

# BE Q2 2016



Interim Report BE Group AB (publ) 2016 | Malmö, July 20, 2016

## Improved earnings and continued strong cash flow

### SECOND QUARTER 2016

- Net sales decreased by 5 percent to SEK 1,047 M (1,104).
- The underlying operating result improved to SEK 21 M (12).
- The operating result improved to SEK 31 M (10).
- The result after tax was SEK 19 M (-13).
- Cash flow from operating activities was SEK 36 M (-28).
- The number of shares was reduced following a reverse share split based on one new share for every 20 existing shares.
- Earnings per average number of shares amounted to SEK 1.47.

### FIRST SIX MONTHS OF 2016

- Net sales decreased by 8 percent to SEK 2,025 M (2,208).
- The underlying operating result increased to SEK 30 M (24).
- The operating result, affected by non-recurring costs of SEK -45 M, amounted to SEK -14 M (20).
- The result after tax was SEK -34 M (-13).
- Earnings per average number of shares amounted to SEK -2.60.
- Decision taken to close unprofitable operations in the Czech Republic and Slovakia.
- New Group structure- and organization based on the company's business models.

### Overview of results

	2016 Apr-Jun	2015 Apr-Jun	Change	2016 Jan-Jun	2015 Jan-Jun	Change
Tonnage, thousands of tonnes	105	108	-3	208	216	-8
Net sales, SEK M	1,047	1,104	-57	2,025	2,208	-183
Underlying operating results, SEK M	21	12	9	30	24	6
Operating results, SEK M	31	10	21	-14	20	-34
Profit/loss for the period, SEK M	19	-13	32	-34	-13	-21
Earnings per share, SEK <sup>1)</sup>	1.47	-0.96	2.43	-2.60	-0.98	-1.62
Cash flow from operating activities, SEK M	36	-28	64	87	-82	169

<sup>1)</sup> Based on the average number of shares for Q2 2016. See page 14.

**BE Group**, listed on Nasdaq Stockholm, is a trading and service company in steel, stainless steel and aluminium. BE Group offers efficient distribution and value-adding production services to customers primarily in the construction and engineering sectors. In 2015, the Group reported sales of SEK 4.2 billion. BE Group has about 750 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).

## CEO's Message

### Comments on the period

The effects of both rising prices and underlying margin improvements were seen in the second quarter of 2016. The sharp decline in prices that affected the market at the end of 2015 resulted in a lower average price level compared with the same period last year. This had a negative impact on sales, but a higher underlying gross margin resulted in an improvement in the underlying operating result to SEK 21 M (12). In addition to the improvements in margins, the Group's results also increased as a result of the recovery in prices during the year. The gradual rise in prices had positive inventory effects in the form of inventory gains of SEK 10 M (-2) in the quarter, leading to the operating result improving to SEK 31 M (10).

Market demand is assessed to have been stable or slightly up. Business area Sweden & Poland's shipped tonnage was in level with the same period last year, while business area Finland & Baltics showed volume growth of a significant 11 percent. Growth in volumes in business area Finland & Baltics was so strong that, despite lower average prices, net sales for the business area grew by 4 percent. However, the Group's total tonnage was negatively affected by developments in the Czech Republic and Slovakia, where the ongoing restructuring process led to a halving of shipped tonnage. Overall, consolidated net sales decreased by 5 percent to SEK 1,047 M (1,104).

The positive result and good control of working capital has led to continued positive cash flow. Cash flow from operating activities improved in the quarter to SEK 36 M (-28), which means the corresponding figure for the last 12 months is SEK 76 M.

### Structural and organizational changes

The previously announced structural process to close unprofitable units in the Czech Republic and Slovakia is continuing according to plan. The operations in Slovakia are being closed, along with sales of flat carbon steel

and aluminium on the Czech market. The inventories concerned sold out in the quarter, and the number of employees was reduced. The employees affected have in an exemplary way, contributed to a successful process. The restructuring, for which costs of SEK -45 M impacted the first quarter, will be completed in the second half of 2016.

During the second quarter a new Group structure- and organization based on the Group's business models was launched. As a result of this and the ongoing restructuring of the Group's operations in the Czech Republic and Slovakia, the Group is now operating according to the structure set out below:

- Business area Sweden & Poland comprises the Group's operations in Sweden and Poland and is operated in two business units focused on distribution and production, respectively.
- Business area Finland & Baltics comprises the Group's operations in Finland and the Baltic States and is operated across three business units; distribution Finland, distribution Baltics and production Finland.
- While the Group's operations in the Czech Republic and Slovakia are undergoing restructuring, these operations are reported under the Parent Company and Consolidated Items segment.

In the second quarter, BE Group recruited a new Sourcing director who will be part of Group Management and responsible for the implementation of the Group's purchasing strategy.

### Outlook

Steel prices are expected to continue to increase slightly in the third quarter, while demand is expected to remain at the current level, accounting for vacation effects in July and August. The restructuring and improvement measures relating to the new organizational structure are expected to proceed according to plan and gradually improve consolidated earnings.

*Anders Martinsson, President and CEO*

### Bridge 2015–2016 earnings trend, SEK M

	Q1	Q2	Q3	Q4	Jan-Jun
<b>Operating result 2015</b>	<b>10</b>	<b>10</b>	<b>-117</b>	<b>-17</b>	<b>20</b>
Inventory gains (-)/losses (+)	2	2	3	5	4
Non-recurring items	0	0	124	0	0
<b>Underlying operating result 2015</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>-12</b>	<b>24</b>
Change in sales	-17	-8			-25
Change in underlying gross margin	7	16			23
Changes in overheads	7	1			8
<b>Underlying operating result 2016</b>	<b>9</b>	<b>21</b>			<b>30</b>
Inventory gains (+)/losses (-)	-9	10			1
Non-recurring items	-45	0			-45
<b>Operating result 2016</b>	<b>-45</b>	<b>31</b>			<b>-14</b>

## Comments on the report

### Group

The Group's business and earnings are reported according to revised segments from the second quarter of 2016. Consequently, the 2015 segments have been restated to make them comparable.

#### Second quarter

Net sales decreased by 5 percent in the second quarter compared with the same period last year to SEK 1,047 M (1,104). The decrease is the result of a lower price level than last year and significantly lower sales in the Czech Republic and Slovakia owing to the ongoing restructuring. Overall, the Group's shipped tonnage decreased by 3 percent. Business area Sweden & Poland reported tonnage in line with the same period last year, while business area Finland & Baltics increased tonnage by 11 percent.

Gross profit was SEK 163 M (144) with a gross margin of 15.5 percent (13.1). Gross profit was strengthened by a rising price trend on the steel market during the year, resulting in inventory gains of SEK 10 M (-2) in the quarter. The underlying gross margin, adjusted for inventory gains and losses, also improved as a result of improvements in margins in both business areas.

The operating result increased to SEK 31 M (10) and the underlying operating result rose to SEK 21 M (12). The operating margin was 2.9 percent (1.0) and the underlying operating margin was 2.0 percent (1.1). The improvement in profit was primarily a consequence of a higher gross margin.

#### First six months

In the first six months of the year, the Group's net sales decreased by 8 percent compared with the same period last year to SEK 2,025 M (2,208). Tonnage in business area Sweden & Poland and business area Finland & Baltics was in line with or above that for the corresponding period last year. Average lower steel prices had a negative effect on net sales of around 4 percentage points. However, the price trend in the first half of the year was positive, resulting in inventory gains of SEK 1 M (-4).

Gross profit was SEK 290 M (288) with a gross margin of 14.3 percent (13.0). In the first quarter, earnings were impacted by non-recurring costs of SEK -45 M attributable to ongoing restructuring programmes. The operating result declined to SEK -14 M (positive 20) as a result of this. Adjusted for non-recurring items and inventory gains and losses, the underlying operating result increased to SEK 30 M (24). The improvement in earnings was attributable to a stronger gross margin and lower overheads.

The operating margin amounted to -0.7 percent (0.9) and the underlying operating margin was 1.5 percent (1.1).

The Group's underlying operating result and sales growth per quarter



The Group's gross profit and gross margin per quarter



### Business area Sweden & Poland

This business area includes the Group's operations in Sweden and Poland comprising the companies BE Group Sweden, BE Produktion Eskilstuna, as well as Lecor Stålteknik and BE Group Poland.

#### Second quarter

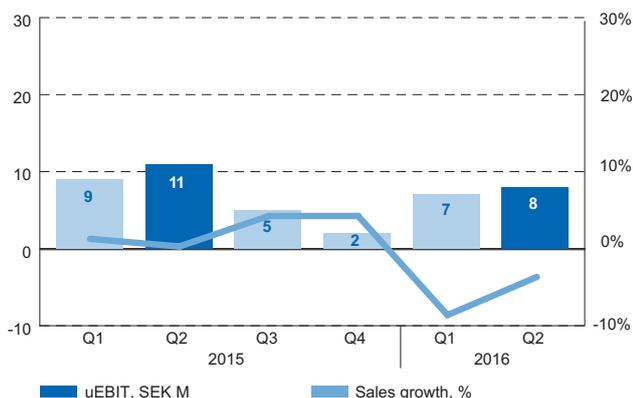
Net sales decreased by 4 percent in the second quarter compared with the same period last year to SEK 531 M (553). The operating result improved to SEK 13 M (10). Adjusted for inventory gains of SEK 5 M (-1), the underlying operating result amounted to SEK 8 M (11).

The decrease in sales is due to lower average prices owing to sharp declines in steel prices in the fourth quarter of 2015. Steel prices have risen over the year, leading to inventory gains and an improved operating result. The lower underlying result is explained by a cost of SEK 5 M related to a settlement and an anticipated customer loss. These are related to the Group's project business. Customer losses in the distribution business remain low.

### First six months

Compared with the same period last year, net sales decreased by 7 percent in the first six months of the year to SEK 1,013 M (1,084). The operating result amounted to SEK 15 M (19). Adjusted for inventory gains and losses and non-recurring costs, the underlying operating result amounted to SEK 15 M (20). The gross margin has strengthened and the lower earnings are attributable to lower sales and above settlement and customer loss.

### Business area Sweden & Poland's underlying operating result and sales growth per quarter



### Business area Finland & Baltics

This business area comprises the Group's operations in Finland and the three Baltic countries.

#### Second quarter

Net sales in the second quarter were 4 percent higher than in the same period last year, amounting to SEK 470 M (453). The operating result improved to SEK 25 M (9) and adjusted for inventory gains and losses the underlying operating result improved to SEK 21 M (11). Shipped tonnage increased by 11 percent and despite prices being lower than the same period last year, sales increased, which together with an improvement in the gross margin and inventory gains led to considerably better operating result.

#### First six months

Net sales decreased by 1 percent in the first six months of the year compared with the same period last year to SEK 900 M (914). The operating result improved to SEK 30 M (17) and adjusted for inventory gains and losses and non-recurring costs the underlying operating result increased to SEK 33 M (21). The improvement was largely due to a stronger gross margin.

### Business area Finland & Baltics' underlying operating result and sales growth per quarter



### Parent Company & consolidated items

Parent Company and Group items comprise of the Parent Company, Group eliminations and the operations that are undergoing restructuring, namely; BE Czech Republic, BE Slovakia and RTS Estonia.

In the first quarter of 2016, BE Group's Board of Directors decided to restructure the operations in the Czech Republic and Slovakia. Operations in Slovakia will be closed down and sales of flat carbon steel and aluminium on the Czech market will be discontinued. The operations in Prerov, Czech Republic, that supply the market with cut round bars are not affected by the decision. A total of approximately 40 employees will be affected and at the time of writing just over 30 of them had left the companies. Work on selling out flat carbon steel and aluminium inventories has been a focus of the second quarter and this work was almost complete by the end of the period. The rest of the work will be completed in the second half of the year.

In addition, the Group's production operations in Estonia, with four employees, are also being closed. This will be completed in the third quarter. The Group's distribution business in Estonia is an entirely stand-alone business and is not affected.

The operations undergoing restructuring had total sales of SEK 53 M (102) in the second quarter, with an operating result of SEK 0 M (-3). The underlying operating result amounted to SEK -2 M (-3).

Net sales for the first six months were SEK 123 M (220). The operating result amounted to SEK -46 M (-5) and adjusted for inventory gains and losses and non-recurring costs of SEK -39 M the underlying result was SEK -6 M (-5). Non-recurring costs of SEK -45 M relating to the restructuring programme impacted earnings for the first quarter and no further costs are expected to arise.

Sales for the Parent Company, BE Group AB (publ), comprising intra-Group services, amounted to SEK 6 M (11) in the second quarter. The operating result amounted to SEK -7 M (-7).

Parent Company sales for the first six months were SEK 13 M (22) with an operating result of SEK -13 M (-12), of which SEK -1 M (0) were non-recurring costs related to staff reductions. Net financial items for the first six months amounted to SEK -13 M (10). The result before tax amounted to SEK -26 M (-2) and the result after tax was SEK -20 M (4). As in the previous year, the Parent Company has not made any investments. At the end of the period, the Parent Company's cash and cash equivalents were SEK 70 M (43).

### Net financial items and tax

Consolidated net financial items for the second quarter amounted to an expense of SEK -6 M (-24), of which net interest expense amounted to SEK -5 M (-8). Net financial items for the first six months amounted to SEK -14 M (-34) and net interest expense was SEK -10 M (-16). On an annual basis, consolidated net interest amounts to 3.4 percent (4.2) of average interest-bearing net debt.

Tax for both the second quarter and the first six months amounted to SEK -6 M (1). The result after tax improved to SEK 19 M (-13) for the second quarter and amounted to SEK -34 M (-13) for the first six months.

### Cash flow

Consolidated working capital amounted to SEK 454 M (512) at the end of the period, and average working capital tied up was 11.0 percent (11.3) in the second quarter.

Cash flow from operating activities improved to SEK 36 M (-28) for the second quarter and to SEK 87 M (-82) for the first six months. Positive cash flow from operating activities of SEK 76 M was generated over the past 12 months.

Cash flow from investing activities amounted to SEK -3 M (-4) for the second quarter and to SEK -5 M (-8) for the first six months. As a result, cash flow after investments amounted to SEK 33 M (-32) for the second quarter and SEK 82 M (-90) for the first six months.

The Group's cash flow from operating activities in SEK M



### Financial position and liquidity

Consolidated cash and cash equivalents at the end of the period, including overdraft facilities, amounted to SEK 192 M (167) and the consolidated interest-bearing net debt was SEK 540 M (590).

At the end of the period, equity totalled SEK 756 M (943) and the net debt/equity ratio was 71 percent (63).

### Organization, structure and employees

The number of employees decreased to 738, compared with 774 at the start of the year and 762 at the same time last year. The average number of employees in the period was 756 (763).

### Significant events after the end of the period

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

### Transactions with related parties

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

In connection with the reverse share split, which involved every 20 existing shares being consolidated into one new share, the company entered into an agreement with its main shareholder Traction. Under the agreement, Traction undertook, at no fee, to transfer the number of shares required for all shareholders' holdings to be equally divisible by 20 (rounding up).

### Annual General Meeting 2016

BE Group's Annual General Meeting of April 28 2016 re-elected Board members Petter Stillström, who was also re-elected as Chairman of the Board, Charlotte Hansson, Lars Olof Nilsson and Jörgen Zahlin. Esa Niemi and Mikael Sjölund were elected as new members of the Board. Roger Bergqvist did not stand for re-election. The accounting firm Öhrlings PricewaterhouseCoopers AB was re-appointed as auditor for the Company.

The Board's proposal regarding the appropriation of the company's earnings was approved by the meeting and it was decided that no dividend would be paid for the past financial year.

In accordance with the Board's proposal, the Annual General Meeting also adopted guidelines for remunerations to senior executives.

In accordance with the Board's proposal, the AGM also adopted the reverse split of the company's shares. In order to enable such a reverse share split, the AGM also adopted a change to the articles of association's limits for the minimum and maximum number of shares.

Finally, in accordance with the Board's proposal, the AGM also resolved to authorize the Board to decide on one or more occasions prior to the 2017 AGM on the transfer of treasury shares with the purpose of enabling the financing of smaller corporate acquisitions.

Additional information on the Board members and the Annual General Meeting is available from the company's website.

## Significant risks and uncertainties

The financial risk exposure is described in the 2015 Annual Report, which was published in March 2016. No new significant risks or uncertainties have arisen since that date.

## Accounting policies

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

Please refer to the 2015 Annual Report for details of the Group's accounting policies and definitions of certain terms. The policies applied are unchanged from those set out in the annual report.

In other regards, the new standards and interpretations that have entered force from the 2016 financial year have had no material effect on financial reporting.

BE Group uses a number of alternative performance

measures in its reports. The significant alternative performance measures used by the BE Group are as follows:

- Underlying operating result, see Bridge 2015–2016 earnings trend on page 2
- Net debt, see the Condensed Consolidated Balance Sheet on page 9
- Working capital, see the Condensed Consolidated Balance Sheet on page 9
- Capital employed, see the Condensed Consolidated Balance Sheet on page 9

## Future reporting dates

BE Group AB (publ) intends to publish financial information for 2016 on the following dates:

- The Interim Report for January-September 2016 will be published on October 25 2016
- The Year-end Report for 2016 will be published in February 2017

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

*The Board of Directors and the President hereby certify that this interim report provides an accurate overview of the operations, position and earnings of the Parent Company and the Group companies, and that it describes the material risks and uncertainties faced by the Parent Company and the Group companies.*

Malmö, July 20 2016

BE Group AB (publ)

**Petter Stillström**  
Chairman of the Board

**Charlotte Hansson**  
Board member

**Lars Olof Nilsson**  
Board member

**Jörgen Zahlin**  
Board member

**Esa Niemi**  
Board member

**Mikael Sjölund**  
Board member

**Mikael Törnros**  
Employee Representative

**Anders Martinsson**  
President and CEO

### Questions concerning this report may be directed to:

President and CEO Anders Martinsson, tel: +46 (0)706 21 02 22, email: [anders.martinsson@begroup.com](mailto:anders.martinsson@begroup.com)

CFO Andreas Karlsson, tel: +46 (0)709 48 22 33, email: [andreas.karlsson@begroup.com](mailto:andreas.karlsson@begroup.com)

BE Group AB (publ), Box 225, SE-201 22 Malmö, Sweden; Street address: Spadegatan 1  
Corp. Reg. No.: 556578-4724, Tel: +46 (0)40 38 42 00, Fax: +46 (0)40 38 41 11  
[info@begroup.com](mailto:info@begroup.com), [www.begroup.com](http://www.begroup.com)

*This report has been reviewed by the company's auditors.*

This information is information that BE Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 7.45 am CET on July 20, 2016.

## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information (interim report) of BE Group AB (publ) as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

*Malmö, July 20 2016*

Öhrlings PricewaterhouseCoopers

**Eva Carlsvi**

Authorized Public Accountant  
Lead Auditor

**Tomas Hilmarsson**

Authorized Public Accountant

## Condensed consolidated income statement

(SEK M)	Note	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Net sales		1,047	1,104	2,025	2,208	4,155	3,972
Cost of goods sold	1	-884	-960	-1,735	-1,920	-3,631	-3,446
<b>Gross profit</b>		<b>163</b>	<b>144</b>	<b>290</b>	<b>288</b>	<b>524</b>	<b>526</b>
Selling expenses	1	-104	-107	-204	-215	-415	-404
Administrative expenses	1	-29	-27	-56	-54	-102	-104
Other operating income and expenses	2	-1	-1	-46	-1	-123	-166
Participation in joint venture		2	1	2	2	2	0
<b>Operating profit/loss</b>		<b>31</b>	<b>10</b>	<b>-14</b>	<b>20</b>	<b>-114</b>	<b>-148</b>
Financial items		-6	-24	-14	-34	-48	-28
<b>Profit/loss before tax</b>		<b>25</b>	<b>-14</b>	<b>-28</b>	<b>-14</b>	<b>-162</b>	<b>-176</b>
Tax		-6	1	-6	1	-7	-14
<b>Profit/loss for the period</b>		<b>19</b>	<b>-13</b>	<b>-34</b>	<b>-13</b>	<b>-169</b>	<b>-190</b>
Earnings per share <sup>1)</sup>		1.47	-2.46	-2.60	-2.91	-19.47	-14.64
Earnings per share before and after dilution <sup>1)</sup>		1.47	-2.46	-2.60	-2.91	-19.47	-14.64
Earnings per share based on average number of shares in Q2 2016 <sup>2)</sup>		1.47	-0.96	-2.60	-0.98	-13.02	-14.64

<sup>1)</sup> A 20:1 reverse share split was carried out in May 2016. Comparative figures for 2016 and 2015 have therefore been restated. See average number of shares page 17.

<sup>2)</sup> If average number of share was the same as Q2 2016 also for the comparative periods (12,903,204) had earnings per share before and after dilution been according to the above table. See average number of shares page 14.

## Consolidated statement of comprehensive income

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
<b>Profit/loss for the period</b>	<b>19</b>	<b>-13</b>	<b>-34</b>	<b>-13</b>	<b>-169</b>	<b>-190</b>
<b>Other comprehensive income</b>						
<b>Items that have, or may be, reclassified to profit/loss for the period</b>						
Translation differences	8	-3	13	-14	-17	10
Hedging of net investments in foreign subsidiaries	-5	5	-9	14	15	-8
Tax attributable to items in other comprehensive income	0	-1	1	-3	-3	1
<b>Total other comprehensive income</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>-3</b>	<b>-5</b>	<b>3</b>
<b>Comprehensive income for the period</b>	<b>22</b>	<b>-12</b>	<b>-29</b>	<b>-16</b>	<b>-174</b>	<b>-187</b>

## Condensed consolidated balance sheet

(SEK M)	Note	2016 30 Jun	2015 30 Jun	2015 31 Dec
Goodwill		561	613	558
Other intangible assets		23	35	29
Tangible assets		175	233	199
Investment in joint venture		81	129	79
Financial assets		0	0	0
Deferred tax assets		50	54	42
<b>Total non-current assets</b>		<b>890</b>	<b>1,064</b>	<b>907</b>
Inventories <sup>1)</sup>		494	571	546
Accounts receivables <sup>1)</sup>		524	572	409
Other receivables <sup>1)</sup>		52	62	66
Cash and equivalents <sup>2)</sup>		92	67	33
<b>Total current assets</b>		<b>1,162</b>	<b>1,272</b>	<b>1,054</b>
<b>Total assets</b>	3	<b>2,052</b>	<b>2,336</b>	<b>1,961</b>
<b>Equity</b> <sup>3)</sup>		<b>756</b>	<b>943</b>	<b>785</b>
Non-current interest-bearing liabilities <sup>2) 3)</sup>		575	588	565
Provisions		0	0	0
Deferred tax liability		42	43	41
<b>Total non-current liabilities</b>		<b>617</b>	<b>631</b>	<b>606</b>
Current interest-bearing liabilities <sup>2) 3)</sup>		58	69	77
Accounts payables <sup>1)</sup>		437	522	353
Other current liabilities <sup>1)</sup>		178	169	140
Other current provisions		6	2	0
<b>Total current liabilities</b>		<b>679</b>	<b>762</b>	<b>570</b>
<b>Total equity and liabilities</b>	3	<b>2,052</b>	<b>2,336</b>	<b>1,961</b>
<b>Contingent liabilities</b>		<b>16</b>	<b>34</b>	<b>21</b>

<sup>1)</sup> Components for calculating working capital

<sup>2)</sup> Components for calculating net debt

<sup>3)</sup> Components for calculating capital employed

## Condensed consolidated cash-flow statement

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Profit/loss before tax	25	-14	-28	-14	-162	-176
Adjustment for non-cash items	-4	26	53	41	186	198
Income tax paid	-2	-6	-4	-10	-7	-1
Change in working capital	17	-34	66	-99	-110	55
<b>Cash flow from operating activities</b>	<b>36</b>	<b>-28</b>	<b>87</b>	<b>-82</b>	<b>-93</b>	<b>76</b>
Investments in intangible assets	-1	0	-1	0	0	-1
Investments in tangible assets	-2	-4	-4	-8	-16	-12
Other cash flow from investing activities	0	0	0	0	0	0
<b>Cash flow after investments</b>	<b>33</b>	<b>-32</b>	<b>82</b>	<b>-90</b>	<b>-109</b>	<b>63</b>
Cash flow from financing activities	-5	89	-23	86	71	-38
<b>Cash flow for the period</b>	<b>28</b>	<b>57</b>	<b>59</b>	<b>-4</b>	<b>-38</b>	<b>25</b>
Exchange-rate difference in cash and equivalents	1	0	0	-2	-2	0
<b>Change in cash and equivalents</b>	<b>29</b>	<b>57</b>	<b>59</b>	<b>-6</b>	<b>-40</b>	<b>25</b>

## Condensed statement of changes in equity

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
<b>Equity at beginning of period</b>	<b>734</b>	<b>711</b>	<b>785</b>	<b>715</b>	<b>715</b>	<b>943</b>
Comprehensive income for the period	22	-12	-29	-16	-174	-187
New share issue <sup>1)</sup>	-	244	-	244	244	-
<b>Equity at end of period</b>	<b>756</b>	<b>943</b>	<b>756</b>	<b>943</b>	<b>785</b>	<b>756</b>

<sup>1)</sup> After deduction of transaction costs.

## Notes

### Note 1 Amortizations and depreciations

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Amortization of intangible assets	2	7	5	13	18	10
Depreciation of tangible assets	10	10	20	21	44	43
<b>Total amortizations and depreciations</b>	<b>12</b>	<b>17</b>	<b>25</b>	<b>34</b>	<b>62</b>	<b>53</b>

### Note 2 Non-recurring items

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Restructuring expenses	0	-	-11	-	-	-11
Write-down of tangible assets	0	-	-12	-	-20	-29
Write-downs of intangible assets	0	-	-2	-	-	-2
Write-down of participation in joint venture	-	-	-	-	-50	-50
Write-downs of goodwill	-	-	-	-	-54	-54
Write-downs of current assets	0	-	-20	-	-	-20
<b>Total non-recurring items</b>	<b>0</b>	<b>-</b>	<b>-45</b>	<b>-</b>	<b>-124</b>	<b>-169</b>

### Note 3 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 2015 Annual Report. No material changes have taken place in relation to the valuation as per December 31.

## Segment reporting <sup>1)</sup>

### Net sales per segment

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	531	553	1,013	1,084	2,042	1,971
Finland & Baltics	470	453	900	914	1,745	1,731
Parent Company and consolidated items	46	98	112	210	368	270
<b>Group</b>	<b>1,047</b>	<b>1,104</b>	<b>2,025</b>	<b>2,208</b>	<b>4,155</b>	<b>3,972</b>

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

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	46	46	89	89	166	166
Finland & Baltics	50	45	97	92	178	183
Parent Company and consolidated items	9	17	22	35	62	49
<b>Group</b>	<b>105</b>	<b>108</b>	<b>208</b>	<b>216</b>	<b>406</b>	<b>398</b>

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

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	13	10	15	19	-79	-83
Finland & Baltics	25	9	30	17	21	34
Parent Company and consolidated items	-7	-9	-59	-16	-56	-99
<b>Group</b>	<b>31</b>	<b>10</b>	<b>-14</b>	<b>20</b>	<b>-114</b>	<b>-148</b>

### Operating margin per segment

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	2.4%	1.9%	1.5%	1.8%	-3.9%	-4.2%
Finland & Baltics	5.3%	2.1%	3.4%	1.9%	1.2%	1.9%
Parent Company and consolidated items	neg	neg	neg	neg	neg	neg
<b>Group</b>	<b>2.9%</b>	<b>1.0%</b>	<b>-0.7%</b>	<b>0.9%</b>	<b>-2.8%</b>	<b>-3.7%</b>

<sup>1)</sup> A new organizational structure was introduced in April 2016. Comparative figures have therefore been restated.

## Segment reporting <sup>1)</sup>

### Underlying operating profit/loss (uEBIT) per segment <sup>2)</sup>

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	8	11	15	20	27	22
Finland & Baltics	21	11	33	21	30	42
Parent Company and consolidated items	-8	-10	-18	-17	-35	-36
<b>Group</b>	<b>21</b>	<b>12</b>	<b>30</b>	<b>24</b>	<b>22</b>	<b>28</b>

<sup>2)</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 <sup>3)</sup>

	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	1.6%	2.0%	1.5%	1.8%	1.3%	1.1%
Finland & Baltics	4.4%	2.3%	3.7%	2.3%	1.7%	2.4%
Parent Company and consolidated items	neg	neg	neg	neg	neg	neg
<b>Group</b>	<b>2.0%</b>	<b>1.1%</b>	<b>1.5%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.7%</b>

<sup>3)</sup> Underlying operating result (uEBIT) as a percentage of net sales.

### Depreciation per segment

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	5	6	11	12	23	22
Finland & Baltics	5	5	9	10	20	19
Parent Company and consolidated items	2	6	5	12	19	12
<b>Group</b>	<b>12</b>	<b>17</b>	<b>25</b>	<b>34</b>	<b>62</b>	<b>53</b>

### Investments in tangible and intangible assets per segment

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Sweden & Poland	2	2	3	3	7	7
Finland & Baltics	1	2	2	5	9	6
Parent Company and consolidated items	-	0	-	0	0	0
<b>Group</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>16</b>	<b>13</b>

<sup>1)</sup> A new organizational structure was introduced in April 2016. Comparative figures have therefore been restated.

## Key data

(SEK M unless otherwise stated)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Net sales	1,047	1,104	2,025	2,208	4,155	3,972
<b>Earnings measurements</b>						
Gross profit/loss	163	144	290	288	524	526
Underlying gross profit/loss	153	145	289	291	536	534
Operating profit/loss (EBIT)	31	10	-14	20	-114	-148
Underlying operating result (uEBIT)	21	12	30	24	22	28
<b>Margin measurements</b>						
Gross margin	15.5%	13.1%	14.3%	13.0%	12.6%	13.3%
Underlying gross margin	14.6%	13.2%	14.3%	13.2%	12.9%	13.4%
Operating margin	2.9%	1.0%	-0.7%	0.9%	-2.8%	-3.7%
Underlying operating margin	2.0%	1.1%	1.5%	1.1%	0.5%	0.7%
<b>Capital structure</b>						
Net debt	540	590	540	590	609	540
Net debt/equity ratio	71%	63%	71%	63%	78%	71%
Working capital at end of period	454	512	454	512	525	454
Working capital (average)	459	499	481	475	505	506
Capital employed (average)	1,375	1,563	1,392	1,556	1,523	1,460
Working capital tied-up	11.0%	11.3%	11.9%	10.7%	12.2%	3.2%
<b>Return</b>						
Return on capital employed	9.0%	2.7%	-2.0%	2.6%	-7.5%	-10.2%
<b>Per share data <sup>2)</sup></b>						
Earnings per share (SEK) <sup>1)</sup>	1.47	-2.46	-2.60	-2.91	-19.47	-14.64
Earnings per share after dilution (SEK) <sup>1)</sup>	1.47	-2.46	-2.60	-2.91	-19.47	-14.64
Equity per share (SEK)	58.19	72.63	58.19	72.63	60.44	58.19
Cash flow from operating activities per share (SEK) <sup>1)</sup>	2.76	-2.14	6.68	-6.33	-7.14	5.86
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983
Number of shares (thousands) before and after dilution <sup>1)</sup>	12,983	5,049	12,983	4,379	8,681	12,983
<b>Growth</b>						
Sales growth	-5%	-1%	-8%	1%	-1%	-6%
– of which organic tonnage growth	-3%	-1%	-4%	-1%	-1%	-2%
– of which price and mix changes	-2%	-1%	-4%	0%	-2%	-4%
– of which currency effects	0%	1%	0%	2%	2%	0%
<b>Other</b>						
Average number of employees	747	762	756	763	768	761
Inventory gains and losses	10	-2	1	-4	-12	-7
Shipped tonnage (thousands of tonnes)	105	108	208	216	406	398

<sup>1)</sup> Refers to average number of shares.

<sup>2)</sup> A 20:1 reverse share split was carried out in May 2016. Comparative figures for 2016 and 2015 have been restated for this.

## Condensed parent company income statement

(SEK M)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015 Full-year	Rolling 12 months
Net sales	6	11	13	22	34	25
Administrative expenses	-13	-18	-25	-34	-57	-48
Other operating income and expenses	0	0	-1	0	0	-1
<b>Operating profit/loss</b>	<b>-7</b>	<b>-7</b>	<b>-13</b>	<b>-12</b>	<b>-23</b>	<b>-24</b>
Financial items	-18	-16	-13	10	-219	-242
<b>Profit/loss after financial items</b>	<b>-25</b>	<b>-23</b>	<b>-26</b>	<b>-2</b>	<b>-242</b>	<b>-266</b>
Appropriations	-	-	-	-	12	12
<b>Profit/loss before tax</b>	<b>-25</b>	<b>-23</b>	<b>-26</b>	<b>-2</b>	<b>-230</b>	<b>-254</b>
Tax	3	6	6	6	6	6
<b>Profit/loss for the period, or comprehensive income for the period</b>	<b>-22</b>	<b>-17</b>	<b>-20</b>	<b>4</b>	<b>-224</b>	<b>-248</b>

## Condensed parent company balance sheet

(SEK M)	2016 30 Jun	2015 30 Jun	2015 31 Dec
Intangible assets	18	25	21
Tangible assets	0	0	0
Financial assets	1,107	1,196	1,109
<b>Total non-current assets</b>	<b>1,125</b>	<b>1,221</b>	<b>1,130</b>
Current receivables	133	276	181
Cash and equivalents	70	43	13
<b>Total current assets</b>	<b>203</b>	<b>319</b>	<b>194</b>
<b>Total assets</b>	<b>1,328</b>	<b>1,540</b>	<b>1,324</b>
<b>Equity</b>	<b>595</b>	<b>843</b>	<b>615</b>
<b>Non-current liabilities</b>	<b>559</b>	<b>566</b>	<b>546</b>
<b>Current liabilities</b>	<b>174</b>	<b>131</b>	<b>163</b>
<b>Total equity and liabilities</b>	<b>1,328</b>	<b>1,540</b>	<b>1,324</b>
<b>Pledged assets</b>	<b>1,162</b>	<b>1,315</b>	<b>1,156</b>
<b>Contingent liabilities</b>	<b>49</b>	<b>62</b>	<b>46</b>

## Key data – multi-quarter summary

(SEK M unless otherwise stated)	2016 Apr-Jun	2016 Jan-Mar	2015 Okt-Dec	2015 Jul-Sep	2015 Apr-Jun	2015 Jan-Mar	2014 Okt-Dec	2014 Jul-Sep	2014 Apr-Jun
Net sales	1,047	978	981	966	1,104	1,104	1,009	998	1,112
<b>Earnings measurements</b>									
Gross profit/loss	163	127	112	124	144	144	124	125	137
Underlying gross profit/loss	153	136	117	128	145	146	126	125	138
Operating profit/loss (EBIT)	31	-45	-17	-117	10	10	-30	-3	3
Underlying operating result (uEBIT)	21	9	-12	10	12	12	-9	6	4
<b>Margin measurements</b>									
Gross margin	15.5%	13.0%	11.4%	12.9%	13.1%	13.0%	12.3%	12.5%	12.3%
Underlying gross margin	14.6%	13.9%	12.0%	13.2%	13.2%	13.2%	12.5%	12.5%	12.4%
Operating margin	2.9%	-4.6%	-1.7%	-12.1%	1.0%	0.9%	-3.0%	-0.3%	0.3%
Underlying operating margin	2.0%	1.0%	-1.2%	1.0%	1.1%	1.1%	-0.9%	0.6%	0.3%
<b>Capital structure</b>									
Net debt	540	565	609	649	590	804	754	785	776
Net debt/equity ratio	71%	77%	78%	80%	63%	113%	105%	104%	101%
Working capital at end of period	454	464	525	575	512	486	426	479	465
Working capital (average)	459	495	551	544	499	456	452	472	450
Capital employed (average)	1,375	1,395	1,473	1,560	1,563	1,534	1,567	1,600	1,617
Working capital tied-up	11.0%	12.6%	14.0%	14.1%	11.3%	10.3%	11.2%	11.8%	10.1%
<b>Return</b>									
Return on capital employed	9.0%	-12.8%	-4.6%	-30.1%	2.7%	2.5%	-7.8%	-0.5%	0.7%
<b>Per share data <sup>2)</sup></b>									
Earnings per share (SEK) <sup>1)</sup>	1.47	-4.07	-1.81	-10.23	-2.46	0.00			
Earnings per share after dilution (SEK) <sup>1)</sup>	1.47	-4.07	-1.81	-10.23	-2.46	0.00			
Equity per share (SEK)	58.19	56.54	60.44	62.56	72.63	191.62			
Cash flow from operating activities per share (SEK) <sup>1)</sup>	2.76	3.91	-2.84	-3.65	-2.14	-14.66			
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	3,709			
Number of shares (thousands) before and after dilution <sup>1)</sup>	12,983	12,983	12,983	12,983	5,049	3,709			
<b>Growth</b>									
Sales growth	-5%	-11%	-3%	-3%	-1%	2%	-3%	-1%	-6%
– of which organic tonnage growth	-3%	-5%	1%	-3%	-1%	-1%	-11%	-11%	-12%
– of which price and mix changes	-2%	-6%	-4%	-1%	-1%	0%	6%	7%	4%
– of which currency effects	0%	0%	0%	1%	1%	3%	2%	3%	2%
<b>Other</b>									
Average number of employees	747	765	776	770	762	764	766	769	787
Inventory gains and losses	10	-9	-5	-3	-2	-2	-1	0	-1
Shipped tonnage (thousands of tonnes)	105	103	97	93	108	108	97	95	110

<sup>1)</sup> Refers to average number of shares.

<sup>2)</sup> A 20:1 reverse share split 1:20 was carried out in May 2016. Comparative figures for 2016 and 2015 have been restated for this.

## Definitions of key data

---

### Adjusted results measurements

Underlying gross profit/loss	The underlying gross profit/loss is the reported gross profit adjusted for inventory gains and losses (deductions for gains and additions for losses).
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).

---

### Adjusted margin measurements

Underlying gross margin	Underlying gross profit/loss as a percentage of net sales.
Underlying operating margin	Underlying operating profit/loss (uEBIT) 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 and current receivables less current liabilities, excluding provisions and interest-bearing liabilities.
Working capital (average)	Inventories and 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.
Capital employed (average)	Equity plus interest-bearing liabilities. 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 on capital

Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
----------------------------	--

---

### Per share data

Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Equity per share	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.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issued and share splits.

---

### Growth

Sales growth	Change in net sales from the preceding period in percent.
--------------	---

---

### Other

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 2015 annual report for other definitions of key data.](#)