

BE Q3 2016



Interim report January–September BE Group AB (publ) 2016 | Malmö, October 25, 2016

Strongly improved operating result

THIRD QUARTER 2016

- Net sales decreased by 8 percent to SEK 892 M (966).
- Out of the decrease in net sales of SEK 74 M, SEK 63 M is attributable to the operations under restructuring.
- The underlying operating result was unchanged at SEK 10 M.
- The operating result improved to SEK 26 M (-117 whereof SEK -124 M is related to non-recurring items).
- The result after tax was SEK 16 M (-133).
- Earnings per share amounted to SEK 1.25.

THE FIRST NINE MONTHS OF 2016

- Net sales decreased by 8 percent to SEK 2,917 M (3,174).
- Tonnage on the Group's main markets increased by 2 percent.
- The underlying operating result increased to SEK 40 M (34).
- Operating result, impacted by non-recurring items of SEK -45 M (-124), amounted to SEK 12 M (-97).
- The result after tax was SEK -18 M (-146).
- Cash flow from operating activities increased to SEK 75 M (-130).
- Earnings per share amounted to SEK -1.36.
- Decision taken to close unprofitable operations in the Czech Republic and Slovakia.
- New Group structure and organization based on the company's business models.

Results overview

| | 2016 Jul-Sep | 2015 Jul-Sep | Change | 2016 Jan-Sep | 2015 Jan-Sep | Change |
|--|-----------------|-----------------|--------|-----------------|-----------------|--------|
| Tonnage, thousands of tonnes | 81 | 93 | -12 | 289 | 309 | -20 |
| Net sales, SEK M | 892 | 966 | -74 | 2,917 | 3,174 | -257 |
| Underlying operating result, SEK M | 10 | 10 | 0 | 40 | 34 | +6 |
| Operating result, SEK M | 26 | -117 | +143 | 12 | -97 | +109 |
| Profit/loss for the period, SEK M | 16 | -133 | +149 | -18 | -146 | +128 |
| Earnings per share, SEK ¹⁾ | 1.25 | -10.23 | +11.48 | -1.36 | -11.22 | +9.86 |
| Cash flow from operating activities, SEK M | -12 | -48 | +36 | 75 | -130 | +205 |

¹⁾ Based on the average number of shares for Q3 2016. See page 13.

BE Group, which is listed on the Nasdaq Stockholm exchange, 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 company reported sales totalling SEK 4.2 billion. BE Group has about 730 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.

Statement from the CEO

Comments on the quarter

The third quarter of 2016 is another step in the right direction for BE Group. Although a weak start of the quarter, we achieved a volume in our business areas that matched last year's. Depending on the on-going restructuring of the operations in the Czech Republic and Slovakia, BE Group recognizes total sales that are 8 percent lower. Thanks to continued good underlying gross margins and lower costs, the Group is reporting an unchanged underlying operating result of SEK 10 M. The price increase on steel that occurred during the year has led to inventory gains of SEK 16 M and the operating result accordingly improved to SEK 26 M.

The cash flow continues to improve compared with the previous year. Seen over the past 12 months, SEK 112 M was generated from operating activities, which considerably reduced the company's net debt. It is also pleasing that the Group is showing positive net earnings for the second consecutive quarter.

Structural and organisational change

The structural process for the closure of unprofitable units that was begun in the second quarter is continuing according to plan. The operations in Slovakia and the production operations in Estonia are being closed and the sales of flat carbon steel and aluminium in the Czech market are being concluded. During the quarter, the sales of inventories concerned was finalized, and the number of employees was reduced. The affected employees have excellently contributed to a successful process. The restructuring, for which expenses of SEK -45 M were recognised in the first quarter, will be completed in 2016.

During the second quarter, a new Group structure and organisation based on the Group's business models was launched. As a result of this and the on-going 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 are operated as three business units: Finland distribution, Baltics distribution and Finland production.

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.

During the third quarter, work continued on implementing improvement measures linked to the new structure. Work of identifying synergies in production operations is under way together with the development of processes and refining the Group's offerings.

Outlook

Demand is expected to remain at the current level in the Group's primary markets. Delivered tonnage will be impacted negatively by the restructuring in the Czech Republic and Slovakia. Steel prices are expected to be in line with the third quarter until year-end.

Anders Martinsson, President and CEO

Bridge 2015-2016 earnings trend, SEK M

| | Q1 | Q2 | Q3 | Q4 | Jan-Sep |
|--|------------|-----------|-------------|------------|------------|
| Operating result 2015 | 10 | 10 | -117 | -17 | -97 |
| Reversal of inventory gains (-)/losses (+) | 2 | 2 | 3 | 5 | 7 |
| Non-recurring items | - | - | 124 | - | 124 |
| Underlying operating result 2015 | 12 | 12 | 10 | -12 | 34 |
| Change in sales | -17 | -8 | -10 | | -35 |
| Underlying gross margin change | 7 | 16 | 5 | | 28 |
| Overhead change | 7 | 1 | 5 | | 13 |
| Underlying operating result 2016 | 9 | 21 | 10 | | 40 |
| Reversal of inventory gains (+)/losses (-) | -9 | 10 | 16 | | 17 |
| Non-recurring items | -45 | - | - | | -45 |
| Operating result 2016 | -45 | 31 | 26 | | 12 |

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.

Third quarter

Net sales fell by 8 percent during the third quarter compared with the preceding year, amounting to SEK 892 M (966). The decrease is an effect of the Group's delivered tonnage decreasing by 13 percent, which in turn is attributable to the restructuring of the Group's operations in the Czech Republic and Slovakia. Business area Finland & Baltics reported a tonnage in line with the previous year and in business area Sweden & Poland, tonnage decreased by 2 percent.

Gross profit amounted to SEK 138 M (124), corresponding to a gross margin of 15.4 percent (12.9). The gross profit was strengthened by a rising price trend on the steel market during the year, which led to an inventory gain of SEK 16 M (-3) during the quarter. The underlying gross margin, which was adjusted for inventory gains/losses, also improved to 13.8 percent (13.2).

The operating result rose to SEK 26 M (-117) and the underlying operating result was SEK 10 M as in the previous year. The previous year's operating result was negatively impacted by impairments of assets of SEK 124 M. The operating margin amounted to 2.9 percent (-12.1) and the underlying operating margin was 1.1 percent (1.0).

First nine months

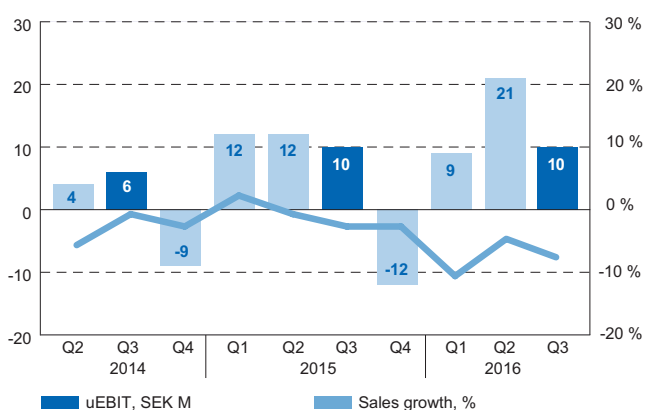
In the first nine months, the Group's net sales fell by 8 percent compared with the preceding year, amounting to SEK 2,917 M (3,174). The tonnage decreased by 6 percent as a result of the restructuring of the operations in Czech Republic and Slovakia. In the business areas Sweden & Poland and Finland & Baltics, tonnage was in line with or over the previous year. The average sales price gradually increased during the year, but is for the first nine months lower than the previous year. This negatively impacted net sales by around 2 percent. The positive price trend during the year led to inventory gains of SEK 17 M (-7).

Gross profit, which was positively impacted by inventory gains, increased despite lower sales to SEK 428 M (412), equivalent to a gross margin of 14.7 percent (13.0).

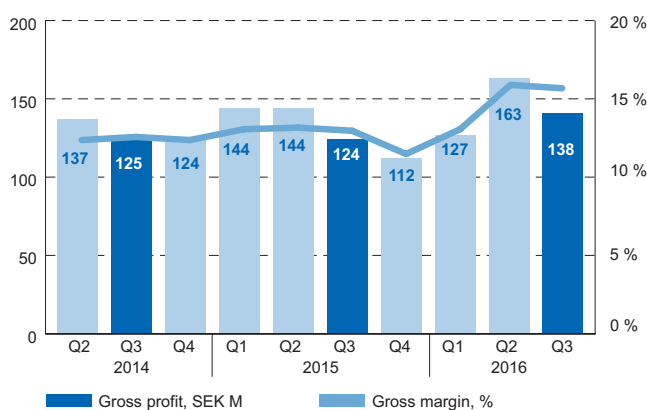
Operating result, which was impacted by non-recurring items of SEK -45 M (-124), improved to SEK 12 M (-97). Adjusted for non-recurring items and inventory gains and losses, the underlying operating result increased to SEK 40 M (34). The earnings improvement is attributable to a higher underlying gross margin and lower overhead costs.

The operating margin amounted to 0.4 percent (-3.1) and the underlying operating margin was 1.4 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 consisting of the companies BE Group Sverige, BE Group Produktion Eskilstuna and Lecor Stålteknik, as well as the Polish operations BE Group Poland.

Third quarter

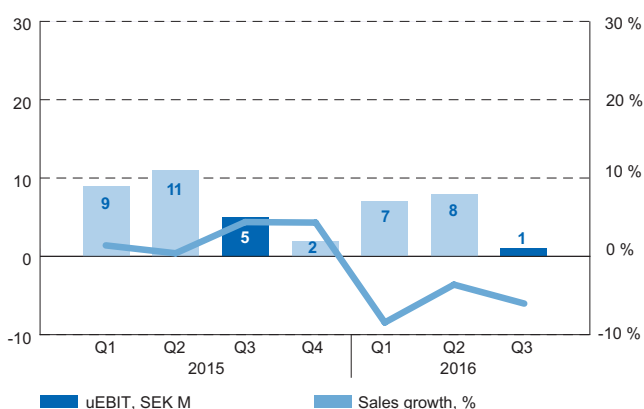
Net sales fell by 6 percent during the third quarter compared with the previous year, and amounted to SEK 438 M (464). Operating result, which last year was impacted by non-recurring items of SEK -104 M, improved to SEK 8 M (-99). Adjusted for non-recurring items and inventory gains of SEK 7 M (0), the underlying operating result amounted to SEK 1 M (5).

The lower sales are attributable to the distribution business in Sweden where sales after the holiday period started one week later compared with the previous year. The operating result in this part of the operations has, however, improved despite lower sales. The lower profit is attributable to a loss in the business area's project operations.

First nine months

Net sales for the first nine months decreased by 6 percent compared with the previous year, amounting to SEK 1,451 M (1,548). The operating result amounted to SEK 23 M (-80). Adjusted for inventory gains and losses of SEK 10 M (-1) and non-recurring items of SEK -3 M (-104), the underlying operating result was SEK 16 M (25). The lower underlying result is attributable to the business area's project operations. Besides weak earnings in the third quarter, the second quarter was affected by costs attributable to a settlement and an anticipated customer loss.

Business area Sweden & Poland, 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 States.

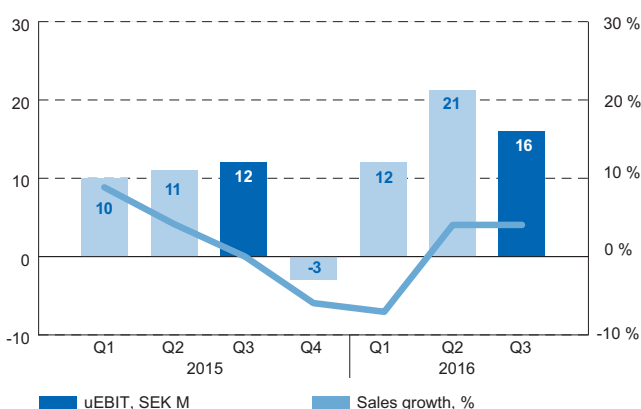
Third quarter

Compared with the third quarter last year, net sales were 3 percent higher and amounted to SEK 439 M (424). The operating result improved to SEK 26 M (11) and, adjusted for inventory gains and losses, the underlying operating result improved to SEK 16 M (12). The business area is reporting sales growth for the second consecutive quarter. The tonnage was in line with the previous year while average prices were higher. This, together with a continued high underlying gross margin, led to an improved underlying profit. The positive steel price trend led to inventory gains during the year, which further improved the operating result.

First nine months

Net sales in the first nine months were nearly unchanged compared with the previous year and amounted to SEK 1,339 M (1,338). The operating result improved to SEK 56 M (28) and, adjusted for inventory gains and losses and non-recurring items, the underlying operating result improved to SEK 49 M (33). Delivered tonnage during the period increased by 4 percent compared with the previous year. The average price is still lower, but the positive price trend and higher underlying gross margin contributed to the doubled operating result.

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.

The restructuring work, which the Board of the BE Group approved in the first quarter of 2016, is proceeding according to plan. In the third quarter, the work of selling out the inventories concerned were finalized and focus is now on settling the remaining receivables and liabilities, selling owned property and restoring and returning rented premises. The work is expected to be concluded during the year and no further costs is expected to be incurred.

The closure of the Group's production operations in Estonia was concluded during the quarter. The Group's distribution operations in Estonia are not affected.

In total, the operations under restructuring had sales of SEK 19 M (82) in the third quarter with an operating result of SEK -3 M (-23). The underlying operating result amounted to SEK -2 M (-3). In the first nine months, sales amounted to SEK 142 M (302). The operating result amounted to SEK -49 M (-28) and, adjusted for inventory losses and non-recurring items of SEK -40 M (-20), the underlying result was SEK -8 M (-8).

Third-quarter sales in the Parent Company BE Group AB (publ) amounted to SEK 6 M (6) and derived from intra-Group services. The operating result amounted to SEK -5 M (-5).

In the first nine months, the Parent Company had sales of SEK 19 M (28) with an operating result of SEK -18 M (-17) of which SEK -1 M (0) comprises non-recurring items related to staff reductions. Net financial items for the first nine months amounted to SEK -26 M (1). Profit before tax amounted to SEK -44 M (-16) and the profit after tax amounted to SEK -33 M (-7). The investments in the Parent Company amounted to SEK 0 M as in the pre-vious year. At the end of the period, the Parent Com-pany's cash and equivalents were SEK 22 M (35).

Net financial items and tax

Consolidated net financial items amounted to an expense of SEK -7 M (-5) in the third quarter, of which the net interest expense accounted for SEK -5 M (-5). For the first nine months, net financial items amounted to an expense of SEK -21 M (-39) and net interest was an expense of SEK -15 M (-21). On an annual basis, the consolidated net interest corresponds to 3.4 percent (3.9) of average interest-bearing net debt.

Tax for the third quarter amounted to SEK -3 M (-11) and to SEK -9 M (-10) for the first nine months. Result after tax improved to SEK 16 M (-133) for the third quarter and to SEK -18 M (-146) for the first nine months.

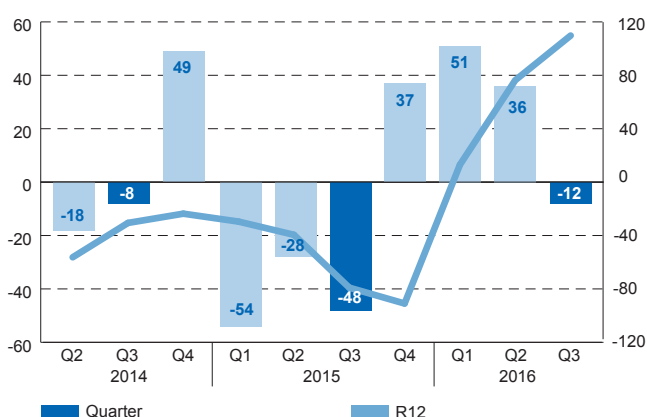
Cash flow

At the end of the period, consolidated working capital amounted to SEK 493 M (572) and average working capital tied-up for the third quarter was 13.3 percent (14.1).

Cash flow from operating activities improved to SEK -12 M (-48) for the third quarter and to SEK 75 M (-130) for the first nine months. Over the past 12 months, a positive cash flow of SEK 112 M was generated from operating activities.

Cash flow from investing activities amounted to SEK -2 M (-2) for the third quarter and to SEK -7 M (-10) for the first nine months. Cash flow after investments thereby amounted to SEK -14 M (-50) for the third quarter and to SEK 68 M (-140) for the first nine months.

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



Financial position and liquidity

At the end of the period, consolidated cash and equivalents, including overdraft facilities, were SEK 136 M (158) and consolidated interest-bearing net debt amounted to SEK 563 M (649). During the period, the Group repaid SEK 60 M on external interest-bearing debt.

At the end of the period, equity totalled SEK 775 M (812), while the debt/equity ratio was 73 percent (80).

Organization, structure and employees

The number of employees decreased to 719 compared with 774 at the start of the year and 777 at the corresponding time last year. The decrease is due to the ongoing restructuring. The average number of employees during the period amounted to 729 (776).

Significant events after the end of the period

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

Related-party transactions

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).

Nominating Committee

In accordance with the company's procedures, a Nominating Committee has been appointed.

The Nominating Committee consists of Bengt Stillström (Traction), Jan Andersson (Swedbank Robur), Fredrik von Baumgarten (The Pure Circle) and Petter Stillström, Chairman of BE Group AB, who is also the convener for the Nominating Committee.

Annual General Meeting 2017

The Annual General Meeting of BE Group AB will be held on April 27, 2017, at 3:00 p.m. in Malmö, Sweden. Further information will be published on the company's website.

Significant risks and uncertainties

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

Accounting principles

The 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.

Refer to the 2015 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 2016 financial year have had no major effect on the financial reporting.

BE Group uses a number of alternative performance measures in its report. The alternative performance measures that the BE Group considers significant are the following:

- Underlying operating result, see Bridge 2015–2016 earnings trend on page 2.
- Net debt, see the condensed consolidated balance sheet on page 8.
- Working capital, see the condensed consolidated balance sheet on page 8.
- Capital employed, see the condensed consolidated balance sheet on page 8.

Future reporting dates

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

- The Year-end Report for 2016 will be published on February 3, 2017.
- The 2016 Annual Report will be available at the end of March/beginning of April 2017.
- The Interim Report for January–March will be published on April 27, 2017.

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

Malmö, October 25, 2016
BE Group AB (publ)

Anders Martinsson
President and CEO

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

Questions concerning this report may be directed to:

Anders Martinsson, President and CEO, tel: +46 (0)706 21 02 22, e-mail: anders.martinsson@begroup.com
CFO Andreas Karlsson, tel: +46 (0)709 48 22 33, e-mail: 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, www.begroup.com

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 October 25, 2016.

Condensed consolidated income statement

| (SEK M) | Note | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---|------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Net sales | | 892 | 966 | 2,917 | 3,174 | 4,155 | 3,898 |
| Cost of goods sold | 1 | -754 | -842 | -2,489 | -2,762 | -3,631 | -3,358 |
| Gross profit | | 138 | 124 | 428 | 412 | 524 | 540 |
| Selling expenses | 1 | -87 | -95 | -291 | -310 | -415 | -396 |
| Administrative expenses | 1 | -27 | -23 | -83 | -77 | -102 | -108 |
| Other operating income and expenses | 2 | -1 | -123 | -47 | -124 | -123 | -46 |
| Participation in joint venture | | 3 | 0 | 5 | 2 | 2 | 5 |
| Operating profit/loss | | 26 | -117 | 12 | -97 | -114 | -5 |
| Financial items | | -7 | -5 | -21 | -39 | -48 | -30 |
| Profit/loss before tax | | 19 | -122 | -9 | -136 | -162 | -35 |
| Tax | | -3 | -11 | -9 | -10 | -7 | -6 |
| Profit/loss for the period | | 16 | -133 | -18 | -146 | -169 | -41 |
| Earnings per share ¹⁾ | | 1.25 | -10.23 | -1.36 | -20.09 | -19.47 | -3.16 |
| Earnings per share before and after dilution ¹⁾ | | 1.25 | -10.23 | -1.36 | -20.09 | -19.47 | -3.16 |
| Earnings per share based on average number of shares in Q3 2016 ²⁾ | | 1.25 | -10.23 | -1.36 | -11.22 | -13.02 | -3.16 |

¹⁾ 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 13.

²⁾ If average number of share was the same as Q3 2016 also for the comparative periods (12,983,204) had earnings per share before and after dilution been according to the above table. See average number of shares page 13.

Consolidated statement of comprehensive income

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Profit/loss for the period | 16 | -133 | -18 | -146 | -169 | -41 |
| Other comprehensive income | | | | | | |
| Items that have, or may be, reclassified to profit/loss for the period | | | | | | |
| Translation differences | 10 | 10 | 23 | -4 | -17 | 10 |
| Hedging of net investments in foreign subsidiaries | -9 | -10 | -20 | 4 | 15 | -9 |
| Tax attributable to items in other comprehensive income | 2 | 2 | 5 | -1 | -3 | 3 |
| Total other comprehensive income | 3 | 2 | 8 | -1 | -5 | 4 |
| Comprehensive income for the period | 19 | -131 | -10 | -147 | -174 | -37 |

Condensed consolidated balance sheet

| (SEK M) | Note | 2016 30 Sep | 2015 30 Sep | 2015 31 Dec |
|---|------|----------------|----------------|----------------|
| Goodwill | | 563 | 561 | 558 |
| Other intangible assets | | 21 | 32 | 29 |
| Tangible assets | | 169 | 208 | 199 |
| Investment in joint venture | | 84 | 79 | 79 |
| Financial assets | | 0 | 0 | 0 |
| Deferred tax assets | | 57 | 49 | 42 |
| Total non-current assets | | 894 | 929 | 907 |
| Inventories ¹⁾ | | 540 | 606 | 546 |
| Accounts receivables ¹⁾ | | 537 | 570 | 409 |
| Other receivables ¹⁾ | | 49 | 67 | 66 |
| Cash and equivalents ²⁾ | | 36 | 58 | 33 |
| Total current assets | | 1,162 | 1,301 | 1,054 |
| Total assets | 3 | 2,056 | 2,230 | 1,961 |
| Equity ³⁾ | | 775 | 812 | 785 |
| Non-current interest-bearing liabilities ^{2) 3)} | | 549 | 645 | 565 |
| Provisions | | 0 | 0 | 0 |
| Deferred tax liability | | 43 | 44 | 41 |
| Total non-current liabilities | | 592 | 689 | 606 |
| Current interest-bearing liabilities ^{2) 3)} | | 51 | 63 | 77 |
| Accounts payables ¹⁾ | | 459 | 510 | 353 |
| Other current liabilities ¹⁾ | | 175 | 155 | 140 |
| Other current provisions | | 4 | 1 | 0 |
| Total current liabilities | | 689 | 729 | 570 |
| Total equity and liabilities | 3 | 2,056 | 2,230 | 1,961 |
| Contingent liabilities | | 16 | 32 | 21 |

¹⁾ Components for calculating working capital.

²⁾ Components for calculating net debt.

³⁾ Components for calculating capital employed.

Condensed consolidated cash-flow statement

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Profit/loss before tax | 19 | -122 | -9 | -136 | -162 | -35 |
| Adjustment for non-cash items | 4 | 137 | 57 | 178 | 186 | 65 |
| Income tax paid | -3 | -6 | -7 | -16 | -7 | 2 |
| Change in working capital | -32 | -57 | 34 | -156 | -110 | 80 |
| Cash flow from operating activities | -12 | -48 | 75 | -130 | -93 | 112 |
| Investments in intangible assets | -1 | 0 | -2 | 0 | 0 | -2 |
| Investments in tangible assets | -1 | -2 | -5 | -10 | -16 | -11 |
| Other cash flow from investing activities | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash flow after investments | -14 | -50 | 68 | -140 | -109 | 99 |
| Cash flow from financing activities | -43 | 39 | -66 | 125 | 71 | -120 |
| Cash flow for the period | -57 | -11 | 2 | -15 | -38 | -21 |
| Exchange-rate difference in cash and equivalents | 1 | 3 | 1 | 1 | -2 | -2 |
| Change in cash and equivalents | -56 | -8 | 3 | -14 | -40 | -23 |

Condensed statement of changes in equity

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Equity at beginning of period | 756 | 943 | 785 | 715 | 715 | 812 |
| Comprehensive income for the period | 19 | -131 | -10 | -147 | -174 | -37 |
| New share issue ¹⁾ | - | - | - | 244 | 244 | - |
| Equity at end of period | 775 | 812 | 775 | 812 | 785 | 775 |

¹⁾ After deduction of transaction costs.

Notes

Note 1 Amortizations and depreciations

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Amortization of intangible assets | 3 | 2 | 8 | 15 | 18 | 11 |
| Depreciation of tangible assets | 9 | 12 | 29 | 33 | 44 | 40 |
| Total amortizations and depreciations | 12 | 14 | 37 | 48 | 62 | 51 |

Note 2 Non-recurring items

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Restructuring expenses | - | - | -11 | - | - | -11 |
| Write-down of tangible assets | - | -20 | -12 | -20 | -20 | -12 |
| Write-downs of intangible assets | - | - | -2 | - | - | -2 |
| Write-down of participation in joint venture | - | -50 | - | -50 | -50 | - |
| Write-downs of goodwill | - | -54 | - | -54 | -54 | - |
| Write-downs of current assets | - | - | -20 | - | - | -20 |
| Total non-recurring items | - | -124 | -45 | -124 | -124 | -45 |

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 ¹⁾

Net sales per segment

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 438 | 464 | 1,451 | 1,548 | 2,042 | 1,945 |
| Finland & Baltics | 439 | 424 | 1,339 | 1,338 | 1,745 | 1,746 |
| Parent Company and consolidated items | 15 | 78 | 127 | 288 | 368 | 207 |
| Group | 892 | 966 | 2,917 | 3,174 | 4,155 | 3,898 |

Shipped tonnage per segment (thousands of tonnes)

| | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 36 | 37 | 125 | 126 | 166 | 165 |
| Finland & Baltics | 43 | 43 | 140 | 135 | 178 | 183 |
| Parent Company and consolidated items | 2 | 13 | 24 | 48 | 62 | 38 |
| Group | 81 | 93 | 289 | 309 | 406 | 386 |

Operating profit/loss (EBIT) per segment

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 8 | -99 | 23 | -80 | -79 | 24 |
| Finland & Baltics | 26 | 11 | 56 | 28 | 21 | 49 |
| Parent Company and consolidated items | -8 | -29 | -67 | -45 | -56 | -78 |
| Group | 26 | -117 | 12 | -97 | -114 | -5 |

Operating margin per segment

| | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 1.7 % | -21.4 % | 1.6 % | -5.2 % | -3.9 % | 1.2 % |
| Finland & Baltics | 5.9 % | 2.4 % | 4.2 % | 2.1 % | 1.2 % | 2.8 % |
| Parent Company and consolidated items | - | - | - | - | - | - |
| Group | 2.9 % | -12.1 % | 0.4 % | -3.1 % | -2.8 % | -0.1 % |

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

Segment reporting ¹⁾

Underlying operating profit/loss (uEBIT) per segment ²⁾

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 1 | 5 | 16 | 25 | 27 | 18 |
| Finland & Baltics | 16 | 12 | 49 | 33 | 30 | 46 |
| Parent Company and consolidated items | -7 | -7 | -25 | -24 | -35 | -36 |
| Group | 10 | 10 | 40 | 34 | 22 | 28 |

²⁾ 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 ³⁾

| | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 0.3 % | 1.2 % | 1.1 % | 1.6 % | 1.3 % | 0.9 % |
| Finland & Baltics | 3.6 % | 3.0 % | 3.6 % | 2.5 % | 1.7 % | 2.6 % |
| Parent Company and consolidated items | - | - | - | - | - | - |
| Group | 1.1 % | 1.0 % | 1.4 % | 1.1 % | 0.5 % | 0.7 % |

³⁾ Underlying operating result (uEBIT) as a percentage of net sales.

Depreciation per segment

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 5 | 6 | 16 | 18 | 23 | 21 |
| Finland & Baltics | 4 | 5 | 13 | 15 | 20 | 18 |
| Parent Company and consolidated items | 3 | 3 | 8 | 15 | 19 | 12 |
| Group | 12 | 14 | 37 | 48 | 62 | 51 |

Investments in tangible and intangible assets per segment

| (SEK M) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Sweden & Poland | 1 | 0 | 4 | 3 | 7 | 8 |
| Finland & Baltics | 1 | 2 | 3 | 7 | 9 | 5 |
| Parent Company and consolidated items | 0 | 0 | 0 | 0 | 0 | 0 |
| Group | 2 | 2 | 7 | 10 | 16 | 13 |

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

Key data

| (SEK M unless otherwise stated) | 2016 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Net sales | 892 | 966 | 2,917 | 3,174 | 4,155 | 3,898 |
| Earnings measurements | | | | | | |
| Gross profit/loss | 138 | 124 | 428 | 412 | 524 | 540 |
| Underlying gross profit/loss | 123 | 128 | 412 | 419 | 536 | 529 |
| Operating profit/loss (EBIT) | 26 | -117 | 12 | -97 | -114 | -5 |
| Underlying operating result (uEBIT) | 10 | 10 | 40 | 34 | 22 | 28 |
| Margin measurements | | | | | | |
| Gross margin | 15.4 % | 12.9 % | 14.7 % | 13.0 % | 12.6 % | 13.9 % |
| Underlying gross margin | 13.8 % | 13.2 % | 14.1 % | 13.2 % | 12.9 % | 13.6 % |
| Operating margin | 2.9 % | -12.1 % | 0.4 % | -3.1 % | -2.8 % | -0.1 % |
| Underlying operating margin | 1.1 % | 1.0 % | 1.4 % | 1.1 % | 0.5 % | 0.7 % |
| Capital structure | | | | | | |
| Net debt | 563 | 649 | 563 | 649 | 609 | 563 |
| Net debt/equity ratio | 73 % | 80 % | 73 % | 80 % | 78 % | 73 % |
| Working capital at end of period | 493 | 575 | 493 | 575 | 525 | 493 |
| Working capital (average) | 473 | 544 | 484 | 500 | 505 | 503 |
| Capital employed (average) | 1,381 | 1,560 | 1,388 | 1,547 | 1,523 | 1,414 |
| Working capital tied-up | 13.3 % | 14.1 % | 12.4 % | 11.8 % | 12.2 % | 3.2 % |
| Return | | | | | | |
| Return on capital employed | 7.6 % | -30.1 % | 1.2 % | -8.4 % | -7.5 % | -0.3 % |
| Per share data ²⁾ | | | | | | |
| Earnings per share (SEK) ¹⁾ | 1.25 | -10.23 | -1.36 | -20.09 | -19.47 | -3.16 |
| Earnings per share after dilution (SEK) ¹⁾ | 1.25 | -10.23 | -1.36 | -20.09 | -19.47 | -3.16 |
| Equity per share (SEK) | 59.67 | 62.56 | 59.67 | 62.56 | 60.44 | 59.67 |
| Cash flow from operating activities per share (SEK) ¹⁾ | -0.89 | -3.65 | 5.79 | -9.98 | -7.14 | 8.62 |
| 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 ¹⁾ | 12,983 | 12,983 | 12,983 | 7,247 | 8,681 | 12,983 |
| Growth | | | | | | |
| Sales growth | -8 % | -3 % | -8 % | -1 % | -1 % | -7 % |
| – of which organic tonnage growth | -13 % | -3 % | -6 % | -2 % | -1 % | -5 % |
| – of which price and mix changes | 5 % | -1 % | -2 % | -1 % | -2 % | -2 % |
| – of which currency effects | 0 % | 1 % | 0 % | 2 % | 2 % | 0 % |
| Other | | | | | | |
| Average number of employees | 729 | 770 | 737 | 767 | 768 | 753 |
| Inventory gains and losses | 16 | -3 | 17 | -7 | -12 | 12 |
| Shipped tonnage (thousands of tonnes) | 81 | 93 | 289 | 309 | 406 | 386 |

¹⁾ Refers to average number of shares.

²⁾ 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 Jul-Sep | 2015 Jul-Sep | 2016 Jan-Sep | 2015 Jan-Sep | 2015 Full-year | Rolling 12 months |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------|
| Net sales | 6 | 6 | 19 | 28 | 34 | 25 |
| Administrative expenses | -12 | -11 | -37 | -45 | -57 | -49 |
| Other operating income and expenses | 1 | 0 | 0 | 0 | 0 | 0 |
| Operating profit/loss | -5 | -5 | -18 | -17 | -23 | -24 |
| Financial items | -13 | -9 | -26 | 1 | -219 | -246 |
| Profit/loss after financial items | -18 | -14 | -44 | -16 | -242 | -270 |
| Appropriations | - | - | - | - | 12 | 12 |
| Profit/loss before tax | -18 | -14 | -44 | -16 | -230 | -258 |
| Tax | 5 | 3 | 11 | 9 | 6 | 8 |
| Profit/loss for the period, or comprehensive income for the period | -13 | -11 | -33 | -7 | -224 | -250 |

Condensed parent company balance sheet

| (SEK M) | 2016 30 Sep | 2015 30 Sep | 2015 31 Dec |
|-------------------------------------|----------------|----------------|----------------|
| Intangible assets | 16 | 23 | 21 |
| Tangible assets | 0 | 0 | 0 |
| Financial assets | 1,105 | 1,199 | 1,109 |
| Total non-current assets | 1,121 | 1,222 | 1,130 |
| Current receivables | 158 | 278 | 181 |
| Cash and equivalents | 22 | 35 | 13 |
| Total current assets | 180 | 313 | 194 |
| Total assets | 1,301 | 1,535 | 1,324 |
| Equity | 582 | 832 | 615 |
| Non-current liabilities | 535 | 625 | 546 |
| Current liabilities | 184 | 78 | 163 |
| Total equity and liabilities | 1,301 | 1,535 | 1,324 |
| Pledged assets | 1,167 | 1,319 | 1,156 |
| Contingent liabilities | 65 | 79 | 46 |

Key data – multi-quarter summary

| (SEK M unless otherwise stated) | 2016 Jul-Sep | 2016 Apr-Jun | 2016 Jan-Mar | 2015 Oct-dec | 2015 Jul-Sep | 2015 Apr-Jun | 2015 Jan-Mar | 2014 Oct-Dec | 2014 Jul-Sep |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 892 | 1,047 | 978 | 981 | 966 | 1,104 | 1,104 | 1,009 | 998 |
| Earnings measurements | | | | | | | | | |
| Gross profit/loss | 138 | 163 | 127 | 112 | 124 | 144 | 144 | 124 | 125 |
| Underlying gross profit/loss | 123 | 153 | 136 | 117 | 128 | 145 | 146 | 126 | 125 |
| Operating profit/loss (EBIT) | 26 | 31 | -45 | -17 | -117 | 10 | 10 | -30 | -3 |
| Underlying operating result (uEBIT) | 10 | 21 | 9 | -12 | 10 | 12 | 12 | -9 | 6 |
| Margin measurements | | | | | | | | | |
| Gross margin | 15.4 % | 15.5 % | 13.0 % | 11.4 % | 12.9 % | 13.1 % | 13.0 % | 12.3 % | 12.5 % |
| Underlying gross margin | 13.8 % | 14.6 % | 13.9 % | 12.0 % | 13.2 % | 13.2 % | 13.2 % | 12.5 % | 12.5 % |
| Operating margin | 2.9 % | 2.9 % | -4.6 % | -1.7 % | -12.1 % | 1.0 % | 0.9 % | -3.0 % | -0.3 % |
| Underlying operating margin | 1.1 % | 2.0 % | 1.0 % | -1.2 % | 1.0 % | 1.1 % | 1.1 % | -0.9 % | 0.6 % |
| Capital structure | | | | | | | | | |
| Net debt | 563 | 540 | 565 | 609 | 649 | 590 | 804 | 754 | 785 |
| Net debt/equity ratio | 73 % | 71 % | 77 % | 78 % | 80 % | 63 % | 113 % | 105 % | 104 % |
| Working capital at end of period | 493 | 454 | 464 | 525 | 575 | 512 | 486 | 426 | 479 |
| Working capital (average) | 473 | 459 | 495 | 551 | 544 | 499 | 456 | 452 | 472 |
| Capital employed (average) | 1,381 | 1,375 | 1,395 | 1,473 | 1,560 | 1,563 | 1,534 | 1,567 | 1,600 |
| Working capital tied-up | 13.3 % | 11.0 % | 12.6 % | 14.0 % | 14.1 % | 11.3 % | 10.3 % | 11.2 % | 11.8 % |
| Return | | | | | | | | | |
| Return on capital employed | 7.6 % | 9.0 % | -12.8 % | -4.6 % | -30.1 % | 2.7 % | 2.5 % | -7.8 % | -0.5 % |
| Per share data²⁾ | | | | | | | | | |
| Earnings per share (SEK) ¹⁾ | 1.25 | 1.47 | -4.07 | -1.81 | -10.23 | -2.46 | 0.00 | | |
| Earnings per share after dilution (SEK) ¹⁾ | 1.25 | 1.47 | -4.07 | -1.81 | -10.23 | -2.46 | 0.00 | | |
| Equity per share (SEK) | 59.67 | 58.19 | 56.54 | 60.44 | 62.56 | 72.63 | 191.62 | | |
| Cash flow from operating activities per share (SEK) ¹⁾ | -0.89 | 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 | 12,983 | 3,709 | | |
| Number of shares (thousands) before and after dilution ¹⁾ | 12,983 | 12,983 | 12,983 | 12,983 | 12,983 | 5,049 | 3,709 | | |
| Growth | | | | | | | | | |
| Sales growth | -8 % | -5 % | -11 % | -3 % | -3 % | -1 % | 2 % | -3 % | -1 % |
| – of which organic tonnage growth | -13 % | -3 % | -5 % | 1 % | -3 % | -1 % | -1 % | -11 % | -11 % |
| – of which price and mix changes | 5 % | -2 % | -6 % | -4 % | -1 % | -1 % | 0 % | 6 % | 7 % |
| – of which currency effects | 0 % | 0 % | 0 % | 0 % | 1 % | 1 % | 3 % | 2 % | 3 % |
| Other | | | | | | | | | |
| Average number of employees | 729 | 747 | 765 | 776 | 770 | 762 | 764 | 766 | 769 |
| Inventory gains and losses | 16 | 10 | -9 | -5 | -3 | -2 | -2 | -1 | 0 |
| Shipped tonnage (thousands of tonnes) | 81 | 105 | 103 | 97 | 93 | 108 | 108 | 97 | 95 |

¹⁾ Refers to average number of shares.

²⁾ 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.