

# BE Q4

BE Group AB (publ)  
Year-end report 2013  
Malmö, February 5, 2014



## FOURTH QUARTER 2013

- Net sales fell by 4 percent compared with the year-earlier period, amounting to SEK 957 M (998). Shipped tonnage decreased by 2 percent.
- The operating result improved to a loss of SEK 4 M (42) and the underlying operating result improved to SEK 0 M (loss 33).
- The loss after tax for the continuing operations was SEK 11 M (39) and the loss from discontinued operations was SEK 4 M (1).
- Earnings per share amounted to a negative SEK 0.29 (0.81).

## FULL-YEAR 2013

- Net sales fell by 14 percent compared with the year-earlier period, amounting to SEK 3,994 M (4,634). Shipped tonnage decreased by 9 percent.
- The operating result amounted to a loss of SEK 3 M (profit 26) and the underlying operating result to SEK 40 M (49).
- The loss after tax for the continuing operations was SEK 41 M (12) and the loss from discontinued operations was SEK 10 M (99).
- Earnings per share amounted to a negative SEK 1.02 (2.25).
- The Board of Directors proposes, as for the preceding year, that no dividend will be paid to shareholders for the 2013 financial year.

## AFTER THE END OF THE REPORTING PERIOD

- The Board of Directors has resolved on a rights issue of SEK 160 M. The issue is fully secured and requires the approval of an Extraordinary General Meeting, which is to be held on February 11. Furthermore, a new three year credit agreement has been signed. The total credit facility amounts to SEK 1,250 M and is dependent on the finalization of the new share issue.

**BE Group**, listed on the NASDAQ OMX Stockholm exchange, is a trading and service company in steel and other metals. BE Group provides various forms of service for steel, stainless steel and aluminium applications to customers primarily in the construction and engineering sectors. In 2013, the Group reported sales of SEK 4.0 Bn. BE Group has approximately 800 employees, with Sweden and Finland as its largest markets. The head office is located in Malmö, Sweden. Read more about BE Group at [www.begroup.com](http://www.begroup.com).

## Developments in the fourth quarter of 2013 Group

Net sales fell by 4 percent compared with the preceding year, amounting to SEK 957 M (998). The decline is due to a decrease in shipped tonnage of 2 percentage points and negative price and mix effects amounting to 3 percentage points. This was offset by positive currency effects of 1 percentage point.

Consolidated gross profit amounted to SEK 120 M (107), with a gross margin of 12.6 percent (10.7). The operating result amounted to a loss of SEK 4 M (42). Adjusted for inventory losses of SEK 4 M (9), the underlying operating result improved to SEK 0 M (loss 33), despite the lower volumes. The improvement in operating result is attributable to a strengthened gross margin and lower costs.

The operating margin amounted to a negative 0.4 percent (4.2) and the underlying operating margin was 0.0 percent (negative 3.3).

In total, the measures initiated at the beginning of the year will result in a reduction of the Group's personnel by approximately 140 full-time positions in Sweden and Finland. Combined, the measures will, as previously communicated, result in an annual cost reduction of about SEK 65 M, and savings will reach the full pace in the second quarter of 2014. The previously communicated staff reductions in the Czech operations were completed in the fourth quarter. Non-recurring costs totaling SEK 30 M were charged against the first quarter, of which SEK 1 M were attributable to the Czech operations.

### Sales by sales solution

BE Group's sales are conducted via three sales solutions: inventory sales, production service sales and

direct sales. Of total net sales for the fourth quarter, shipments from the Group's facilities accounted for 83 percent (80), which is broken down as follows: inventory sales 46 percentage points (48) and production service sales 37 percentage points (32).

### NET SALES AND EARNINGS TREND IN THE FOURTH QUARTER

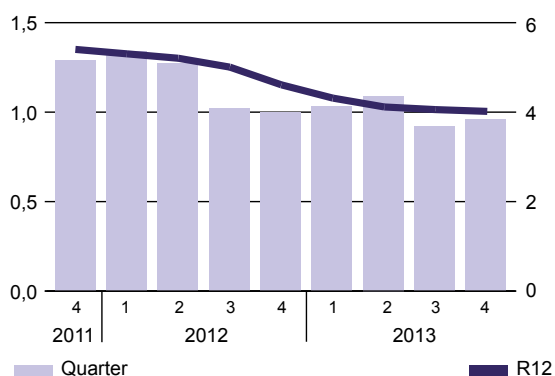
(SEK M)

Net sales 2012	998
Net sales 2013	957
Operating result 2012	-42
Inventory losses	9
Underlying operating result 2012	-33
Tonnage-, price- and mix effects	-9
Improved gross margin effect	18
Changes in overheads, etc.	24
Underlying operating result 2013	0
Inventory losses	-4
Operating result 2013	-4

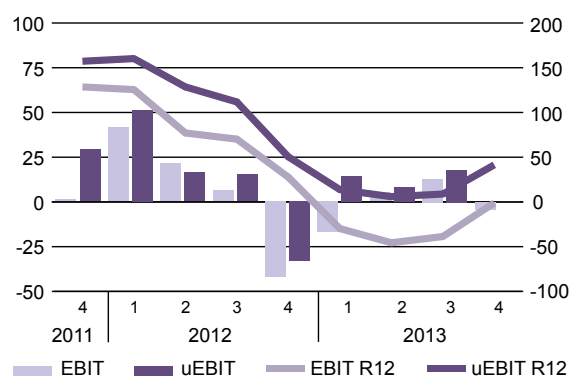
### Sales trend by product area

Net sales of commercial steel fell 3 percent to SEK 697 M (715). Shipped tonnage decreased by 2 percent. Overall, commercial steel accounted for 73 percent (72) of BE Group's net sales. The sales price for commercial steel (excl. currency effects) decreased by 2 percent compared with the year-

Net sales, SEK Bn  
Quarter and rolling 12 months



Operating result (EBIT), SEK M  
Quarter and rolling 12 months



earlier period. Compared with the third quarter of 2013, the sales price (excl. currency effects) rose by 1 percent.

BE Group's sales of stainless steel declined by 12 percent and amounted to SEK 150 M (171). Shipped tonnage decreased by 8 percent. Overall, stainless steel accounted for 16 percent (17) of net sales. The sales price for stainless steel (excl. currency effects) decreased by 5 percent compared with the year-earlier period. Compared with the third quarter of 2013, the average sales price (excl. currency effects) was largely unchanged.

### Sales by customer segment

In the fourth quarter, OEM customers accounted for the largest share of sales, 49 percent (47); project customers for 20 percent (24); pre-processing companies for 21 percent (19); and retailers for 10 percent (10). The shift from project customers to OEM customers is primarily attributable to a changed customer mix in the Swedish market.

### Business areas

#### Business Area Sweden

The demand during the quarter remained largely at the level established following the summer. Towards the end of the year, demand from both construction and industrial customers weakened in accordance with the seasonal pattern.

Net sales fell by 13 percent compared with the year-earlier period, amounting to SEK 445 M (513). Shipped tonnage decreased by 16 percent. The decline was mainly attributable to changed customer mix. The average sales price rose by 3 percent

compared with the year-earlier period and was largely unchanged compared with the third quarter of 2013.

The operating result improved to SEK 1 M (loss 3). Adjusted for inventory losses, the underlying operating result was SEK 0 M (2). The result was impacted negatively by lower tonnage. To a certain extent, this was offset by increased gross margin and lower costs.

#### Business Area Finland

Compared with the third quarter 2013, demand from customers in the engineering sector weakened somewhat over the quarter.

Net sales rose 1 percent compared with the year-earlier period, amounting to SEK 381 M (377). Shipped tonnage rose by 7 percent. The sales price (excl. currency effects) decreased by 8 percent compared with the year-earlier period and was largely unchanged compared with the third quarter of 2013.

The operating result improved to a loss of SEK 3 M (14) and, adjusted for inventory loss, the underlying operating result amounted to a profit of SEK 2 M (loss 11). The improvement in operating profit was attributable to increased tonnage and lower overhead costs.

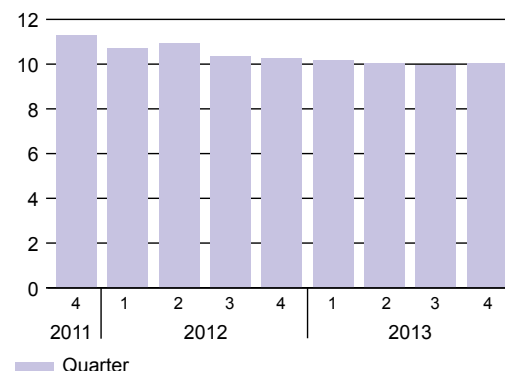
#### Other Units

Other Units brings together the operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna with its subsidiary in Estonia. The operations in the Czech Republic are reported as discontinued operations.

**Tonnage, thousands of tonnes**  
Quarter and rolling 12 months



**Average sales prices, SEK/kg**  
Quarter



Compared with the preceding year, combined net sales rose 17 percent, amounting to SEK 148 M (127). The operating result improved and amounted to a loss of SEK 5 M (18). The improvement in earnings is primarily attributable to the efficiency improvements implemented by the Group over the year. The negative result is attributable to BE Group Produktion Eskilstuna and the Polish operations.

#### *Czech Republic*

During 2012 BE Group decided to initiate a sales process of the business operation in Czech Republic. This means that the Czech operations are reported separately in the consolidated income statement and balance sheet.

At the initial classification of the Czech republic as a discontinued operation the assessment was based on improved market conditions for the steelmarket. The conditions were thus deemed favourable for a successful sales process. Market conditions, however, has remained challenging, which have led to that potential buyers have taken a cautious position.

BE Group have continuously during the year evaluated the situation and the assessment is that the market conditions during the latter part of the year has improved somewhat. This leads to improved conditions for a successful sales process. Measures have been taken to ensure that the marketing of the Czech operations is performed in an efficient way.

Additional structural changes and efficiency improvements have been conducted with the purpose of improving the results of the operations. In the fourth quarter, the results after tax amounted to a loss of SEK 4 M (1).

#### **Net financial items and tax**

Consolidated net financial items for the fourth quarter amounted to an expense of SEK 16 M (8), of which the net interest expense accounted for SEK 9 M (7). On an annual basis, consolidated net interest, including portions in the discontinued operations, corresponded to 4.5 percent (4.0) of interest-bearing net debt.

Tax income for the quarter amounted to SEK 9 M (11).

#### **Cash flow**

Cash flow after investments was SEK 36 M (81). Cash flow from operating activities weakened to SEK 42 M (97), primarily due to a lower effect from released working capital. Cash flow from investing activities was a negative SEK 6 M (16).

#### **Capital, investments and return**

At the end of the period, consolidated working capital amounted to SEK 353 M (325) and working capital tied up based on an average during the quarter was 10 percent (10).

The investments during the quarter of SEK 6 M (14) are primarily attributable to production equipment for the Finnish operations.

#### **Development over the 2013 full year**

##### **Group**

Net sales fell by 14 percent compared with the preceding year, amounting to SEK 3,994 M (4,634). The decline is due to a decrease in shipped tonnage of 9 percentage points and negative price and mix effects amounting to 5 percentage points.

The operating loss increased to SEK 3 M (profit 26). Adjusted for inventory losses of SEK 14 M (23) and non-recurring items of a negative SEK 29 M (-), the underlying operating result was SEK 40 M (49). The weakened results are attributable to the lower tonnage, which has to a certain extent been offset by lower costs.

The operating margin amounted to a negative 0.1 percent (positive 0.6) and the underlying operating margin was 1.0 percent (1.1).

#### **NET SALES AND EARNINGS TREND OVER THE 2013 FULL YEAR**

(SEK M)

<b>Net sales 2012</b>	<b>4,634</b>
<b>Net sales 2013</b>	<b>3,994</b>
<b>Operating result 2012</b>	<b>26</b>
Inventory losses	23
<b>Underlying operating result 2012</b>	<b>49</b>
Tonnage-, price and mix effects	-150
Improved gross margin effect	68
Changes in overheads, etc.	73
<b>Underlying operating result 2013</b>	<b>40</b>
Inventory losses	-14
Non-recurring items	-29
<b>Operating result 2013</b>	<b>-3</b>

## Business areas

### *Business Area Sweden*

The business area reported sales of SEK 1,889 M (2,313), a decrease of 18 percent compared with the year-earlier period. The decrease was mainly attributable to a 17 percent decline in shipped tonnage. The operating result amounted to SEK 19 M (51) and the underlying operating result, adjusted for inventory losses and non-recurring items, to SEK 37 M (57). The weakening in results is primarily attributable to the decrease in tonnage, which has to a certain extent been offset by a lower level of overhead costs and a strengthened gross margin.

### *Business Area Finland*

Compared with the year-earlier period, Business Area Finland's sales fell by 14 percent and amounted to SEK 1,619 M (1,881). Shipped tonnage decreased by 6 percent. The operating result weakened to SEK 14 M (41) and the underlying operating result, adjusted for inventory losses and non-recurring items, was SEK 29 M (58). The weakening in the result was primarily a consequence of decreased sales, which were, to a certain extent, offset by lower overheads.

### *Other Units*

Other Units' net sales rose by 12 percent compared with the year-earlier period, amounting to SEK 569 M (509). The operating result improved and amounted to a loss of SEK 21 M (40). The negative result was attributable to low utilization levels at the production units in Sweden and Poland.

## Net financial items and tax

The Group's net financial items for the reporting period amounted to an expense of SEK 53 M (39), of which the net interest expense accounted for SEK 38 M (32). On an annual basis, total net interest, including portions in the discontinued operations, corresponded to 4.7 percent (4.3) of interest-bearing net debt.

Tax income for the reporting period amounted to SEK 15 M (1).

## Cash flow

Cash flow after investments was a negative SEK 65 M (positive 0). Cash flow from operating activities weakened to a negative SEK 30 M (positive 59), primarily due to increased working capital tied-up. Cash flow from investing activities was a negative SEK 35 M (59).

## Financial position and liquidity

Following the end of the quarter, BE Group has signed a new three-year credit agreement with

Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ). The total credit facility amounts to SEK 1,250 M, including guarantee facilities, and matures in February 2017. The new credit facility is dependent on the finalization of the new share issue of SEK 160 M that has been decided.

At the end of the year, consolidated cash and equivalents were SEK 51 M (89) and consolidated interest-bearing net debt, including the discontinued operations, amounted to SEK 851 M (779).

At the end of the period, equity totaled SEK 627 M (673), while the debt/equity ratio was 136 percent (116).

## Organization, structure and employees

The number of employees decreased to 807 compared with 904 at the beginning of the year. The average number of employees during the year amounted to 853 (907). The decrease from the start of the year is attributable to the personnel reductions that have been implemented.

## Contingent liabilities

The Group's contingent liabilities amounted to SEK 23 M (24).

## Outlook

Signals among customers indicate an improvement in demand in 2014. Consequently, we expect a recovery in demand in the Group's markets during the year compared with the last quarter of 2013. The Group's competitiveness will improve following the implemented efficiency improvements and the new share issue will strengthen the Group's financial position.

## Parent Company

Sales for the Parent Company, BE Group AB (publ) amounted to SEK 58 M (58) during the period and derived from intra-Group services. The operating loss amounted to SEK 19 M (33).

Net financial items amounted to a negative SEK 9 million (181), off which impairments of shares in subsidiaries amounted to a negative 10 (187) and interest bearing receivables from Group companies to a negative 28 (58). The loss before tax amounted to SEK 28 M (214) and the loss after tax amounted to SEK 24 M (214).

The Parent Company invested SEK 1 M (15) in intangible assets during the year. At the end of the period, the Parent Company's cash and equivalents were SEK 19 M (52).

## Significant events after the end of the period

After the end of the year, the Board of Directors of BE Group resolved on a rights issue of SEK 160 M before transaction costs. The rights issue is fully secured and is subject to approval by the Extraordinary General Meeting, which is to be held on February 11, 2014.

In addition, a new, three-year credit agreement was signed.

Following the end of the reporting period, CFO and Deputy CEO Torbjörn Clementz has decided to resign his position and he will leave BE Group in the second quarter of 2014.

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

## Related-party transactions and significant changes in ownership

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

## Nominating Committee

The Nominating Committee consists of Bengt Stillström (Traction), Jan Andersson (Swedbank Robur), Ricard Wennerklint (If Skadeförsäkring) and Anders Ullberg, Chairman of BE Group AB, who is also the convener for the Nominating Committee.

## 2014 Annual General Meeting

The Annual General Meeting of BE Group will be held on April 25, 2014, at 3.00 p.m. in Malmö, Sweden. Further information is available on the company's website.

## Dividend proposal

As for the preceding year, the Board of Directors proposes that no dividend be paid for the 2013 financial year. The proposal to not pay a dividend is motivated by the year's result.

## Significant risks and uncertainties

BE Group's profits and financial position are affected by a large number of factors. The principal risks and factors of uncertainty can be divided into sector and market risks, strategic and operational risks, and financial risks. Fluctuations in economic trends and steel prices, together with changes among suppliers, customers and personnel represent risk factors that affect the Group's financial performance and cash flow. The financial risks consist of currency, interest-rate, refinancing and credit risks.

The financial risk exposure is explained in the 2012 Annual Report, which was published in March 2013. No new significant risks or uncertainties have arisen since that date.

## Accounting principles

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

Refer to the 2012 Annual Report for details of the Group's accounting principles and definitions of certain terms. The principles applied are unchanged in relation to those applied in the Annual Report. In other regards, the new standards and interpretations that have entered force effective from the 2013 financial year have had no effect on the financial reporting.



## Future reporting dates

During 2014, BE Group AB (publ) intends to publish financial information on the following dates:

- The 2013 Annual Report will be available at BE Group's website during week 13.
- The Interim Report for January-March will be published on April 25.
- The 2014 AGM will be held on April 25.
- The Interim Report for January-June will be published on July 16.
- The Interim Report for January-September will be published on October 23.

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

*Malmö, February 5, 2014*

*BE Group AB (publ)*



**Kimmo Väkiparta**

*President and CEO*

*This report has not been reviewed by the company's auditors.*

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This year-end report presents information that BE Group AB (publ) is required to disclose pursuant to the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. This information was submitted for publication on February 5, 2014 at 07.45 a.m. CET.

## Condensed consolidated income statement

(SEK M)	Note	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Net sales		957	998	3,994	4,634
Cost of goods sold	1	-837	-891	-3,470	-4,037
<b>Gross profit</b>		<b>120</b>	<b>107</b>	<b>524</b>	<b>597</b>
Selling expenses	1	-100	-109	-402	-433
Administrative expenses	1	-25	-38	-99	-139
Other operating income and expenses	2	1	-1	-27	0
Participation in joint venture		0	-1	1	1
<b>Operating profit/loss</b>		<b>-4</b>	<b>-42</b>	<b>-3</b>	<b>26</b>
Financial items		-16	-8	-53	-39
<b>Profit/loss before tax</b>		<b>-20</b>	<b>-50</b>	<b>-56</b>	<b>-13</b>
Tax		9	11	15	1
<b>Profit/loss from continuing operations</b>		<b>-11</b>	<b>-39</b>	<b>-41</b>	<b>-12</b>
<b>Profit/loss from discontinued operations</b>	3	<b>-4</b>	<b>-1</b>	<b>-10</b>	<b>-99</b>
<b>Profit/loss for the period</b>		<b>-15</b>	<b>-40</b>	<b>-51</b>	<b>-111</b>
Earnings per share		-0.29	-0.81	-1.02	-2.25
Earnings per share after dilution		-0.29	-0.81	-1.02	-2.25

## Consolidated statement of comprehensive income

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
<b>Profit/loss for the period</b>	<b>-15</b>	<b>-40</b>	<b>-51</b>	<b>-111</b>
<b>Other comprehensive income</b>				
<b>Items that have, or may be, reclassified to profit/loss for the period</b>				
Translation differences	9	11	11	-17
Hedging of net investments in foreign subsidiaries	-4	-7	-5	13
Tax attributable to items in other comprehensive income	1	2	1	-3
<b>Items that will not be reclassified to profit/loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>-7</b>
<b>Comprehensive income for the period</b>	<b>-9</b>	<b>-34</b>	<b>-44</b>	<b>-118</b>



## Condensed consolidated balance sheet

(SEK M)	Note	2013 31 Dec	2012 31 Dec
Goodwill		610	607
Other intangible assets		61	76
Tangible assets		224	222
Investment in joint venture		127	126
Financial assets		1	2
Deferred tax assets		22	14
<b>Total non-current assets</b>		<b>1,045</b>	<b>1,047</b>
Inventories		490	509
Accounts receivables		375	382
Other receivables		60	59
Cash and equivalents		51	89
Assets held for sale		2	2
Assets of disposal group	4	155	203
<b>Total current assets</b>		<b>1,133</b>	<b>1,244</b>
<b>Total assets</b>	<b>5</b>	<b>2,178</b>	<b>2,291</b>
<b>Equity</b>		<b>627</b>	<b>673</b>
Non-current interest-bearing liabilities		858	832
Provisions		0	1
Deferred tax liability		37	49
<b>Total non-current liabilities</b>		<b>895</b>	<b>882</b>
Current interest-bearing liabilities		8	2
Accounts payables		441	493
Other current liabilities		133	132
Other current provisions		5	4
Liabilities of disposal group	4	69	105
<b>Total current liabilities</b>		<b>656</b>	<b>736</b>
<b>Total equity and liabilities</b>	<b>5</b>	<b>2,178</b>	<b>2,291</b>

## Condensed consolidated cash-flow statement

(SEK M)	Note	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Profit/loss before tax <sup>1)</sup>		-24	-53	-66	-117
Adjustment for non-cash items		2	16	50	135
Income tax paid		2	4	-8	4
Change in working capital		62	130	-6	37
<b>Cash flow from operating activities</b>		<b>42</b>	<b>97</b>	<b>-30</b>	<b>59</b>
Investments in intangible assets		0	-4	-1	-17
Investments in tangible assets		-6	-14	-41	-45
Divestment of subsidiary		-	-	5	-
Other cash flow from investing activities		0	2	2	3
<b>Cash flow after investments</b>		<b>36</b>	<b>81</b>	<b>-65</b>	<b>0</b>
Cash flow from financing activities		-12	-10	14	-37
<b>Cash flow for the period</b>		<b>24</b>	<b>71</b>	<b>-51</b>	<b>-37</b>
Exchange-rate difference in cash and equivalents		0	0	-1	-1
<b>Cash flow after exchange-rate difference in cash and equivalents</b>		<b>24</b>	<b>71</b>	<b>-52</b>	<b>-38</b>
Change in cash and equivalents included in the disposal group	4	-1	-6	14	-19
<b>Change in cash and equivalents</b>		<b>23</b>	<b>65</b>	<b>-38</b>	<b>-57</b>

<sup>1)</sup> Profit/loss before tax from both continuing and discontinued operations.

## Condensed statement of changes in equity

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
<b>Equity at beginning of period</b>	<b>636</b>	<b>708</b>	<b>673</b>	<b>805</b>
Effect of changed accounting principles	-	-	-	-
<b>Adjusted equity at beginning of period</b>	<b>636</b>	<b>708</b>	<b>673</b>	<b>805</b>
Comprehensive income for the period	-9	-34	-44	-118
Dividend	-	-	-	-12
Acquisition/sales of treasury shares	0	0	0	0
Share Savings Scheme	0	-1	-2	-2
<b>Equity at end of period</b>	<b>627</b>	<b>673</b>	<b>627</b>	<b>673</b>

## Notes

### Note 1 Amortizations and depreciations

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Amortization of intangible assets	4	5	16	16
Depreciation of tangible assets	11	10	42	41
<b>Total amortizations and depreciations</b>	<b>15</b>	<b>15</b>	<b>58</b>	<b>57</b>

### Note 2 Non-recurring items

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Costs for profitability improvement measures	-	-	-29	-
<b>Total non-recurring items</b>	<b>-</b>	<b>-</b>	<b>-29</b>	<b>-</b>

### Note 3 Discontinued operations

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Net sales	81	89	360	349
Operating costs	-86	-92	-370	-371
<b>Profit/loss before tax</b>	<b>-5</b>	<b>-3</b>	<b>-10</b>	<b>-22</b>
Income tax attributable to ordinary activities in discontinued operations	1	2	0	5
Loss recognised on the measurement to fair value less costs to sell	-	0	-	-82
<b>Profit/loss from discontinued operations</b>	<b>-4</b>	<b>-1</b>	<b>-10</b>	<b>-99</b>

### Note 4 Assets and liabilities of disposal group

(SEK M)	2013 31 Dec	2012 31 Dec
Goodwill and other intangible assets	9	9
Tangible assets	68	72
Deferred tax assets	10	10
Operating assets	62	93
Cash and equivalents	6	19
<b>Total assets of disposal group</b>	<b>155</b>	<b>203</b>
Provisions	0	1
Interest-bearing liabilities	43	55
Operating liabilities	26	49
<b>Total liabilities of disposal group</b>	<b>69</b>	<b>105</b>
Cumulative translation reserve of disposal group recognised in other comprehensive income	-20	-9
Consolidated value on shares in disposal group	56	33

### Note 5 Valuation of financial assets and liabilities

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

The assessment of the fair value of the financial assets has been carried out in accordance with level 2 as defined by

IFRS 7.27 A, with the exception of cash and equivalents, which are valued in accordance with level 1. For additional information, see Note 31 in the 2012 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

## Segment reporting

### Net sales per segment

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
<b>Sweden</b>	<b>445</b>	<b>513</b>	<b>1,889</b>	<b>2,313</b>
- External	434	496	1,831	2,259
- Internal	11	17	58	54
<b>Finland</b>	<b>381</b>	<b>377</b>	<b>1,619</b>	<b>1,881</b>
- External	381	377	1,612	1,861
- Internal	0	0	7	20
<b>Other units</b>	<b>148</b>	<b>127</b>	<b>569</b>	<b>509</b>
- External	143	125	548	504
- Internal	5	2	21	5
<b>Parent Company and consolidated items</b>	<b>-17</b>	<b>-19</b>	<b>-83</b>	<b>-69</b>
<b>Group</b>	<b>957</b>	<b>998</b>	<b>3,994</b>	<b>4,634</b>

### Shipped tonnage per segment (thousands of tonnes)

	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	40	48	169	205
Finland	39	37	168	179
Other units	18	15	69	62
Parent Company and consolidated items	-1	-2	-8	-8
<b>Group</b>	<b>96</b>	<b>98</b>	<b>398</b>	<b>438</b>

### Operating profit/loss (EBIT) per segment

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	1	-3	19	51
Finland	-3	-14	14	41
Other units	-5	-18	-21	-40
Parent Company and consolidated items	3	-7	-15	-26
<b>Group</b>	<b>-4</b>	<b>-42</b>	<b>-3</b>	<b>26</b>

### Operating margin per segment

	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	0.1%	-0.5%	1.0%	2.2%
Finland	-0.7%	-3.8%	0.9%	2.2%
Other units	-3.3%	-13.8%	-3.7%	-7.8%
<b>Group</b>	<b>-0.4%</b>	<b>-4.2%</b>	<b>-0.1%</b>	<b>0.6%</b>

## Segment reporting

### Underlying operating profit/loss (uEBIT) per segment<sup>1)</sup>

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	0	2	37	57
Finland	2	-11	29	58
Other units	-5	-17	-21	-40
Parent Company and consolidated items	3	-7	-5	-26
<b>Group</b>	<b>0</b>	<b>-33</b>	<b>40</b>	<b>49</b>

<sup>1)</sup> Operating profit/loss (EBIT) adjusted for inventory gains and losses and non-recurring items. Inventory gains and losses are the differences between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost. The Group's internal model is used to calculate inventory gains and losses and has not been subject for review by the Group's auditor.

### Underlying operating margin per segment

	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	0.1%	0.4%	2.0%	2.5%
Finland	0.4%	-2.9%	1.8%	3.1%
Other units	-3.2%	-13.4%	-3.6%	-7.9%
<b>Group</b>	<b>0.0%</b>	<b>-3.3%</b>	<b>1.0%</b>	<b>1.1%</b>

### Depreciation per segment

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	3	4	15	15
Finland	5	5	18	18
Other units	3	2	10	9
Parent Company and consolidated items	4	4	15	15
<b>Group</b>	<b>15</b>	<b>15</b>	<b>58</b>	<b>57</b>

### Investments in tangible and intangible assets per segment

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Sweden	0	4	6	10
Finland	4	3	21	18
Other units	2	5	15	15
Parent Company and consolidated items	0	2	1	15
<b>Group</b>	<b>6</b>	<b>14</b>	<b>43</b>	<b>58</b>

## Key data

(SEK M unless otherwise stated)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
<b>Earnings measurements</b>				
Operating profit/loss (EBIT)	-4	-42	-3	26
<b>Margin measurements</b>				
Gross margin	12.6%	10.7%	13.1%	12.9%
Operating margin	-0.4%	-4.2%	-0.1%	0.6%
<b>Capital structure</b>				
Net debt <sup>1)</sup>	851	779	851	779
Net debt/equity ratio	136%	116%	136%	116%
Equity/assets ratio	29%	29%	29%	29%
Working capital (average)	382	385	371	433
Capital employed (average)	1,582	1,602	1,575	1,675
Operating capital (excluding intangible assets) (average)	706	689	680	779
Working capital tied-up	10%	10%	9%	9%
<b>Return</b>				
Return on capital employed	-1.1%	-10.3%	-0.2%	1.8%
Return on operating capital (excluding intangible assets)	-0.1%	-22.0%	1.9%	5.4%
Return on equity	-6.8%	-22.3%	-6.4%	-1.5%
<b>Per share data</b>				
Earnings per share (SEK)	-0.29	-0.81	-1.02	-2.25
Earnings per share after dilution (SEK)	-0.29	-0.81	-1.02	-2.25
Equity per share (SEK)	12.68	13.63	12.68	13.63
Cash flow from operating activities per share (SEK)	0.85	1.95	-0.61	1.19
Shares outstanding at period end (thousands)	49,438	49,409	49,438	49,409
Average number of shares (thousands)	49,438	49,409	49,433	49,404
Diluted average number of shares (thousands)	49,440	49,412	49,450	49,429
<b>Other</b>				
Average number of employees	817	899	853	907

<sup>1)</sup> Including cash and equivalents, and interest-bearing receivables/liabilities included in the disposal group.

## Supplementary disclosures

(SEK M unless otherwise stated)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
<b>Sales by main products</b>				
Long steel	272	274	1,137	1,300
Flat steel	357	323	1,483	1,551
Reinforcement steel	68	118	292	525
<i>Total commercial steel</i>	697	715	2,912	3,376
Stainless steel	150	171	644	781
Aluminium	42	47	178	223
Other	68	65	260	254
<b>Total sales</b>	<b>957</b>	<b>998</b>	<b>3,994</b>	<b>4,634</b>
<b>Growth</b>				
Sales growth	-4%	-22%	-14%	-14%
– organic tonnage growth	-2%	-14%	-9%	-6%
– price and mix changes	-3%	-6%	-5%	-6%
– currency effects	1%	-2%	0%	-2%
<b>Adjusted earnings measurements</b>				
Underlying operating profit/loss (uEBIT)	0	-33	40	49
Underlying EBITA	4	-28	56	65
<b>Adjusted margin measurements</b>				
Underlying gross margin	13.0%	11.5%	13.5%	13.3%
Underlying operating margin	0.0%	-3.3%	1.0%	1.1%
Underlying EBITA margin	0.4%	-2.8%	1.4%	1.4%
<b>Adjusted return</b>				
Underlying return on operating capital (excluding intangible assets)	1.6%	-16.7%	8.1%	8.3%
<b>Adjusted per share data</b>				
Underlying earnings per share (SEK)	-0.16	-0.64	-0.03	0.12
Underlying earnings per share after dilution (SEK)	-0.16	-0.64	-0.03	0.12
<b>Adjusted capital structure</b>				
Net debt/underlying EBITDA (multiple)	-	-	8.7	7.3
<b>Other</b>				
Inventory gains and losses	-4	-9	-14	-23
Shipped tonnage (thousands of tonnes)	96	98	398	438
Average sales prices (SEK/kg)	10.05	10.25	10.05	10.59



## Condensed parent company income statement

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Net sales	15	15	58	58
Administrative expenses	-16	-23	-69	-90
Other operating income and expenses	1	0	-8	-1
<b>Operating profit/loss</b>	<b>0</b>	<b>-8</b>	<b>-19</b>	<b>-33</b>
Financial items	-12	-20	-9	-181
<b>Profit/loss before tax</b>	<b>-12</b>	<b>-28</b>	<b>-28</b>	<b>-214</b>
Tax	-6	-8	4	0
<b>Profit/loss for the period</b>	<b>-18</b>	<b>-36</b>	<b>-24</b>	<b>-214</b>

## Statement of comprehensive income – parent company

(SEK M)	2013 Oct-Dec	2012 Oct-Dec	2013 Full-year	2012 Full-year
Profit/loss for the period	-18	-36	-24	-214
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-18</b>	<b>-36</b>	<b>-24</b>	<b>-214</b>

## Condensed parent company balance sheet

(SEK M)	2013 31 Dec	2012 31 Dec
Intangible assets	58	71
Tangible assets	0	0
Financial assets	1,203	1,191
<b>Total non-current assets</b>	<b>1,261</b>	<b>1,262</b>
Current receivables	292	396
Cash and equivalents	19	52
<b>Total current assets</b>	<b>311</b>	<b>448</b>
<b>Total assets</b>	<b>1,572</b>	<b>1,710</b>
<b>Equity</b>	<b>572</b>	<b>598</b>
<b>Non-current liabilities</b>	<b>830</b>	<b>818</b>
<b>Current liabilities</b>	<b>170</b>	<b>294</b>
<b>Total equity and liabilities</b>	<b>1,572</b>	<b>1,710</b>
<b>Pledged assets</b>	<b>1,309</b>	<b>1,301</b>
<b>Contingent liabilities</b>	<b>135</b>	<b>36</b>

## Key data – multi-quarter summary

(SEK M unless otherwise stated)	2013 Oct-Dec	2013 Jul-Sep	2013 Apr-Jun	2013 Jan-Mar	2012 Okt-Dec	2012 Jul-Sep	2012 Apr-Jun	2012 Jan-Mar	2011 Okt-Dec
Net sales	957	916	1,089	1,032	998	1,020	1,273	1,343	1,288
<b>Earnings measurements</b>									
Operating profit/loss (EBIT)	-4	13	5	-17	-42	6	21	41	1
Underlying operating profit/loss (uEBIT)	0	18	8	14	-33	15	16	51	29
Underlying EBITA	4	22	12	18	-28	19	20	55	33
<b>Margin measurements</b>									
Operating margin	-0.4%	1.4%	0.5%	-1.7%	-4.2%	0.6%	1.7%	3.1%	0.1%
Underlying operating margin	0.0%	2.0%	0.8%	1.4%	-3.3%	1.5%	1.2%	3.8%	2.2%
Underlying EBITA margin	0.4%	2.4%	1.1%	1.8%	-2.8%	1.8%	1.6%	4.1%	2.6%
<b>Capital structure</b>									
Net debt	851	884	844	822	779	851	844	806	773
Net debt/equity ratio	136%	139%	132%	128%	116%	120%	105%	98%	96%
Equity/assets ratio	29%	27%	27%	27%	29%	28%	31%	29%	31%
Capital employed (average)	1,582	1,595	1,575	1,562	1,602	1,677	1,723	1,731	1,766
Operating capital (excluding intangible assets) (average)	706	709	677	650	689	810	860	821	897
Working capital tied-up	10%	11%	9%	9%	10%	12%	10%	8%	10%
<b>Return</b>									
Return on capital employed	-1.1%	3.3%	1.4%	-4.4%	-10.3%	1.5%	5.1%	9.7%	0.4%
Return on operating capital (excluding intangible assets)	-0.1%	9.7%	5.5%	-8.2%	-22.0%	4.8%	11.6%	21.9%	2.2%
Underlying return on operating capital (excluding intangible assets)	1.6%	12.3%	7.3%	11.2%	-16.7%	9.3%	9.2%	26.9%	15.3%
Return on equity	-6.8%	0.2%	-4.4%	-14.4%	-22.3%	-2.9%	3.8%	12.0%	-7.2%
<b>Per share data</b>									
Earnings per share (SEK)	-0.29	-0.02	-0.16	-0.54	-0.81	-1.83	0.01	0.38	-0.74
Underlying earnings per share (SEK)	-0.16	0.08	-0.10	0.15	-0.64	0.29	-0.07	0.54	-0.28
Equity per share (SEK)	12.68	12.87	12.93	12.96	13.63	14.32	16.36	16.68	16.31
Cash flow from operating activities per share (SEK)	0.85	-0.69	0.17	-0.92	1.95	-0.13	-0.33	-0.30	3.27
<b>Other</b>									
Average number of employees	817	842	864	887	899	895	907	921	949
Inventory gains and losses	-4	-5	-3	-2	-9	-9	5	-10	-23
Shipped tonnage (thousands of tonnes)	96	92	108	102	98	98	117	125	114
Average sales prices (SEK/kg)	10.05	9.93	10.04	10.15	10.25	10.36	10.94	10.71	11.31

## Definitions of key data

### SUPPLEMENTARY DISCLOSURES

<b>Growth</b>	
Sales growth	Change in net sales from the preceding period in percent.
<b>Adjusted earnings measurements</b>	
Underlying operating profit/loss (uEBIT)	Operating profit/loss (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 gains and losses (deductions for gains and additions for losses).
<b>Adjusted margin measurements</b>	
Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit is the reported gross profit adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating margin	Underlying operating profit/loss (uEBIT) as a percentage of net sales.
Underlying EBITA margin	Underlying EBITA as a percentage of net sales.
<b>Adjusted return</b>	
Underlying return on operating capital (excluding intangible assets)	Annualized underlying EBITA as a percentage of average operating capital excluding goodwill and other intangible assets.
<b>Adjusted per share data</b>	
Underlying earnings per share (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 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.
<b>Adjusted capital structure</b>	
Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and adjusted for inventory gains and losses (deductions for gains and additions for losses). EBITDA is operating result before depreciation and amortization.
<b>Other</b>	
Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost.

Please refer to the 2012 annual report for other definitions of key data.