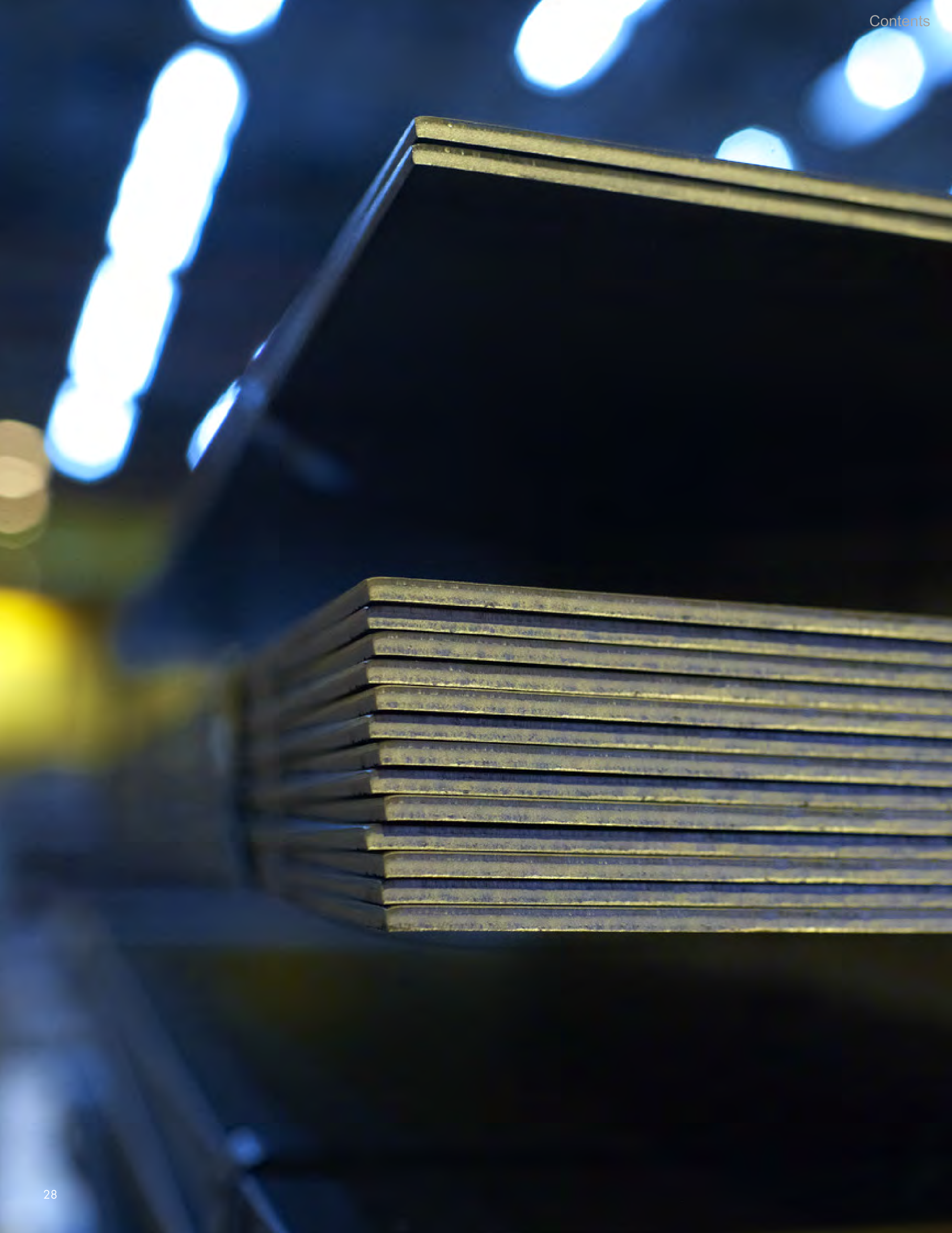
As of January 2005, the consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission for application within the European Union. Please see pages 40–45 for a more detailed explanation of accounting principles.

Outlook for 2015

Demand in the Group's markets is expected to increase somewhat during 2015.

Appropriation of earnings

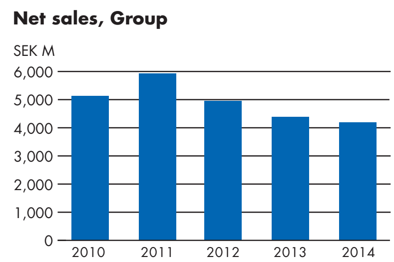
The Board of Directors' proposal for the appropriation of earnings is detailed on page 70.

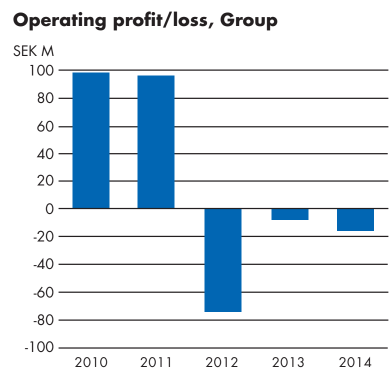


Financial statements

Consolidated Income Statement

Amounts in SEK M	Note	2014	2013
Net sales	*1*	4,202	4,355
Cost of goods sold	*2*	-3,675	-3,808
Gross profit/loss		**527**	**547**
Selling expenses	*2*	-419	-426
Administrative expenses	*2*	-99	-108
Participation in earnings of joint venture	*18*	1	1
Other operating income	*7*	8	14
Other operating expenses	*2, 8*	-35	-36
Operating result	*3, 4, 5, 15, 16*	**-17**	**-8**
Financial income	*9*	5	4
Financial expenses	*10*	-60	-62
Result before tax		**-72**	**-66**
Tax	*11*	-1	15
Result for the year attributable to Parent Company shareholders	*13*	**-73**	**-51**
Earnings per share before dilution	*13*	-1.07	-1.02
Earnings per share after dilution	*13*	-1.07	-1.02

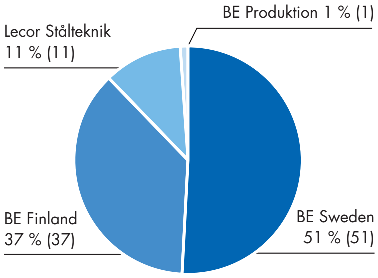




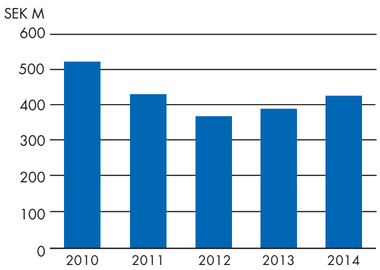
Consolidated Statement of Comprehensive Income

Amounts in SEK M	2014	2013
Profit/loss for the year	**-73**	**-51**
Other comprehensive income		
Items that have, or may be, reclassified to the result for the period		
Translation difference	26	11
Hedging of net investments in foreign subsidiaries	-24	-5
Tax attributable to items in other comprehensive income	5	1
Items that will not be reclassified to profit/loss for the period	**–**	**–**
Total other comprehensive income	**7**	**7**
Comprehensive income for the year attributable to Parent Company shareholders	**-66**	**-44**

Goodwill by cash generating unit



Working capital development



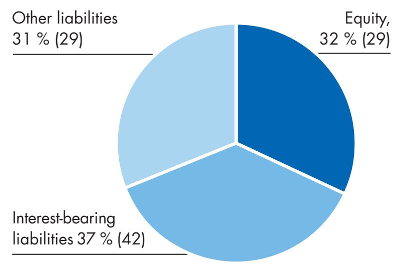
Consolidated Balance Sheet

Amounts in SEK M	**Note**	**2014**	**2013**
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	*14*	616	610
Other intangible assets	*15*	*47*	*70*
		663	**680**
Tangible assets	*16*	253	292
		253	**292**
Participations in joint ventures	*18*	127	127
		127	**127**
Financial assets			
Other securities held as non-current assets	*19*	0	1
Non-current receivables		0	0
		0	**1**
Deferred tax receivable	*25*	48	32
		48	**32**
Total non-current assets		**1,091**	**1,132**
Current assets			
Inventories			
Goods for resale	*21*	565	526
		565	**526**
Current receivables			
Accounts receivable		407	384
Tax receivables		4	28
Other receivables		31	16
Prepaid expenses and accrued income	*22*	43	33
		485	**461**
Cash and equivalents			
Cash and equivalents		73	57
		73	**57**
Assets held for sale		2	2
		2	**2**
Total current assets		**1,125**	**1,046**
TOTAL ASSETS		**2,216**	**2,178**

Consolidated Balance Sheet

Amounts in SEK M	Note	2014	2013
EQUITY AND LIABILITIES			
Equity	*23*		
Share capital		153	102
Other capital contributions		114	11
Translation reserve		23	16
Retained earnings including profit/loss for the year		425	498
Equity attributable to Parent Company shareholders		**715**	**627**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	723	858
Provisions	*24*	0	0
Deferred tax liability	*25*	44	37
Total long-term liabilities		**767**	**895**
Current liabilities			
Current interest-bearing liabilities	*26, 27, 31*	104	51
Accounts payable		498	465
Tax liabilities		2	0
Other liabilities		58	62
Accrued expenses and deferred income	*28*	67	73
Provisions	*24*	5	5
Total current liabilities		**734**	**656**
TOTAL EQUITY AND LIABILITIES		**2,216**	**2,178**

Equity and liabilities



Pledged assets and contingent liabilities – Group

Amounts in SEK M	Note	2014	2013
Pledged assets	*26*	**1,742**	**1,680**
Contingent liabilities	*26*	**33**	**23**

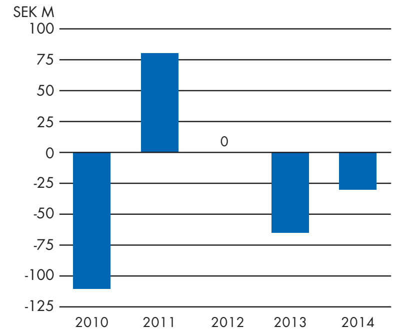
Changes in consolidated equity

Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
2013					
Equity, opening balance, January 1, 2013	**102**	**11**	**9**	**551**	**673**
Profit/loss for the year	–	–	–	-51	-51
Other comprehensive income	–	–	7	–	7
Comprehensive income for the year	**–**	**–**	**7**	**-51**	**-44**
Rights issue	–	–	–	–	–
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	-2	-2
Equity, closing balance, December 31, 2013	**102**	**11**	**16**	**498**	**627**
2014					
Equity, opening balance, January 1, 2014	**102**	**11**	**16**	**498**	**627**
Profit/loss for the year	–	–	–	-73	-73
Other comprehensive income	–	–	7	–	7
Comprehensive income for the year	**–**	**–**	**7**	**-73**	**-66**
Rights issue	51	103	–	–	154
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	0	0
Equity, closing balance, December 31, 2014	**153**	**114**	**23**	**425**	**715**

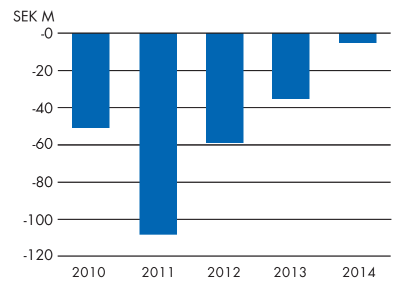
Consolidated Cash Flow Statement

Amounts in SEK M	**Note**	**2014**	**2013**
Operating activities			
Profit/loss before tax		-72	-66
Adjustment for non-cash items	*29*	84	50
		12	**-16**
Income tax paid/received		8	-8
Cash flow from operating activities before changes in working capital		**20**	**-24**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		-24	52
Increase(-)/decrease(+) in operating receivables		-26	22
Increase(-)/decrease(+) in operating liabilities		5	-80
Cash flow from operating activities		**-25**	**-30**
Investing activities			
Divestments of subsidiaries		–	5
Acquisitions of intangible assets		0	-1
Acquisitions of tangible assets		-6	-41
Divestments of tangible assets		–	2
Investments in financial assets		1	–
Cash flow from investing activities		**-5**	**-35**
Cash flow after investments		**-30**	**-65**
Financing activities			
Rights issue		154	–
Acquisition/divestment of treasury shares		0	0
Loans raised		–	25
Amortization of loan liabilities		-109	-11
Cash flow from financing activities		**45**	**14**
Cash flow for the year		**15**	**-51**
Cash and equivalents at January 1		**57**	**108**
Exchange rate differences in liquid assets		**1**	**0**
Cash and equivalents at December 31		**73**	**57**

Cash flow after investments



Cash flow from investing activities



Income Statement – Parent Company

Amounts in SEK M	**Note**	**2014**	**2013**
Net sales	*1*	43	58
		43	**58**
Administrative expenses		-71	-69
Other operating revenue and expenses	*7, 8*	-4	-8
Operating profit/loss	*3, 4, 5, 15, 16*	**-32**	**-19**
Profit/loss from participations in Group companies	*6*	-47	-9
Other interest income and similar profit/loss items	*9*	27	28
Interest expense and similar profit/loss items	*10*	-84	-69
Profit/loss after financial items		**-136**	**-69**
Appropriations		-18	41
Profit/loss before tax		**-154**	**-28**
Tax	*11*	23	4
Profit/loss for the year		**-131**	**-24**

Statement of Comprehensive Income – Parent Company

Amounts in SEK M	**2014**	**2013**
Profit/loss for the year	**-131**	**-24**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**-131**	**-24**

Balance Sheet – Parent Company

Amounts in SEK M	**Note**	**2014**	**2013**
ASSETS			
Non-current assets			
Intangible assets	*15*		
Capitalized expenditure for development work and similar		36	58
		36	**58**
Tangible assets			
Equipment, tools, fixtures and fittings	*16*	0	0
		0	**0**
Financial assets			
Participations in Group companies	*17*	1,157	1,193
Interest-bearing receivables from Group companies	*20*	6	6
		1,163	**1,199**
Deferred tax receivable	*25*	28	4
Total non-current assets		**1,227**	**1,261**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	*20*	232	191
Receivables from Group companies		39	84
Tax receivables		2	1
Other receivables		3	3
Prepaid expenses and accrued income	*22*	17	13
		293	**292**
Cash and equivalents		31	19
		31	**19**
Total current assets		**324**	**311**
TOTAL ASSETS		**1,551**	**1,572**

cont. Balance Sheet – Parent Company

Amounts in SEK M	**Note**	**2014**	**2013**
EQUITY AND LIABILITIES			
Equity	*23*		
Restricted equity			
Share capital		153	102
Statutory reserve		31	31
		184	**133**
Non-restricted equity			
Share premium reserve		103	–
Profit brought forward		439	463
Profit/loss for the year		-131	-24
		411	**439**
Total equity		**595**	**572**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	699	828
Provisions		0	0
		699	**828**
Current liabilities			
Current interest-bearing liabilities	*31*	225	133
Accounts payable		2	7
Liabilities to Group companies		13	12
Other liabilities		1	2
Accrued expenses and deferred income	*28*	12	16
Provisions		4	2
		257	**172**
TOTAL EQUITY AND LIABILITIES		**1,551**	**1,572**

Pledged assets and contingent liabilities – Parent Company

Amount SEK M	**Note**	**2014**	**2013**
Pledged assets	*26*	**1,322**	**1,309**
Contingent liabilities	*26*	**75**	**135**

Changes in Equity – Parent Company

Amounts in SEK M	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit/loss for the year	Total equity
2013						
Equity, opening balance, January 1, 2013	**102**	**31**	**–**	**679**	**-214**	**598**
Profit/loss brought forward from preceding year	–	–	–	-214	214	–
Total transactions reported directly in equity	**–**	**–**	**–**	**-214**	**214**	**–**
Profit/loss for the year	–	–	–	–	-24	-24
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-24**	**-24**
Rights issue	–	–	–	–	–	–
Change, treasury shares	–	–	–	0	–	0
Share Savings Scheme	–	–	–	-2	–	-2
Equity, closing balance, December 31, 2013	**102**	**31**	**–**	**463**	**-24**	**572**
2014						
Equity, opening balance, January 1, 2014	**102**	**31**	**–**	**463**	**-24**	**572**
Profit/loss brought forward from preceding year	–	–	–	-24	24	–
Total transactions reported directly in equity	**–**	**–**	**–**	**-24**	**24**	**–**
Profit/loss for the year	–	–	–	–	-131	-131
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**-131**	**-131**
Rights issue	51	–	103	–	–	154
Change, treasury shares	–	–	–	0	–	0
Share Savings Scheme	–	–	–	0	–	0
Equity, closing balance, December 31, 2014	**153**	**31**	**103**	**439**	**-131**	**595**

Cash Flow Statement – Parent Company

Amounts in SEK M	**Note**	**2014**	**2013**
Operating activities			
Profit/loss after financial items		-154	-24
Adjustment for non-cash items	*29*	119	65
		-35	41
Income tax paid		-2	0
Cash flow from operating activities before changes in working capital		**-37**	**41**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		41	-21
Increase(-)/decrease(+) in operating liabilities		-4	-14
Cash flow from operating activities		**0**	**6**
Investing activities			
Divestments of subsidiaries		–	0
Acquisitions of intangible assets		0	-1
Acquisitions of tangible assets		0	0
Lending to subsidiaries		-55	–
Amortization from subsidiaries		–	73
Cash flow from investing activities		**-55**	**72**
Financing activities			
Rights issue		154	–
Acquisition of treasury shares		0	0
Net change in borrowing/lending in cash pool		22	-141
Loans from subsidiaries		–	30
Amortization of loan liabilities		-109	–
Cash flow from financing activities		**67**	**-111**
Cash flow for the year		**12**	**-33**
Cash and equivalents at January 1		**19**	**52**
Cash and equivalents at December 31		**31**	**19**

Contents
Accounting principles and notes

Accounting principles and notes to the financial statements

Amounts stated in millions of SEK (SEK M) unless specified otherwise.

BE Group AB (publ), company registration number 556578-4724, is a Swedish limited liability company. The registered office is in Malmö, Sweden.

Consolidated accounting principles

Compliance with legislation and standards

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Commission of the European Communities for application in the European Union. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles."

Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in BE Group's financial statements. The accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group.

Changes in accounting principles

Changes to accounting principles necessitated by new or amended IFRS-rules

Amendments to IFRS applicable effective from January 1, 2014 have had no material effect on the consolidated accounts.

New IFRS-rules that have not yet begun to be applied

A number of new or amended IFRS-rules will not enter into force until during upcoming financial years and have not been applied prematurely in the preparation of these financial statements. These new and amended IFRS-rules for future application are not expected to have any material effect on the Company's financial statements.

It is not planned to apply any new standards or amendments prematurely.

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group. Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest million unless otherwise stated.

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities recognized at fair value consist of derivative instruments. Fixed assets and disposal groups held for sale are reported at their carrying amount or fair value less sales expenses, whichever is lowest.

Assessments and estimates

Preparation of the financial statements in accordance with IFRS requires management making assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and other factors that seem reasonable under current conditions. The results of these estimates and assumptions are then used to assess the carrying amount of assets and liabilities not otherwise evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods.

Management's assessments in connection with application of IFRS that have significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail below in Note 33, Significant estimates and assessments.

Basis for consolidation

Subsidiaries

The Parent Company BE Group AB (publ) directly or indirectly owns all shares and votes in its subsidiaries and therefore has a controlling influence over these.

In the consolidated accounts, subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. The acquisition analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. Possible transaction fees due to the acquisition of a subsidiary are reported directly in the profit/loss for the period, except for transaction fees that arose prior to January 1, 2010. The latter has been included in the cost. Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

Payment in connection with the acquisitions does not include payments settling prior business transactions. Settlements of this type are made against profit/loss for the period.

The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint venture
For purposes of accounting, joint ventures are companies for which the Group has joint control over operational and financial management through a contractual arrangement with one or more parties. Interests in joint ventures are consolidated using the equity method of accounting. The equity method entails the value of holdings in joint ventures reported in the consolidated accounts being equivalent to the Group's share of the joint ventures' shareholders' equity, as well as consolidated goodwill and any other consolidated surplus or deficit. In consolidated profit/loss for the period, "Participations in earnings of joint venture" is reported as the Group's share of a company's earnings adjusted for any impairment, amortization or reversals of acquired surpluses or deficits. These shares in earnings less any dividends received from joint ventures comprise the main change in the carrying amount of interests in joint ventures. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the identifiable assets and liabilities of the joint venture is reported in accordance with the same principles that apply for acquisitions of subsidiaries.

Transactions eliminated on consolidation
Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized gains and losses arising from transactions with joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies, however, unrealized losses are eliminated only to the extent that there is no indication that any impairment should be recognized.

Foreign currency
Transactions in foreign currencies
Transactions in foreign currencies are translated into the functional currency corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect on the balance sheet date. Exchange differences arising from translation are recognized against profit/loss for the period. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Exchange differences referring to operating assets and liabilities are recognized in the operating result, while exchange rate movements referring to financial assets and liabilities are recognized in net financial income.

Foreign businesses' financial statements
Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency. Translation is applied at the exchange rate in effect on the balance sheet date. Income and expenses in a foreign operation are translated at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of net investments are recognized under other comprehensive income and are accumulated in an equity component entitled separate translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging against profit/loss for the period.

Classification
Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Intangible assets
Goodwill
Consolidated goodwill consists of acquired goodwill and goodwill arising in connection with investments in subsidiaries. Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. After the acquisition, goodwill is reported at cost less any impairment losses.

Goodwill is distributed to cash generating units and is tested at least once annually to determine possible impairment needs; see Note 14 Goodwill.

Other intangible assets
Customer relations consist of acquired assets that have been identified in the acquisition analysis in connection with the acquisition of shares in subsidiaries. At the time of acquisition, customer relations are valued at fair value, which is considered to be equivalent to the cost. After the acquisition, customer relations are recognized at cost less accumulated amortization and impairment losses.

Computer programs and licenses are reported at cost less accumulated amortization and impairment.

Costs incurred for internally generated goodwill and internally generated brands are recognized against profit/loss for the period when the cost is incurred.

Additional expenditures for capitalized intangible assets are recognized as assets on the Balance Sheet only when they increase the future economic benefit associated with the specific asset. All other expenditures are expensed as they are incurred.

Amortization principles for customer relations and other intangible assets
Amortization is recognized in profit/loss for the period on a straight-line basis over the estimated useful life of the asset. Intangible assets which can be amortized are amortized from the date on which they are available for use. The useful lives of assets are reassessed on an ongoing basis, although at least once per year.

The estimated useful lives are:

	Useful life	
	Group	Parent Company
Licenses	3–10 years	3–10 years
Software	3–10 years	3–10 years
Customer relationships	6–10 years	–
Other intangible assets	3–10 years	–

Tangible assets
Tangible assets are recognized in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related expenses included in the cost of an asset are expenses for shipping and handling, installation, legal title, consultant services and legal services.

Additional expenditures are only added to the cost if it is probable that the future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. All other subsequent expenses are expensed in the period they arise.

Depreciation principles for tangible assets
Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful lives and residual values of assets on an annual basis at the least.

	Useful life	
	Group	**Parent Company**
Buildings	15–50 years	–
Plant and machinery	3–15 years	3–15 years
Equipment, tools, fixtures and fittings	3–10 years	3–10 years

Impairment of tangible and intangible assets as well as holdings in a joint venture
IAS 36 is applied to identify impairments for assets other than financial instruments reported according to IAS 39, deferred tax assets reported according to IAS 12 and inventories reported according to IAS 2. Assets held for sale and disposal groups are tested in accordance with IFRS 5. The carrying amounts for the exempted assets are measured according to the respective standards.

If there is any indication of impairment, the asset's recoverable amount is estimated. The asset's recoverable amount is the highest of the value in use and fair value minus selling expenses. In measuring value in use, future cash flows are discounted at the pre-tax rate that shall reflect current market assessments of risk-free interest and the risks specific to the asset. In the event that the asset's carrying amount exceeds the recoverable amount, the carrying amount is impaired down to the recoverable amount. Impairments are charged against profit/loss for the period.

Impairment testing of goodwill is carried out annually, regardless of whether an indication of an impairment requirement exists or not.

Impairment losses on assets within the scope of IAS 36 are reversed if there is both indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount was measured. However, impairments of goodwill are not reversed. A reversal is only made to the extent that the asset's carrying amount does not exceed the carrying amount that would have been reported if no impairment had taken place.

Inventories
Inventories are measured at the lower of cost and net sales value. The cost of inventories includes expenses incurred to acquire inventory assets and transport them to their current site and condition. The cost figure is based on weighted average prices. The cost of manufactured goods and work in progress includes a reasonable share of indirect expenses based on normal capacity.

Net sales value is the estimated selling price in current operations less the estimated expenses to make the asset ready for sale and to effect a sale. Net sale value is estimated based on estimates of the current market price.

Provisions
Provisions differ from other liabilities in the uncertainty that prevails regarding the time of payment or the amount required to settle the obligation. Provisions are recorded in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event occurring and when it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made in the amount corresponding to the best estimate of that required to settle present obligations on the balance sheet date. If the payment date has a significant effect, provisions are calculated through discounting of the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Financial instruments
Financial instruments that are reported in the balance sheet include receivables, liquid funds and accounts payable.

A financial asset or financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognized in the Balance Sheet once the invoice has been sent, which normally occurs in connection with delivery of the Group's goods and services and the associated transfer of risk. Liabilities are recognized once the counter party has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the Company's control. The same also applies for parts of a financial asset. A financial liability or part thereof is derecognized in the balance sheet when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the Company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the Balance Sheet only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. The measurement categories BE Group uses are as follows.

The valuation category, Financial assets measured at fair value in profit or loss for the period
This category consists of financial assets held for trade, that is, derivatives with positive fair value. These assets are measured, on an ongoing basis, at fair value, with changes in value recognized in profit/loss for the period. The fair value of listed financial instruments corresponds to their listed market price on the balance sheet date. The fair value of financial assets for which there is no active market is determined using discounted cash flow analysis.

Valuation category, loans and accounts receivable
Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. These assets are measured at amortized cost in accordance with the effective interest method. Accrued historical cost is determined from the effective interest rate interest that is calculated at the date of acquisition.

Trade receivables are recognized at the amounts expected to be recovered, that is, after deductions for doubtful receivables. Trade receivables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Liquid assets include cash and cash equivalents as well as immediately available balances with banks and similar institutions as well as short-term liquid placements with maturity of less than three months, counted from the acquisition date, and that are exposed to only insignificant risk of fluctuations in value.

Valuation category financial assets available for sale
This category covers financial assets not classified in any other category or financial assets designated on initial recognition as available for sale. In accordance with the main principle, assets belonging to this category are continuously recognized at fair value with changes in value recognized in other comprehensive income. When the assets are derecognized from the Balance Sheet, the cumulative gain or loss previously recognized in equity is transferred to profit/loss for the period. However, the Other securities held as that BE Group reports in this valuation category have been valued at cost since their type, nature and insubstantial amounts make it impractical in terms of benefit to calculate their fair value.

The valuation category, Financial liabilities measured at fair value in profit/loss for the period
This category consists of financial assets held for trading, that is, derivatives with negative fair value. The fair value of listed financial instruments corresponds to their listed market price on the balance sheet date. The fair value of financial liabilities for which there is no active market is determined using discounted cash flow analysis. Fair value changes are recognized in profit/loss for the period.

The valuation category, financial liabilities, measured at the accrued cost
Other financial liabilities are measured at amortized cost in accordance with the effective interest method. They are initially recognized at the obtained amount with deductions for transactions expenses. Loans and other financial liabilities, such as account payables, are included in this category. Accounts payables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Impairment of financial assets
At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets needs to be impaired. The recoverable amount is calculated as the current value of future cash flows discounted by the effective interest that applied when the asset was initially recognized. Impairment is recognized as an expense in profit/loss for the period. Impairment is reversed if the previous reason for impairment no longer exists and the asset is expected to be recovered in its entirety.

Hedge accounting
In order to fulfill the requirements on hedge accounting in accordance with IAS 39, there must be a clear link to the hedged item. Moreover, the hedging must effectively protect the hedged item, the hedging documentation must be drawn up and the effectiveness must be quantifiable.

Investments in foreign subsidiaries (net assets including goodwill) have been hedged for currency risk to a certain extent through borrowing in the same currency as the investments. At the close of the period, these currency loans are entered at the rate applicable on the balance sheet date and the effective portion of the period's exchange rate differences are recognized in other comprehensive income. The accumulated changes are classified as translation reserve in equity. When hedging is ineffective, the ineffective portion is recognized in profit/loss for the period.

Warranties
A warranty provision is recognized when an agreement has been made including stipulations of future commitments that are deemed likely to materialize.

A warranty provision may also be recognized when the underlying products or services are sold. The provision is based on historical data concerning warranties and consideration of possible outcomes in relation to the probabilities associated with the outcomes. However, such warranty commitments do not represent a significant item in the Group's financial statements.

Restructuring
A provision for restructuring is reported once the Group has prepared a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. No provisions are made for future operating costs.

Onerous contracts
A provision for an onerous contract is recognized when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable expenses to fulfill the obligations as set out in the contract.

Income
Income from the sale of goods is reported in the period's profit/loss when the goods are delivered and the inherent risk has been transferred to the customer. In normal cases, the following conditions are considered to be fulfilled; the company has transferred to the buyer the significant risks and rewards of ownership; the Company retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; and the expenses incurred or to be incurred in respect of the transaction can be measured in a reliable way.

The Company measures revenue at the fair value of consideration received or receivable. Accordingly, the Company measures revenue at nominal value (invoice amount) if the Company receives consideration in cash or cash equivalents upon delivery on customary credit terms. Discounts provided are deducted.

Income from service assignments is recognized in profit/loss for the period based on the degree of completion on the balance sheet date. The degree of completion is determined on the basis of the expenses hitherto incurred in relation to the total calculated expenses for the assignment.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages and salaries, including bonuses, paid leave, sick leave and social security benefits are recognized in the period in which the employee has performed services in exchange for the benefit.

Share-related remunerations

BE Group has share-related remunerations in the form of share savings schemes. Expenses for these are recognized in profit/loss for the period during the vesting period, based on the fair value of the shares as of the time of allocation. Fair value is based on the share price at the time of allocation. An amount corresponding to the cost of the Share Savings Scheme is recognized in equity in the Balance Sheet. The vesting conditions are not based on the equity market, but on company-specific performance targets and do not thus affect the number of shares that BE Group may finally allot to the employee upon matching. The cost of this performance-based program are calculated based on the estimated number of matching shares at the end of the vesting period, based on a probability assessment. When shares are matched in certain countries, social insurance contributions must be paid in proportion to the value of the employee benefit. This value is generally based on the market value of the shares on matching date. Provisions are made for these estimated social insurance contributions during the vesting period.

Pensions

The Group's pension agreements are mainly defined contribution plans. The defined benefit plan for retirement pensions and survivors' pensions for white collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit which is why the pension plan in accordance with ITP is secured through insurance with Alecta such as a defined contribution plan.

Under a defined contribution plan, the enterprise pays fixed contributions into a fund (a separate legal entity) and has no further legal or constructive obligation to make further payments. The pension expense to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

Termination benefits

When the Company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the Company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense. Provisions are recognized in connection with terminations only if the Company is demonstrably obligated to terminate employment prior to the normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and fixed income securities, interest expense on loans, exchange differences and allocated transaction expenses for raised loans.

Transaction expenses for raised loans and credits are accrued over the life of the loans and credits by applying the effective interest method.

Tax

Income taxes are recognized in profit/loss for the period except where an underlying transaction is recognized directly in other comprehensive income, whereupon the related tax effect is likewise recognized in other comprehensive income. Current tax is tax to be paid or refunded in the current year, which includes adjustment of current tax attributable to previous periods. Deferred tax assets are measured using the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax value on assets and liabilities. Deferred tax assets are measured based on how temporary differences are expected to even out and applying the tax rates and regulations that have been enacted or announced at the balance sheet date.

Temporary differences are not taken into consideration for consolidated goodwill.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognized only if it is considered probable they will result in lower tax payments in the future.

Leases

Leases are classified in the consolidated accounts as financial or operating leases. BE Group is the lessee in all leases

Operating leasing agreements

Leases of assets where the lessor retains the financial risks and rewards normally associated with ownership of the asset are classified as operating leases. Lease payments related to operating leases are recognized as an expense in the Income Statement on a straight-line basis over the lease term. Incentives received in connection with the signing of a new agreement are recognized in profit/loss for the period on a straight line basis over the lease term. Variable payments are recognized as an expense in the periods in which they arise.

Financial leasing agreements

Leases of assets where the financial risks and rewards normally associated with ownership of the asset are transferred to BE Group are classified as finance leases. The lease asset is recognized as a tangible asset, with the same depreciation rates applied as for tangible assets, while the future obligation to pay lease fees to the lessor is recognized as a liability in the Balance Sheet. Leased assets are depreciated according to the same principles that apply to other assets of the same type. Future lease obligations are apportioned between non-current and current liabilities. Minimum lease payments are apportioned between the finance charge and amortization of the outstanding liability. The interest expense is allocated over the leasing period so that every reporting period is charged with an amount corresponding to a constant periodic rate of interest on the remaining balance of the liability. Variable payments are recognized as an expense in the periods in which they arise.

Segment reporting

An operating segment is a component of the Group that conducts business operations from which it can derive revenues and incur expenses, including intra-group transactions and whose operating result is reviewed regularly by the Group's senior executives as a basis for the allocation of resources to the segment and the assessment of its results. Independent financial information shall also be available for components of the Group defined as segments. BE Group has defined the concept of "senior executives" as Group Management.

The Group's primary basis for identifying segments is geographical areas. The Internal management is based primarily on reporting and follow-up of returns from the Group's geographical areas. The geographical areas are grouped by country or group of countries, based on similarities with regard to risks and returns.

For additional information on operating segments, please see Note 1 Operating segments.

Earnings per share

The calculation of earnings per share is based on the profit for the period within the Group which is attributable to the Parent Company's shareholders and on the weighted average number of outstanding shares during the year. In calculating earnings per share before and after dilution, the average number of shares is adjusted to take into consideration the effects of the Share Savings program.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. Reported cash flow covers only transactions that result in incoming and outgoing payments

Parent Company accounting principles

The Parent Company has prepared its Annual Report in accordance with the annual accounts act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities (Sept. 2012). Published statements by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as this is possible within the framework of the Swedish law on the safeguarding of pension commitments and taking the connection into account between reporting and taxation. The recommendation specifies exemptions and additions to IFRS that shall be made.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are prepared in accordance with the model detailed in the Annual Accounts Act, while the report on comprehensive profit/loss, Statement of Changes in Equity and the Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences in the Income Statement and Balance Sheet of the Parent Company compared with the consolidated accounts mainly involve the reporting of financial revenues and expenses, assets and equity.

Participations in subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are charged directly against profit/loss when they are incurred.

Anticipated dividends from subsidiaries are recognized when the Parent Company has the sole right to decide the amount of the distribution and the Parent Company has decided on the size of the distribution before the subsidiary published its financial statements. Dividends received from Group companies are recognized in their entirety as income in the Income Statement.

Shareholder contributions

Shareholders' contributions paid are reported as an increase in shares and participations in Group companies, to the extent that impairment is not required. In the receiving Company, shareholder contributions are reported directly in equity.

Financial instruments

In accordance with the rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts.

Financial assets in the Parent Company are measured at cost less impairment losses, if any and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at the accrued cost. Possible derivative assets are measured in accordance with the lower of cost and fair value, while contingent derivative liabilities are measured according to the highest value principle.

Taxes

Untaxed reserves in the Parent Company are recognized including deferred tax liability. Untaxed reserves are apportioned in the consolidated accounts between deferred tax liability and equity.

Leasing

In the Parent Company, all leases are recognized as operating leases.

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment as contractually agreed. The Parent Company applies RFR 2 p. 72, which is an easing of regulations compared to the rules in IAS 39 with regard to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognizes financial guarantee contracts as provisions in the Balance Sheet when it has an obligation for which payment will probably be required to achieve settlement.

Group contributions in the Parent Company

Group contributions paid or received are reported as appropriations.

Note 1 Operating segments

2014	Sweden	Finland	Other Units	Parent Company/ Elimination	Group
External sales	1,734	1,713	755	0	4,202
Internal sales	42	2	21	-65	–
Net sales	**1,776**	**1,715**	**776**	**-65**	**4,202**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**31**	**40**	**-28**	**-25**	**18**
Inventory gains/losses	0	-6	0	0	-6
Non-recurring items	0	-2	-21	-6	-29
Operating result	**31**	**32**	**-49**	**-31**	**-17**
Net financial items					-55
Profit/loss before tax					**-72**
Taxes					-1
Profit/loss for the year					**-73**
Underlying operating margin	**1.7 %**	**2.3 %**	**-3.6 %**	**–**	**0.4 %**
Operating margin	**1.7 %**	**1.9 %**	**-6.4 %**	**–**	**-0.4 %**
Shipped tonnage (thousands of tonnes)	**160**	**172**	**86**	**-7**	**411**
Operating capital	**641**	**455**	**306**	**66**	**1,467**
Investments	**1**	**4**	**2**	**0**	**7**
Depreciation/amortization of tangible/intangible assets	13	19	11	22	65
Other non-cash flow items	-5	1	22	1	19
Total non-cash flow items	**8**	**20**	**33**	**23**	**84**

2013	Sweden	Finland	Other Units	Parent Company/ Elimination	Group
External sales	1,831	1,612	909	3	4,355
Internal sales	58	7	38	-103	–
Net sales	**1,889**	**1,619**	**947**	**-100**	**4,355**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**37**	**29**	**-25**	**-5**	**36**
Inventory gains/losses	-4	-10	0	–	-14
Non-recurring items	-14	-5	-1	-10	-30
Operating result	**19**	**14**	**-26**	**-15**	**-8**
Net financial items					-58
Profit/loss before tax					**-66**
Taxes					15
Profit/loss for the year					**-51**
Underlying operating margin	**2.0 %**	**1.8 %**	**-2.6 %**	**–**	**0.8 %**
Operating margin	**1.0 %**	**0.9 %**	**-2.7 %**	**–**	**-0.2 %**
Shipped tonnage (thousands of tonnes)	**169**	**168**	**126**	**-8**	**455**
Operating capital	**628**	**452**	**330**	**67**	**1,477**
Investments	**6**	**21**	**15**	**1**	**43**
Depreciation/amortization of tangible/intangible assets	15	18	10	15	58
Other non-cash flow items	-1	-2	-10	5	-8
Total non-cash flow items	**14**	**16**	**0**	**20**	**50**

BE Group is a trading and service company in steel, stainless steel and aluminium.

Customers are primarily in the construction and engineering sectors. Since customers' needs vary widely, BE Group offers different sales solutions: inventory sales, production service sales, and direct sales. The cooperation between BE Group and a particular customer can comprise one or more of these sales solutions.

BE Group's basic products are of a similar nature, regardless of the customers or markets to which they are distributed. Part of BE Group's strategy is also to further process materials at its own production facilities through various types of production services, which in some cases result in completed components being delivered straight into customers' production lines.

BE Group's risks and opportunities differ between the different geographical markets to which its products are distributed. For that reason, BE Group has chosen geographical areas as its primary segments. Operations that support the Swedish and Finnish operations or that are geographically situated outside these core areas are gathered in a separate segment.

The operating structure and internal reporting to Group management and the Board of Directors are therefore based primarily on reporting of geographical business areas. Each segment´s result, assets and liabilities include operating items attributable to the ongoing activities of the segment.

The allocation of operating capital per segment is based on the location of the business and includes items directly attributable and items that can be allocated by segment in a reasonably reliable manner. Operating capital allocated by segment comprises tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. Financial assets and liabilities have not been divided by segment but are reported as other assets/liabilities. Capital expenditures for the segment include investments in intangible and tangible assets, including assets included in acquisitions.

The financial information per segment is based on the same accounting principles as those that apply for BE Group, with the exception of the underlying earnings and return measures. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. These represent the difference between the cost of goods sold at acquisition cost and the cost of goods sold at replacement value. BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors. Internal prices between BE Group's segments are based on the principle of "arm's-length transactions," that is, transactions between parties that are mutually independent, thoroughly informed and have an interest in the transactions. Prices of goods are based on current purchase prices plus an internal markup margin.

Data on products, services and geographical regions
BE Group consists of two business areas – Sweden and Finland. BE Group's other operations are gathered within Other Units.

Sweden
BE Group's operations in Sweden are conducted under the name BE Group Sverige AB. The Company offers sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium. In addition to distribution of materials, production service is also provided, whereby the Company processes materials in various ways to meet specific customer requirements. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. The Company provides additional services including advanced logistics solutions and material advisory services. In addition, BE Group Sverige AB owns 50 percent of the thin plate processing company ArcelorMittal BE Group SSC AB.

Finland
Business Area Finland includes BE Group's operations in Finland, which are conducted under the name BE Group Oy Ab, and the operations in the Baltic States under the names BE Group AS, Estonia, BE Group SIA, Latvia and UAB BE Group, Lithuania. Sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium, are offered in all operations.

In Finland, production services are also provided on a large scale. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. In addition, the company in Finland offers its customers logistics solutions, advisory services and financing of working capital.

Other Units
BE Group's operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna are gathered within Other Units. Other Units is a collective concept encompassing the units outside Business Areas Sweden and Finland. During the year, the status of the Czech operations, which were previously reported as operations for sale, was reversed and now part of Other Units.

In Poland, operations are conducted under the name BE Group Sp.z.o.o., supporting the core operations by providing production services to Polish and Nordic customers. BE Group offers parts of its product range in commercial steel, stainless steel and aluminium in Slovakia, under the name BE Group Slovakia s.r.o. and in the Czech Republic, under the name BE Group CZ s.r.o. In the Czech Republic, production services such as cutting to length and drilling are also offered.

Lecor Stålteknik AB provides steel construction solutions to customers in the Swedish construction sector and BE Group Produktion Eskilstuna AB is a service company in the area of plate processing and welding.

GROUP

Sales per product group	2014	2013
Long steel products	1,117	1,137
Flat steel products	1,622	1,637
Reinforcement steel	217	385
Stainless steel	765	714
Aluminium	188	196
Other	293	286
Total	**4,202**	**4,355**

Sales by country based on customer's domicile	2014	2013
Sweden	1,946	2,036
Finland	1,454	1,392
Other countries	802	927
Total	**4,202**	**4,355**

Tangible and intangible assets by country	2014	2013
Sweden	639	685
Finland	317	321
Other countries	86	93
Total	**1,042**	**1,099**

PARENT COMPANY

Sales of internal services by country based on domicile of subsidiary	2014	2013
Sweden	17	24
Finland	16	19
Other countries	10	15
Total	**43**	**58**

Note 2 Significant costs

Group	2014	2013
Material costs	-3,261	-3,383
Salaries, other remuneration and social security expenses	-403	-417
Other external costs	-464	-484
Depreciation and amortization	-65	-58
Other operating expenses	-35	-36
Total	**-4,228**	**-4,378**

The specification of significant cost categories refers to items included in the Income Statement under cost of goods sold, selling expenses, administrative expenses and other operating expenses.

Note 3 Employees, personnel costs and executive remuneration

In this note, amounts are given in SEK thousands unless otherwise stated.

Average number of employees	2014	of whom men	2013	of whom men
Parent Company				
Sweden	9	56 %	14	57 %
Total in the Parent Company	**9**	**56 %**	**14**	**57 %**
Subsidiaries				
Sweden	346	87 %	374	86 %
Finland	293	90 %	319	96 %
Estonia	27	77 %	28	79 %
Latvia	9	78 %	10	71 %
Lithuania	10	78 %	11	80 %
Poland	19	81 %	12	81 %
Czech Republic	50	65 %	62	66 %
Slovakia	19	47 %	21	62 %
Others	–	–	2	50 %
Total for subsidiaries	**773**	**85 %**	**839**	**86 %**
Group total	**782**	**85 %**	**853**	**87 %**

Specification of gender distribution in Group management

Gender distribution, Group management	2014 Percentage Women	2013 Percentage Women
Parent Company		
Board	17 %	17 %
Other senior executives	0 %	0%
Group		
Board	17 %	17 %
Other senior executives	0 %	0 %

Salaries, other remuneration and social security expenses

Group	2014	2013
Salaries and remunerations	303,633	314,681
Share Savings Scheme cost	24	-2,292
Pension expense, defined-contribution plans	32,186	34,232
Social security contributions	67,508	70,653
	403,351	**417,274**

Parent Company	**2014**		**2013**	
	Salaries and remunera-tions	Social security expenses	Salaries and remunera-tions	Social security expenses
Parent Company	17,422	9,182	17,600	10,624
(of which, pension expenses)[1]		*(4,056)*		*(4,032)*

[1] Of the Parent Company's pension expenses, 1,644 (1,829) refers to senior executives. There are no outstanding pension commitments.

Salaries and other remunerations distributed between the Parent Company and its subsidiaries and between senior executives and other employees[3]

	2014		**2013**	
	Senior executives[1]	Other employees	Senior executives[1]	Other employees
Parent Company	**10,775**[2]	**6,647**	**8,988**	**8,612**
(of which, bonuses, etc.)	*(–)*	*(–)*	–	–
Subsidiaries	**10,118**	**268,650**	**8,919**	**280,014**
(of which, bonuses, etc.)	*(8)*	*(776)*	*(126)*	*(968)*
Group total	**20,893**	**275,297**	**17,907**	**288,626**
(of which, bonuses, etc.)	*(8)*	*(776)*	*(126)*	*(968)*

[1] Senior executives include Board members, members of Group Management and company presidents.
[2] Salary of SEK 3.3 M was allocated to the severance pay for Kimmo Väkiparta.
[3] Salaries and other renumeration include base salary and supplementary vacation pay.

Defined benefit plans

Pension obligations for retirement pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit plan. The ITP pension plan secured through insurance provided by Alecta is accordingly recognized as a defined contribution plan. The year's contributions for pension insurance subscribed with Alecta amounted to SEK 5.3 M (5.6). Alecta's surplus can be distributed to the policyholders and/or the insured persons. At the end of 2014, Alecta's surplus expressed as the collective funding ratio amounted to 143 percent (148). The collective funding ratio is comprised of the fair value of Alecta's assets as a percentage of insurance obligations computed according to Alecta's actuarial assumptions, which do not accord with IAS 19.

Defined contribution pension plans

The Group has defined contribution pension plans for workers in Sweden for which expenses are fully paid by the companies. Pension plans in Finland and other countries are treated as defined contribution plans.

For defined contribution plans, pension contributions are paid to a pension insurance company and recognized as an expense in profit and loss for the accounting period in which they occur. There are defined contribution plans in other countries for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

Note 3 continuation.

Executive remuneration

Total remuneration to the President and CEO and other senior executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines for executive remuneration adopted by the 2014 Annual General Meeting, which are detailed in the Board of Directors' Report on pages 26–27.

The following tables provide details of actual remunerations and other benefits paid in financial years 2014 and 2013 to Board members, the President (who is also the CEO), the Executive Vice President and other senior executives. The latter are those individuals who, alongside the President and CEO and Executive Vice President and CFO are members of Group Management.

Remunerations and benefits 2014	Basic salary/ Board fee	Variable remunera-tion	Others benefits[7]	Pension expenses	Share Savings Scheme	Other remunera-tion	Total	Pension commit-ments
Chairman of the Board								
Anders Ullberg	460	–	–	–	–	2	462	–
Directors								
Roger Bergqvist	210	–	–	–	–	–	210	–
Marita Jaatinen[1]	70	–	–	–	–	–	70	–
Charlotte Hansson[2]	140	–	–	–	–	–	140	–
Lars Olof Nilsson	280	–	–	–	–	–	280	–
Petter Stillström	210	–	–	–	–	–	210	–
Jörgen Zahlin	250	–	–	–	–	1	251	–
President and CEO								
Kimmo Väkiparta[3]	2,147	–	249	695	–	–	3,091	–
Acting President and CEO								
Lars Engström[4]	1,162	–	164	330	–	2	1,658	–
Executive Vice President and CFO								
Torbjörn Clementz[5]	812	–	136	214	6	1	1,169	–
Other senior executives[6]	4,922	–	738	1,101	3	5	6,769	–
Total	**10,663**	–	**1,287**	**2,340**	**9**	**11**	**14,310**	–
Recognized as an expense in the Parent Company	7,664	–	880	1,644	8	5	10,201	–

[1] Marita Jaatinen withdrew from the Board of Directors in connection with the 2014 Annual General Meeting.
[2] Charlotte Hansson became a Board member in connection with the 2014 Annual General Meeting.
[3] Kimmo Väkiparta served as President until August 25, 2014. Under the agreement, Kimmo Väkiparta is entitled to compensation until August 25, 2015. This compensation amounts to SEK 4.4 M and, in addition to salary, primarily includes pension provisions. This amount is not included in the table above.
[4] Lars Engström took over as interim CEO on August 25, 2014.
[5] Torbjörn Clementz ended his appointment as CFO and Executive Vice President on April 30, 2014.
[6] Other senior executives consist of three individuals up until April 30, 2014. After that the other senior executives consist of four individuals.
[7] Other benefits include supplementary vacation pay.

Remunerations and benefits 2013	Basic salary/ Board fee	Variable remunera-tion	Other benefits[4]	Pension expenses	Share Savings Scheme	Other remunera-tion	Total	Pension commit-ments
Chairman of the Board								
Anders Ullberg	453	–	–	–	–	1	454	–
Directors								
Roger Bergqvist	207	–	–	–	–	–	207	–
Cecilia Edström[1]	80	–	–	–	–	–	80	–
Marita Jaatinen	207	–	–	–	–	–	207	–
Lars Olof Nilsson	277	–	–	–	–	–	277	–
Petter Stillström	207	–	–	–	–	–	207	–
Jörgen Zahlin[2]	167	–	–	–	–	–	167	–
President and CEO								
Kimmo Väkiparta	3,300	–	334	1,181	–	–	4,815	–
Executive Vice President and CFO								
Torbjörn Clementz	2,436	–	324	648	356	4	3,056	–
Other senior executives [3]	2,999	–	454	109	98	1	3,466	–
Total	**10,333**	–	**1,112**	**1,938**	**454**	**6**	**12,936**	–
Recognized as an expense in the Parent Company	8,458	–	754	1,829	356	5	10,689	–

[1] Cecilia Edström withdrew from the Board of Directors in connection with the 2013 Annual General Meeting.
[2] Jörgen Zahlin became a Board member in connection with the 2013 Annual General Meeting.
[3] Other senior executives consisted of two individuals up until August 15, 2013. After that the other senior executives consist of three individuals.
[4] Other benefits include supplementary vacation pay.

Share Savings Plan

At the start of the financial year, one share savings plan was in progress: Share Savings Scheme 2011. The program runs for a period of three years. The offer to participate in the scheme has been extended to members of Group management, business area executive teams and other key individuals within BE Group. The program is classified in accordance with IFRS as equity-related programs and includes service-based and non-market-based performance terms. In accordance with IFRS 2, such terms are not included in the initial assessment of the program but are treated as an adjustment of the expected number of instruments expected to be earned within the program – this is known as a true-up adjustment. Consequently, there is no adjustment to fair value during the maturity of the program.

Terms of Share Savings Scheme 2011

- Share Savings Scheme 2011 was concluded during the year and individuals who had retained their savings shares and remained in their employment, or in corresponding employment within BE Group during the vesting period received half a matching share in accordance with the terms of the scheme.

	Share Savings Scheme
	2011
Allotment date	May 2011
Vesting period	33 months
Allocation of matching and performance shares	February 2014
Number of participants[1]	15
Number of savings shares	36,474
Maximum number of matching and performance shares	91,185
Number of matching and performance shares used in the accounts[2]	18,237
Estimated expense for matching and performance shares[3]	*757*
– of which, charged against earnings for 2014 (+)negative/(-) positive	24
of which, expensed in the Parent Company	18
of which, expensed in subsidiaries	6
Provision for social security fees[4]	–
– of which, charged against earnings for 2014 (+)negative/(-) positive	40

[1] Adjustments have been made for individuals who have left the Company or who had, as of the balance sheet date, confirmed that they will end their employment before the scheme expires.

[2] In the accounts, the cost of Share Savings Plans 2011 has been based on 0.5 matching shares per savings share.

[3] The calculations are based on the market price per share of the Company's stock as of the valuation date. For the matching and performance shares in Share Savings Plan 2011, this entails SEK 41.50.

[4] The provision for social security expenses was made based on the market price per share as of balance sheet date, which was SEK 11.95. Final social security expenses are calculated based on the market price per share for allocation of matching and performance shares.

Note 3 continuation

The Company held a total of 538,381 treasury shares at December 31, 2014. The shares have been used to hedge the commitment to deliver matching and performance shares to the Share Savings Schemes. The last Share Savings Scheme was completed during the year.

Detailed below are the agreed terms for remuneration to the Board, the President and CEO and other senior executives. For details of the guide-lines adopted by the Annual General Meeting, see the Board of Directors' Report on pages 26–27.

Board remuneration

The Chairman and other Board members are paid Board member fees as resolved by the Annual General Meeting. The Annual General Meeting resolved that Board member fees totaling SEK 1,470,000 (1,470,000) will be distributed among the Board members as follows: SEK 420,000 (420,000) to the Chairman of the Board and SEK 210,000 (210,000) to each of the remaining Board members who are not employees of the Company. In addition, remuneration of SEK 70,000 (70,000) will be paid to the Chairman for his work in the Audit Committee and SEK 40,000 (40,000) for each of the other members of the Audit Committee. No fees are paid to members of the Remunerations Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements.

Remuneration to the President and CEO

Remuneration

In accordance with a decision by the Board of Directors, remuneration to the President and CEO normally takes the form of base salary, variable remuneration, pension and other benefits. Since August 25, 2014, the Company has an Acting President and CEO. For the Acting President and CEO, remuneration takes the form of base salary of SEK 3,300,000 per year and pension.

Term of notice and severance pay

Under the agreement, the former President received salary until 25 August 2015. The Acting President and CEO has a fixed-term contract.

Pension benefits

In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (30) of fixed annual salary plus vacation pay, which constitutes pensionable pay. BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Remunerations for other senior executives of the Parent Company and Group

Remuneration

Remuneration consists of base pay, variable remuneration, pensions and other benefits. The maximum variable remuneration payable to other senior executives is 30 percent of base pay. Whether or not bonuses are distributed and bonus amounts are determined by the CEO based on attainment of financial targets and individual targets. The financial targets are connected to the BE Group's and the relevant subsidiary/ business areas' return on operating capital. The individual targets are based on personal performance.

Term of notice and severance pay

Other senior executives have a period of notice of 12 months when notice of termination is issued by BE Group. The senior executives are required to give six months' notice when resigning. During the term of notice, the senior executives are entitled to full pay and other benefits of employment. Members of Group management are not entitled to severance pay.

Pension benefits

For other senior executives, contribution-defined pension solutions are applied. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Remuneration Committee

Please see the Corporate Governance Report on pages 72–75 for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 Auditors' fees and reimbursements

Group	**2014**	**2013**
KPMG		
Audit assignments	2	3
Audit activities in addition to the audit assignment	–	0
Consultation on taxation	–	0
Other services	0	0
Total fees and compensation for expenses	**2**	**3**

Parent Company	**2014**	**2013**
KPMG		
Audit assignments	1	1
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	–	0
Other services	–	0
Total fees and compensation for expenses	**1**	**1**

Note 5 Lease fees for operational leasing

The Group's operating lease expenses for the year were SEK 99 M (95), of which SEK 0 M (1) refers to the Parent Company.

	Group		Parent Company	
	2014		2014	
Lease fees, operational leasing	Minimum lease fees	Variable fees	Minimum lease fees	Variable fees
Buildings and land	84	1	–	–
Other	14	0	0	–
Total lease fees	**98**	**1**	**0**	**–**

Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
Future maturities of minimum lease fees	**2014**	**2013**	**2014**	**2013**
Within one year	111	90	0	0
One to five years	321	311	0	0
Later than five years	442	450	–	–
Total	**874**	**851**	**0**	**0**

Significant leases

Most Group operating leases refer to leases of operating sites.

Note 6 Profit/loss from participations in Group companies

Parent Company	**2014**	**2013**
Dividend	27	29
Impairment of shares in subsidiaries	-46	-10
Impairment of interest-bearing receivables from Group companies	-28	-28
Capital gain/loss due to divestment/liquidation of group companies	–	0
Other	–	–
Total	**-47**	**-9**

Note 7 Other operating income

Group	**2014**	**2013**
Capital gains on sales of fixed assets	0	1
Rental income	3	5
Other	5	8
Total	**8**	**14**

Parent Company	**2014**	**2013**
Net movements in exchange rates on receivables/liabilities of an operating nature	2	2
Total	**2**	**2**

Note 8 Other operating expenses

Group	**2014**	**2013**
Capital loss on sales of fixed assets	–	0
Net movements in exchange rates on receivables/liabilities of an operating nature	2	2
Write-down of assets	20	–
Severance pay, CEO	6	–
Costs for profitability improvement measures	3	30
Other	4	4
Total	**35**	**36**

Parent Company	**2014**	**2013**
Severance pay, CEO	6	–
Costs for profitability improvement measures	–	10
Total	**6**	**10**

Note 9 Financial income

Group	**2014**	**2013**
Interest income from credit institutions	0	0
Other interest income	3	3
Net movements in exchange rates	2	–
Other	0	1
Total	**5**	**4**

Parent Company	**2014**	**2013**
Interest income, Group companies	26	28
Other interest income	1	0
Total	**27**	**28**

All interest income is attributable to financial assets measured at the amortized cost.

Note 10 Financial expenses

Group	**2014**	**2013**
Interest expense to credit institutions	34	39
Other interest expense	1	2
Net movements in exchange rates	–	3
Other expenses	25	18
Total	**60**	**62**

Parent Company	**2014**	**2013**
Interest expense to credit institutions	33	38
Interest expense, Group companies	12	13
Net movements in exchange rates	24	5
Other expenses	15	13
Total	**84**	**69**

All interest expense is attributable to financial liabilities measured at amortized cost.

Note 11 Taxes

Group	2014	2013
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-12	-6
Adjustment of tax attributable to prior years	0	0
Total	**-12**	**-6**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	2	7
Deferred tax asset attributable to tax loss carryforwards capitalized during the year	25	9
Deferred tax expense attributable to utilization of previously capitalized tax value in tax-loss carryforwards	-3	0
Deferred tax attributable to change in tax rate	–	6
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	-12	0
Adjustment of tax attributable to prior years	-1	-1
Total	**11**	**21**
Total consolidated reported tax expense (-)/tax asset (+)	**-1**	**15**

Parent Company	2014	2013
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	0	0
Adjustment of tax attributable to prior years	–	–
Total	**0**	**0**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	23	4
Total	**23**	**4**
Total reported tax expense (-)/ tax asset (+) Parent Company	**23**	**4**

Reconciliation of the effective tax rate for the Group is based on a weighted average of the nominal tax rates that apply to each of the companies within the Group included in continuing operations.

Reconciliation of effective tax	**2014**		**2013**	
Group	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-72		-66
Tax at prevailing rate for the Parent Company	22.0 %	16	22.0 %	15
Effect of different tax rates for foreign subsidiaries	0.2 %	0	-1.9 %	-1
Non-deductible expenses	-1.9 %	-1	-5.0 %	-3
Non-taxable revenues	-0.4 %	-0	2.1 %	1
Increase of loss carryforward without corresponding capitalization of deferred tax	-21.6 %	-16	0.0 %	0
Taxes attributable to changed tax rate	0.0 %	–	9.1 %	6
Taxes attributable to previous years	0.0 %	–	0.3 %	0
Share in earnings of joint venture	0.2 %	0	0.3 %	0
Other	-0.5 %	-0	-3.9 %	-3
Recognized effective tax	**-2.0 %**	**-1**	**23.0 %**	**15**

Reconciliation of effective tax	**2014**		**2013**	
Parent Company	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-154		-28
Tax at prevailing rate for the Parent Company	22.0 %	34	22.0 %	6
Non-deductible expenses	-17.9 %	-28	-30.1 %	-9
Non-taxable revenues	10.9 %	17	23.1 %	7
Other	0.0 %	0	0.0 %	0
Recognized effective tax	**15.0 %**	**23**	**15.0 %**	**4**

Tax items recognized in other comprehensive income

Group	2014	2013
Current tax for currency risk hedging in foreign operations	5	1
Total tax in other comprehensive income	**5**	**1**

Tax items recognized directly in equity

Group	2014	2013
Deferred tax, Share Savings Scheme	0	0
Tax items recognized directly in equity	**0**	**0**

Note 12 Operations for sale and divested operations

Reclassification of the operations in the Czech Republic
During the period, the Czech operations, which have been reported as operations for sale since 2012, were reinstated as ordinary operations in the Group´s accounts. As a result, the Income statements and Balance sheets for 2012 and onwards have been recalculated. In connection with the reversal, the company's assets were tested for impairment, resulting in an impairment loss of SEK 14 M being charged against operating profit for the period.

Divested operations
During 2013, the operations in China were divested. The final purchase consideration amounted to about SEK 10 M and resulted in a capital gain of about SEK 1 M for BE Group.

Group	2014	2013
Purchase consideration	–	10
Consolidation value	–	9
Earnings attributable to divested operations	–	1

Note 13 Earnings per share

Group	2014	2013
Earnings per share before dilution (SEK)	-1.07	-1.02
Earnings per share after dilution (SEK)	-1.07	-1.02

The calculation of the numerator and denominator used in the calculation of earnings per share is detailed below.

Profit/loss for the year		
Profit/loss for the year (SEK M)	-73	-51
Weighted average number of common shares outstanding before dilution (individual shares)		
Total ordinary shares at January 1	50,000,000	50,000,000
Effect of treasury share transactions	-541,546	-566,922
Rights issue	18,546,096	–
Weighted common shares outstanding during the year, before dilution	**68,004,550**	**49,433,078**
Weighted average number of common shares outstanding after dilution (individual shares)		
Weighted average ordinary shares outstanding, before dilution	68,004,550	49,433,078
Effect of Share Savings Scheme	11,195	17,284
Weighted common shares outstanding during the year, after dilution	**68,015,745**	**49,450,362**

Note 14 Goodwill

Cash-generating units with goodwill

Goodwill	BE Sverige	BE Produktion	Lecor Stålteknik	BE Finland	Group total
Opening balance, January 1, 2013	314	4	67	222	607
Exchange difference	–	–	–	3	3
Closing balance, December 31, 2013	**314**	**4**	**67**	**225**	**610**
Opening balance, January 1, 2014	314	4	67	225	610
Exchange difference	–	–	–	6	6
Closing balance, December 31, 2014	**314**	**4**	**67**	**231**	**616**
Recoverable amount	942	54	118	788	–
Carrying amount	623	43	107	448	–
Difference	**319**	**11**	**12**	**339**	**–**

Sensitivity analysis	Assumed value	Limit value	Assumed value	Limit value	Assumed value	Limit value	Assumed value	Limit value
Variable								
Discount factor	9.4 %	13.1 %	9.4 %	11.1 %	9.4 %	10.2 %	9.4 %	15.1 %
Operating margin at end of forecast period	3.2 %	2.1 %	3.7 %	3.0 %	4.9 %	4.4 %	3.2 %	1.8 %
Growth rate after forecast period	2.0 %	Neg	2.0 %	Neg	2.0 %	1.1 %	2.0 %	Neg

Impairment testing

Cash generating units

The cash generating unit BE Sweden consists of the company BE Group Sverige AB, including its share of the jointly owned company Arcelor-Mittal BE Group SSC AB.

The cash generating unit BE Produktion consists of the company BE Group Produktion Eskilstuna AB and Lecor Stålteknik consists of Lecor Stålteknik AB. Both of these companies are included in Other Units. The cash generating unit BE Finland consists of the company BE Group Oy Ab.

Recoverable amounts

Goodwill is tested for impairment at least once annually. This testing compares the recoverable amount with the carrying amount. The table above shows the difference between recoverable amount and carrying amount per cash flow generating unit.

The recoverable amount of the cash generating units is determined by calculating their value in use. In calculating the value in use, a model is applied including a forecast of cash flow for the next five years. Following the forecast period, cash flow is assumed to grow at 2 percent annually. The forecasts for 2015 for each business area are based on established business plans and, for the next four years, on a forecast approved by Group management. The table Sensitivity analysis above shows the profit margins assumed for the end of the forecast period, which are also the maximum values for the forecast period.

For the calculation of value in use, estimated cash flows are discounted by a factor of 9.4 percent (9.7 to 10.7) before tax. The lower discount factor in comparison to the preceding years is primarily the result of lower market interest rates.

Sensitivity analysis

The table Sensitivity analysis above shows the values assumed for the key variables in the calculation of value in use for each cash generating unit. A simulation has been conducted for each of the variables for the different units to find the limit where the recoverable amount is equal to the carrying amount. As in the previous year, Sweden and Finland show a sufficient gap between the recoverable amount and the carrying amount while Lecor Stålteknik and BE Group Produktion Eskilstuna are the companies where the gap is smallest between the recoverable amount and the carrying amount. If result levels do not improve over the next years, there is a risk that impairment must be recognized in the goodwill in these units.

Note 15 Other intangible assets

	Customer relations		Software and licenses		Other intangible assets		Total	
Group	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Accumulated cost								
At January 1	29	3	139	135	–	–	168	138
Purchases	–	–	0	1	–	–	0	1
Disposals and scrappings	–	–	0	0	–	–	0	0
Reclassification	–	–	–	–	9	–	9	–
Transferred to disposal group	–	25	–	2	–	–	–	27
Exchange differences for the year	1	1	2	1	–	–	3	2
Total accumulated closing balance	**30**	**29**	**141**	**139**	**9**	**–**	**180**	**168**
Accumulated scheduled depreciation								
At January 1	-19	-2	-79	-60	–	–	-98	-62
Disposals and scrappings	–	–	0	0	–	–	0	0
Reclassification	–	–	–	–	-2	–	-2	–
Scheduled amortization for the year	0	0	-22	-16	-2	–	-24	-16
Transferred to disposal group	–	-16	–	-2	–	–	–	-18
Exchange differences for the year	-1	-1	-2	-1	–	–	-3	-2
Total accumulated depreciation	**-20**	**-19**	**-103**	**-79**	**-4**	**–**	**-127**	**-98**
Accumulated impairment								
At January 1	–	–	–	–	–	–	–	–
Impairment losses for the year	-6	–	–	–	–	–	-6	–
Total accumulated impairment	**-6**	**–**	**–**	**–**	**–**	**–**	**-6**	**–**
Carrying amount at end of period	**4**	**10**	**38**	**60**	**5**	**–**	**47**	**70**
Amortization for the year is reported on the following lines in the income statement								
Selling expenses	0	0	0	0	0	–	–	–
Administrative expenses	0	0	-22	-16	-2	–	-24	-16
Total	**0**	**0**	**-22**	**-16**	**-2**	**–**	**-24**	**-16**

Parent Company	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Accumulated cost								
At January 1	–	–	107	106	–	–	107	106
Purchases	–	–	–	1	–	–	–	1
Reclassification	–	–	–	–	–	–	–	–
Total accumulated closing balance	**–**	**–**	**107**	**107**	**–**	**–**	**107**	**107**
Accumulated scheduled depreciation								
At January 1	–	–	-49	-35	–	–	-49	-35
Scheduled amortization for the year	–	–	-22	-14	–	–	-22	-14
Total accumulated depreciation	**–**	**–**	**-71**	**-49**	**–**	**–**	**-71**	**-49**
Carrying amount at end of period	**–**	**–**	**36**	**58**	**–**	**–**	**36**	**58**
Amortization for the year is reported on the following lines in the income statement								
Administrative expenses	–	–	-22	-14	–	–	-22	-14
Total	**–**	**–**	**-22**	**-14**	**–**	**–**	**-22**	**-14**

Note 16 Tangible assets

	Buildings and land		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments for tangible assets		Total	
Group	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Accumulated cost										
At January 1	87	18	479	439	175	163	0	3	741	623
Purchases	–	–	3	27	2	15	2	0	7	42
Disposals and scrappings	0	0	0	-4	-1	-16	0	–	-1	-20
Reclassification	–	–	9	3	-18	0	0	-3	-9	0
Transferred to disposal group	–	73	–	5	–	13	–	–	–	91
Exchange differences for the year	4	-4	19	9	2	0	0	0	25	5
Total accumulated closing balance	**91**	**87**	**510**	**479**	**160**	**175**	**2**	**0**	**763**	**741**
Accumulated scheduled depreciation										
At January 1	-17	-10	-305	-268	-125	-122	–	–	-447	-400
Disposals and scrappings	–	–	0	4	1	14	–	–	1	18
Reclassification	–	–	2	0	0	0	–	–	2	0
Scheduled depreciation for the year	-1	0	-31	-31	-9	-11	–	–	-41	-42
Transferred to disposal group	–	-7	–	-3	–	-7	–	–	–	-17
Exchange differences for the year	0	–	-13	-7	-2	1	–	–	-15	-6
Total accumulated depreciation	**-18**	**-17**	**-347**	**-305**	**-135**	**-125**	**–**	**–**	**-500**	**-447**
Accumulated impairment										
At January 1	0	0	-1	0	-1	-1	–	–	-2	-1
Impairment losses for the year	-8	0	0	0	0	0	–	–	-8	0
Transferred to disposal group	–	0	–	-1	–	–	–	–	–	-1
Exchange differences for the year	0	0	0	0	0	0	–	–	0	0
Total accumulated impairment	**-8**	**0**	**-1**	**-1**	**-1**	**-1**	**–**	**–**	**-10**	**-2**
Carrying amount at end of period	**65**	**70**	**162**	**173**	**24**	**49**	**2**	**0**	**253**	**292**

Finance leasing

Group	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Properties held under financial leases are included at a carrying amount of	**5**	**6**	**23**	**24**	**0**	**0**	**–**	**–**	**28**	**30**

Future minimum lease payments attributable to financial lease agreements maturing for payment as follows:

Group	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Within one year	2	2	6	5	–	–	–	–	8	7
One to five years	9	9	15	19	–	–	–	–	24	28
Later than five years	0	2	2	3	–	–	–	–	2	5
Total future minimum lease fees	**11**	**13**	**23**	**27**	**–**	**–**	**–**	**–**	**34**	**40**
Amount representing interest	-1	-2	-2	-3	–	–	–	–	-3	-5
Total carrying value of lease liability	**10**	**11**	**21**	**24**	**–**	**–**	**–**	**–**	**31**	**35**

See Note 31, Financial risk management and Note 33, Key estimates and assessments, for additional disclosures and assessments concerning lease liabilities.

Note 16 continuation

Parent Company	Equipment, tools, fixtures and fittings 2014	2013
Accumulated cost		
At January 1	1	1
Purchases	0	0
Total accumulated closing balance	**1**	**1**
Accumulated scheduled depreciation		
At January 1	-1	-1
Scheduled depreciation for the year	0	0
Total accumulated depreciation	**-1**	**-1**
Carrying amount at end of period	**0**	**0**

Note 17 Participations in Group companies

Parent Company	2014	2013
Accumulated cost		
At January 1	1,474	1,437
Acquisitions and capital contributions	60	46
Divestment and liquidation	–	-9
Total accumulated cost	**1,534**	**1,474**
Accumulated impairment		
At January 1	-281	-271
Divestment and liquidation	–	–
Impairment losses for the year	-96	-10
Total accumulated impairment	**-377**	**-281**
Carrying amount at end of period	**1,157**	**1,193**

Specification of the Parent Company and Group's holdings of investments in Group companies

Subsidiaries/Reg. No./Domicile	Partici-pating interests	Interests in %	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	100	866
BE Group Oy Ab, 1544976-7, Finland	204,000	100	147
BE Group AS,10024510, Estonia	40	100	0
BE Group SIA, 40003413138, Latvia	100	100	0
UAB BE Group, 211685290, Lithuania	100	100	3
BE Group Sp.z.o.o, 0000006520, Poland	20,216	100	4
BE Group CZ s.r.o., 282 43 781, Czech Republic		100	32
BE Group Slovakia s.r.o., 36595659, Slovakia		100	8
Lecor Stålteknik AB, 556584-6382, Kungälv, Sweden	1,000	100	85
BE Group Produktion Eskilstuna AB, 556788-2344, Eskilstuna, Sweden	5,000	100	10
RTS Eesti OÜ, 11657766, Estonia		100	2
			1,157

Acquisitions, capital contributions and impairments during the year	2014	2013
BE Group Slovakia s.r.o.	–	1
BE Group Sp.z.o.o	-4	–
UAB BE Group	1	1
BE Group CZ s.r.o.	-35	34
RTS Eesti OÜ	2	–
	-36	**36**

Note 18 Participations in joint ventures

BE Group owns 50 percent of ArcelorMittal BE Group SSC AB (company registration number 556192-8770, domiciled in Karlstad, Sweden). The interest in the joint venture company is reported in the consolidated accounts using the equity method, by which 50 percent of profit after tax for the joint venture company will be reported as a share in earnings included in the consolidated operating result of BE Group.

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2014**	**2013**
Profit/loss before tax	2	3
Tax	-1	-1
Profit after tax	**1**	**2**
Dividends received	–	–

Overview of income statements and balance sheets for the joint venture	**2014**	**2013**
Net sales	501	474
Operating result	2	3
Net financial items	0	0
Tax	-1	-1
Profit/loss for the year	1	2

	2014	**2013**
Non-current assets	165	169
Current assets	174	148
Total assets	**339**	**317**

	2014	**2013**
Equity	248	247
Provisions	20	–
Interest-bearing liabilities	32	11
Other non-interest-bearing liabilities	39	59
Total equity and liabilities	**339**	**317**

Participations in joint ventures	**2014**	**2013**
Opening balance, cost	127	126
Dividends received	–	–
Share in earnings of joint venture	1	1
Other	-1	–
Carrying amount at year-end	**127**	**127**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2014**	**2013**
Receivables due from joint venture	–	–
Debts owed to joint venture	10	8
Sales to joint venture	–	–
Purchases from joint venture	57	72
Dividends received	–	–

Transactions with the joint venture are conducted at market prices and terms.

Note 19 Other securities held as non-current assets

Group	**2014**	**2013**
Accumulated cost		
At January 1	1	2
Divestments for the year	-1	–
Exchange differences for the year	0	-1
Carrying amount at end of period	**0**	**1**

Note 20 Interest-bearing receivables, group companies

Parent Company	**2014**	**2013**
Accumulated cost		
At January 1	197	301
New receivables	112	23
Settled receivables	-42	-92
Impairment of receivables	-34	-28
Exchange differences for the year	5	-7
Carrying amount at end of period	**238**	**197**
Of which recognized as non-current	*6*	*6*
Of which recognized as current	*232*	*191*

Note 21 Inventories

Group	**2014**	**2013**
Obsolescence reserve, inventories		
Carrying amount at January 1	-11	-14
Translation difference	0	0
Change for the year	1	3
Total obsolescence reserve, inventory	**-10**	**-11**

Note 22 Prepaid expenses and deferred income

Group	**2014**	**2013**
Rent for premises	10	10
Supplier bonuses	9	6
Other items	24	17
Total prepaid expenses and accrued income	**43**	**33**

Parent Company	**2014**	**2013**
Supplier bonuses	8	6
Other items	9	7
Total prepaid expenses and accrued income	**17**	**13**

Note 23 Equity

Share capital and shares outstanding

Group	2014	2013
Issued capital at January 1	50,000,000	50,000,000
Change	24,728,128	–
Issued capital at December 31	**74,728,128**	**50,000,000**

At December 31, 2014, registered share capital amounted to 74,728,128 (50,000,000) common shares. The increase in the number of common shares during the year was due to a rights issue conducted in the first quarter of 2014. The quotient value of shares is SEK 2.04 (2.04). Holders of common shares are entitled to annual general dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

Pertains to capital contributions from shareholders. Includes share premium reserves transferred to the statutory reserve at December 31, 2005. Share premium reserve provisions are also reported as capital contributions as of January 1, 2006.

Reserves

Translation reserve

The translation reserve comprises of exchange differences arising from translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

Hedging of net investments in foreign subsidiaries is also recognized in the translation reserve. This is comprised of exchange rate differences arising from the revaluation of liabilities recognized as hedging instruments of a net investment in a foreign operation. The amount is based on tax consequences.

Group	2014	2013
Carrying amount at January 1	16	9
Exchange rate difference for the year	26	11
Hedging of net investments in foreign subsidiaries	-24	-5
Tax attributable to hedging of net investment in foreign subsidiary	5	1
Carrying amount at end of period	**23**	**16**

Retained earnings including profit/loss for the year

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. This equity item includes prior provisions to the statutory reserve, excluding transferred share premium reserves.

Treasury shares

	2014		2013	
Group	**Number**	**Amount**	**Number**	**Amount**
Balance at January 1	561,982	22	590,727	23
Divestments for the year	-23,601	-1	-28,745	-1
Closing balance at end of period	**538,381**	**21**	**561,982**	**22**

Acquisitions of treasury shares were recognized directly in retained earnings. The shares are intended for use within the framework of the Share Savings Plans.

Capital management

The Group has set four financial business targets that are measured over a 12-month rolling period. The financial targets are based on underlying earnings and return measurements to clearly illustrate the performance of the operational business. Underlying earnings comprise of recognized profit/loss adjusted for non-recurring items and inventory gains/losses (see definitions on pages 82–83). BE Group applies an internal calculation model. The model has not been reviewed by the Group's auditors. The outcomes for growth, profitability and return are measured over an economic cycle, while the capital structure target relates to a normal situation.

Financial targets	Target	Outcome 2014	Outcome 2013
Underlying sales growth	>5 %	-3.5 %	-12.6 %
Underlying EBITA margin	>6 %	1.0 %	1.2 %
Underlying return on operating capital	>40 %	5.0 %	6.6 %
Net debt/equity ratio	<125 %	105.4 %	135.8 %

The Group's bank loan agreements include financial covenants, which are reported in Note 31 Financial risk management.

Parent Company

Restricted equity

Restricted reserves

Dividends that reduce restricted reserves are prohibited.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of net profits not used to cover retained losses. The statutory reserve also includes the amount transferred to the share premium reserve prior to January 1, 2006.

Non-restricted equity

Retained earnings

Comprises of prior years' non-restricted equity after distribution of profits, if any. Combined with profit for the year, the total makes up non-restricted equity, which is the amount available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, when more must be paid for the shares than their quotient value, an amount equal to the amount received in excess of the quotient value of the shares must be transferred to the share premium reserve. The amount transferred to the share premium reserve from January 1, 2006 is included in non-restricted equity.

Note 24 Provisions

Group	2014	2013
Restructuring costs	0	5
Severance pay, CEO	4	–
Other	1	0
Total, other provisions	**5**	**5**
Of which:		
Non-current	0	0
Current	5	5
	5	**5**

2014	Restructuring costs	Severance pay, CEO	Other
Carrying amount at January 1	5	–	0
New provisions	0	6	1
Amount used during the period	-5	-2	0
Reversed provisions	–	–	–
Translation difference	0	–	0
Carrying amount at end of period	**0**	**4**	**1**
Expected date of outflow of resources:			
2015	0	4	1
2016–2018	–	–	0
	0	**4**	**1**

Parent Company
The Parent Company's provision of SEK 4 M (2) involves costs for the CEO during the notice period and has an expected outflow of resources in 2015.

Note 25 Deferred tax assets and tax liabilities

2014 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	0	-20	-20
Buildings and land	–	-5	-5
Machinery and equipment	1	-6	-5
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Tax allocation reserves	–	–	–
Loss carryforwards	44	–	44
Other	2	-18	-16
	53	**-49**	**4**
Offset	-5	5	–
Net deferred tax liability	**48**	**-44**	**4**

2013 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	–	-20	-20
Buildings and land	-4	-1	-5
Machinery and equipment	2	-8	-6
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Tax allocation reserves	–	–	–
Loss carryforwards	35	–	35
Other	1	-16	-15
	40	**-45**	**-5**
Offset	-8	8	–
Net deferred tax liability	**32**	**-37**	**-5**

2014 Parent Company	Deferred tax receivable	Deferred tax liabilities	Net
Loss carryforwards	28	–	28
	28	**–**	**28**
Offset	–	–	–
Net deferred tax asset	**28**	**–**	**28**

2013 Parent Company	Deferred tax receivable	Deferred tax liabilities	Net
Loss carryforwards	4	–	4
	4	**–**	**4**
Offset	–	–	–
Net deferred tax asset	**4**	**–**	**4**

Change of deferred tax in temporary differences and loss carryforwards

Group 2014	Carrying amount at beginning of period	Recognized in profit or loss	Reversal in accordance with IFRS 5	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-20	1	–	-1	-20
Buildings and land	-5	0	–	0	-5
Machinery and equipment	-6	1	–	0	-5
Inventory	1	0	–	0	1
Accounts receivable	3	0	–	0	3
Other provisions	0	0	–	0	0
Interest-bearing liabilities	2	0	–	0	2
Tax allocation reserves	–	–	–	–	–
Loss carryforwards	35	10	–	-1	44
Other	-15	-1	–	0	-16
	-5	**11**	**–**	**-2**	**4**

Group 2013	Carrying amount at beginning of period	Recognized in profit or loss	Reversal in accordance with IFRS 5	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-21	4	-2	-1	-20
Buildings and land	-1	1	-5	0	-5
Machinery and equipment	-16	8	2	0	-6
Inventory	1	0	0	0	1
Accounts receivable	3	-2	2	0	3
Other provisions	0	0	–	0	0
Interest-bearing liabilities	2	0	–	0	2
Tax allocation reserves	–	–	–	–	–
Loss carryforwards	12	10	13	0	35
Other	-15	0	–	0	-15
	-35	**21**	**10**	**-1**	**-5**

[1] Primarily refers to translation differences.

Change of deferred tax in temporary differences and loss carryforwards

Parent Company 2014	Carrying amount at beginning of period	Recognized in profit or loss	Recognized in equity	Carrying amount at end of period
Loss carryforwards	4	24	–	28
	4	**24**	**–**	**28**

Parent Company 2013	Carrying amount at beginning of period	Recognized in profit or loss	Recognized in equity	Carrying amount at end of period
Loss carryforwards	–	4	_	4
	–	**4**	_	**4**

Of the Group's capitalized deferred tax assets on tax loss carryforwards, assets of SEK 14 M (24) are limited to a period of five to seven years. These assets pertain to Poland, the Czech Republic and Slovakia.

Unrecognized deferred tax assets

In the Balance Sheet, deferred tax assets have not been recognized for tax loss carryforwards for a deferred tax value of SEK 27 M (15). Unrecognized tax-loss carryforwards for the year are attributable to the loss making companies in Other Units. The unrecognized amounts are equivalent to the portion of such carryforwards considered unlikely to be utilizable against taxable results in the near future.

Note 26 Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2014	2013
Liens on assets	640	626
Property mortgages	59	57
Accounts receivable	38	9
Shares in subsidiaries	1,005	988
	1,742	**1,680**

Parent Company	2014	2013
Promissory notes receivable	309	296
Shares in subsidiaries	1,013	1,013
	1,322	**1,309**

Financial assets pledged as collateral

The Parent Company has promissory notes receivable from BE Group Sverige AB and BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 31 Financial risk management with regard to significant terms and conditions of external loan agreements.

Contingent liabilities

Group	2014	2013
Guarantees	24	13
Other items	9	10
	33	**23**

Parent Company	2014	2013
Guarantee obligations for the benefit of subsidiaries	75	135
	75	**135**

The Parent Company provides a joint and several guarantee covering subsidiaries' payment of receivables to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners.

Note 27 Current interest-bearing liabilities

Group	2014	2013
Overdraft facility		
Credit limit	100	200
Unutilized component	-60	-200
Utilized credit amount	**40**	**–**
Other current interest-bearing liabilities	104	51
Total current interest-bearing liabilities	**144**	**51**

Disclosures concerning collateral are provided in Note 26 Pledged assets and contingent liabilities

Note 28 Accrued expenses and deferred income

Group	2014	2013
Accrued salaries	36	39
Accrued social security expenses	7	9
Bonuses to customers	3	3
Other items	21	22
Total accrued expenses and deferred income	**67**	**73**

Parent Company	2014	2013
Accrued salaries	2	3
Accrued social security expenses	1	2
Other accrued expenses	9	11
Total accrued expenses and deferred income	**12**	**16**

Note 29 Supplementary disclosures to cash flow statement

Group	2014	2013
Interest paid		
Interest received	3	3
Interest paid	-35	-41
Adjustment for non-cash items		
Depreciation and impairment of assets	86	47
Unrealized exchange rate differences	0	3
Capital gain/loss on sale of fixed assets	0	0
Difference between participation in joint venture and dividends received	-1	-1
Provisions and other income items not affecting liquidity	-1	1
Total	**84**	**50**

Parent Company	2014	2013
Interest paid and dividends received		
Dividends received	27	30
Interest received	26	28
Interest paid	-45	-50
Adjustment for non-cash items		
Depreciation and impairment of assets	95	53
Unrealized exchange rate differences	24	7
Dividend	-27	–
Appropriation	18	–
Other income statement items not affecting liquidity	9	5
Total	**119**	**65**

Note 30 Related-party transactions

Group

During the year, the Group had transactions with joint venture company ArcelorMittal BE Group SSC AB. See Note 18 for further details.

In connection with the rights issue implemented during the year, guarantor compensation has been paid to AB Traction, Anders Ullberg, Petter Stillström and Kimmo Väkiparta. In other regards, no transactions have taken place between BE Group and related parties that have had a material impact on the Company's position and results.

See Note 3 for disclosures on remuneration and benefits paid to senior executives and Board members.

Parent Company

The Parent Company has decisive control over its subsidiaries (see Note 17) and has had the following transactions with related parties.

Parent Company's transactions with subsidiaries	2014	2013
Sales of services	43	58
Purchases of services	-10	-14
Interest income	26	28
Interest expense	-12	-13
Dividend Received (+)/ or paid (-)	27	30
Group contributions received (+)/paid (-)	-18	41
Claims on related parties on balance day	277	281
Debt to related parties on balance day	190	145

Note 31 Financial risk management

In its operations, BE Group is exposed to a number of financial risks. The management of these risks is regulated through the Group's finance policy. The finance policy is established by the Board and provides a framework for BE Group's management of the financial risks in its operations. BE Group maintains a centralized finance function that is responsible for identifying and managing the financial risks in accordance with the established policy. The finance function reports to the President and CEO of BE Group.

BE Group's ongoing operations give rise to a number of financial risks. These consist of market risk (currency and interest risk), refinancing risk (liquidity risk) and credit risk. The goals that have been established in the finance policy are stated under the respective heading below.

Market risk

Market risk is the risk that fluctuations in market rates, such as interest and exchange rates, will impact the Group's profits or financial position.

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency exposure comprises both transaction exposure and translation exposure.

Transaction exposure arises when the Group conducts purchasing in one currency and sales in another, meaning that the transaction exposure is attributable to accounts receivable and payable. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency. BE Group's objective is to minimize the short-term and long-term impact of movements in foreign exchange rates on the Company's profit and equity. This is mainly achieved by matching revenues and expenses in business transactions with currencies other than SEK. When matching cannot be achieved, the Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Group's central finance function in the Parent Company. At year-end, BE Group had no outstanding forward contracts relating to transaction exposure.

During 2014, BE Group's transaction exposure in EUR amounted to EUR 55 M (64), consisting of the difference between actual purchasing and sales in EUR. The real effect of the transaction exposure affected operating profit/loss negatively by SEK 2 M (0). Based on income and expenses in foreign currency for 2014, it is estimated that a change of +/- 5 percent in the SEK against the EUR would entail an effect of about +/- SEK 2 M in the operating result.

As of the balance sheet date, net assets are allocated among the following currencies:

Amount	*SEK M*	
SEK	165	23 %
EUR	434	61 %
Others	116	16 %
Total	**715**	**100 %**

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated equity. The Group's earnings are affected by the currency rates used in the translation of the results of its foreign units. Based on conditions in 2014, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail an effect of SEK -1 M on operating result in the translation of the earnings of foreign units.

The Parent Company, BE Group AB, has loans in EUR and CZK to reduce translation exposure arising from the Finnish and Czech operations, respectively. In the consolidated financial statements, hedge accounting is applied in accordance with the principles for hedging net investments in foreign currency. No hedge accounting has been applied in the Parent Company.

Translation exposure for other countries has been judged immaterial and accordingly not hedged.

See also "Accounting principles" concerning management of hedge accounting for net investments.

Note 31 continuation

Interest risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. Consolidated interest-bearing liabilities are mainly subject to variable interest or terms of fixed interest.

In accordance with the finance policy, the BE Group works to minimize the effect on the Group's profit/loss before tax due to fluctuations in market interest rates. BE Group's objective is to maintain the average fixed rate term of one to 12 months. The fixed rate term was kept short during the year and was approximately three months (3) as of the balance sheet date.

At the end of the year, the total interest-bearing loan debt was SEK 827 M. Interest-bearing assets in the form of cash and bank balances amounted to SEK 73 M.

A change in interest rates of 1 percent would affect consolidated net financial items by approximately SEK +/- 8 M and consolidated equity by approximately SEK +/- 6 M. The sensitivity analysis has been conducted on the basis of current net debt at the end of the period.

The table below details the consolidated interest-bearing liabilities outstanding at December 31, 2013 and December 31, 2014.

Loan terms, maturity structure/fixed rate terms and fair value

		Nominal amount in original currency		Carrying amount (SEK M)		Fixed interest terms number of days		Maturity	
		2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Financial lease, SEK	SEK M	16	19	16	19	–	–	2015 –2019	2014 –2019
Financial lease, EUR	EUR M	2	2	15	16	–	–	2015 –2017	2014 –2017
Financial lease LTL	LTL M	–	0	–	0	–	–	–	2014
accrued interest				–	–				
Total financial leasing liability				**31**	**35**				
Of which, current liability				*7*	*5*				
Factoring CZK	CZK M	5	7	1	2	–	–	2015	2014
Factoring PLN	PLN M	1	1	3	3	–	–	2015	2014
accrued interest				–	–				
Total factoring liability				**4**	**5**				
Of which, current liability				*4*	*5*				
Bank loan, CZK	CZK M	125	125	43	41	30	30	2015	2014
accrued interest				–	–				
Total external bank loans in subsidiaries				**43**	**41**				
Of which, current liability				*43*	*41*				
Parent Company[1)]									
Bank loan, SEK	SEK M	290	397	284	392	90	90	2017	2015
Bank loan, EUR	EUR M	38	38	362	335	90	90	2017	2015
Bank loan, CZK	CZK M	300	310	103	101	90	90	2017	2015
accrued interest				–	–				
Total interest-bearing liabilities, Parent Company				**749**	**828**				
Of which, current liability				*50*	–				
Total interest-bearing liabilities, Group				**827**	**909**				
Of which, current liability				*104*	*51*				

The recognized amount for interest-bearing liabilities constitutes a good approximation of the fair value.

[1)] In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 7M (8) and SEK 7 M (0). The recognized amount totals SEK 71 M (67). The liabilities mature on December 31, 2015 with interest rates based on three-month EURIBOR and STIBOR respectively. There is no accrued interest on the balance sheet date. In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intra-group cash pool and that amount to SEK 102 M (66) as per the balance sheet date. The interest applied in the cash pool is based on STIBOR T/N.

Refinancing risk (liquidity risk)

BE Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. Access to external financing, which is affected by factors such as the general trend in the capital and credit markets, as well as the borrower's creditworthiness and credit capacity, may be limited and there may be unforeseen events and costs associated with this. The borrowing strategy focuses on securing the Group's borrowing needs, both with regard to long-term financing needs and day-to-day payment commitments. BE Group works to maintain satisfactory payment capacity by means of unutilized credit facilities and through active control of its working capital, which is the foremost item affecting the scope of the Group's liquidity.

Maturity structure, financial liabilities

	Derivative liabilities		Other financial liabilities		Total	
	2014	2013	2014	2013	2014	2013
Maturity within 90 days	–	0	582	549	582	549
Maturity within 91–180 days	–	–	37	14	37	14
Maturity within 181–365 days	–	–	46	21	46	21
Maturity within 1–5 years	–	–	753	873	753	873
Maturity later than 5 years	–	–	0	6	0	6
Total	**–**	**0**	**1,418**	**1,463**	**1,418**	**1,463**

The table abowe details the maturity structure for financial liabilities and shows the undiscounted future cash disbursements. BE Group has an overdraft facility of SEK 100 M, of which SEK 40 M had been utilized as of December 31, 2014 (see Note 27).

New credit agreement in 2014

In February 2014, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,250 M, including guarantee facilities. The new credit agreement was utilized at the end of March. The proceeds of the implemented rights issue have been used to repay bank loans. The new credit agreement includes commitments in line with previous financing agreements. The key figures measured are net debt/equity ratio and interest coverage ratio. The covenants are measured quarterly, and the interest coverage ratio is based on the trend over the past 12-month period. In addition, the Group is subject to limitations with regard to investments during the duration of the agreement.

Credit risk

When entering new business relations and extending existing ones, BE Group makes a commercial assessment.

The risk that payment will not be received on accounts receivable represents a customer credit risk. BE Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms and the absence of risk concentrations towards individual customers, and specific sectors contribute to reducing credit risk in business area Sweden and business area Finland. In certain countries within Other Units credit and payment terms are normally longer than in other markets. Intensive efforts are being made here to ensure payment, which involve assessments of creditworthiness and negotiations about payment plans when payment has not been timely. In these countries, BE Group also applies extensive factoring solutions, reducing the time over which credit is provided and risk.

The spread of risk among the customer base is satisfactory as no individual customer accounted for more than 4 percent (4) of sales in 2014. The ten largest customers combined accounted for about 11 percent (13) of sales.

Provisions for credit losses have been assessed on an individual basis. The total cost of credit losses in 2014 was SEK 3 M, and at December 31, 2014, provisions for doubtful receivables amounted to SEK 28 M (28), corresponding to 6 percent (7) of the gross of total accounts receivable.

Credit exposure arises in conjunction with placements of cash and cash equivalents and derivatives trading. BE Group manages the risk that a counterparty will default by selecting creditworthy counterparties and limiting the commitment per counterparty.

In all material respects, the Group's credit exposure coincides with the carrying amount of each class of financial instrument.

Accounts receivable	Gross		Impairment		Net	
	2014	2013	2014	2013	2014	2013
Not yet due	**326**	**327**	**-18**	**-17**	**308**	**310**
Unimpaired, past due						
< 30 days	57	43	–	–	57	43
30–90 days	14	7	–	–	14	7
>90 days	8	5	–	–	8	5
Total	**79**	**55**	**–**	**–**	**79**	**55**
Impaired past-due accounts receivable						
< 30 days	0	2	0	-1	0	1
30–90 days	0	1	0	-1	0	0
>90 days	30	27	-10	-9	20	18
Total	**30**	**30**	**-10**	**-11**	**20**	**19**
Total	**435**	**412**	**-28**	**-28**	**407**	**384**

Provisions for doubtful receivables	**2014**	**2013**
Provision at January 1	28	26
Reserve for anticipated losses	1	2
Reversal of reserves	2	-5
Realized losses	-4	-4
Transferred to disposal group	–	9
Exchange rate differences	1	0
Provision at December 31	**28**	**28**

Note 31 continuation

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 total carrying amounts and fair value as per asset class are shown in the table below:

Group	Measurement category
A	Financial assets and liabilities valued at fair value via profit or loss for the period
B	Investments held to maturity
C	Loans and receivables
D	Financial assets available for sale
E	Financial liabilities measured at accrue cost

2014	Carrying value according to Balance Sheet	Of which, financial instruments covered by the disclosure requirements in IFRS 7	Group A	Group B	Group C	Group D	Group E	Total carrying value	Fair value
Other securities held as non-current assets	0	0	–	–	–	0	–	**0**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	407	407	–	–	407	–	–	**407**	407
Other receivables	31	28	–	–	28	–	–	**28**	28
Prepaid expenses and accrued income	43	21	–	–	21	–	–	**21**	21
Cash and equivalents	73	73	–	–	–	73	–	**73**	73
Non-current interest-bearing liabilities	-723	-723	–	–	–	–	-723	**-723**	-725
Current interest-bearing liabilities	-104	-104	–	–	–	–	-104	**-104**	-105
Accounts payable	-498	-498	–	–	–	–	-498	**-498**	-498
Other liabilities	-57	-2	–	–	–	–	-2	**-2**	-2
Accrued expenses and deferred income	-67	-25	–	–	–	–	-25	**-25**	-25

2013									
Other securities held as non-current assets	1	1	–	–	–	1	–	**1**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	384	384	–	–	384	–	–	**384**	384
Other receivables	28	26	–	–	26	–	–	**26**	26
Prepaid expenses and accrued income	33	13	–	–	13	–	–	**13**	13
Cash and equivalents	57	57	–	–	–	57	–	**57**	57
Non-current interest-bearing liabilities	-858	-858	–	–	–	–	-858	**-858**	-860
Current interest-bearing liabilities	-51	-51	–	–	–	–	-51	**-51**	-52
Accounts payable	–465	-465	–	–	–	–	-465	**-465**	-465
Other liabilities	-62	-1	–	–	–	–	-1	**-1**	-1
Accrued expenses and deferred income	-73	-28	–	–	–	–	-28	**-28**	-28

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. The Group also holds shares/participations in unlisted companies, which are included in the assessment category of "Financial assets available for sale". As it is difficult to reliably measure the fair value of these assets, they are recognized at cost.

Impairment losses

The Group has recognized impairment losses on accounts receivable as disclosed above under "Credit risks". Impairment was also recognized in deferred tax assets. No other impairments have been applied for financial assets within the Group.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence is made up of two components: observable circumstances that impair the capacity to recover the carrying amount of the asset and significant or prolonged decline in fair value for financial investments classified as financial assets available for sale. A decline in value of 20 percent is classified as significant and a decline in value is classified as prolonged when it lasts for more than 9 months.

Risk management and insurance

The responsibility for risk management within BE Group lies with the Group's central finance function. The objective of these efforts is to minimize the total cost of the Group's loss risks. This is accomplished by continually improving loss prevention and loss limitation in operations and through a Group-wide insurance solution.

Note 32 Investment commitments

BE Group has no principal investments in progress, nor future investments regarding which the Board of Directors has made a clear commitment.

Note 33 Key estimates and assessments

Certain assumptions about the future and certain estimates and assessments as of the balance sheet date are particularly significant to measurement of assets and liabilities in the balance sheet. According to management assessment, none of the asset and liability amounts reported are associated with risk that material adjustment will be required in the next year.

Impairment of goodwill

The value of recognized goodwill is tested at least once a year to determine whether the asset may be impaired. The test requires assessment of the value in use of the cash generating unit, or groups of cash generating units, to which the goodwill has been allocated. This in turn requires that the expected future cash inflows from the cash generating units must be estimated and a relevant discount rate determined to calculate the present value of cash inflows.

See note 14 for a description of impairment testing and assumptions used in the process.

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees that the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative factors, the agreements have been classified as operational leasing agreements. However, there is one agreement that has been classified as financial and its recognized amount amounted to SEK 5 M on the balance sheet date.

In addition to the above, the Group has a number of financial leasing agreements associated with leases of machinery and equipment, whose carrying value amounted to SEK 23 M as per the balance sheet date.

For additional information on the Group's leasing agreements, please see Notes 5, 16 and 31.

Inventories

The cost of inventory is tested upon each close of books against estimated and assessed future selling prices. In the judgment of BE Group's management, necessary impairments have been recognized based on the information available when the closing accounts were prepared.

Not 34 Significant events after balance sheet date

Please refer to page 27 in the Board of Directors' Report – Significant events after the end of the financial year.

Appropriation of earnings

The Board of Directors' proposal for the appropriation of earnings

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2014 (-).

Funds available		
Retained earnings	541,727,228	SEK
Loss for the year	-130,521,442	SEK
Total	**411,205,786**	**SEK**
Balance carried forward	411,205,786	SEK
Total	**411,205,786**	**SEK**

The consolidated financial statements and the annual report were prepared in compliance with the International Financial Reporting Standards defined in Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002 concerning application of International Financial Reporting Standards and generally accepted accounting principles and give a true and fair view of the financial position and performance of the Group and the Parent Company.

The Board of Directors' Report provides a true and fair view of the Parent Company and the Group's operations, financial position and performance and describes the significant risks and uncertainty factors relevant to the Parent Company and other BE Group companies.

The annual and consolidated accounts are subject to approval by the Annual General Meeting on May 7, 2015.

Malmö, March 17, 2015

Anders Ullberg
Chairman of the Board

Roger Bergqvist
Director

Charlotte Hansson
Director

Lars Olof Nilsson
Director

Petter Stillström
Director

Jörgen Zahlin
Director

Thomas Berg
Employee Representative

Kerry Johansson
Employee Representative

Lars Engström
Acting President and CEO

Our Audit Report was submitted on March 23, 2015
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

The information in the Annual Report is such that BE Group AB (publ) is required to publish pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on March 27, 2015 at 8.00 a.m.

Audit report

To the annual meeting of the shareholders of BE Group AB (publ) Corporate identity number 556578-4724

Report on the annual and consolidated accounts

We have conducted an audit of the annual report and consolidated accounts of BE Group AB for the year 2014. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 16–70.

Responsibility of the Board of Directors and the President for the annual report and consolidated accounts

The Board of Directors and the President are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with the International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, as well as for the internal controls deemed necessary by the Board of Directors and President as necessary in preparing annual and consolidated accounts that do not contain material misstatements, whether these are due to irregularities or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a true and fair view of the Parent Company's financial position as at December 31, 2014 and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give, in all material respects, a true and fair view of the Group's financial position as at December 31, 2014 and of its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU and in accordance with the Annual Accounts Act. The statutory administration report (Board of Directors' Report) is consistent with the other parts of the annual and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the Income Statement and Balance Sheet of the Parent Company and the consolidated Income Statement and Balance Sheet.

Report on other legal and regulatory requirements

In addition to our audit of the annual and consolidated accounts, we have also audited of the proposed appropriation of the Company's profit or loss and the administration of BE Group AB by the Board of Directors and the President in 2014.

Responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

Auditors' responsibility

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's profit or loss and the administration of the Company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the Company's profit or loss, we have reviewed whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any Board member or the President is liable for compensation to the Company. In our review, we have also considered whether any Board member or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have gathered in accordance with the above is sufficient and appropriate as a basis for our statements.

Statements

We recommend that the Annual General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the Board members and the President be discharged from liability for the financial year.

Malmö, March 23, 2015
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

Corporate Governance Report

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report. Information in accordance with Chapter 6, Section 6 in the Annual Accounts Act can be found in the Board of Director's Report on pages 26–27 in the annual report.

Operations and governance of BE Group

BE Group AB (publ) is a Swedish limited liability company listed on the Nasdaq OMX Stockholm. Governance of BE Group is based on the Swedish corporation and Annual Accounts Act, NASDAQ OMX Stockholm regulation, Swedish code for corporate governance (the "Code"), BE Group's Articles of Association and other relevant regulations.

Shareholders exercise their decision-making rights at the Annual General Meeting (and also at possible extraordinary meetings), which are the Company's highest decision-making authority. The Board of Directors and the Chairman of the Board of Directors are appointed by the Annual General Meeting while the President is appointed by the Board of Directors. The Company's accounts as well as the administration of the Board of Directors and the President are reviewed by auditors appointed by the Annual General Meeting. The Annual General Meeting adopts principles for the appointment of the Nomination Committee, which formulates proposals to the Annual General Meeting prior to the election and setting of fees for the Board of Directors and auditors. In addition to laws, regulations and the Code, BE Group applies internal governance instruments such as a code of conduct and information policy.

BE Group's application of the Swedish Code of Corporate Governance

The Code is based on the "comply or explain" principle, which means a company may depart from the provisions of the Code provided that such departures can be explained in a satisfactory manner. BE Group fully applied the Code during the financial year 2014 and has not departed from Code rules in any respect.

Shareholders

Ownership and share capital

On December 31, 2014, BE Group's share capital amounted to SEK 152,506,384 allocated among 74,728,128 shares. All shares in the Company convey equal rights in every respect. At the end of the year, BE Group had 6,949 shareholders. The Company's largest shareholders were AB Traction, Swedbank Robur fonder, IF Skadeförsäkring AB and Avanza Pension. The proportion of foreign ownership totaled around 13 percent. At the end of the year, the Company held 538,381 treasury shares (0.7 percent of share capital). You can find more information about the ownership structure in BE Group on pages 14–15 in the annual report.

Annual General Meeting

The Annual General Meeting considers decisions regarding dividends; adoption of the Income Statement and Balance Sheet; discharge of liability for Board members and the President; election of Board members, the Chairman of the Board of Directors and auditors; approval of fees to the Board members and auditors, adoption of executive remuneration guidelines; and, when applicable, adoption of principles for appointing the Nomination Committee. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company. All Board members, management and the auditors are normally present at the meeting to answer such questions.

The 2014 Annual General Meeting was held on April 25 in Malmö. At the Annual General Meeting 30,612,964 shares were represented, divided among 41 shareholders that participated personally or through a proxy. The shares represented corresponded to 41 percent of the total number of shares in BE Group. The Annual General Meeting re-elected Anders Ullberg, who was also elected as Chairman of the Board of Directors, Petter Stillström, Roger Bergqvist, Lars Olof Nilsson and Jörgen Zahlin, and elected Charlotte Hansson as a new Board member. Marita Jaatinen had declined re-election. The accounting firm KPMG AB was re-appointed as auditor for the Company.

Some of the Annual General Meeting's other decisions were:

- in accordance with the proposal by the Board of Directors, not to pay a dividend for financial year 2013;
- to pay Board fees totaling SEK 1,470,000, of which SEK 420,000 was to the Chairman of the Board of Directors and SEK 210,000 each to the other members elected by the Annual General Meeting. The Annual General Meeting decided that remuneration for work in the audit committee shall be paid in the amount of SEK 150,000 and that no remuneration will be paid for work on the remuneration committee. It shall be possible for companies that are wholly owned by Board members to issue invoices for Board fees on the condition that this remains cost-neutral for BE Group;
- to adopt guidelines for remuneration to senior executives, which primarily entail that salaries and other remuneration conditions for management shall be market-based and that variable remuneration should be at most 50 percent of fixed salary. Notice periods and severance pay shall not exceed a total amount equivalent to 18 months' base salary;
- to authorize the Board of Directors, on one or several occasions and not later than the 2015 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions.

Nomination Committee

As resolved by the Annual General Meeting, the Nomination Committee must consist of four members, who, in addition to the Chairman of the Board of Directors, shall include representatives for each of the three largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the three shareholder representatives and the shareholders they represent shall be announced as soon as the Nomination Committee has been appointed and at least six months before the Annual General Meeting. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nomination Committee. If a member of the Nomination Committee resigns before the process is complete, a substitute nominated by the same shareholder may take that member's place. If a significant change takes place in the Company's ownership structure after August 31, rules are in place regarding how the composition of the Nomination Committee can be changed. Prior to the 2015 Annual General Meeting, the Nomination Committee consists of Bengt Stillström (AB Traction), Chairman, Anders Ullberg, (Chairman of the Board of Directors of BE Group), Jan Andersson (Swedbank Robur Funds) and Ricard Wennerklint (If Skadeförsäkring).

The Nomination Committee is tasked with submitting to the Annual General Meeting its nominations for Chairman of the Board of Directors and other Board members accompanied by a justified statement regarding the proposal; proposing fees for the Board of Directors and the auditors and any remuneration for committee work, proposing auditors and nominating an individual to serve as the chairman of the Annual General Meeting. The Nomination Committee is also charged with assessing the independence of Board members in relation to the Company and major shareholders.

The Nomination Committee held two meetings. As a basis for its proposals to the 2015 Annual General Meeting, the Nomination Committee assessed whether the Board of Directors is suitable for its purpose and meets the requirements on the Board of Directors imposed by the Company's operations, position and conditions in other regards. The assessment was based on material including relevant sections of the evaluation of Board of Directors activities performed under the Chairman's guidance.

The Board of Directors and its work

Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten Board members elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. Over the year, the Board of Directors of the Company consisted of six members elected by the 2014 Annual General Meeting: Anders Ullberg (Chairman), Roger Bergqvist, Charlotte Hansson, Lars Olof Nilsson, Petter Stillström and Jörgen Zahlin, as well as two employee representatives, Thomas Berg and Kerry Johansson. Please refer to pages 78–79 of the Annual Report for a more detailed presentation of the Board members. All members are independent in relation to BE Group and executive management. With the exception of Petter Stillström, all Board members are considered independent in relation to BE Group's principal owners.

From Group Management, the President and the CFO normally attend Board meetings and report on the Group's development. Apart from the members of the Board of Directors, other officers of BE Group participated in Board meetings to present reports on particular issues. Attorney Hans Petersson acted as the secretary of the Board of Directors up to and including April 2014. Since then, the Company's CFO has served in this function.

Rules of procedure of the Board of Directors

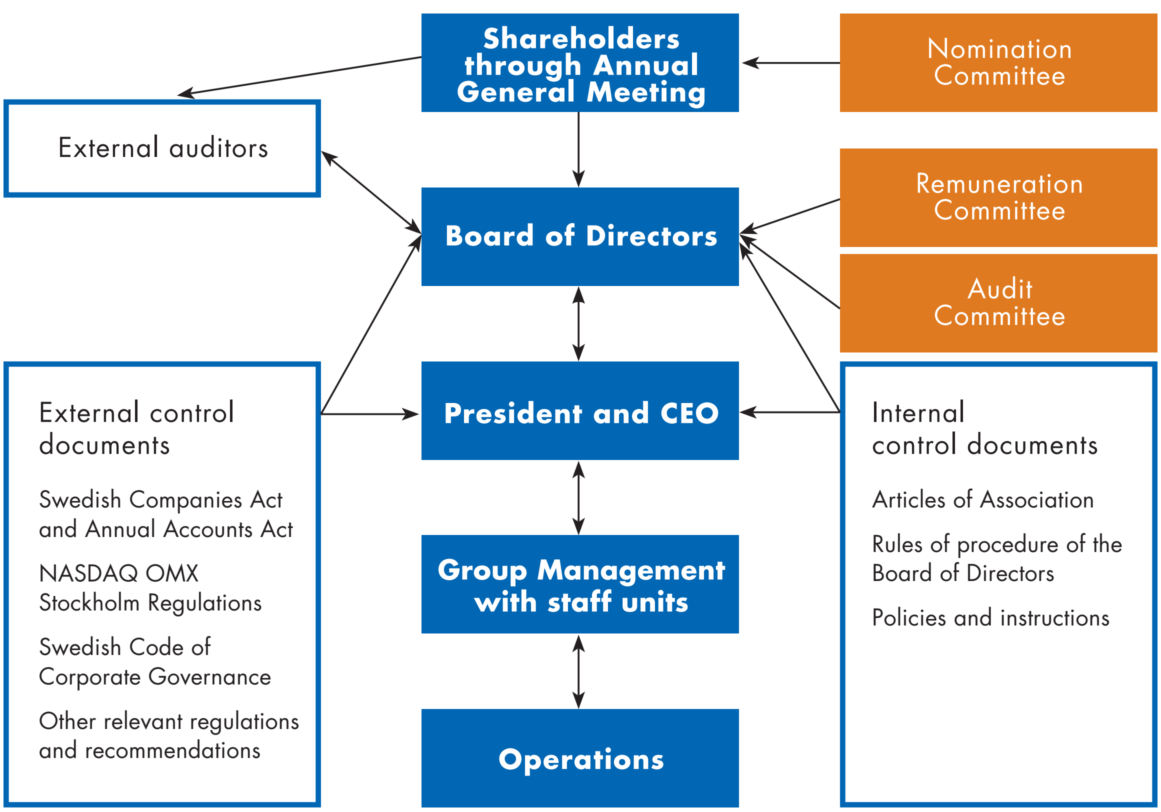
The Board of Directors is appointed by BE Group's shareholders to have ultimate responsibility for the Group's organization and administration of the Group's interests. At the statutory Board of Directors meeting directly following the Annual General Meeting, the Board of Directors adopted rules of procedure that closely regulates its work and responsibility as well as the special work tasks that are the responsibility of the Chairman of the Board.

The Chairman of the Board, Anders Ullberg, leads the Board's work and monitors the operation through a continuous dialogue with the President. Through monthly reports and Board meetings, the Board of Directors obtains information about BE Group's economic and financial status. Prior to every Board meeting, the Chairman and the President review those issues that shall be addressed at the meeting. Documentation for the Board's handling of the issues is sent to the Board members approximately one week before every Board of Directors meeting. The Board of Directors has also adopted sets of instructions for the President and for financial reporting to the Board of Directors and has adopted other special policies.

The Board has a Remuneration Committee and an Audit Committee. The members of the committees are appointed annually by the Board of Directors at its statutory meeting following its election by the Annual General Meeting. Instructions to the Committees are included in the rules of procedure of the Board of Directors.

Work of the Board of Directors in 2014

During 2014, the Board of Directors held 14 meetings, of which 7 were held over the telephone. According to the rules of procedure, the Board of Directors shall meet on 6 occasions per year, in addition



to its statutory meeting. Additional meetings shall be held as necessary. One of the meetings during the year is regularly held at one of BE Group's operative units. During the year, the Board of Directors visited the operations in Lahti and in Karlstad. The table on the following page provides a report of attendance by Board members at the 7 meetings prior to the Annual General Meeting and the 7 meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

At the year's Board meetings, the Board of Directors, in addition to overviews and development of the current operation, also discussed:

- January: Decision on implementation of rights issue;
- February: year-end report, auditor report, review of the Finnish operations and visit to the facility in Lahti;
- March: approval of the 2013 annual report, compensation and other issues in advance of the Annual General Meeting;
- April: interim report for the first quarter, presentation of the Polish operations, review of agenda items ahead of the strategy discussion in June;
- June: strategy discussion and follow-up of operations in the 50 percent joint venture ArcelorMittal BE Group SSC AB at the facility in Karlstad;
- July: interim report for the second quarter;
- August: Lars Engström was appointed acting President;
- October: interim report for the third quarter and review of operations at Swedish subsidiary Lecor Stålteknik;
- December: review of the business plan for 2015 and financing matters.

Evaluation of the Board of Directors´ work

The Chairman ensures that the Board of Directors and its work are evaluated annually and that the result of the evaluation is passed on to the Nomination Committee. The evaluation is made by the Board of Directors itself under the management of the Chairman and forms the base for a discussion within the Board of Directors regarding the development of the Board of Directors´ work.

Audit Committee

The Audit Committee meets prior to every reporting date and where there is a need for additional meetings. The committee prepares a number of questions for the Board of Directors´ decision and supports the Board of Directors in its work to carry out its responsibility within the areas, auditing and internal control as well as to quality-assure BE Group's financial reporting, which requires that the Company have a satisfactory organization and appropriate processes.

Each year, the Company's auditors formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board of Directors. The work is focused on assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, as well as the Group's compliance with applicable regulations. In addition, the Audit Committee has repeated contact with the Company's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee may establish guidelines concerning what services, other than auditing services, which BE Group may procure from the auditor. The Audit Committee consists of Lars Olof Nilsson (Chairman), Anders Ullberg and Jörgen Zahlin and meets the requirements imposed in terms of expertise in accounting or auditing. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The Audit Committee met 7 times in 2014. The meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Remuneration Committee

The assignment of the Remuneration Committee is to address matters related to salaries and other terms of employment, pension benefits and the bonus system for the President and the managers reporting directly to him. The Committee makes decisions regarding remunerations to senior executives other than the President, based on proposals by the President. The Remuneration Committee was also tasked with drafting executive remuneration policies that the Board of Directors will present to the Annual General Meeting for resolution. The Remuneration Committee has also been tasked with monitoring and assessing variable remuneration programs for senior executives that were ongoing or terminated during the year and with monitoring and assessing the application of the guidelines for remunerations for senior executives. The members of the Remuneration Committee were the Chairman of the Board and Petter Stillström. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The Remuneration Committee held 1 meeting, in 2014, at which both members were present. In addition, members have had a continuous dialogue. Meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Board remuneration

The fees for the Board members elected by the Annual General Meeting are determined by the Annual General Meeting on the basis of the Nomination Committee's proposal. Employee representatives to the Board of Directors do not receive Board members' fees. In accordance with a resolution by the 2014 Annual General Meeting, a fee of SEK 420,000 was paid to the Chairman of the Board for the period extending from the 2014 Annual General Meeting until the 2015 Annual General Meeting. The other Board members were each paid SEK 210,000 for the same term of office. In addition, the members of the Audit Committee were paid fees totaling SEK 150,000, of which SEK 70,000 was paid to the Chairman of the Committee and SEK 40,000 each to the other two members. No fees were paid to the members of the Remuneration Committee.

Group management

During 2014, the Group management team of BE Group consisted of the President and CEO, CFO, the Business Area Managers in Sweden and Finland and the Head of Operations Development. The President leads operations within the parameters set by the Board of Directors. BE Group's Group management has monthly meetings under the leadership of the President in order to follow-up the operation and discuss comprehensive group issues and also to formulate proposals for a strategic plan, business plan and investment documentation that the President thereafter presents to the Board of Directors for a decision. The Group management team also holds weekly conference calls to discuss operations. A more detailed presentation of Group management is given on page 77.

Auditors

At the 2014 Annual General Meeting, the KPMG AB firm of auditors was re-elected auditor for a period of one year. Eva Melzig Henriksson, Authorized Public Accountant, is the principal auditor. The auditor maintains regular contact with the Audit Committee and Group Management. The auditor works according to an audit plan, into which the opinions of the Board of Directors have been incorporated, and has reported its observations to the Board of Directors. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2014 Year-end Report. The auditor also participates in the Annual General Meeting, where she outlines the audit process and her observations in an audit report. Remuneration to auditors is paid based on calculations in accordance with agreements that have been made. Information about remuneration in 2014 can be found in Note 4 on page 52 in the Annual Report.

Board of Directors' report regarding internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding quality and reliability in the external financial reporting and to ensure that the reports are prepared in accordance with accepted accounting standards, applicable laws and provisions and other requirements for listed companies.

Internal control function

The Board of Directors and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board of Directors has elected not to maintain a special internal audit unit. To assess the internal audit environment, an Internal Control Council exists to systematically identify areas for review and to monitor and review the Group's internal control regulations. The Internal Control Council is headed by the Group's CFO and reports to the Board's Audit Committee. BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system. This allows the organization to react quickly to external changes. Operational decisions are taken at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are taken by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization.

Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. The foundations for internal control of financial reporting are the control environment and its organization, decision paths, documented and communicated authority and responsibilities and the culture that is the basis for the communications and activities of the Board of Directors and Group Management. Instructions have been prepared for all Business Area Managers and the President of each subsidiary. Managers at various levels in the Company are responsible for continual internal control within their areas of responsibility.

Since 2012, the Board of Directors has applied a so-called whistle blower policy, which means that all employees have the possibility to anonymously report if they discover improprieties or illegal actions that affect vital interests for BE Group or the life and health of individual persons. The policy applies for improprieties committed by people in executive positions or other key personnel within the Company.

Risk assessment

The risk assessment is based on a risk review that is updated annually. The general financial risks are defined and observed when the Group's financial targets are set.

Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication.

Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

Follow-up

The President is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board of Directors. Financial control is exercised by the Corporate Finance Department. Financial reporting is analyzed monthly at the detailed level. The Board of Directors has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board of Directors. The Board of Directors has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

	Elected	Attendance 2014	Committee work	Attendance 2014	Board-fees	Fee audit-committee	Fee remuneration-committee	Independent from the company and companies-management	Independent of larger owner
Anders Ullberg, Chairman	2011	14 of 14	Audit Committee Remuneration Committee	7 of 7 1 of 1	420,000	40,000	–	Yes	Yes
Roger Bergqvist	2007	13 of 14			210,000			Yes	Yes
Charlotte Hansson[1)]	2014	7 of 7			140,000			Yes	Yes
Marita Jaatinen[2)]	2010	2 of 7			70,000			Yes	Yes
Lars Olof Nilsson	2006	13 of 14	Audit Committee	7 of 7	210,000	70,000		Yes	Yes
Petter Stillström	2012	14 of 14	Remuneration Committee	1 of 1	210,000		–	Yes	No
Jörgen Zahlin	2013	12 of 14	Audit Committee	7 of 7	210,000	40,000		Yes	Yes
Thomas Berg (A)	2000	13 of 14							
Kerry Johansson (A)	2000	14 of 14							
					1,470,000	**150,000**			

1) Elected to the Board of Directors by the Annual General Meeting in April 2014.
2) Departed from the Board of Directors at the Annual General Meeting in April 2014.

Auditor's statement regarding the Corporate Governance Report

To the annual meeting of the shareholders of BE Group AB (publ) Corporate identity number 556578-4724.

The Board of Directors is responsible for the Corporate Governance Report for 2014 presented on pages 72–75 and for ensuring that it is prepared in accordance with the Annual Accounts Act. We have read the Corporate Governance Report and, based on that reading and our knowledge of the Company and the Group, we believe that we have a sufficient basis for our opinion. This means that our statutory examination of the Corporate Governance Statement has a different focus and is substantially less in scope compared with the focus and scope of an audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

It is our opinion that the Corporate Governance Report has been prepared in accordance with the annual and consolidated accounts and that the statutory contents of the report agree with those accounts.

Malmö, March 23, 2015
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

Group Management

Lars Engström

Acting President and CEO
Born: 1963
Employed since: 2014
Previous experience: President and CEO for Munters (2006–2014), various management positions within Atlas Copco (1994–2006)
Board assignments: Studsvik
Education: M.Sc. (Eng), Linköping University
Number of shares: 0

Andreas Karlsson

CFO
Born: 1972
Employed since: 2007
Previous experience: CFO of BE Group Sverige AB (2012- 2014), Group Controller of BE Group AB (2007–2012), Director of Finance at Polyclad Europe (2004-2006)
Education: Master's degree in Economics, Lund University and BA Tech. in Mechanical Engineering.
Number of shares: 19,725

Kalle Björklund

Business Area Manager Sweden
Born: 1971
Employed since: 2008
Previous experience: Several posts within the BE Group, both on purchase- and market side (2008–2013), various management positions within Albany International in Sweden, the UK and Finland (1996–2008)
Education: M.Sc. (Eng), KTH in Stockholm
Number of shares: 9,225

Lasse Levola

Business Area Manager Finland
Born: 1959
Employed since: 2005
Previous experience: Sales Director in BE Group Finland (2005–2012), Sales Director in Hollming Works Oy (2003–2005), General Manager Materials Management & Distribution in Wärtsilä (1995–2003)
Education: B.Sc. (Eng), Finland
Number of shares: 0

Nikolai Makarov

Director Operations Development
Born: 1969
Employed since: 2011
Previous experience: Technical Director Ruukki Construction (2010–2011), different positions within Rautaruukki (2006–2010), and various positions within Konecranes and at PPTH Norden
Education: B.Sc. (Eng), Finland
Number of shares: 0

The disclosures regarding shareholdings in BE Group for the Board of Directors and Group Management refer to shares held directly, through companies and/or closely related parties as per December 31, 2014. For updating shareholdings, please see our website, www.begroup.com.

Board of directors and auditors

Elected by the annual general meeting

Anders Ullberg

Chairman

Born: 1946

Member of the Board since:
2011 (Chairman since 2011)

Other board assignments:
Chairman of the Board in Boliden, Diamorph, Enequist Consulting, Natur & Kultur and Studsvik. Member of the Boards of Atlas Copco, Beijer Alma, Sapa, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board

Previous experience:
CFO, Svenska Varv (Celsius Group), Executive Vice President and CFO, SSAB and President and CEO of SSAB

Education:
M.Sc. in Economics and Business, Stockholm School of Economics

Number of shares: 150,000

Roger Bergqvist

Member

Born: 1948

Member of the Board since:
2007

Other board assignments:
Proact IT Group, Lagercrantz Group, B&B Tools, Ventilations-grossisten and Corroventa

Previous experience:
President and CEO of Addtech, Business Area Manager of Bergman and Beving

Education:
Degree in Market Economics

Number of shares: 1,000

Charlotte Hansson

Member

Born: 1962

Member of the Board since:
2014

Employed by: CEO, MTD KB

Other board assignments:
Board member of B&B Tools, DistIT, Orio, Formpipe Software and RenoNorden

Previous experience:
Positions within the transportation industry. CEO of Jetpak in Sweden, Denmark and Finland

Education:
B.Sc. Biochemistry, University of Copenhagen, IHM Diploma in Business Administration

Number of shares: 0

Lars Olof Nilsson

Member

Born: 1962

Member of the Board since:
2006

Employed by:
Partner Evli Corporate Finance AB

Other board assignments:
Chairman of AGL Treasury Support, AGL Transaction Services and Kaptensbacken (own company)

Previous experience:
Positions within the Trelleborg Group, including as CFO and Head of Group Finance and Head of Group Business Development

Education:
B.Sc. Economics, Umeå University

Number of shares: 18,750

Employee representatives

Petter Stillström

Member

Born: 1972

Member of the Board since:
2012

Employed by:
President in Traction

Other board assignments:
Chairman of the Board of Softronic and Nilörngruppen and board member in OEM International, Partnertech, Traction and a number of unlisted companies in Traction's sphere of interest

Previous experience:
Active within corporate finance, Traction since 1999 and its President since 2001

Education:
Master´s degree in Economics, Stockholm University

Number of shares: 0

Jörgen Zahlin

Member

Born: 1964

Member of the Board since:
2013

Employed by:
President and CEO in OEM International

Other board assignments:
Chairman and board member in a number of companies within the OEM Group

Previous experience:
Active in the OEM Group since 1985. President since 2000 and CEO since 2002

Education:
Engineer

Number of shares: 0

Thomas Berg

Employee Representative

Born: 1956

Member of the Board since:
2000

Education:
Internal business and businesslaw training

Number of shares: 0

Kerry Johansson

Employee Representative

Born: 1949

Member of the Board since:
2000

Education:
Company management issues, Swedish Trade Union Confederation School at Runö

Number of shares: 0

AUDITORS KPMG AB

Eva Melzig Henriksson

Authorized Public Accountant, KPMG AB
Auditor in Charge for the Company since 2011

Born: 1961

Multi-year summary

(SEK M unless otherwise stated)	2009	2010	2011	2012	2013	2014
Earnings measurements						
Sales	4,308	5,129	5,941	4,984	4,355	4,202
Gross profit/loss	367	733	768	622	547	527
Operating result (EBIT)	-266	98	96	-74	-8	-17
Loss for the year	-249	29	20	-111	-51	-73
Margin measurements						
Gross margin (%)	8.5	14.3	12.9	12.5	12.6	12.5
Operating margin (%)	-6.2	1.9	1.6	-1.5	-0.2	-0.4
Cash flow						
Cash flow from operating activities	282	-57	184	59	-30	-25
Cash flow after investments	240	-110	76	0	-65	-30
Cash flow for the year	63	-106	69	-37	-51	15
Capital structure						
Equity	798	787	805	673	627	715
Total assets	2,511	2,632	2,607	2,291	2,178	2,216
Net debt	777	842	773	779	851	754
Net debt/equity ratio (%)	97.4	107.0	95.9	115.8	135.8	105.4
Working capital (average)	751	528	525	451	404	439
Operating capital (average)	1,967	1,736	1,759	1,666	1,542	1,581
Operating capital (excluding intangible assets), average	1,125	893	879	829	793	835
Working capital tied-up (%)	17.4	10.3	8.8	9.0	9.3	10.4
Return						
Return on capital employed (%)	-13.3	6.0	5.8	-4.3	-0.5	-1.1
Return on operating capital (excluding intangible assets) (%)	-23.0	12.4	13.2	-6.8	1.1	0.8
Return on equity (%)	-26.9	3.7	2.5	-14.5	-7.9	-10.0
Per share data						
Net worth per share (SEK)	-5.00	0.58	0.41	-2.25	-1.02	-1.07
Earnings per share after dilution (SEK)	-5.00	0.58	0.41	-2.25	-1.02	-1.07
Equity per share (SEK)	16.05	15.90	16.31	13.63	12.68	9.64
Cash flow from operating activities per share (SEK)	5.67	-1.15	3.72	1.19	-0.61	-0.37
Average number of shares outstanding (thousands)	49,736	49,656	49,546	49,404	49,433	68,005
Average number of shares outstanding after dilution (thousands)	49,749	49,704	49,564	49,429	49,450	68,016
Dividend paid (SEK)	1.00	–	–	0.25	–	–
Other						
Average number of employees	912	909	943	907	853	782

(SEK M unless otherwise stated)	2009	2010	2011	2012	2013	2014
Growth						
Sales growth (%)	-44	19	16	-16	-13	-4
of which, organic tonnage growth (%)	-32	17	12	-11	-6	-10
of which, price and mix changes (%)	-16	6	5	-3	-6	4
of which, currency effects (%)	5	-5	-3	-2	-1	2
of which, acquisitions (%)	1	1	2	–	–	–
of which, divested operations (%)	-2	0	–	–	–	–
Adjusted earnings measurements						
Underlying operating result (uEBIT)	-3	75	131	28	36	18
Underlying EBITA	4	87	151	46	52	42
Adjusted margin measurements						
Underlying gross margin (%)	14.1	13.9	13.3	12.8	12.9	12.7
Underlying operating margin (%)	-0.1	1.5	2.2	0.6	0.8	0.4
Underlying EBITA margin (%)	0.1	1.7	2.5	0.9	1.2	1.0
Adjusted return						
Underlying return on operating capital (excluding intangible assets) (%)	0.3	9.8	17.1	5.5	6.6	5.0
Adjusted capital structure						
Net debt/underlying EBITDA (multiple)	14.5	6.3	4.0	8.8	9.1	9.1
Adjusted per share data						
Underlying earnings per share (SEK)	-0.99	0.24	1.02	-0.29	-0.21	-0.58
Underlying earnings per share after dilution (SEK)	-0.99	0.24	1.02	-0.29	-0.21	-0.58
Other						
Inventory gains and losses	-255	23	-20	-20	-14	-6
Shipped tonnage (thousands of tonnes)	416	489	546	485	455	411
Average sales prices (SEK/kg)	10.36	10.48	10.89	10.27	9.58	10.24

Financial definitions

Earnings measurements

Operating result (EBIT)	Operating result before financial items.
EBITA	Operating result before amortization of intangible assets.

Margin measurements

Gross margin	Gross profit/loss as a percentage of net sales.
Operating margin	Operating result 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 are 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. This measure represents an average for each period based on quarterly data.
Operating capital (excluding intangible assets)	Tangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. 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

Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
Return on operating capital (excl. intangible assets), %	Annually adjusted EBITA, as a percentage of average operating capital (excluding intangible assets).
Return on shareholders' equity	Annually adjusted net profit/loss for the period as a percentage of equity.

Per share data

Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Earnings per share after dilution	Profit/loss for the period divided by the average number of shares outstanding during the period after dilution.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Equity per share after dilution	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.
Shares outstanding at the end of the period after dilution	Number of shares at the end of the period adjusted for rights issues and share splits. Any dilution has been taken into account.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits.
Average number of shares after dilution	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits. Any dilution has been taken into account.

Other

Average number of employees	The number of employees recalculated as full-time positions and as an average for reporting period.

SUPPLEMENTARY DISCLOSURES

Growth

Sales growth	Change in the net sales of the business compared with the preceding period, in percent.

Adjusted earnings measurements

Underlying operating result (uEBIT)	The operating result (EBIT) before non-recurring items, adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA	EBITA before non-recurring items, adjusted for inventory losses and inventory gains (deductions for gains and additions for losses).

Adjusted margin measurements

Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit/loss is the reported gross profit/loss adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.
Underlying EBITA margin	Underlying EBITA as a percentage of net sales.

Adjusted return

Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets.

Adjusted capital structure

Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and inventory gains and losses (deductions for gains and additions for losses). EBITDA is the operating result before amortization.

Adjusted per share data

Underlying earnings per share	Profit for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares after dilution during the period.
Underlying earnings per share after dilution (SEK)	Profit for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares after dilution during the period.

Other

Inventory gains and losses	The difference between the cost of goods sold at cost and the cost of goods sold at replacement price.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Average sales prices	Net sales divided by shipped volumes.

Information for shareholders

2015 Annual General Meeting

The Annual General Meeting of BE Group will be held at 3.00 p.m. on Thursday, May 7, 2015 in Malmö, Sweden at the Company's head office, Spadegatan 1. Shareholders are welcome from 2.00 p.m.

The notification to attend the Annual General Meeting will be posted as an announcement in the Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website at the latest four weeks prior to the meeting. An advertisement stating that the notification has been published will be posted in the Svenska Dagbladet and Sydsvenska Dagbladet newspapers.

Notification of intention to participate in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting shall BE entered in the share register maintained by Euroclear AB by Thursday, April 30, 2015 at the latest and shall notify BE Group AB of their intention to participate by Thursday, April 30, 2015 at the latest, preferably before 12.00 noon.

Shareholders may notify the Company of their intention to participate by calling +46 40 38 42 00 or by sending an e-mail to www.begroup.com. The notification must state the shareholder's name, personal or company registration number, address and telephone number, number of assistants, as well as the details concerning the shareholder's proxy, if any.

To be entitled to participate in the Annual General Meeting, shareholders with nominee-registered shares via a bank or other trustee must temporarily register their shares under their own names in the share register maintained by Euroclear Sweden AB by Thursday, April 30, 2015 at the latest. Shareholders should request the custodian to temporarily change the registration well in advance of the meeting.

If participating via an agent or deputy, power of attorney must be issued for that agent. A power of attorney form is available from the Company's website. If the power of attorney is issued by a legal entity, a copy of the registration certificate for that legal entity shall be enclosed. To facilitate registration, the original of the power of attorney and other legitimizing documentation should be received by the Company by Wednesday, May 6, 2015 at the latest at the address:

BE Group AB (publ)
att. Annika Ternström
Box 225
SE-201 22 Malmö

Dividend

The Board of Directors proposes that no dividend (-) be paid for the financial year 2014.

Financial information

Reports, annual reports and press releases are available from the Company's website, www.begroup.com, from where they can also be printed immediately upon publication. The website also provides the opportunity to order printed copies of annual reports. The website also includes a news archive, current share price data and a description of BE Group's operations. All financial information is published in Swedish and English.

Subscription service

Via the website, it is possible to sign up for BE Group's subscription service. Printed copies of annual reports are distributed only to those shareholders and others who specifically request to receive copies by mail.

Contacts and information

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Financial reports 2015

Interim Report January-March	April 28, 2015
Interim Report January-June	July 17, 2015
Interim report January-September	October 22, 2015
Year-end report 2015	February 2016

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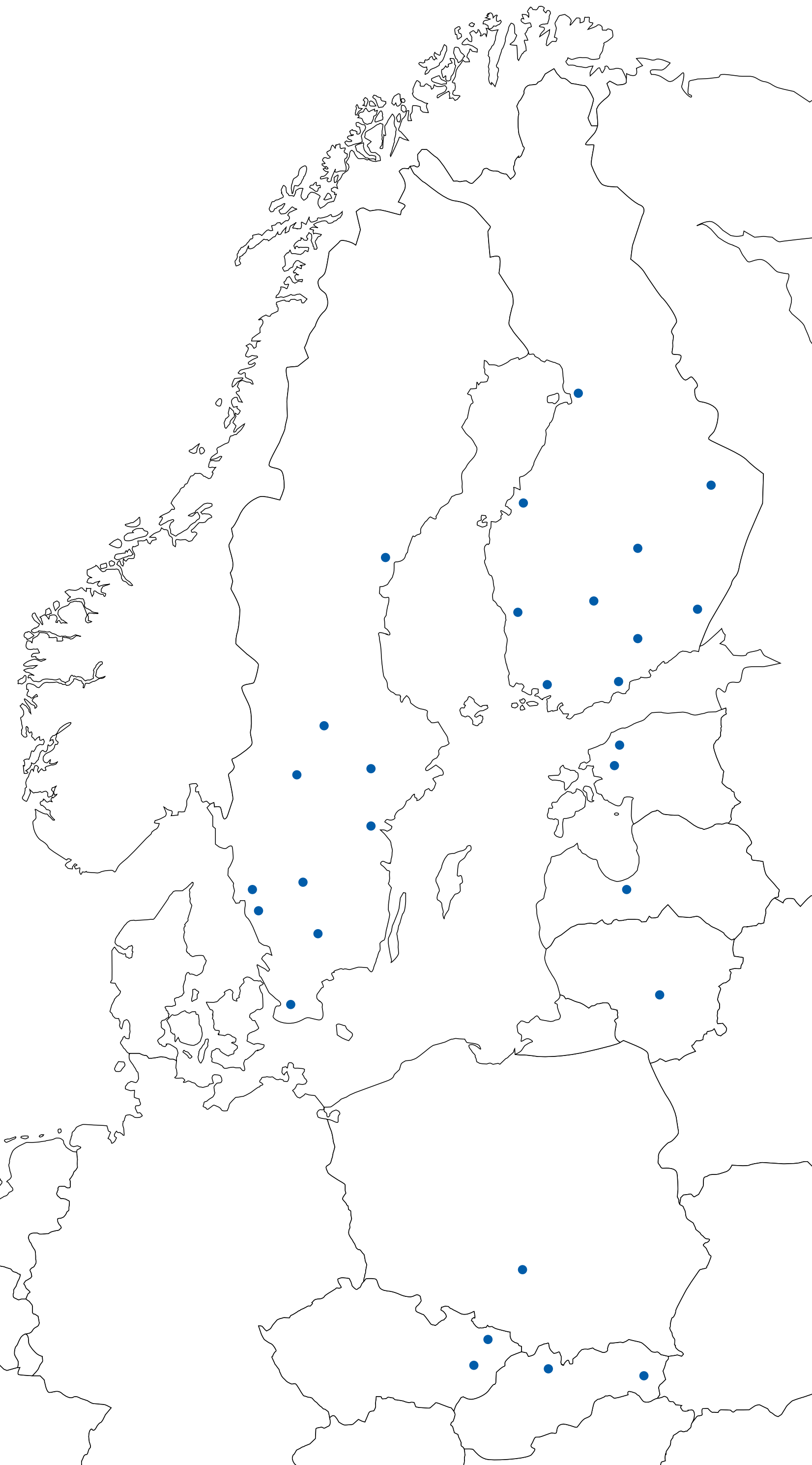

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