

# BE Q2

## BE GROUP INTERIM REPORT JANUARY – JUNE 2013

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## Q2 – Still below last year, but gap diminishing

### Financial Highlights

- Shipped tonnage decreased 7%
- Net sales decrease of 14%
- Operating result of SEK 5 M (21)
- Underlying operating result of SEK 8 M (16)



## Market highlights

- Continued tough market
- Deliveries per day continued to gradually improve during the quarter
- Improvement seen from both industrial and construction customers
- Still short visibility for customer needs

## Operational highlights

- Personnel reduction in process according to plan
- Continued adaption to current market situation
- Focused cost control
- Increase in production sales according to strategy
- Agreement signed regarding divestment of Chinese operations

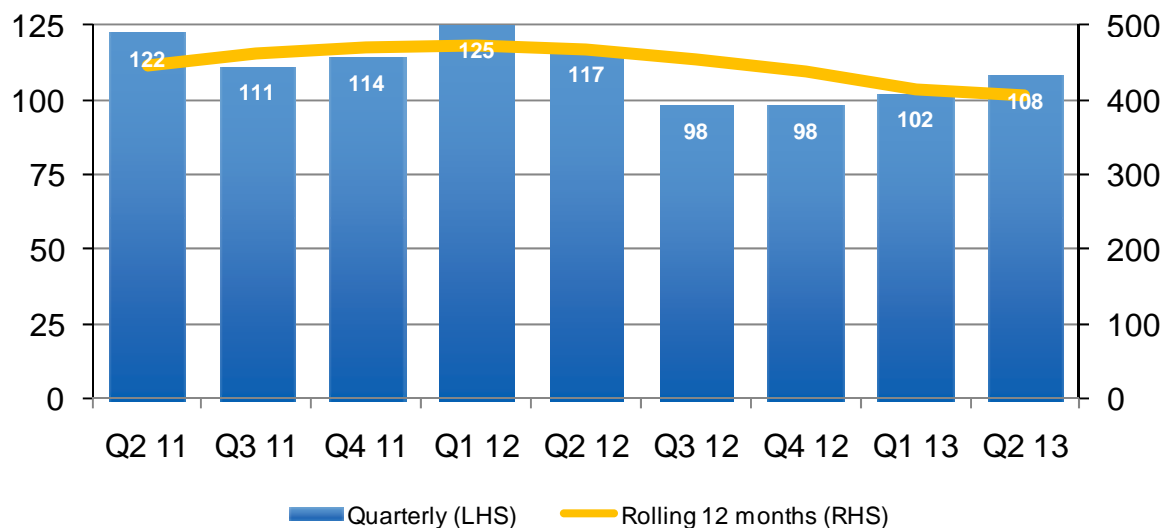
# FINANCIALS IN DETAIL

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# Positive tonnage trend

## Tonnage ('000 tons)

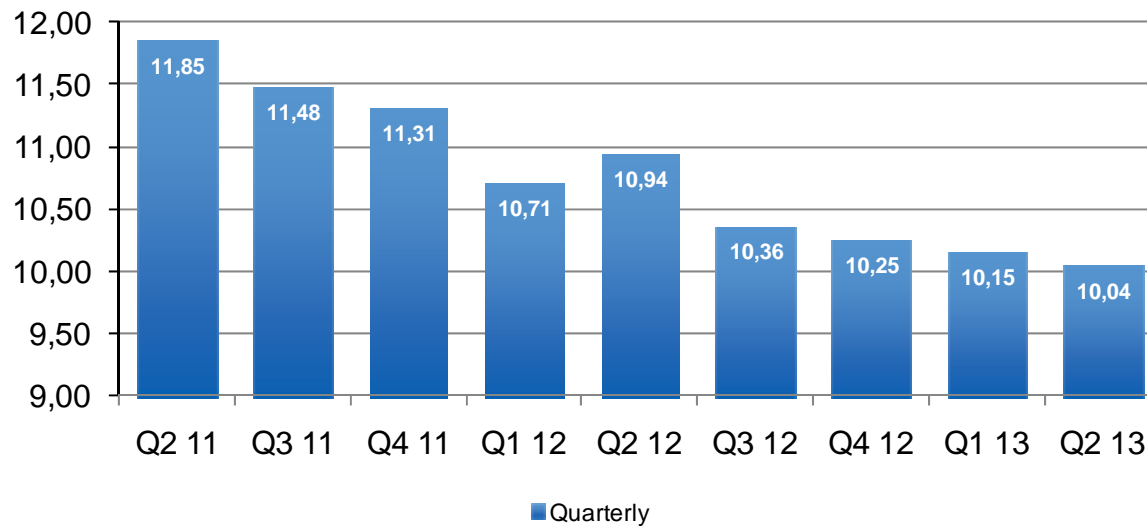


- Tonnage 7% down vs last year
  - Sweden -13%
  - Finland -12%
  - CEE +15%
- Continued increasing pace in ton/day throughout the quarter



# Continued weak price sentiment

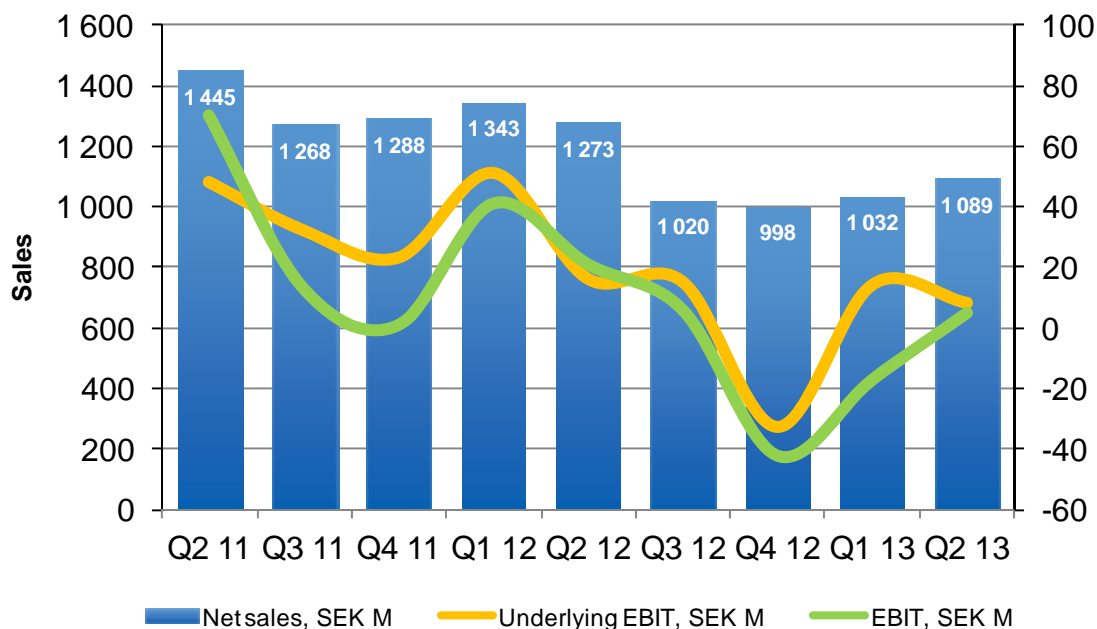
## Average sales price (SEK/kg)



- Q2 average sales price decreased 5% vs Q2 2012 and 1% vs Q1 2013, adjusted for currency effects
- Price decline partly offset by higher share of production service sales

# Lower tonnage and prices put EBIT below last year

Sales, EBIT and uEBIT (SEK M)



- Net sales 14% down
  - Tonnage -7%
  - Price/mix -5%
  - Currency -2%
- Cost reductions are having impact
- EBIT of SEK 5 M (21) and uEBIT of SEK 8 M (16)
- Inventory losses SEK 3 M (gains 5)



## Q2 – EBIT back in black numbers

SEK M	Q2	Q2	Change	Q1
	2013	2012		2013
Net sales	<b>1,089</b>	1,273	-184	<b>1,032</b>
Underlying EBIT	<b>8</b>	16	-8	<b>14</b>
<i>% of Sales</i>	<b>0.8%</b>	1.2%	-0.4%	<b>1.4%</b>
Inventory gains/losses	<b>-3</b>	5	-8	<b>-2</b>
Non-recurring items	-	-	-	<b>-29</b>
EBIT	<b>5</b>	21	-16	<b>-17</b>
<i>% of Sales</i>	<b>0.5%</b>	1.7%	-1.2%	<b>-1.7%</b>
Earnings before tax	<b>-5</b>	9	-14	<b>-33</b>
Earnings continuing operations	<b>-7</b>	8	-15	<b>-24</b>
Earnings discontinued operations	<b>-1</b>	-8	7	<b>-3</b>
Net earnings	<b>-8</b>	0	-8	<b>-27</b>
EPS (SEK)	<b>-0.16</b>	0.01	-0.17	<b>-0.54</b>



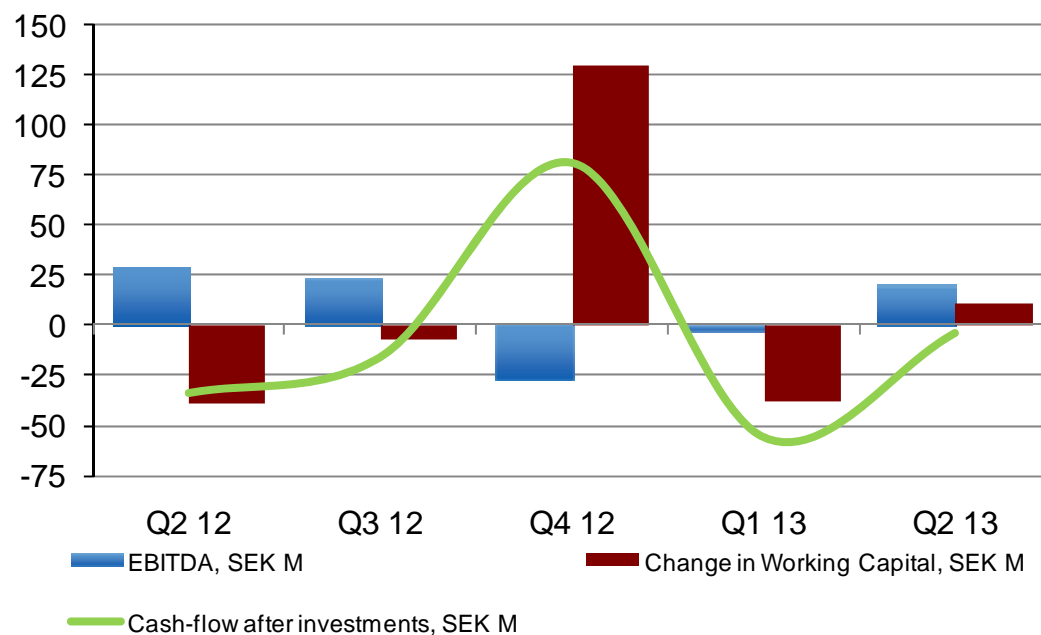
## H1- Weak development vs last year

<i>SEK M</i>	H1 2013	H1 2012	Change
Net sales	2,121	2,616	-495
Underlying EBIT	22	67	-45
<i>% of Sales</i>	1.1%	2.6%	-1.5%
Inventory gains/losses	-5	-5	0
Non-recurring items	-29	-	-29
EBIT	-12	62	-74
<i>% of Sales</i>	-0.6%	2.4%	-3.0%
Earnings before tax	-38	42	-80
Earnings continuing operations	-31	32	-63
Earnings discontinued operations	-4	-13	9
Net earnings	-35	19	-54
EPS (SEK)	-0.71	0.39	-1.10
Cash-flow after investments	-60	-65	5
Net debt	844	844	0
Net debt / Equity	132%	105%	27%



# Working capital in good control

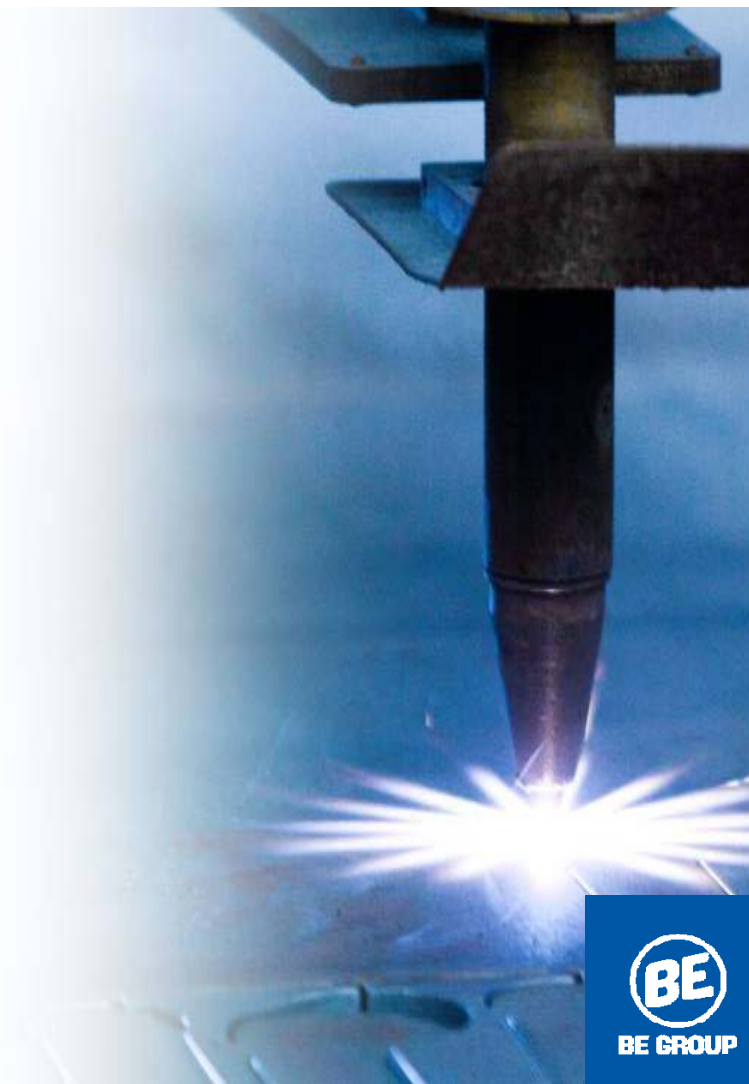
## Cash-flow (SEK M)



- Cash-flow from operating activities SEK 8 M (-16)
- Investments of SEK 13 M (18)
- Working capital tied-up 9% (9)
- Net debt of SEK 844 M (844) – gearing 132% (105%)

# BUSINESS AREAS STATUS Q2 2013

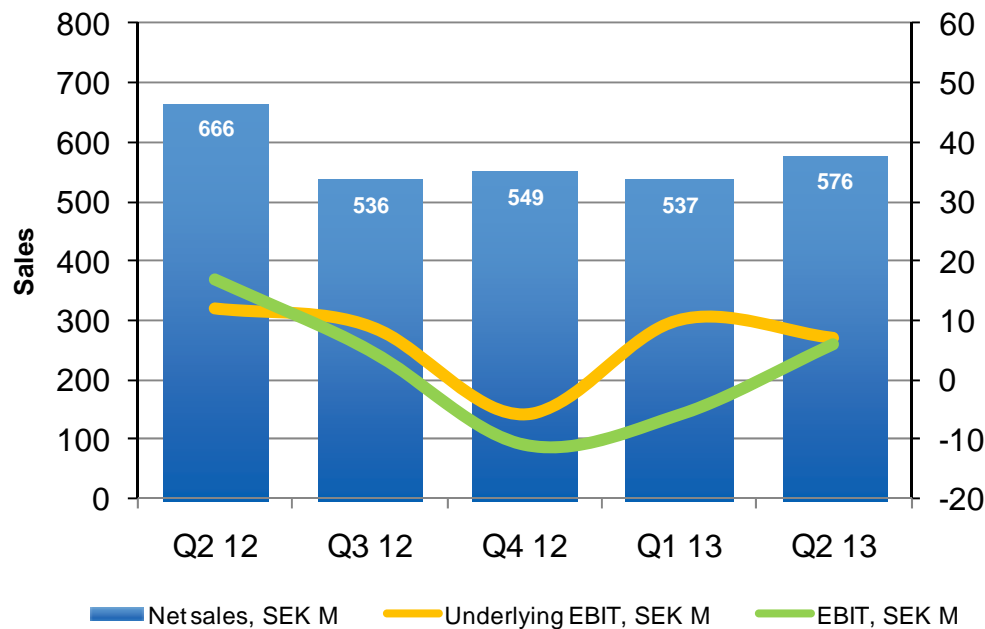
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# BA Sweden – Continued improved gross margin



Sales, EBIT and uEBIT (SEK M)

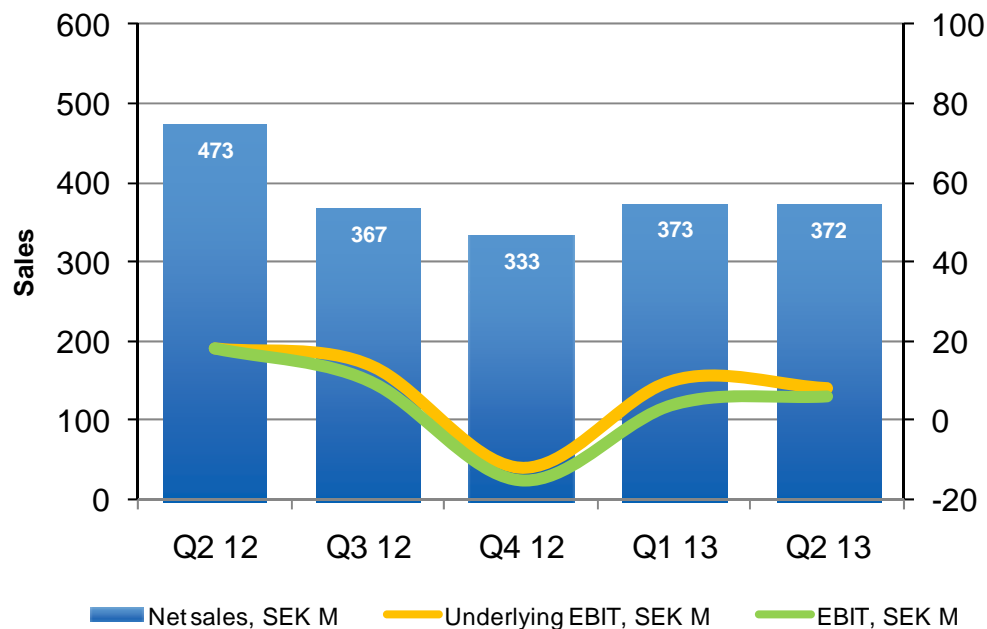


- Demand from both industrial and construction customers strengthened during the quarter
- Net sales decreased by 14% and tonnage decreased by 13% vs last year
- Continued improved gross margin
- EBIT of SEK 6 M (17) and uEBIT of SEK 7 M (12)
- EBIT supported by lower costs



# BA Finland – Roll over from Q1

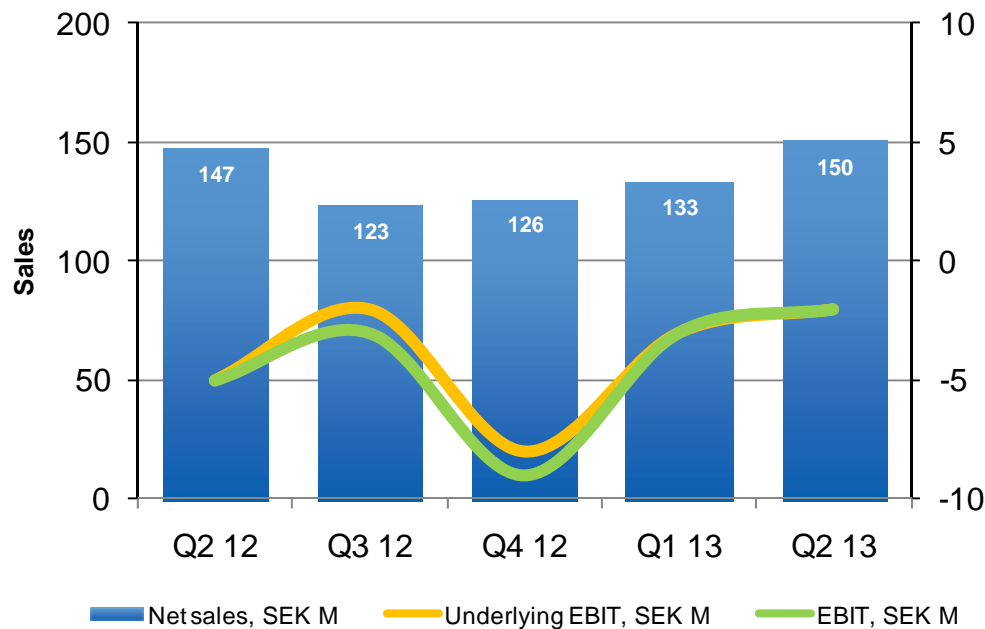
Sales, EBIT and uEBIT (SEK M)



- Net sales decreased by 21% vs last year
- Tonnage decreased by 12% vs last year
- Demand continued on Q1 level
- Sales prices in Euro down 7% vs Q2 2012 and in line with Q1 2013
- EBIT of SEK 6 M (18) and uEBIT of SEK 8 M (18)

# BA CEE – Slight positive development

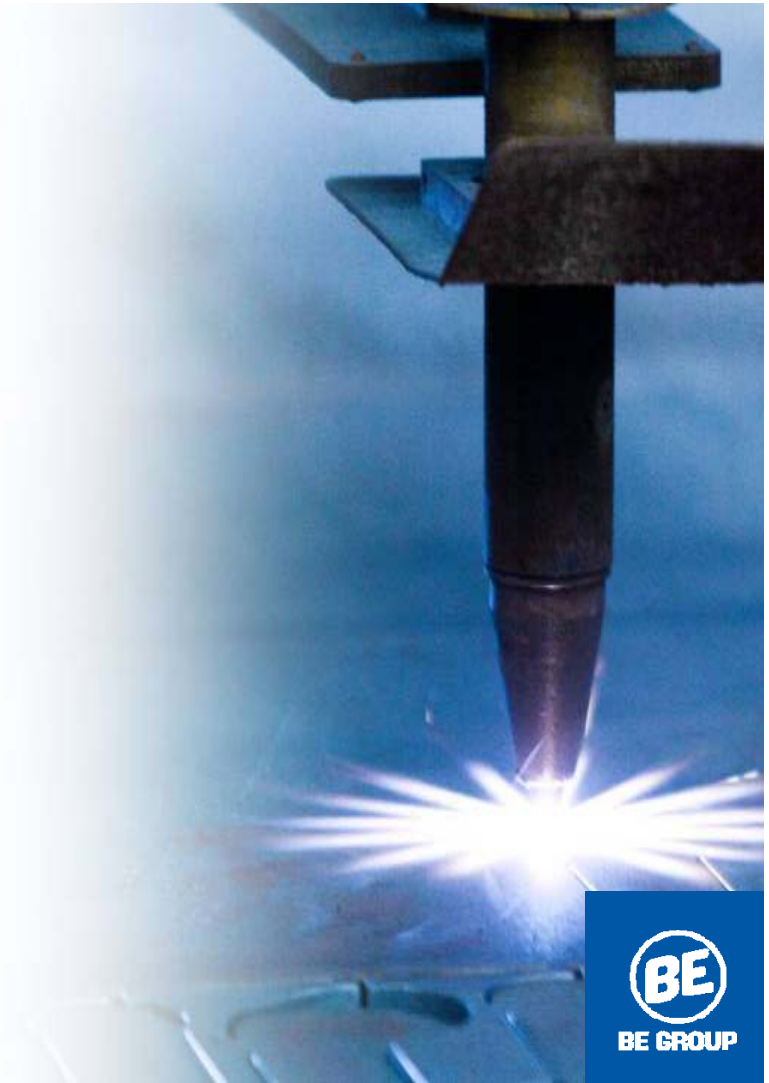
Sales, EBIT and uEBIT (SEK M)



- Net sales increased by 2% and tonnage increased by 15% vs last year
- Increased margin despite continued price pressure in Central Europe
- EBIT of SEK -2 M (-5), mainly from Polish operations
- Continued work with improving profitability in Poland
- Czech Republic (classified as discontinued operation) shows improvement due to structural changes and efficiency work

# OUTLOOK

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## Current business situation and outlook

- Slight improvement in demand expected during H2 with a seasonal decline over the summer
- Advance planning with regard to customers' need is still generally short-term
- Sales prices expected to fall during Q3 due to lower steel prices
- Cost reductions and efficiency improvements will continue to strengthen our competitiveness





## Current focus areas

- Generate growth with customer and supplier cooperation
- Improve capacity utilization
- Improve cost control even more
- Efficient working capital utilization
- Turnaround loss-makers



## **Our vision**

**BE Group shall be the most:**

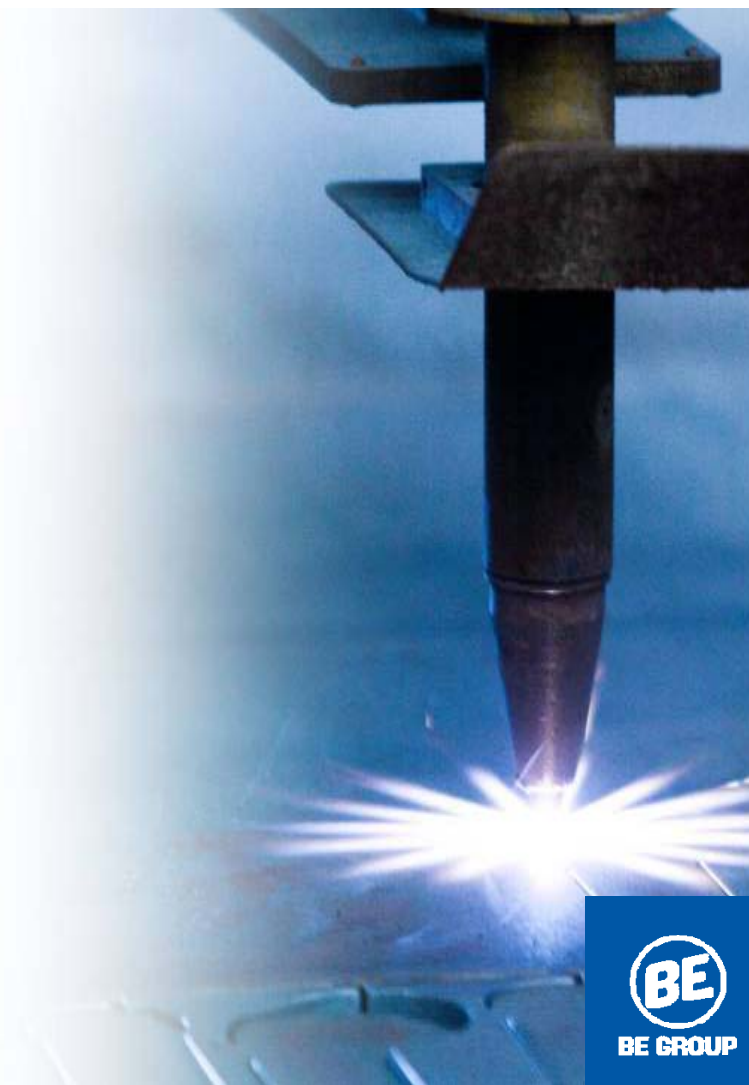
- Professional**
- Successful**
- Respected**

**steel service company**



# APPENDIX FINANCIAL INFORMATION

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## Appendix: Financial summary

	2012				2013		Full year	
	Q1	Q2	Q3	Q4	Q1	Q2	2011	2012
Tonnage	125	117	98	98	102	<b>108</b>	469	438
Net Sales	1,343	1,273	1,020	998	1,032	<b>1,089</b>	5,392	4,634
Underlying EBIT	51	16	15	-33	14	<b>8</b>	157	49
<i>% of Sales</i>	3.8%	1.2%	1.5%	-3.3%	1.4%	<b>0.8%</b>	2.9%	1.1%
EBIT	41	21	6	-42	-17	<b>5</b>	128	26
<i>% of Sales</i>	3.1%	1.7%	0.6%	-4.2%	-1.7%	<b>0.5%</b>	2.4%	0.6%
Earnings cont. operations	24	8	-5	-39	-24	<b>-7</b>	55	-12
Earnings disc. Operations	-5	-8	-85	-1	-3	<b>-1</b>	-35	-99
Net earnings	19	0	-90	-40	-27	<b>-8</b>	20	-111
Earnings/share <sup>1</sup>	0.38	0.01	-1.83	-0.81	-0.54	<b>-0.16</b>	0.41	-2.25
Cash-flow <sup>2</sup>	-31	-34	-16	81	-56	<b>-4</b>	76	0
Working Capital <sup>3</sup>	473	493	446	325	378	<b>389</b>	430	325
Underlying EBITA(%)	4.1%	1.6%	1.8%	-2.8%	1.8%	<b>1.1%</b>	3.2%	1.4%
Underlying ROOC(%)	26.9%	9.2%	9.3%	-16.7%	11.2%	<b>7.3%</b>	19.6%	8.3%

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<sup>1</sup> Earnings per share after dilution

<sup>2</sup> Cash-flow after investments

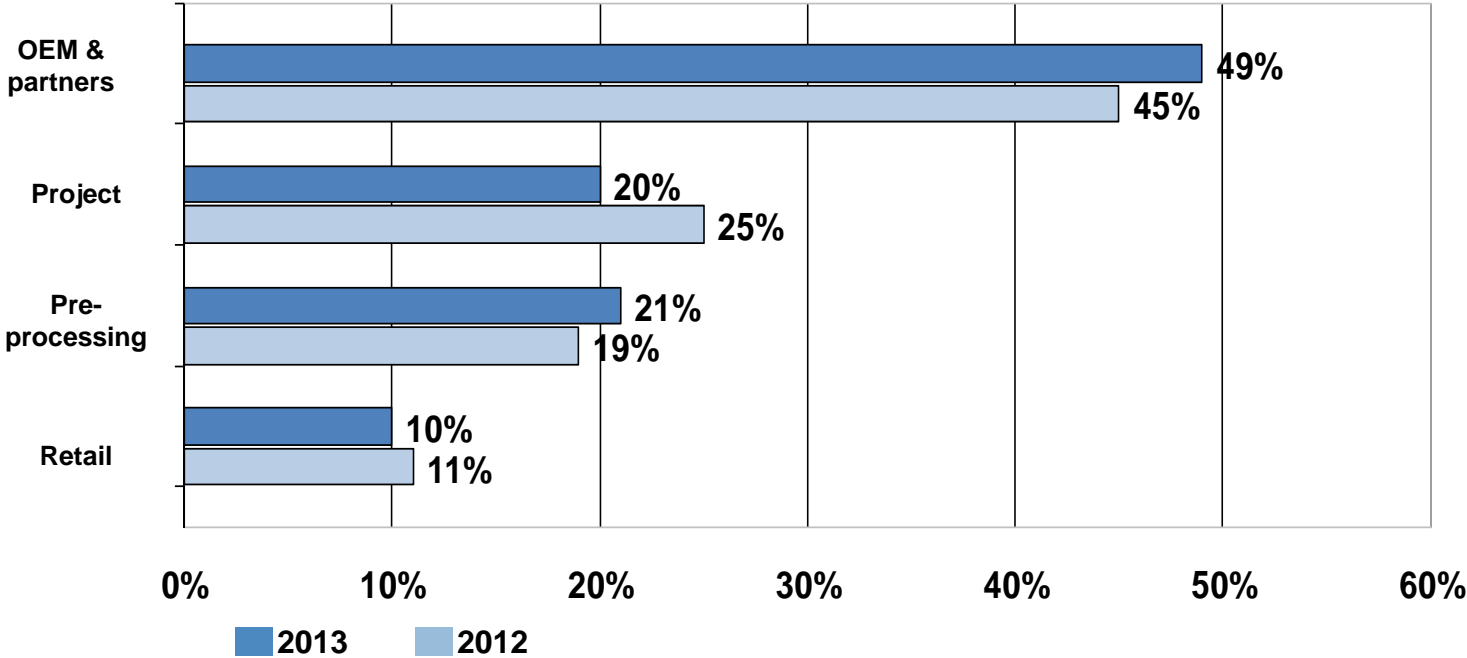
<sup>3</sup> Period end working capital



**BE GROUP**

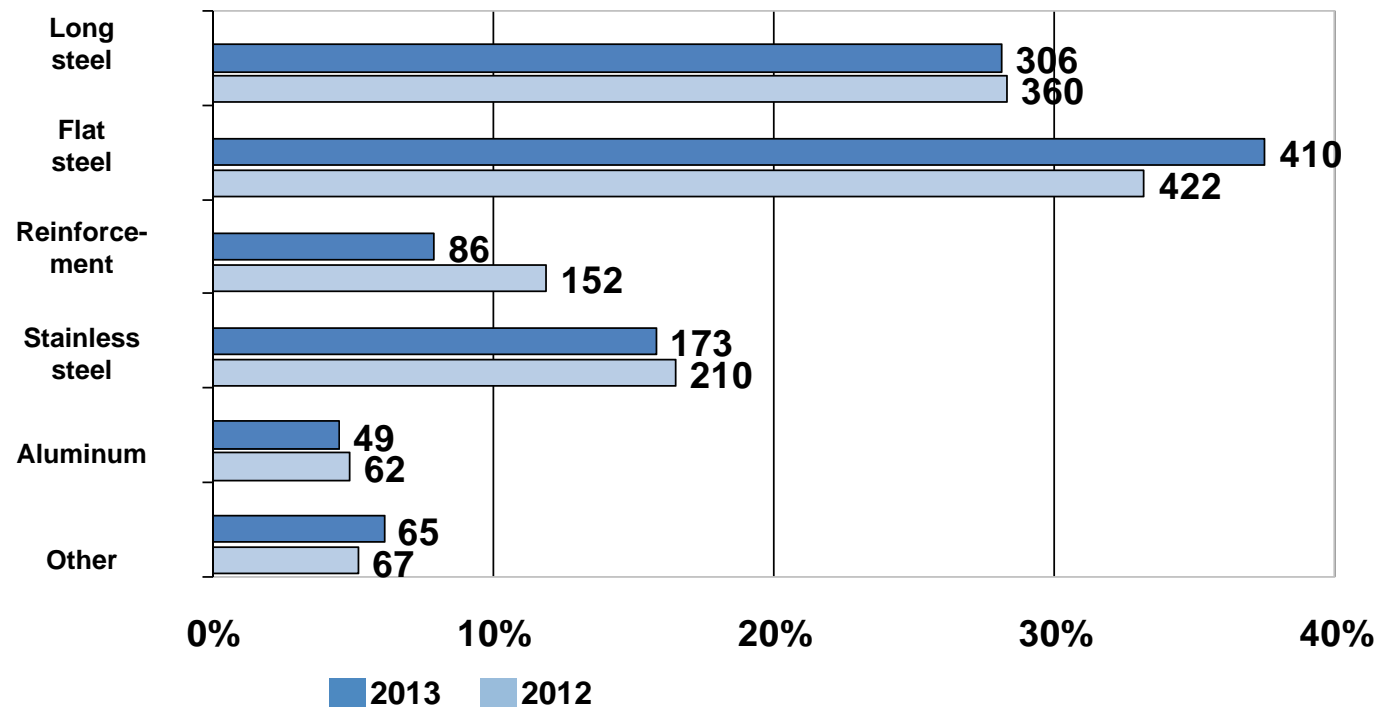
# Appendix: Sales per customer segment

Q2 – Share of total sales (%)



## Appendix: Sales per product area

### Q2 – Share of total sales (MSEK)



# Appendix: Sales per channel

Q2 – Share of total sales (MSEK)

