



# BE Group

## *Year-end report 2006*

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Håkan Jeppsson, CEO  
Torbjörn Clementz, CFO



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BE Group

# BE Group in Brief

**A leading supplier independent steel service company.**

**Broad range of steel, stainless steel and aluminium products.**

**Production and other value added services more and more important.**

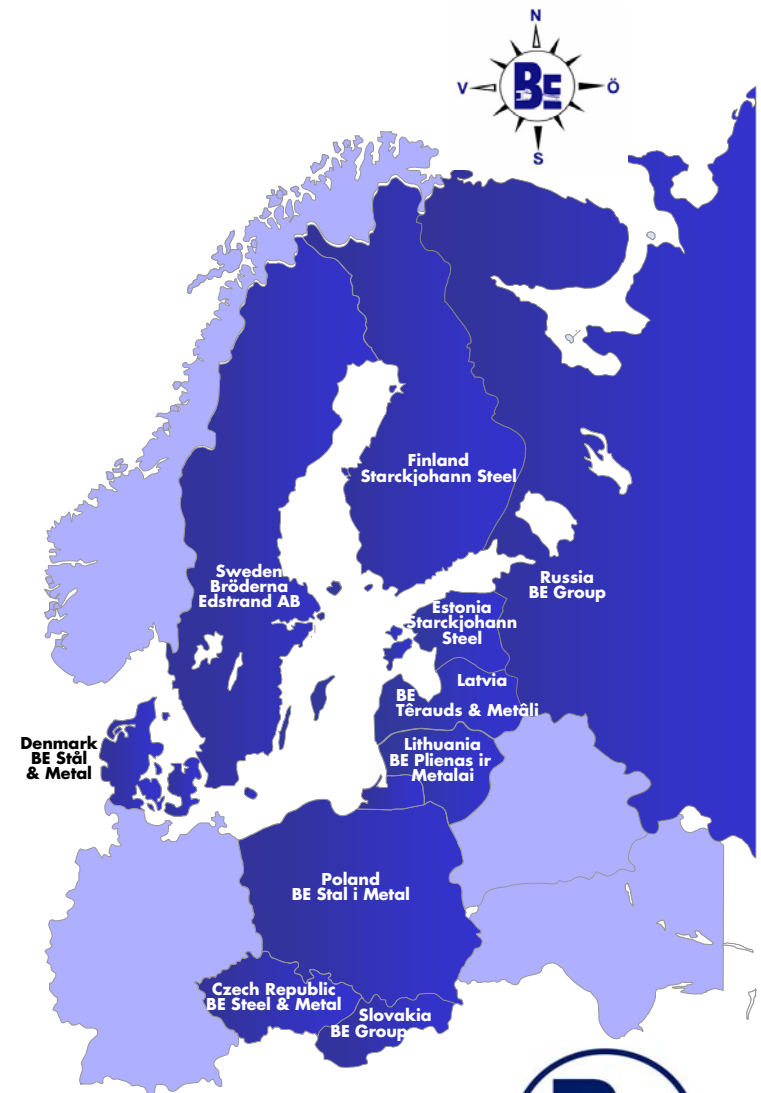
**Strong logistics network.**

**Around 30 sites in 10 countries.**

**Roughly 10,000 customers.**

**Distributed volume > 600 000 tonnes.**

**Listed in Stockholm – Head office in Malmö.**



**BE Group**

# Highlights Q4 2006

- Successful IPO
- Continued upward trend with high prices
- Best quarter ever
  - Net sales growth of 33% to 1,938 MSEK
  - Operating profit (EBIT) 167 MSEK (neg)
  - Underlying EBITA 147 MSEK, +61%
  - An underlying EBITA-margin of 7.6% (6.2)
- Higher costs



# Financial Summary Q4 2006

(MSEK)	2006	2005	
Net Sales	1,938	1,460	+32%
Operating profit (EBIT)	167	-19	N/A
Profit after tax	125	-24	N/A
Earnings/share	2:50	-0:48	N/A

# Highlights 2006

- Very strong market demand and high prices
- Best year ever for BE Group
  - Net sales growth of 15.4% to 6,681MSEK
  - Operating profit (EBIT) 550 MSEK +107%
  - Underlying EBITA 474 MSEK, +20 %
  - Profit after tax 395 MSEK, +132%
- Growth in New Markets of 41 %
- Improved capital efficiency
- Proposed dividend 3:50 per share

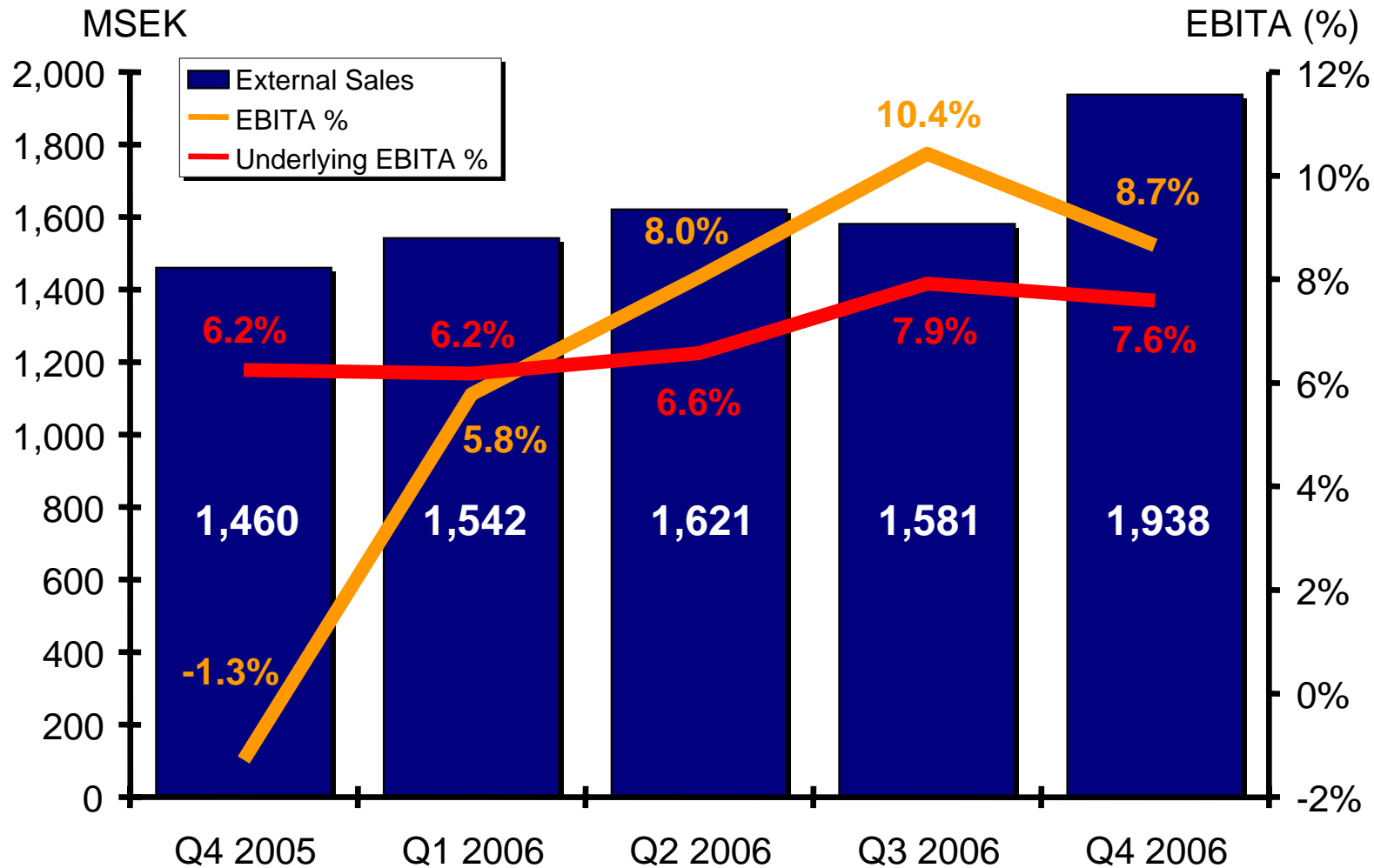


# Financial Summary, full year 2006

(MSEK)	2006	2005	
Net Sales	6,681	5,790	+15%
Operating profit (EBIT)	550	265	+107%
Profit after tax	395	170	+132%
Earnings/share	7:90	3:41	+132%
Dividend <sup>1)</sup>	3:50	n/a	

<sup>1)</sup> Board proposal

# BE Group – Quarterly development



# Underlying Development

Measuring our own performance excluding stock effects items affecting comparability and intangibles.

	REPORTED	UNDERLYING PERFORMANCE
<b>Sales Growth</b> <b>Underlying <sup>1)</sup> Sales Growth</b>	<b>15.4%</b>	<b>8.5%</b>
<b>EBITA-margin</b> <b>Underlying <sup>2)</sup> EBITA-margin</b>	<b>8.3%</b>	<b>7.1%</b>
<b>Return on Operating Capital (RoOC)</b> <b>Underlying Return on Operating Capital <sup>2)</sup> (RoOC)</b>	<b>84.4%</b>	<b>72.5%</b>

<sup>1)</sup> Excl general market price changes

<sup>2)</sup> Excl items affecting comparability, stock effects and intangibles.



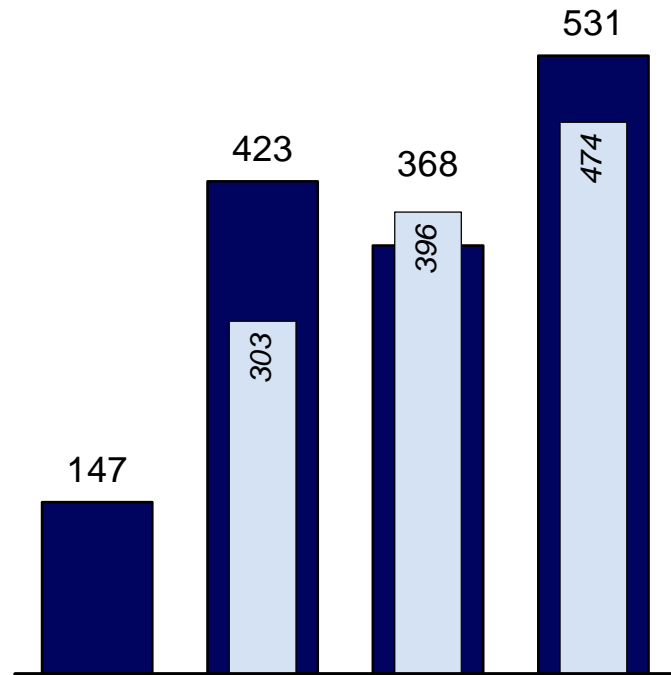
# Financial Targets 2006

	TARGET	ACTUAL 12m
Underlying growth	>5%	8.5%
Underlying EBITA-margin	>6%	7.1%
Underlying ROOC	>40%	72.5%
Net debt/equity	<150%	83.8%
Net DEBT/underlying EBITDA	<3 times	1.1 times



# Increasing Underlying EBITA

## EBITA (MSEK)

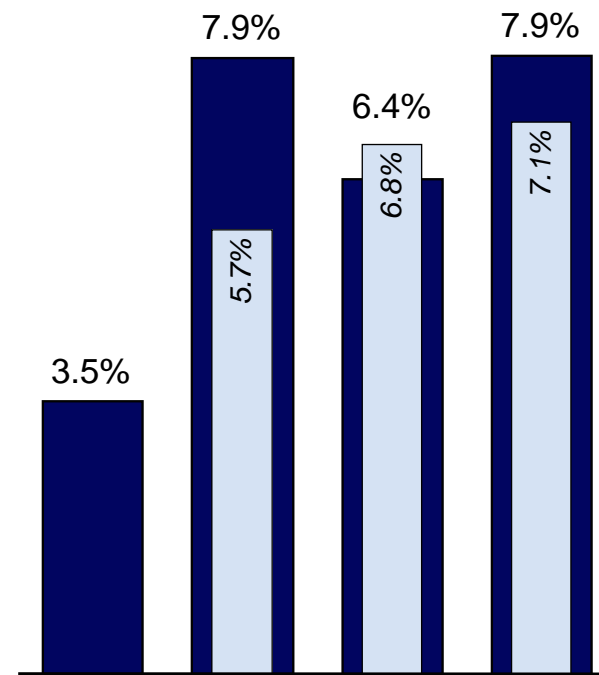


2003  
Stock  
profits(+)  
/ losses (-)

2004	+120
2005	-28
2006	+57

■ = Reported EBITA\*  
□ = Underlying EBITA\*\*

## EBITA Margins



■ = Reported EBITA margins\*  
□ = Underlying EBITA margins\*\*

2003 according to the Swedish Financial Accounting Standards Council's recommendations (Redovisningsrådets rekommendationer), and 2004-2006 according to IFRS.

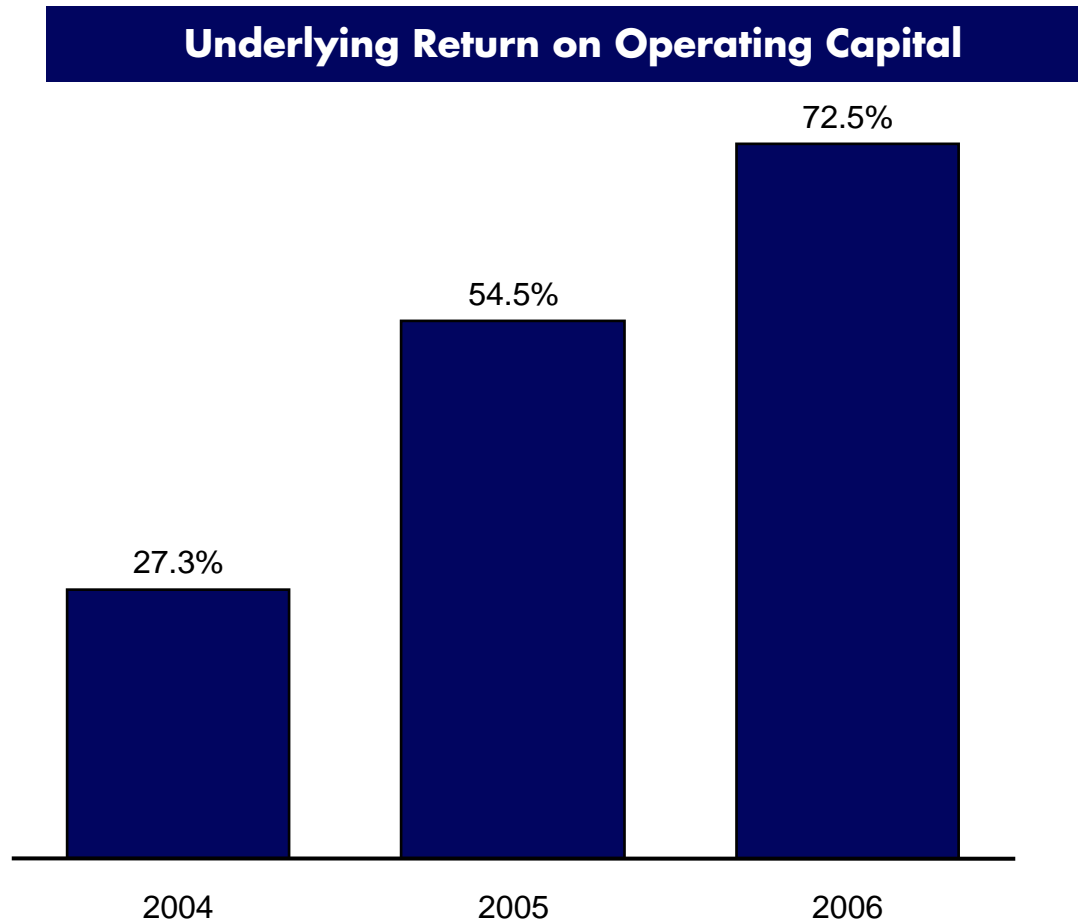
\* Reported EBITA before exceptional items.

\*\* Underlying figures before stock profits and losses; stock profits and losses were not estimated in 2003.



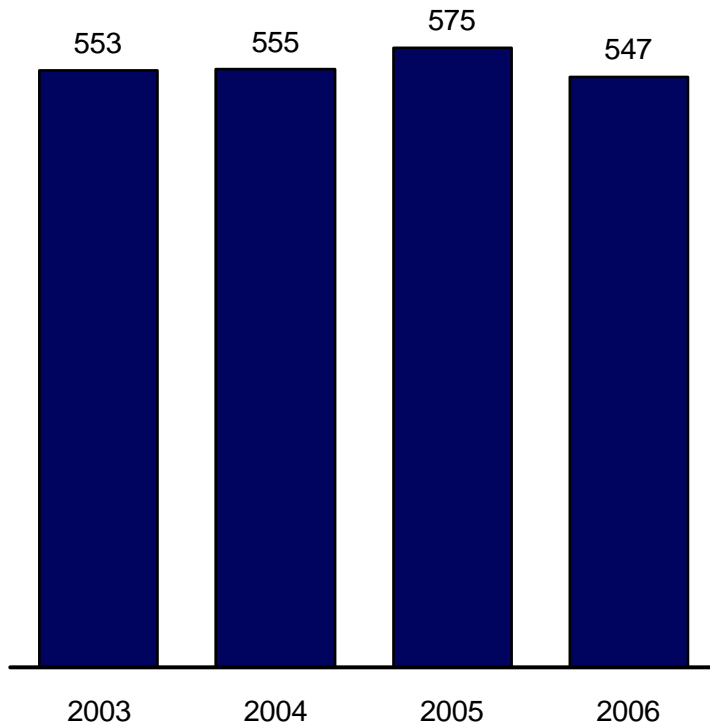
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# High, Improving Underlying Return on Capital

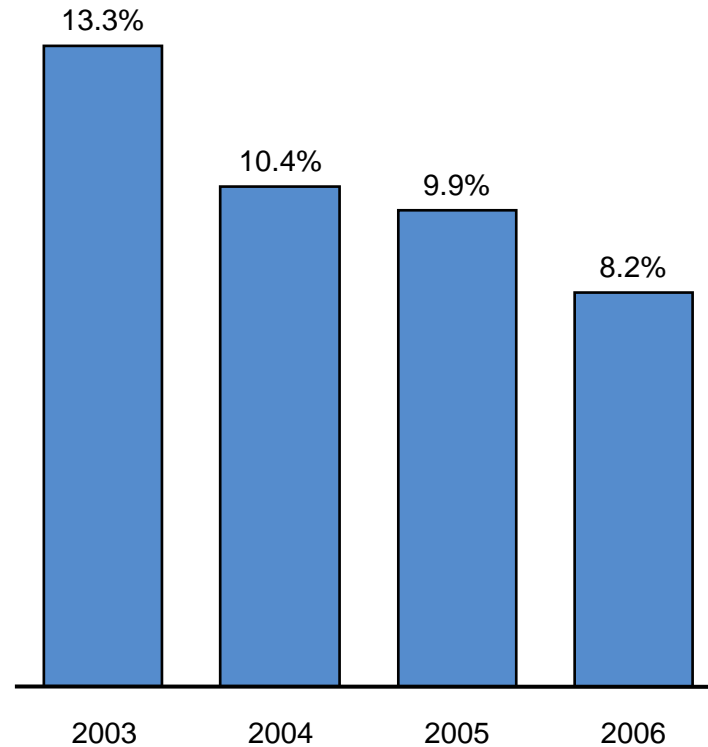


# Substantial Net Working Capital Reductions

Average Net Working Capital (MSEK)

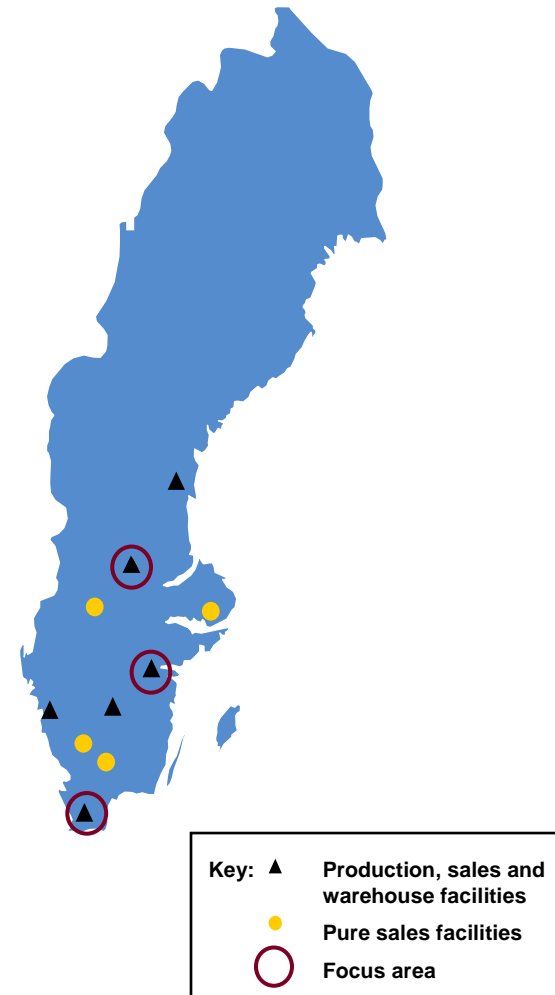


Average Net Working Capital / Sales

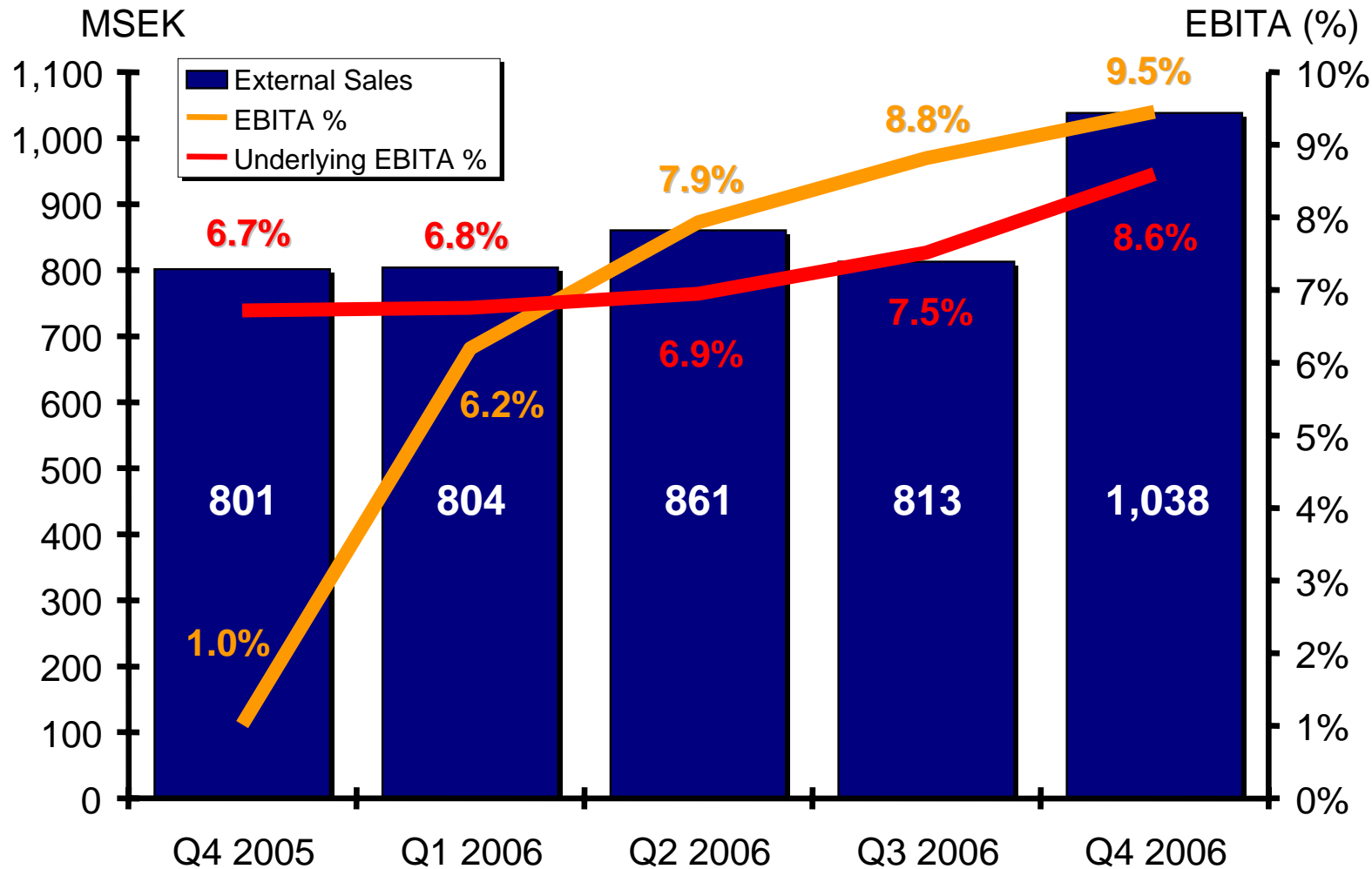


# Business area Sweden - Highlights

- Strong market growth
- All time high profits
- Restructuring almost concluded
- Underlying EBITA improved quarter by quarter
- Higher costs in Q4

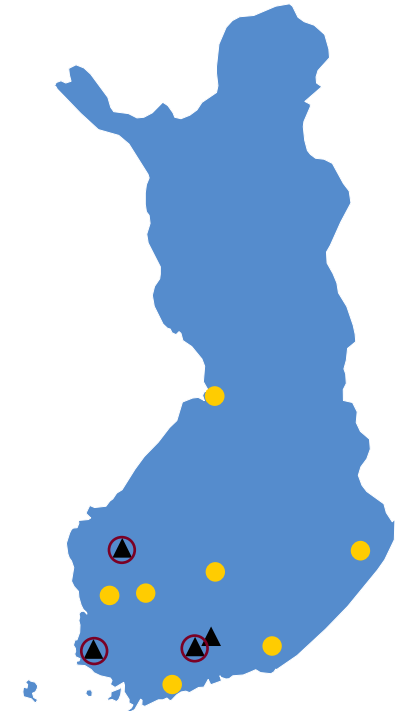


# Business area Sweden - Quarterly development

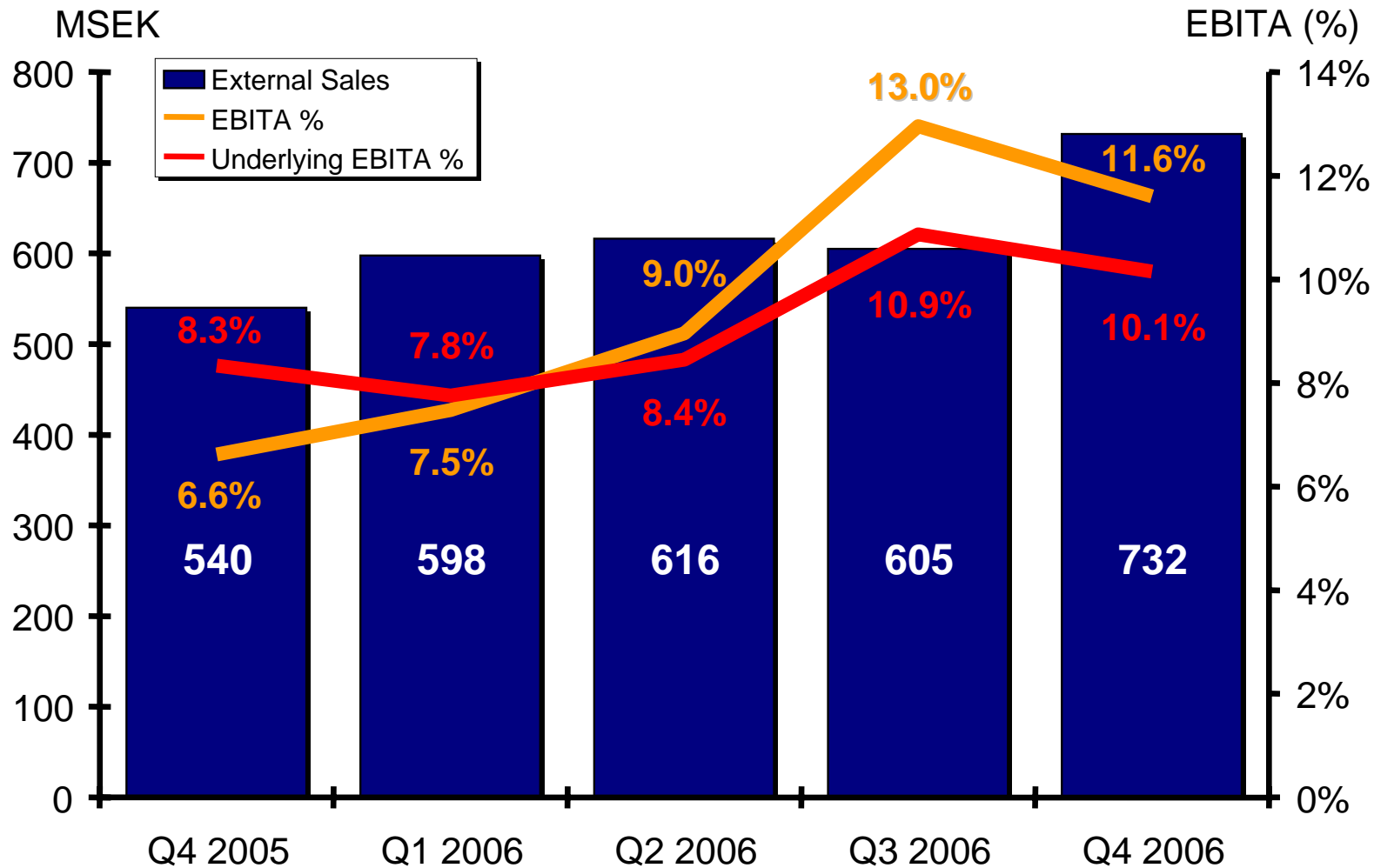


# Business area Finland - Highlights

- All time high profits
- Very strong market demand in all sectors
- Very early price adjustments in an up going market
- Service sales increased strongly
- Profitability improvement for fourth consecutive year
- Some capacity shortage



# Business area Finland - Quarterly development



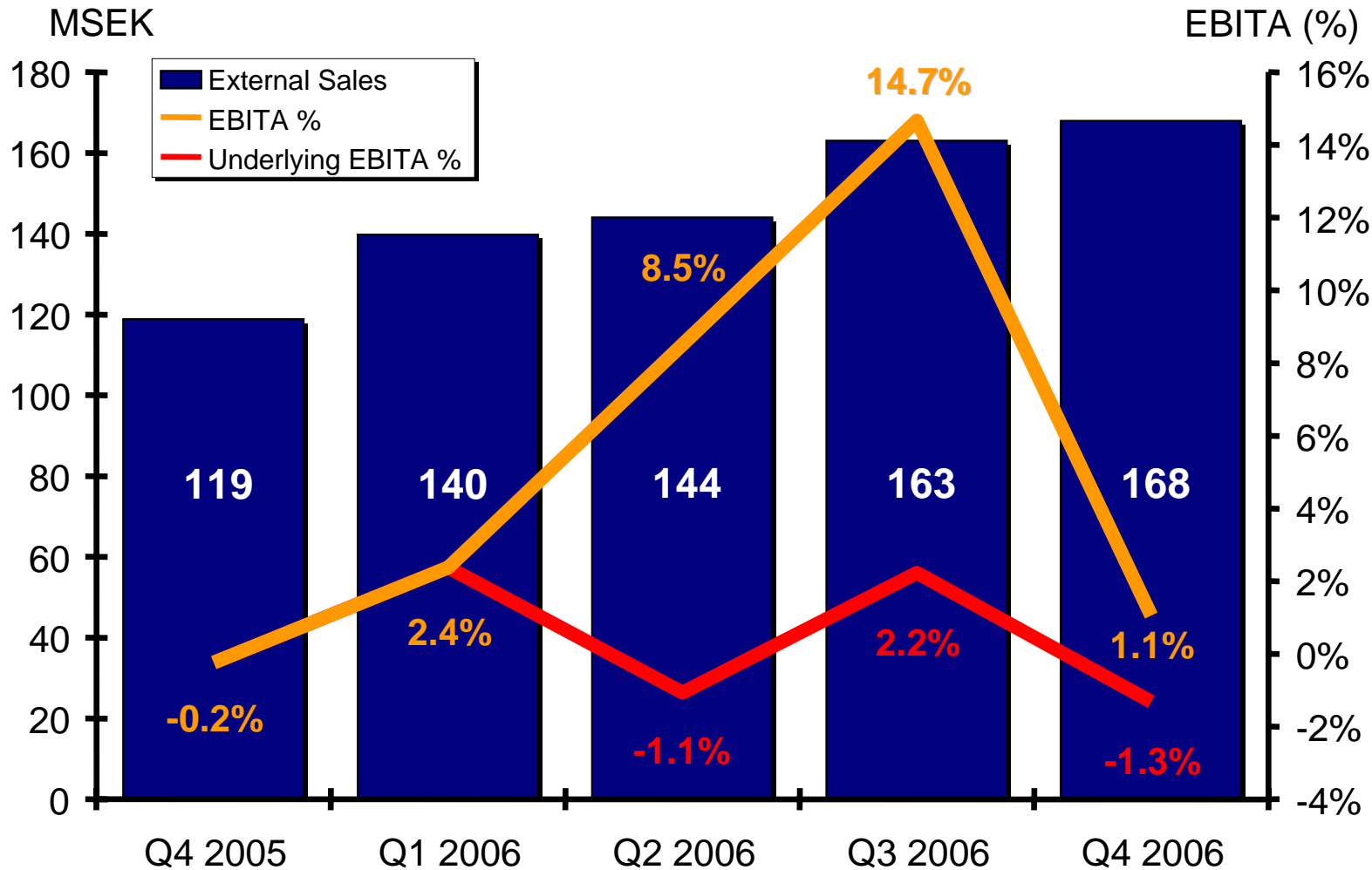
# Business area New Markets - Highlights

- Strong markets in Central and Eastern Europe
- Our growth 41%!
- Start up in Russia in Q1 2006
- Profitability not satisfying
  - Expansion costs Russia, Czech Republic, Slovakia
  - Stock obsolescence
- “Lost” acquisition in Czech Republic
- Business area management strengthened



Key: ▲ Production services, sales and warehouse facilities  
● Pure sales facilities

# Business area New Markets - Quarterly development



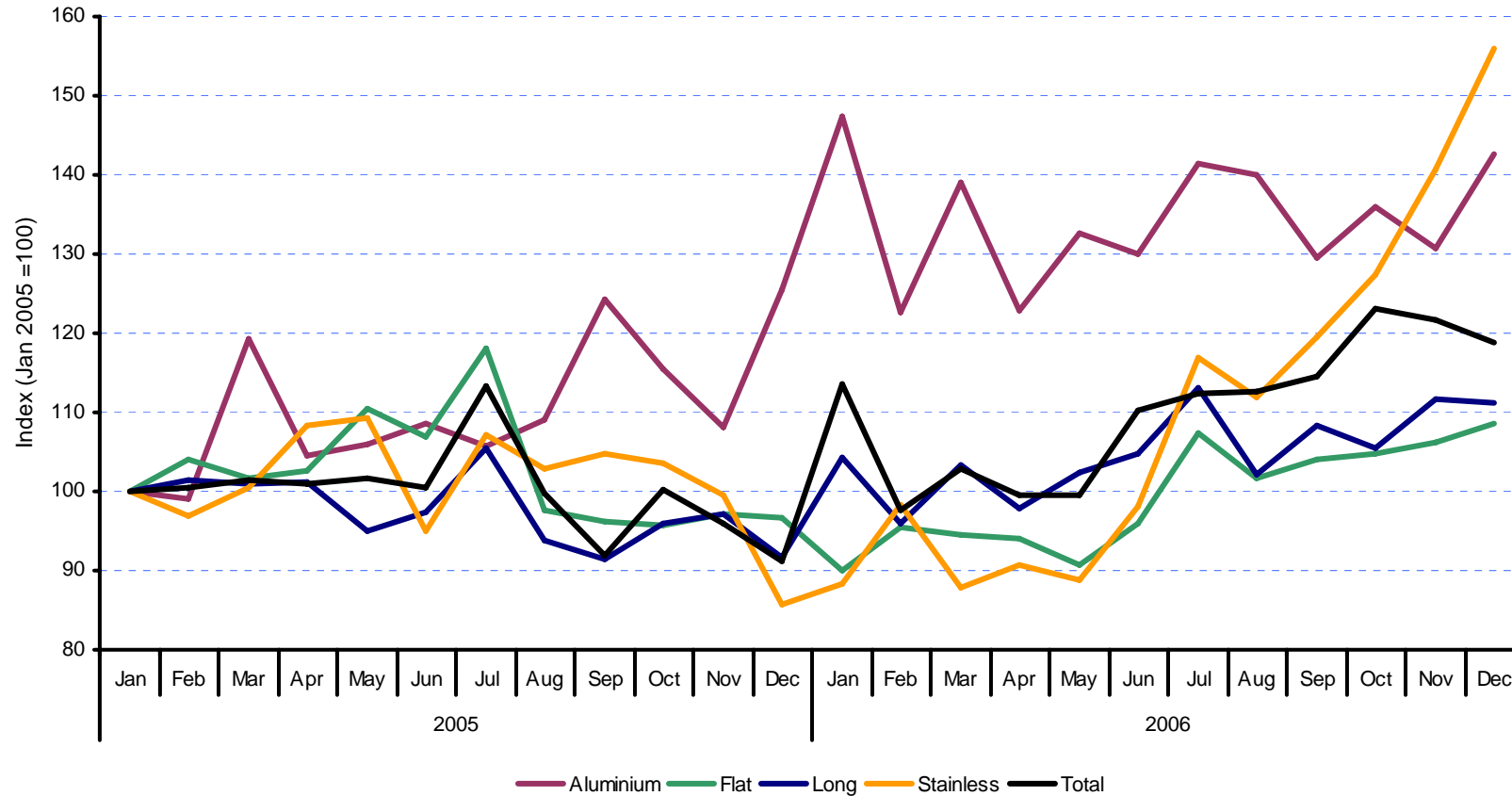
# Market outlook

## Steel prices stay on a high level

- New producer behaviour and consolidation
- Strong demand and high production costs globally
- Positive development in the Nordic region as well as in Western Europe
- Growing economy and major infrastructure projects drives growth in Eastern Europe



# BE Group purchase price development



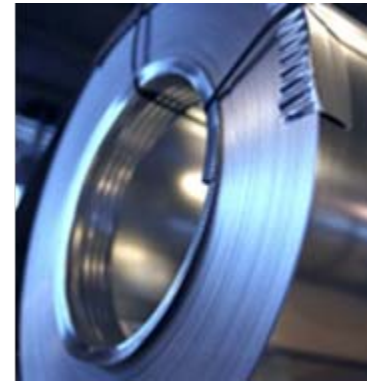
# Sensitivity Analysis

	Change in Underlying EBITA 2006, MSEK
<b>Change in percent</b>	
+/- 5% in volume	+/- 64
+/- 5% in average price of steel and other metals	+/- 52
+/- 5% in selling and administrative expenses	-/+ 32
+/- 5% in SEK/EUR	-/+ 21

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# Going forward in 2007

- Continue to develop service sales
- Looking for acquisitions in New Markets
- Strong focus on underlying performance



**BE STRONGER WITH BE**



**BE Group**