



# BE GROUP QUARTER 3 REPORT 2007

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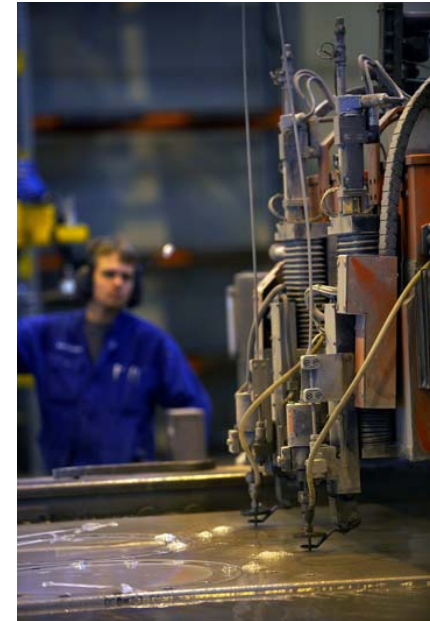
*Håkan Jeppsson, CEO  
Torbjörn Clementz, CFO*



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# Highlights Q3 2007

- Net sales increased 8 %
- Substantial decrease in operational profit
  - Revaluation stainless steel inventories
  - Stock losses
- Underlying profit on same very high level
- Lower growth rate than beginning of the year
- Heavy volatility in nickel prices resulted in substantial decrease in base prices for stainless steel
- Service volumes remains on highest ever, 34 % of total
- Centralisation Product Supply



# Financial Summary Q3 2007

<i>(MSEK)</i>	2007	2006	
Net Sales	1,709	1,581	+8%
Operating profit (EBIT)	85	164	-48%
Profit after tax	55	118	-53%
Earnings/share	1.10	2.25	-51%

# Highlights Q1-Q3 2007

- Best first nine months ever
- Strong growth in all business areas
- Very high alloy surcharges for stainless
- Improved underlying margins
- Stronger competition for acquisitions



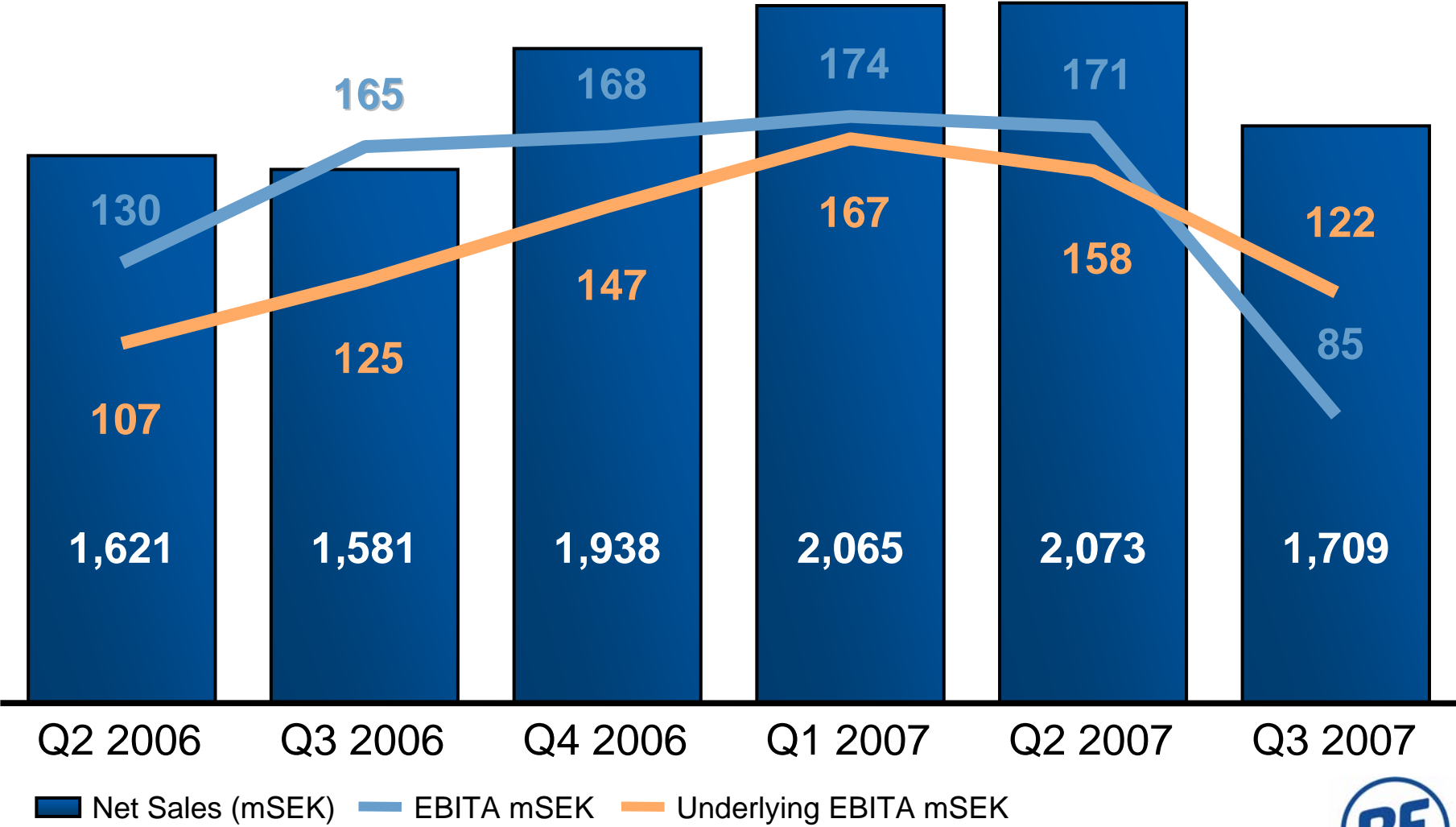
# Financial Summary Q1-Q3 2007

(MSEK)	2007	2006	
Net Sales	5,848	4,743	+23%
Operating profit (EBIT)	428	383	+12%
Profit after tax	299	270	+11%
Earnings/share	5.98	5.14	+16%
Paid dividend	3.50		

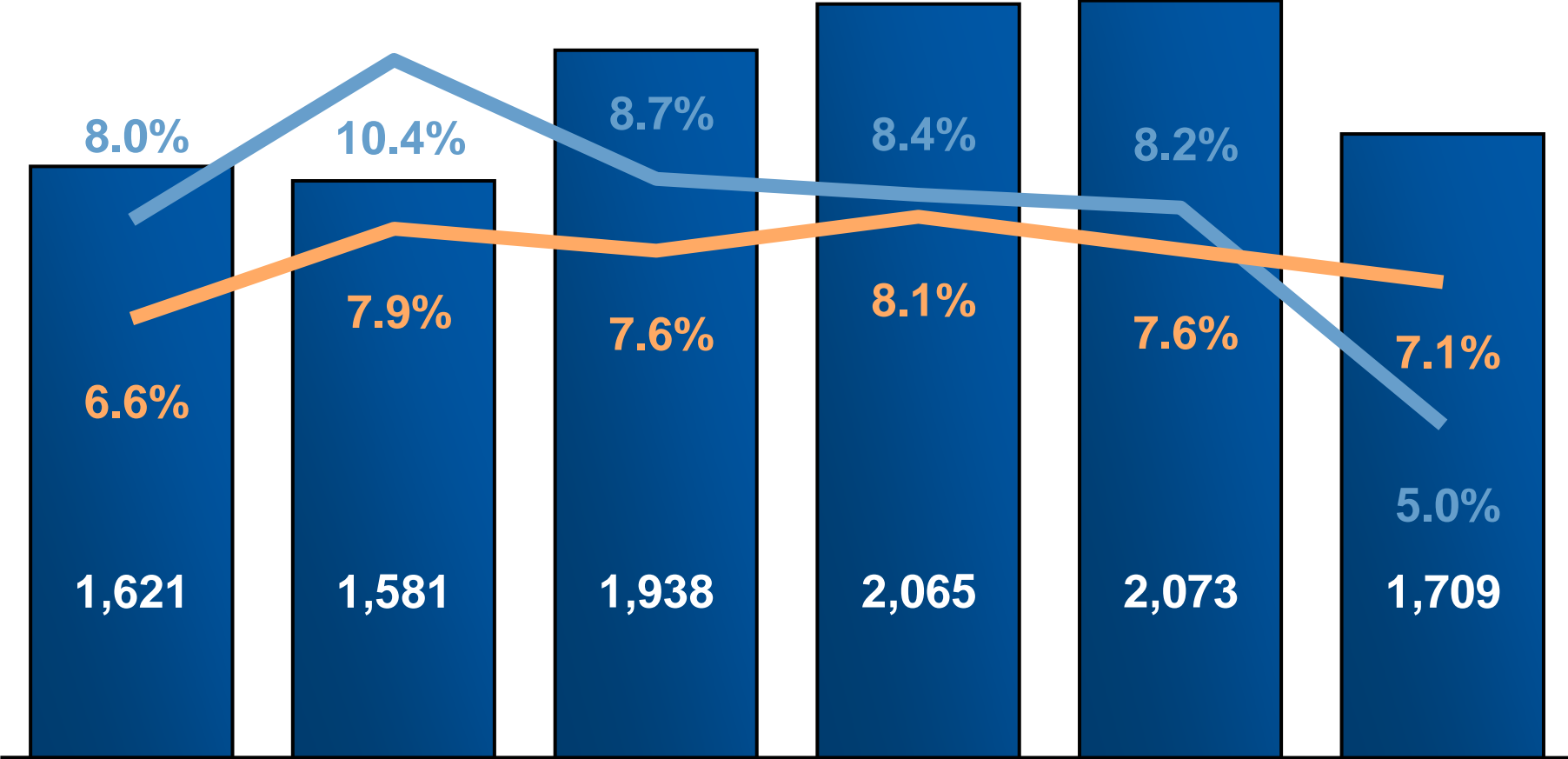
# Financial targets September 2007

	TARGET	ACTUAL 12m
Underlying growth	>5%	7.2%
Underlying EBITA-margin	>6%	7.6%
Underlying ROOC	>40%	70.2%
Net debt/equity	<150%	108.9%
Net DEBT/underlying EBITDA	<3 times	1.3 times

# BE Group - quarterly development



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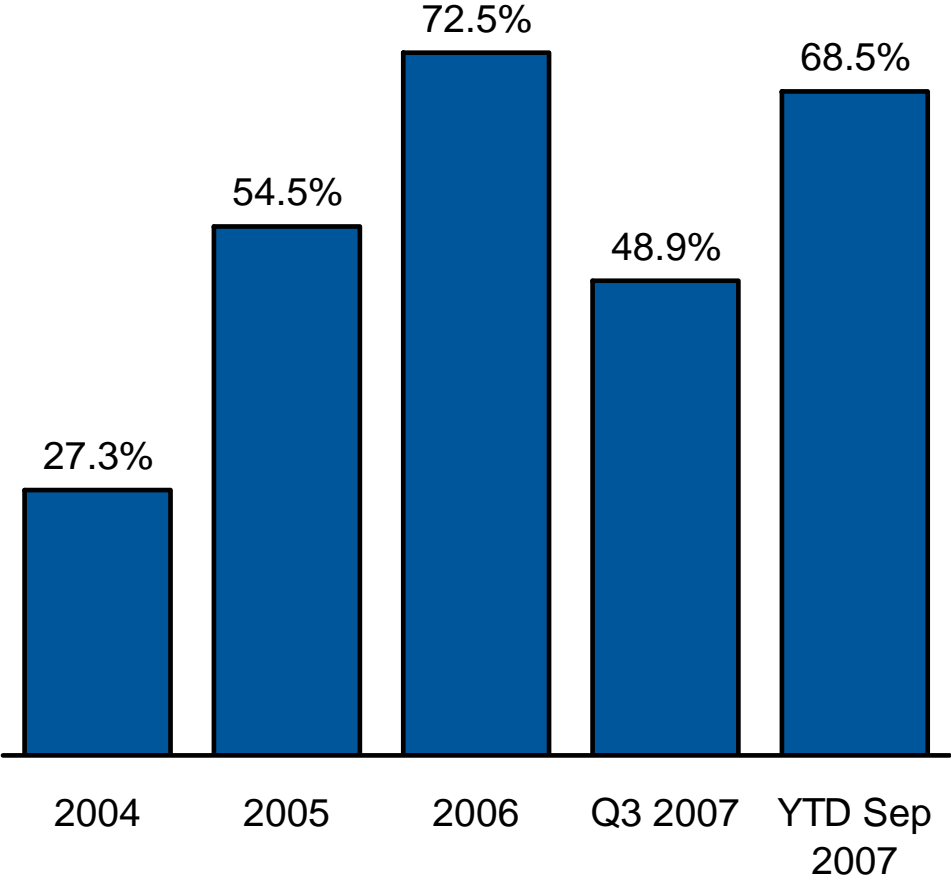


■ Net Sales (mSEK) 
 — EBITA % 
 — Underlying EBITA %



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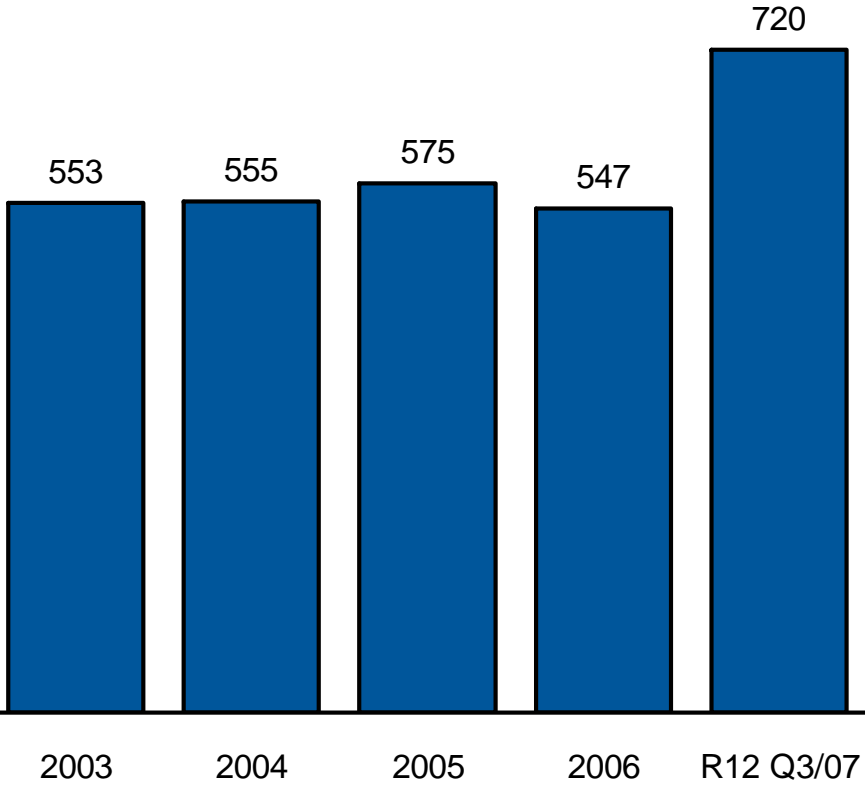
# Underlying ROOC on a high level



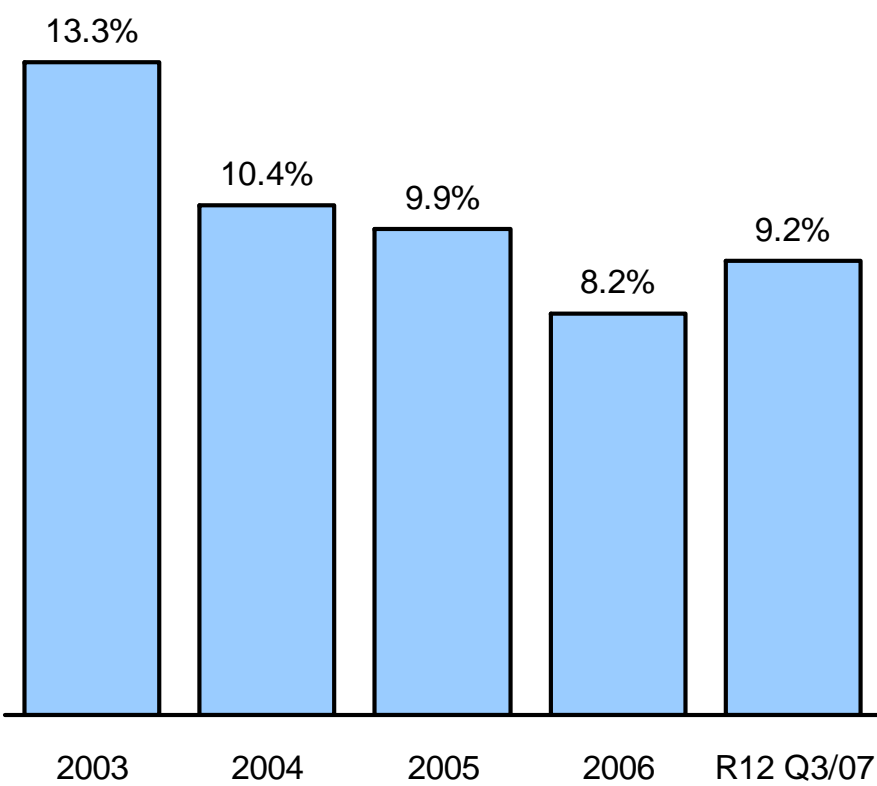
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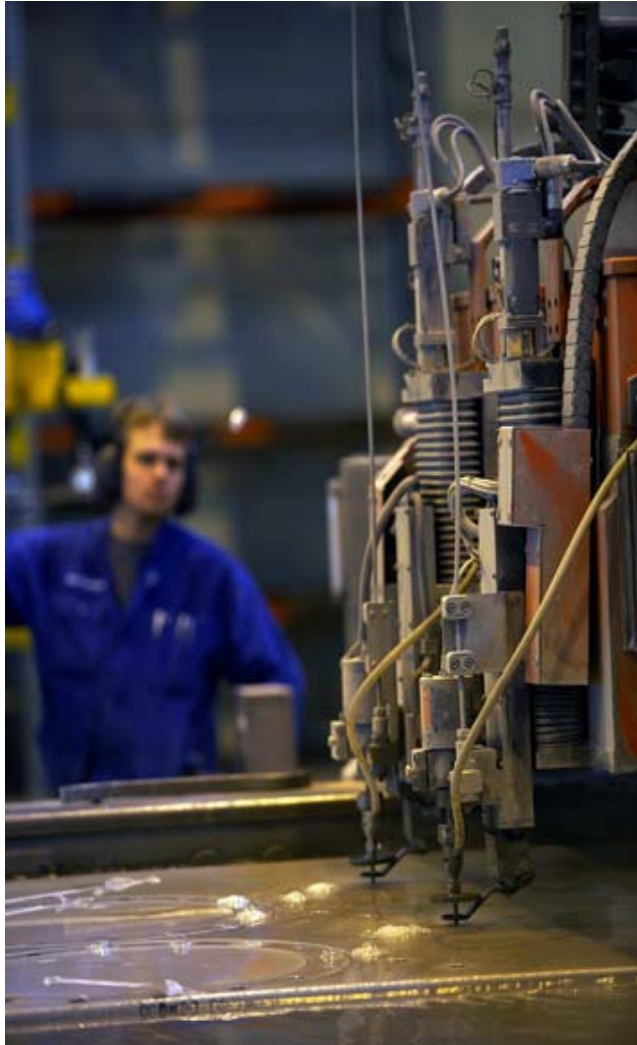
# Working capital affected by stainless turbulence

Average Net Working Capital (MSEK)



Average Net Working Capital / Sales

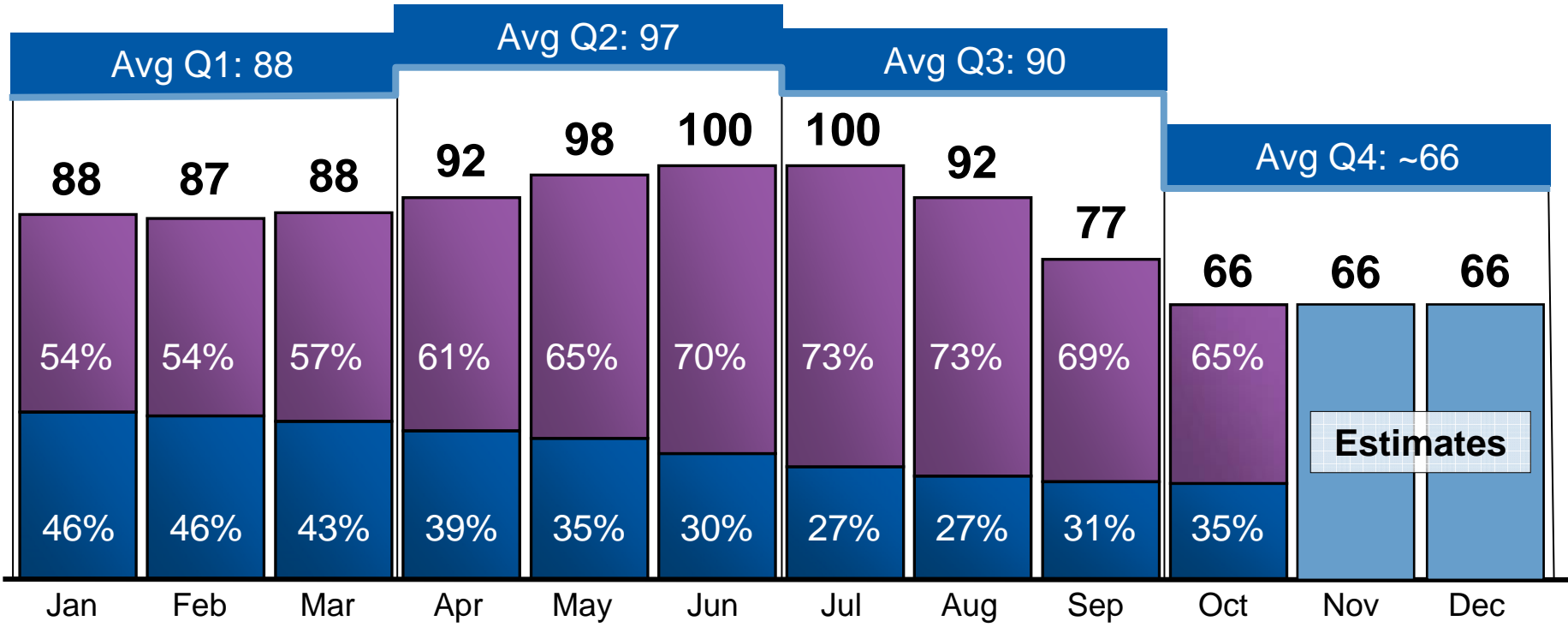




# EFFECTS FROM STAINLESS STEEL

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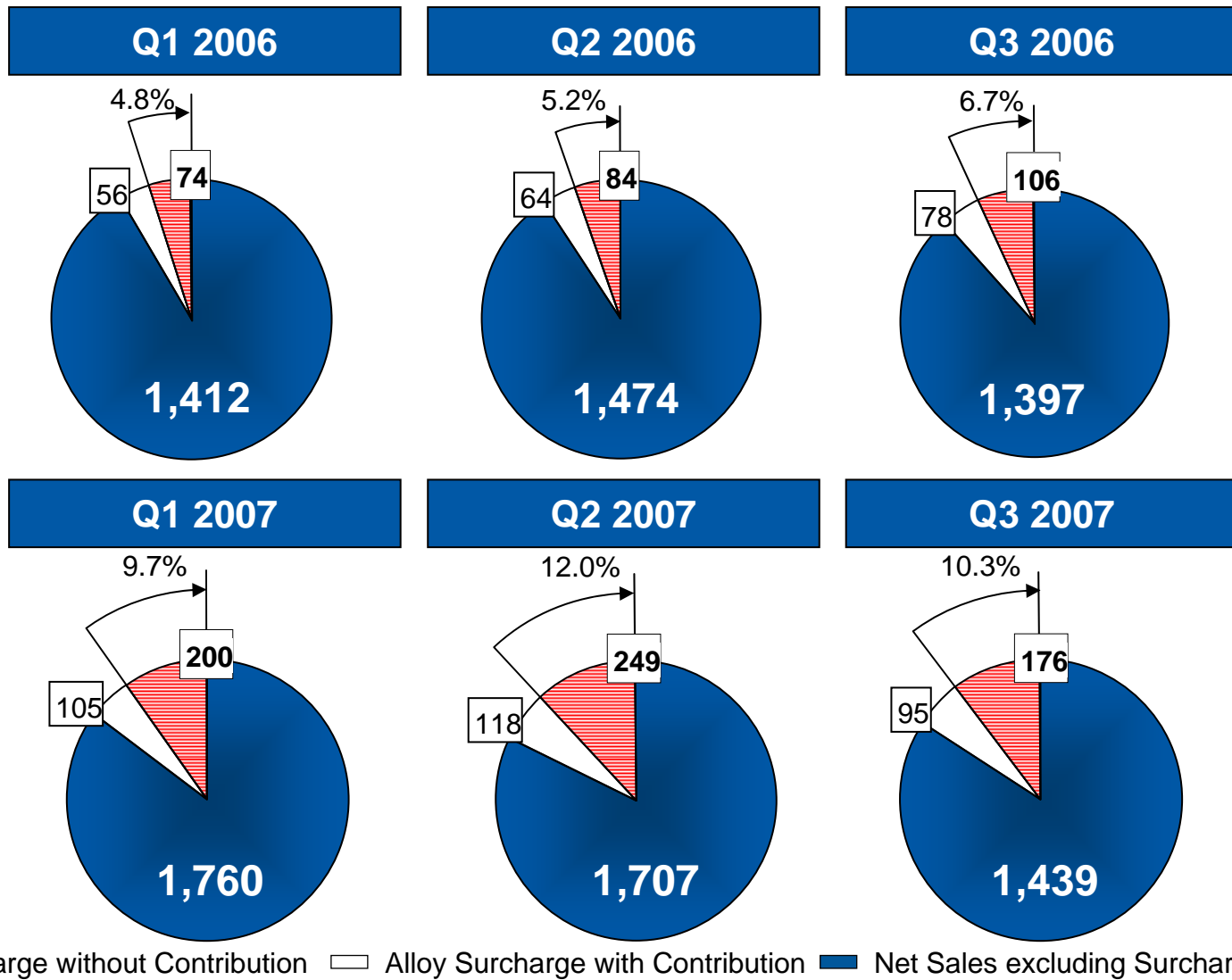
# Substantial decrease of prices for stainless steel



■ Base price   
 ■ Alloy Surcharge



# Alloy surcharge a substantial part of stainless steel sales



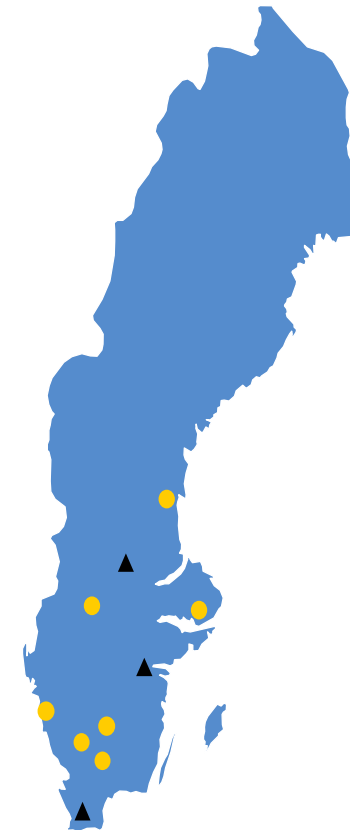


## DEVELOPMENT FOR BUSINESS AREAS

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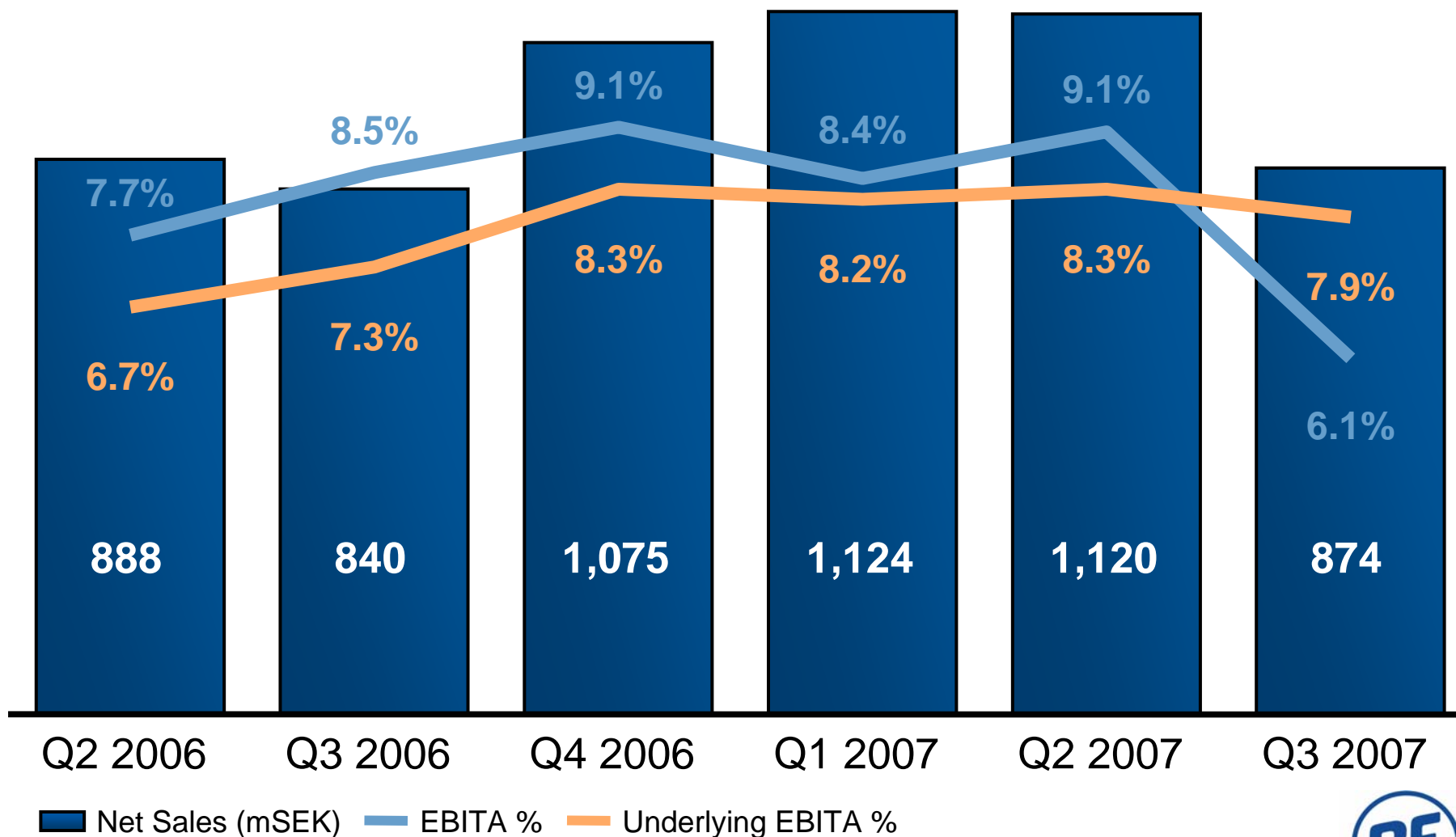
# Business area Sweden - highlights

- Strong sales growth in a strong market
- Lower growth rate than in Q1-Q2
- Underlying profits on highest level ever
- Successful restructuring concluded leading to lower cost
- Margin pressure due to alloy surcharges



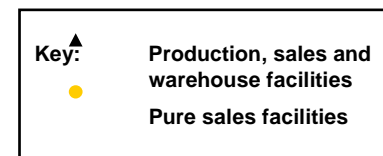
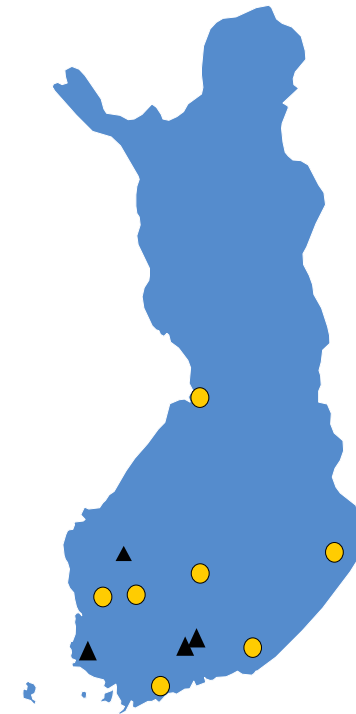
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# Business area Sweden – quarterly development



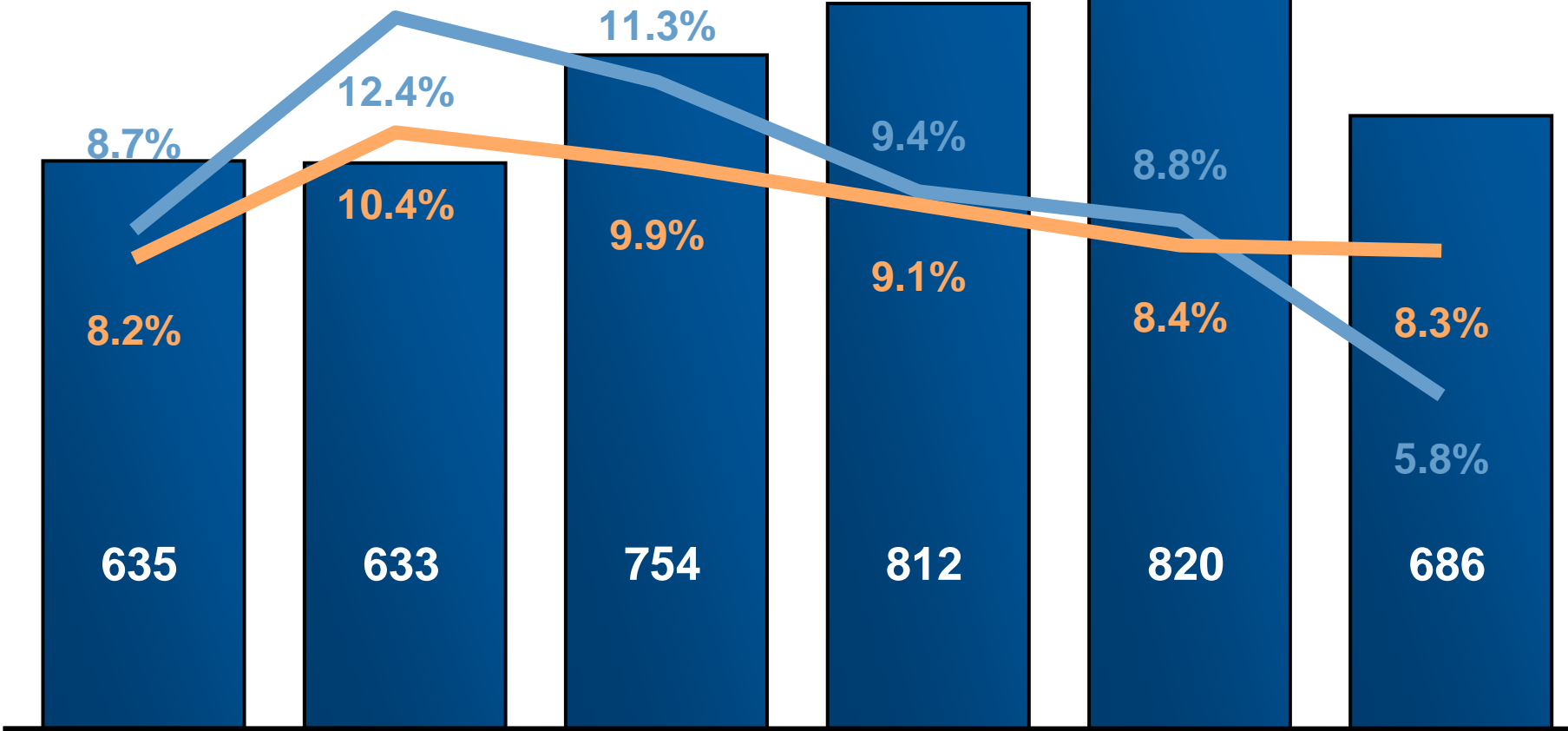
# Business area Finland - highlights

- Strong growth in a very strong market
- Strong demand for production services
- Lower profit margins than in 2006
- Improved production efficiency
- Investment in Lapua service workshop ongoing



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# Business area Finland – quarterly development



Q2 2006    Q3 2006    Q4 2006    Q1 2007    Q2 2007    Q3 2007

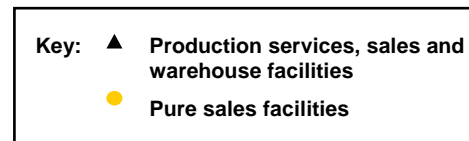
■ Net Sales (mSEK)    — EBITA %    — Underlying EBITA %



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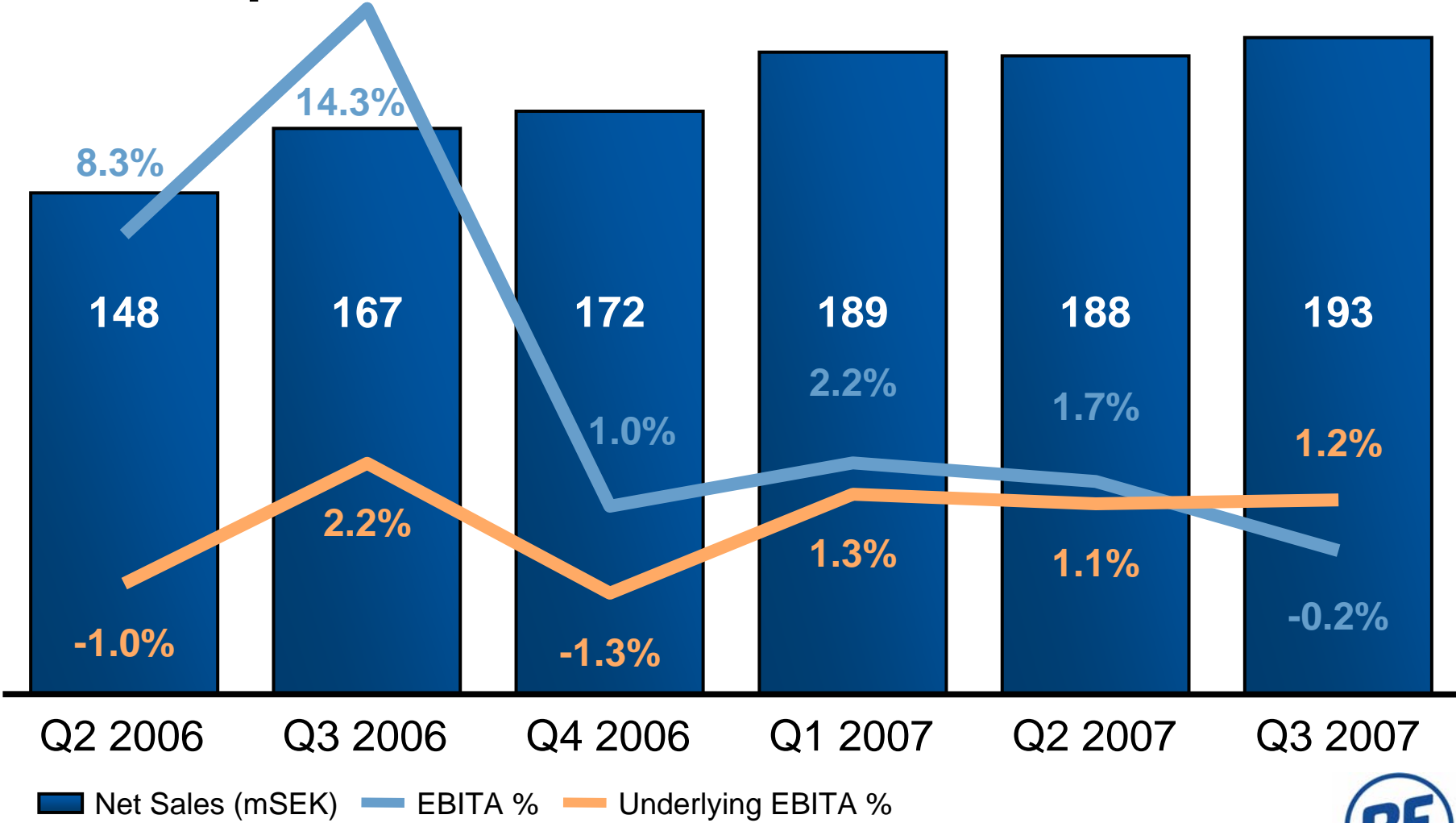
# Business area New Markets - highlights

- Market demand and growth still strong
- Contribution margins not satisfying
- Critical mass needed for improved profitability
- Czech Republic and Russia need to reach stable profits
- Increase in service sales from low level
- Consolidation expected to speed up



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# Business area New Markets – quarterly development



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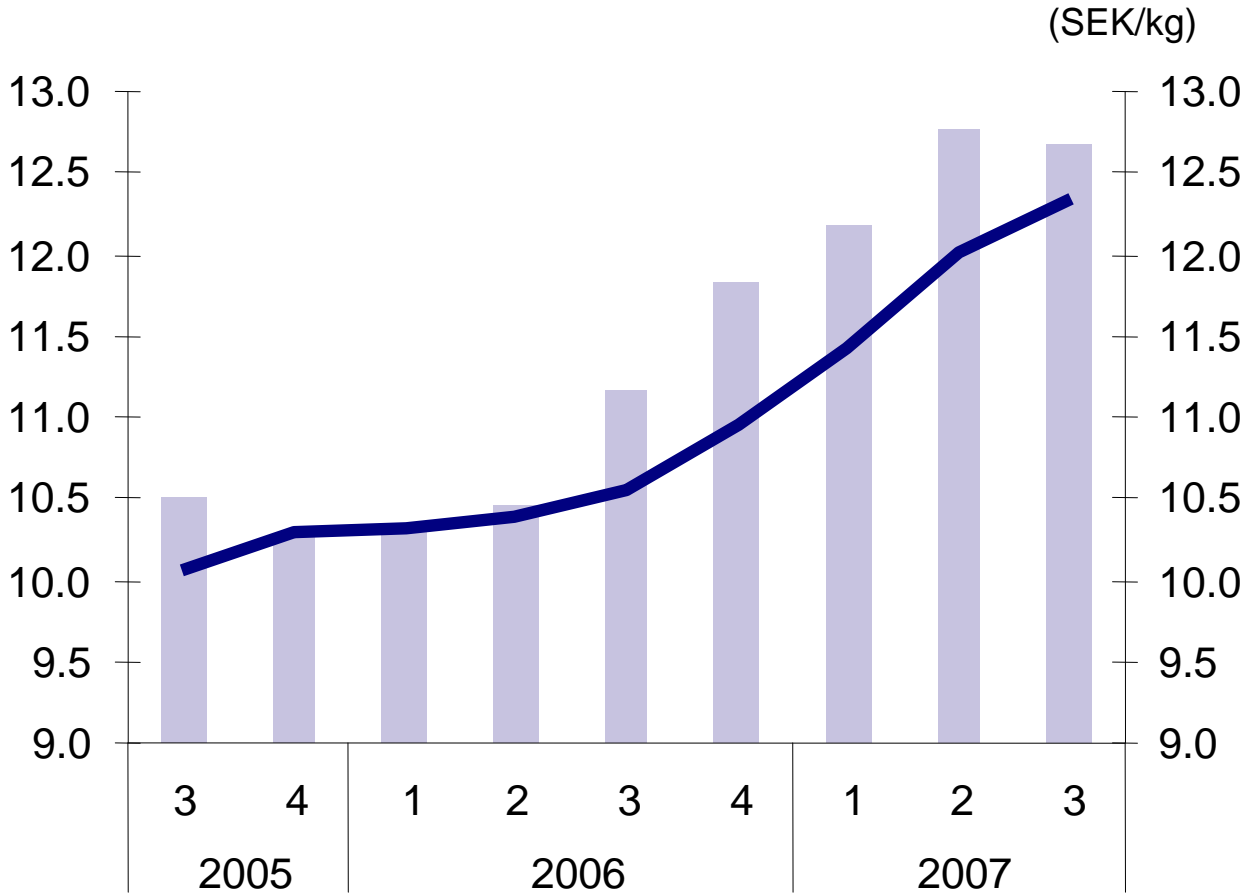
# Market outlook

- Continued strong global steel markets with high production costs
- Healthy general demand in Sweden and Finland
- Strong markets in Eastern and Central Europe
- Lower overall growth rate to be expected for BE Group compared to latest 12 months
- More or less stable high carbon steel prices in Q4
- Lower stainless prices and alloy surcharges



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# BE Group average sales prices



■ Quarter    — R12



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# Going forward in 2007

- Looking for growth
  - Acquisitions
  - Organic
- Service development highly focused
- Coordinating BE Group further into ONE Group
- Continued focus on underlying performance





# APPENDIX FINANCIAL INFORMATION

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## EBITA-development Q3 compared to last year

	(MSEK)
<b>OPERATING PROFIT Q3 2006</b>	<b>164</b>
Reversal of amortization of intangible assets	1
<b>EBITA Q3 2006</b>	<b>165</b>
Exceptional items	-12
Adjustment for stock profits Q3 2006	-28
<b>Underlying EBITA Q3 2006</b>	<b>125</b>
Changes in volume, price, mix and gross margin	0
Changes in overhead cost etc	-3
<b>Underlying EBITA Q3 2007</b>	<b>122</b>
Exceptional items – stainless stock revaluation	-27
Adjustment for other stock losses Q3 2007	-10
<b>EBITA Q3 2007</b>	<b>85</b>
Less amortization of intangible assets	0
<b>OPERATING PROFIT Q3 2007</b>	<b>85</b>

# Sensitivity analysis

	Change in underlying EBITA YTD Sep 2007 (m SEK)
<b>+/- 5% in Volume</b>	<b>+/-54</b>
<b>+/- 5% in Average steel price</b>	<b>+/-45</b>
<b>+/- 5% in Selling and Administration Cost</b>	<b>-/+13</b>
<b>+/- 5% in SEK/EUR exchange rate</b>	<b>-/+26</b>
<b>+/- 10% in Alloy surcharge</b>	<b>+/-4</b>

# Financial summary

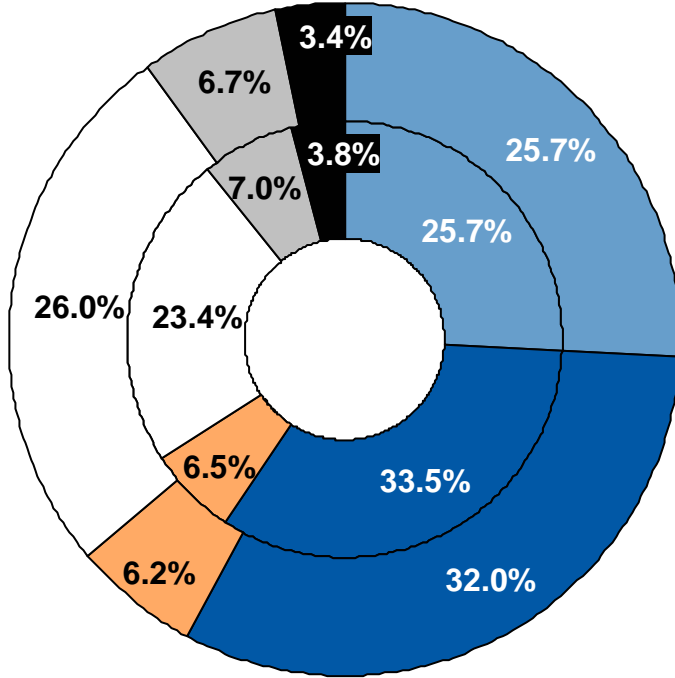
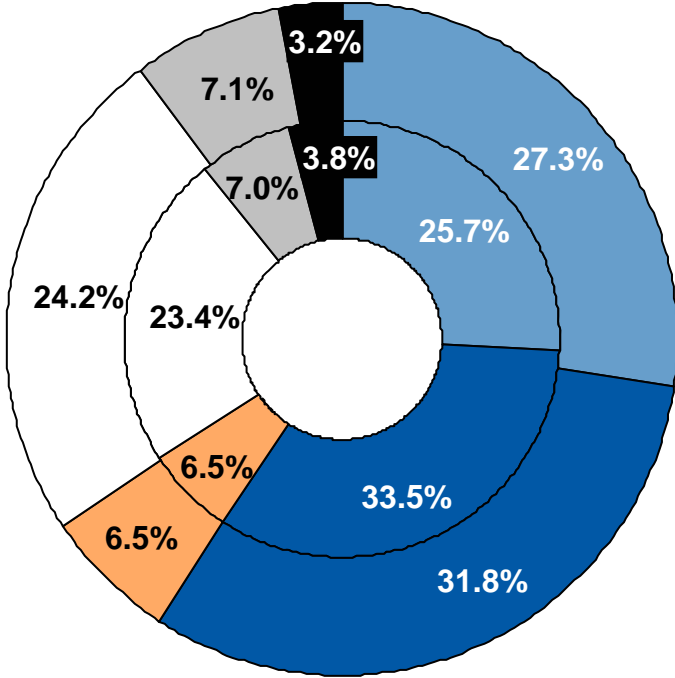
Amounts in MSEK	2006				2007			2006	2007
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD	YTD
<b>Volume (kton)</b>	149.3	155.4	141.4	164.0	169.5	162.3	134.9	446.2	466.7
<b>Net Sales</b>	1,542	1,621	1,581	1,938	2,065	2,073	1,709	4,743	5,848
<b>EBITA</b>	89	130	165	168	174	171	85	384	429
<i>% of Sales</i>	5.8%	8.0%	10.4%	8.7%	8.4%	8.2%	5.0%	8.1%	7.3%
<b>Underlying EBITA</b>	95	107	125	147	167	158	122	327	446
<i>% of Sales</i>	6.2%	6.6%	7.9%	7.6%	8.1%	7.6%	7.1%	6.9%	7.6%
<b>Profit</b>	63	88	118	125	126	118	55	270	299
<b>Earnings/share<sup>1</sup></b>	1.20	1.69	2.25	2.50	2.52	2.36	1.10	5.14	5.98
<b>Cash flow</b>	-50	52	-66	156	2	-152	-117	-64	-267
<b>Operating Capital</b>	585	663	711	713	743	856	995	648	869
<b>Underlying ROOC</b>	65.1%	64.2%	70.3%	82.5%	89.9%	73.6%	48.9%	67.2%	68.5%

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

# Sales per product area

**Q3 06/07**

**YTD Sep 06/07**



- Long Steel
- Reinforcement steel
- Aluminium
- Flat Steel
- Stainless steel
- Other



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