BE GROUP

2013 ANNUAL REPORT

BE GROUP IN BRIEF

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers mainly operate in the engineering and construction sectors in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading players.

HISTORY

BE Group has its roots in Sweden and Finland, where Bröderna Edstrand and Starckjohann & Co were founded towards the end of the 19th century.

BUSINESS CONCEPT

BE Group offers efficient distribution and value-generating production services in steel, stainless steel and aluminium. By saving time, cost and capital for customers, BE Group helps them strengthen their competitiveness.

VISION

BE Group shall be the most professional, successful and respected steel services company.

CONTENTS

Pages 20–31 and 39–80 have been reviewed by the Company's auditors and comprise the formal Annual Report.

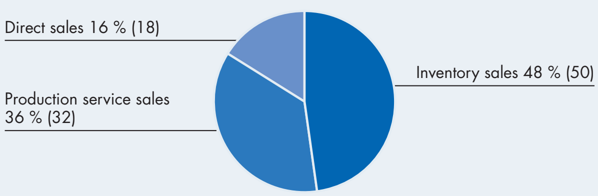
KEY DATA

	2011	2012	2013
Net sales, SEK M	5,392	4,634	3,994
Tonnage, thousands of tonnes	469	438	398
Operating result, SEK M	128	26	-3
Operating margin, %	2.4	0.6	-0.1
Underlying operating result, SEK M	157	49	40
Result after tax, SEK M	20	-111	-51
Result from continuing operations, SEK M	55	-12	-41
Result from discontinued operations, SEK M	-35	-99	-10
Earnings per share, SEK	0.41	-2.25	-1.02
Return on capital employed, %	8	2	0
Net debt/equity ratio, %	96	116	136
Cash flow from operating activities, SEK M	184	59	-30
Average number of employees	943	907	853

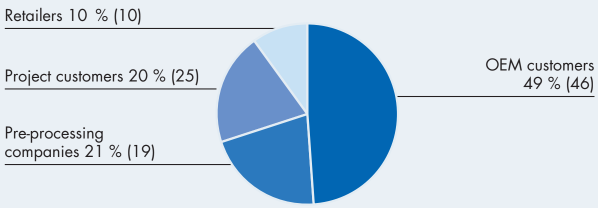
BUSINESS AREAS

	SWEDEN	FINLAND	OTHERS UNITS	PARENT COMPANY AND CONSOLIDATED ITEMS
Percentage of consolidated external net sales	46 %	40 %	14 %	0 %
Operating result	SEK 19 M	SEK 14 M	SEK -21 M	SEK -15 M

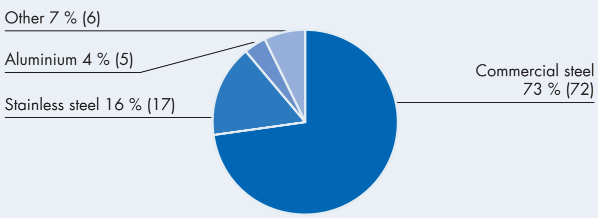
SALES BY SALES SOLUTION
(preceding year)



SALES BY CUSTOMER SEGMENT
(preceding year)



SALES BY PRODUCT AREA
(preceding year)



FORWARD WITH BOTH FOCUS AND WIDTH

Kimmo Väkiparta
President and CEO

The weak results of recent years mean that we must review our operations on both the large and small scale. The key to success lies in focusing on our home markets and offering customers extensive width in sales solutions, products and services. On the next few pages, you can read about the improvements we have implemented over the year and the strategy that will form the basis of our continued efforts.

A TOUGHER YEAR THAN EXPECTED

Looking back on 2013, we can affirm that it turned out to be a tougher year than we had expected – both for the steel sector in general, as well as for BE Group. Demand fell sharply at the end of 2012 and in 2013 we saw a continued weak trend in our markets.

For this reason, we worked purposefully with cost reductions and margin improvements over the year. We have decreased personnel costs in Sweden and Finland by slightly more than SEK 60 M, sold the operations in China and improved cost efficiency by coordinating the operations in the Czech Republic and Slovakia.

At the start of the year, we reorganized our purchasing functions, bringing them closer to the sales organization, and we have continued the systematic development of our customer base to identify new business opportunities with existing and potential customers.

During the latter half of the year in particular, we saw positive effects from our measures and we take these improvements with us into 2014, providing leverage going forward.

HOW WE WILL IMPROVE OUR RESULTS

BE Group's vision is to be the most professional, successful and respected player in the sector in the markets in which we operate. To achieve this vision, we apply four strategic focus areas to maintain and strengthen the Group's market position.

In 2013, we faced the challenge of improving cost efficiency without compromising the level of service to customers – and I believe we have met that challenge in a satisfactory manner. Our market shares remained largely unchanged over the year and in the future I believe we have every opportunity to increase those shares by following our clearly defined strategies.

OUR STRATEGIES FOR PROFITABILITY

Enhancing cost efficiency

Cost efficiency is not only a matter of actual savings. It is just as much about continuously developing methods and tools to improve the quality and efficiency of our work. Cost efficiency represents the everyday creativity required to solve a task in a different and better way.

Best service in the market

Service is a concept that is embedded deeply in the corporate culture at BE Group. Perhaps the most important aspect here is delivery accuracy – delivering products of the right quality at the right time – but service also involves everything from offering climate-smart transports to giving the customer a warm welcome. The objective is for customers to perceive our service as the best in the business.

Developing alongside customers

It is the individual customer's need that determines what or which of our sales solutions that are best suited to the specific partnership – and customers' needs often change over time. A customer that initially only used our inventory sales may later become a customer for whom we take care of all or parts of its pre-processing. As customers grow, so do we.

Increase market share

Our objective is to grow faster than the steel market in general. We can achieve this by improving the efficiency of flows of goods and marketing a competitive and customer-oriented range of products and services. Growth should mainly be achieved through organic growth in existing markets.

SALES SOLUTIONS FOR A STRONGER POSITION

In the value chain, BE Group holds a position between the steel producer and the steel customer. This means that we must always add value, primarily for the customer, but also for the producer, to be able to motivate our existence in the market. This is reflected in how we have formulated our business concept: By saving time, cost and capital for customers, we help them strengthen their competitiveness.

Steel producers generally work with large-scale deliveries to individual end-customers. That makes us a logical partner to both producers and end-customers – although a partnership with BE Group should offer advantages beyond that. With our three sales solutions: inventory sales, production service sales and direct sales, we are able to deliver added value to customers who´s needs, in terms of materials and production, vary considerably.

BE GROUP'S ROLE IN THE VALUE CHAIN

A WELL-FUNCTIONING BUSINESS MODEL

BE Group's business model takes the partnership with the customer as its starting point and is built up according to five stages. By being skilled and continuously updated on each of these stages, we are able to improve our customers' competitiveness.

BE GROUP'S BUSINESS MODEL

1. DEVELOPING CUSTOMER RELATIONS

Ultimately it is customer demand that determines the focus of our operations. We work continuously to find new customers and to expand our partnerships with existing ones. Partnerships should develop our business, as well as that of the customer.

2. BEST PURCHASING

Our job is to find the right product with the right quality and at the right price on the customer's behalf. We are able to live up to this thanks to a broad network of suppliers, an efficient purchasing organization and a size that gives us strength in negotiations with producers.

3. OPTIMIZED WAREHOUSING

By warehousing a broad range of products that we develop in line with market demand, we are able to offer customers a high level of service at competitive prices. The key lies in efficient inventory management and planning.

4. COMPETITIVE PRODUCTION SERVICES

With us taking care of all or part of their processing of materials, customers are able to focus on their core operations. We offer competitive production services as well as associated services that free up customers' resources.

5. STRENGTHENING THE CUSTOMER'S COMPETITIVENESS

By being sensitive to customers' needs and conditions, we are able to offer solutions that ultimately strengthen their competitiveness, regardless of whether the transaction involves inventory, production services or direct sales.

FOCUS ON HOME MARKETS...

BE Group has its roots in Sweden and Finland. In the latter half of the 19th century, the trading firms Bröderna Edstrand and Starckjohann & Co were founded, laying the foundations for what was to become BE Group. Today, we are one of the leading players in the steel services market in Sweden, Finland and the Baltic States, and thanks to our long-term and successful customer relations, we have a strong and reputable brand. In recent years, Sweden and Finland have accounted for nearly 90 percent of the Group's sales and it is against this background that we are now focusing our efforts even more clearly on these two home markets. During the year we have for example invested in new cutting capacity in our production facility in Turku.

...LEADS TO NEW ORGANIZATION OF THE GROUP

Effective from August 2013, BE Group is organized into the business areas Sweden, Finland and Other Units.

Other Units, consists of our operations in Central Europe and units' whose principal task is to support the Swedish and Finnish operations. BE Group Produktion Eskilstuna and Lecor Stålteknik offer specialized production services to the engineering and construction sectors. Our production unit in Poland is a cost-efficient complement for Swedish and Finnish customers requiring repetitive production services. Our units in Estonia, Latvia and Lithuania have close connections with the Finnish operations and have therefore been organized within Business Area Finland.

WIDTH IN THE CUSTOMER OFFERING

BE Group's three kinds of sales solutions – inventory sales, production service sales and direct sales – are all equally important for our position in the market. In my view, this width in the customer offering is key to our continued success.

To date, the share of sales accounted for by the different sales solutions has differed between Sweden and Finland. While we are strong in the construction sector and inventory sales in Sweden, in Finland our strength has been in the engineering sector and production services. The two business areas have much to learn from one another. In Sweden we can improve in long-term profitable outsourcing solutions and in Finland we have every opportunity to sharpen our inventory business. Demand among customers looks rather similar in Sweden and Finland and, in the long term, I believe our sales solutions should have roughly equal market shares in the two countries. Having width in our customer offering is also a matter of what types of products and material processing we offer. Since no trend can be observed suggesting that demand would grow more in one type of material or product category, we will continue to offer a broad range in our four product areas, as well as a broad range of material processing and associated services that generate added value for customers.

FINANCIAL POSITION

In the first quarter, a rights issue of SEK 161 M before transaction costs was approved and implemented. The proceeds from the rights issue have been used to amortize loans and strengthen our financial position.

During the quarter, we have also signed a new three-year credit agreement with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,250 M and is judged sufficient to cover the credit needs that the Group can be expected to have during the agreement period. The net debt ratio rose in 2013, although this has been improved by the implemented rights issue.

OUTLOOK

The past year remained difficult for BE Group, with an uncertain economic situation. Our perception, based on signals among customers, is that demand will recover from the low levels we have seen over the past year and that demand in the Group's markets will improve in 2014. The Group's competitiveness is improving following the implemented efficiency improvements, and the rights issue is strenghtening the Group's financial position.

Finally, I would like to thank all employees for their efforts during the difficult year 2013. A year where we took important steps forward towards our vision to be the most professional, successful and respected steel service company.

Kimmo Väkiparta
President and CEO


BE GROUP

FINANCIAL TARGETS

BE Group's earnings shall be used to develop operations and generate return for shareholders.

BE Group's management leads operations based on the guidelines set out by the Board of Directors and four financial business targets. These targets address growth, profitability, return and capital structure. The targets for growth, profitability and return are measured over an economic cycle, while the capital structure target relates to the situation at the end of the year.

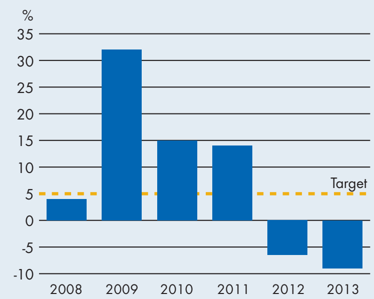
The achievement of the targets may vary over time due to different phases in the Group's development and the current economic situation. The economic down turn and the weak profit trend in 2013 meant that BE Group did not achieve the set targets. Despite negative growth, the underlying EBITA margin is in line with last year thanks to the internal measures that have been undertaken to bring down the cost level, as well as a strengthening of the gross margin. The return achieved was just slightly less than last year but still below the Group target. The net debt/equity ratio at the end of the year was 136 percent, which is above the Group's maximum target level of 125 percent. To improve the net debt/equity ratio a rights issue for SEK 161 M was implemented in the first quarter of 2014. The rights issue improved the pro forma net debt/equity ratio to 90 percent at the end of the year.

To clearly illustrate the performance of the operational business, the targets are based on underlying earnings and return measurements. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. The calculation is based on BE Group's internal model and has not been subject to review by the Company's auditors.

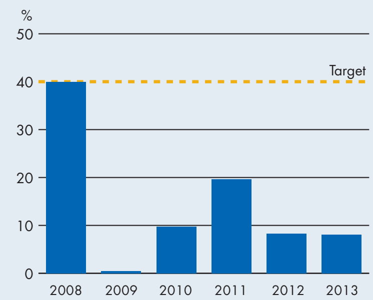
For definitions, see pages 92–93.

TARGETS AND TARGET ACHIEVEMENT

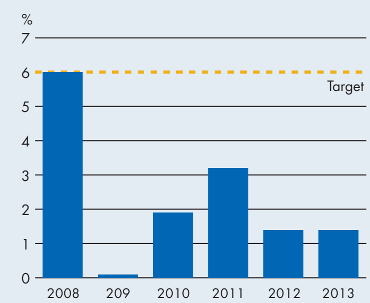
UNDERLYING SALES GROWTH >5 %[1]



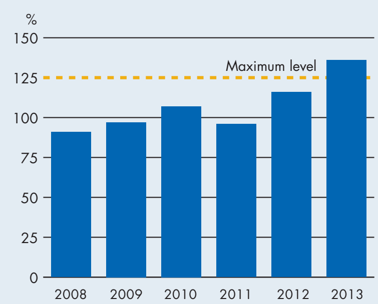
UNDERLYING RETURN ON OPERATING CAPITAL >40 %[1]



UNDERLYING EBITA MARGINAL >6 %[1]



NET DEBT/EQUITY RATIO <125 %[1]



The rights issue improved the pro forma net debt/equity ratio to 90 percent at year-end 2013.

[1] *The figures for 2010–2013 are reported excluding the Czech operations.*

RIGHT SOLUTION FOR THE RIGHT CUSTOMER

BE Group meets the industry's needs for materials in commercial steel, engineering steel, stainless steel and aluminium. To be able to satisfy the needs of the individual customer, a broad range of unprocessed and processed products are offered through three different types of sales solutions.

THREE KINDS OF SALES SOLUTIONS

Since its customers operate in a number of different sectors and are subject to considerable variation in conditions and needs, BE Group offers different cooperation formats. Each of these formats represents a sales solution designed to fulfill various tasks in the customer's operations. The cooperation between BE Group and a particular customer can comprise one or more of these sales solutions.

INVENTORY SALES

BE Group offers a broad range of products that are sold from warehouses with a high level of service and at competitive prices. Once ordered, products are delivered from one of BE Group´s warehousing units to the customer's production unit, construction site or storage facility.

KEY COMPETENCIES

- The right products in stock at competitive prices
- A broad range of products offers the customer a complete solution
- High level of service and delivery accuracy

SHARE OF THE GROUP´S NET SALES
(preceding year)

48 % (50)

PRODUCTION SERVICE SALES

In several cases, BE Group's production service offering entails an outsourcing solution for the customer. With efficient processes in, for example, cutting to length, drilling and cutting resources are freed up for customers who are then able to focus on their core operations. BE Group is handling everything from the purchasing of unprocessed materials to customer-tailored processing of the product and logistics optimized according to the customer's operations.

KEY COMPETENCIES

- Possibilities to perform and coordinate multiple processing actions
- Sizeable production capacity, economies of scale in production and optimized usage of materials
- A strategic partner to customers

SHARE OF THE GROUP´S NET SALES
(preceding year)

36 % (32)

DIRECT SALES

As a complement to inventory sales, BE Group can, where large volume orders are concerned, offer direct delivery from producers. BE Group´s combined purchasing power and supplier network enables it to offer customers direct deliveries on competitive terms.

KEY COMPETENCIES

- BE Group´s combined purchasing power provides an advantageous position
- World-wide supplier network generates opportunities
- In-depth knowledge of materials guides customers towards optimum sales solutions

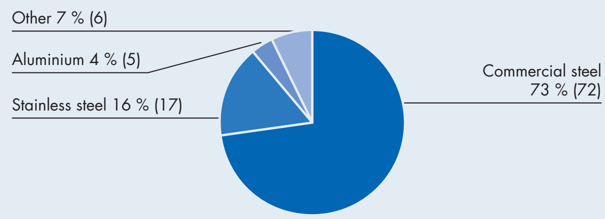
SHARE OF THE GROUP´S NET SALES
(preceding year)

16 % (18)

PRODUCT AREAS

BE Group's inventory range encompasses a large number of products in the categories: commercial steel, engineering steel, stainless steel and aluminium. The product range is continuously being developed based on the needs of the market and individual customers.

SALES BY PRODUCT AREA
(preceding year)



COMMERCIAL STEEL

Commercial steel is used in a number of different contexts in the engineering and construction sectors. Examples include, machine construction, containers, bridge structures and wind power plants. BE Group's range includes beams, hollow profiles, bars, plate and tubes.

STAINLESS STEEL

Stainless steel is used in everything from demanding construction projects to kitchen fittings, knives, scissors and razor blades. BE Group's range includes plate, bars, tubes and tube sections.

ENGINEERING STEEL

Engineering steel, which in terms of accounting is included with commercial steel, is used where, for example, materials with improved cutting characteristics or greater strength are needed. Among other applications, engineering steel is used in machine components, axles and cogwheels, as well as in hydraulics products.

ALUMINIUM

BE Group delivers aluminium to contract manufacturers, as well as to the automotive and packaging industries. The range includes plate, profiles, bars and tubes.

SERVICE OFFERING

A large proportion of the products that BE Group sells are processed at one of the Group's production facilities. In addition to processing materials, the Group also offers value-adding supplementary services in areas including logistics.

PRODUCTION SERVICE

BE Group conducts many different types of preparatory steel processing, such as cutting to length, gas cutting, plasma cutting, drilling, blasting and coating. Customers' combined needs mean that production processes can be coordinated to achieve cost efficiency and to optimize the use of materials. Different processes can also be combined to create a finished component that can directly enter the customer's production line.

OTHER SERVICES

Alongside the processing of materials, providing advice on materials and time-saving IT solutions are examples of important parts of BE Group's service offering. For many customers, delivery accuracy is also a decisive factor, and with strategically located production and warehouse units, BE Group is able to offer tailored logistics solutions.

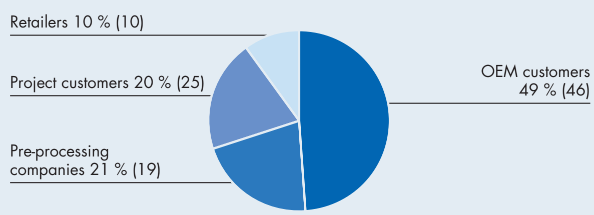
CUSTOMER SEGMENT

The majority of BE Group's customers are in the engineering and construction sectors. The total number of customers is considerable and the ten largest account for 12 percent of sales over the year.

Customers are divided into four principal segments based on the focus of their operations. This segmentation also forms the basis of BE Group's internal organization, whereby working groups and employees are able to gain in-depth knowledge of individual customers' special needs and conditions.

The objective is to be a long-term partner for customers and to contribute to their development and growth.

SALES BY CUSTOMER SEGMENT
(preceding year)



OEM CUSTOMERS

OEM customers (Original Equipment Manufacturers) are customers with manufacturing of end-products and often operate within the machinery and equipment sectors. In many cases, BE Group also sells to OEM customers' sub-suppliers.

PROJECT CUSTOMERS

Project customers are primarily companies in the construction and civil engineering sectors.

PRE-PROCESSING COMPANIES

Pre-processing companies are often contract manufacturing companies that are sub-suppliers in the engineering sector.

RETAILERS

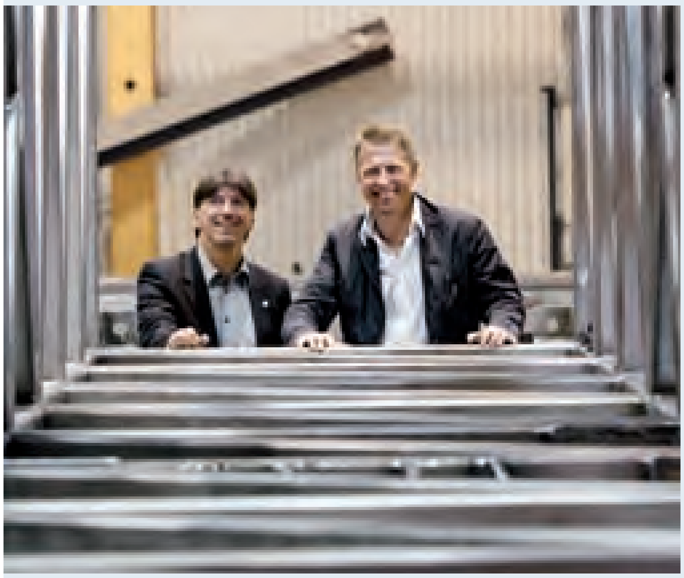
This group of customers mainly consists of construction supply chains and locally-based steel retailers.

BE WAS HERE

In the chain from the production of steel to its end use, BE Group holds a position that involves generating added value through, for example, processing of materials, providing advice on materials and logistics. Presented on the next few pages are three examples of partnerships with customers in Sweden and Finland where we help strengthen our customers' competitiveness in different ways.

BE WAS HERE

INSIDE A GIANT CAROUSEL



BE Group's Thomas Anderberg together with Heiki Andersson, President of Ronneby Svets & Smide.

BE Group has had Ronneby Svets & Smide AB as a customer since it was founded in 1983. The partnership is a good example of how you can progress from being a straight-forward supplier of materials to also being a business partner that provides advisory services.

With some 30 permanent employees, Ronneby Svets & Smide is a small company, although some of the products it produces are enormous. Initially, the company devoted itself to traditional construction forging. However, in the mid-1990s, it found a complementary niche in the production of cable carousels that are used in various industrial applications around the world.

The cable carousels that Ronneby Svets & Smide produce are designed to cope with load capacities in the region of 8,000 tonnes. That largest cable carousel the company has produced is 41 meters in diameter and was ordered by Nexans of Norway.

BE Group is involved in such projects from an early stage, providing recommendations on choices of materials based on the designer's drawings. After that, the task is to find a steel mill that can deliver the right materials at the right time and on the right terms. For the cable carousels, plate of varying thickness, hot-formed construction tubes and beams are used, among other products. Most of the steel is pre-processed through, among others, cutting and blasting at BE Group's production facilities in Malmö and Norrköping.

Heiki Andersson, the President of Ronneby Svets & Smide, comments on the partnership:

"Tight lead times and frequent changes require planning, flexibility and delivery accuracy. BE Group is the spider in the web, coordinating drawings, material specifications, the steel mills' rolling schedules and all of the logistics. Actually, the collaboration is a prerequisite for our success."

CUSTOMER FACTS RONNEBY SVETS & SMIDE AB

Customer since:	1983
Customer segment:	Project customers
Sales solution:	Inventory, direct and production service sales
Products:	Thick plate, construction tubes and beams

BE WAS HERE

A STAINLESS SUCCESS STORY

Fredriksons' conveyor solutions for the food industry are built on stainless steel frameworks.

Fredriksons Verkstads AB started as a small family business in Vadstena as far back as in 1917, but today its operations have grown to more than 280 employees and annual sales of SEK 450 M. BE Group has shared this journey since 1983.

An important part of Fredriksons' operations is the production of conveyor solutions for the food industry, which are used, for example, when milk cartons are filled. These machines are built on stainless steel frameworks, which is where BE Group comes in.

Each year, BE Group delivers a considerable tonnage of stainless steel to Fredriksons' facility in the form of plate, bars and square tubes. Since the company has its own steel processing, the partnership primarily takes the form of inventory deliveries, but when Fredriksons' develops new products, BE Group is often involved, providing advice on the choice of materials.

Conveyor solutions has been a success story for Fredriksons' and, since 2008, in addition to the main unit in Vadstena, the company also has a production facility in Suzhou, China to be able to serve customers with operations in Asia. Reliable deliveries of stainless steel have been a prerequisite for Fredriksons' growth.

"BE Group gives us competitive prices, good service and a high level of delivery accuracy. In addition, we have developed a highly advantageous solution whereby BE Group maintains a customer-unique warehouse at our facility in Vadstena. This avoids the steel having to take a detour via BE Group's facility in Norrköping, while we avoid having to warehouse the materials ourselves," says Henric Höög, Purchasing Manager at Fredriksons.

CUSTOMER FACTS FREDRIKSONS VERKSTADS AB

Customer since:	1983
Customer segment:	Pre-processing companies
Sales solution:	Inventory and direct sales
Products:	Stainless steel plate, bars and tubes

BE WAS HERE

READY TO ASSEMBLE = SMART

Javasko is an example of a customer partnership in which BE Group delivers set packages of components.

The company Javasko is located in Mäntää–Vilppula, northeast of Tampere, with three production facilities and 150 employees. Javasko was founded in 1985 and has a broad focus as a sub-supplier to the heavy engineering sector and companies such as ABB, Metso and Sandvik. The company's products encompass everything from individual machinery components to complete systems that are produced to order according to customers' specifications.

BE Group's cooperation with Javasko has grown over the years. Having originally delivered standard products with quite basic pre-processing, set packages comprising a total of some 50 components are now put together, ready for assembly at Javasko's facilities.

"With set package deliveries from BE Group, we save time and resources at the purchasing stage, and can instead focus more on our core operations," says Hannu Soimasuo, Sales Manager at Javasko.

CUSTOMER FACTS JAVASKO

Customer since:	1985
Customer segment:	OEM customers
Sales solution:	Production service sales
Products:	Construction steel pre-processed through thermal cutting, bending, drilling and cutting

THE BE GROUP SHARE

BE Group AB has been listed on the NASDAQ OMX Stockholm Exchange since the end of 2006. The share can only be traded in this marketplace. The Company trades under the ticker BEGR and is included in the Basic Resources sector. Total turnover of BE Group shares in 2013 was 20.7 million shares with a combined value of SEK 323.0 Bn, representing an average turnover of 82,945 shares or SEK 1.3 M per trading day. Turnover represented 0.01 percent of total turnover on the NASDAQ OMX Stockholm Exchange in 2013.

On the year's last trading day, December 30, 2013, the market price for the BE Group share was SEK 11.80. The highest trading price in 2013 was quoted on January 22 at SEK 21.90. The year's lowest share price was quoted on December 17, at SEK 10.20. At the end of the year, BE Group's total market capitalization was SEK 590 M.

SHARE CAPITAL AND VOTING RIGHTS

At December 31, 2013, the share capital in BE Group was SEK 102.0 M (102.0) allocated among 50,000,000 shares, each with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital in the Company is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares.

Each share carries one vote and there is only one class of shares.

OWNERSHIP

At the end of 2013, BE Group had 7,298 shareholders, compared with 8,651 at the end of the preceding year. AB Traction and Swedbank Robur were the two largest owners. Other major owners are listed in the table on the next page. As per December 31, 2013, the proportion of Swedish institutional ownership (legal entities) totaled 64 percent and foreign ownership was 12 percent.

At the end of the year, the five members of Group Management together held 458,426 shares in BE Group. At the same time, the Company's directors together held 113,500 shares.

BE Group AB held 561,982 treasury shares at the close of 2013.

DIVIDEND POLICY AND DIVIDENDS

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends.

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year 2013 (-). The proposal to not pay a dividend is motivated by the year's results.

PUBLICATION OF FINANCIAL INFORMATION

BE Group applies a clear strategy for communications with stakeholders in the financial markets. The Company observes a so-called silent period from the close of the period being reported on and until the publication of the interim report.

In line with this strategy, BE Group held several meetings during 2013 with representatives of the capital market and the media in connection with the interim reports. Group Management commented on the interim reports in presentations broadcast via the Internet as well as at meetings with investors and analysts in Sweden and abroad.

SHAREHOLDER CONTACTS

CFO and Executive Vice President Torbjörn Clementz is responsible for shareholder contacts. Press releases issued by BE Group are distributed via Cision and are made available on the Group's website at www.begroup.com in connection with publication. Information on the BE Group share is updated continuously on the Group's website.

RIGHTS ISSUE

In the first quarter of 2014, a rights issue was implemented. The issue amounted to SEK 161 M before transaction costs. Each existing share conveyed the right to one subscription right and two subscription rights conveyed the right to subscribe for one new share. Through the issue, 24,728,128 new shares were issued and share capital increased by SEK 50.5 M.

ANALYSTS ACTIVELY MONITORING BE GROUP

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SEB, Julian Beer, tel.: +46 8 522 29 652

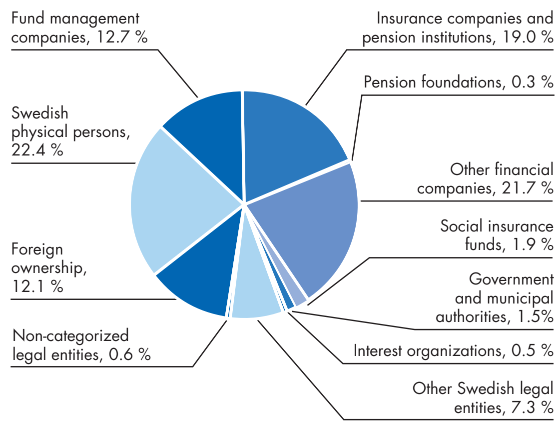
SHAREHOLDER STRUCTURE, DECEMBER 30, 2013

Holding	Number of shareholders	Number of shares	Capital and votes (%)
1 – 500	4,113	926,967	1.8
501 – 1,000	1,246	1,089,455	2.2
1,001 – 2,000	736	1,253,177	2.5
2,001 – 5,000	659	2,355,509	4.7
5,001 – 10,000	276	2,162,645	4.3
10,001 – 20,000	127	1,910,432	3.8
20,001 – 50,000	67	2,192,461	4.4
50,001 – 100,000	25	1,801,538	3.6
100,001 – 500,000	29	6,438,103	12.9
500,001 – 1,000,000	9	6,541,822	13.1
1,000,001–	11	23,327,891	46,7
Total number	**7,298**	**50,000,000**	**100.0**

LARGEST SHAREHOLDERS, DECEMBER 30, 2013

Shareholders	**Number of shares**	**Capital and votes (%)**
AB Traction	10,839,234	21.7
Swedbank Robur Funds	4,099,625	8.2
IF Skadeförsäkring	3,740,083	7.5
Avanza Pension	2,173,977	4.3
Skandinaviska Enskilda Banken	1,292,600	2.6
JPM CHASE NA	1,182,372	2.4
Länsförsäkringar Fund Management	991,639	2.0
Fourth Swedish Nat'l Pension Fund	946,732	1.9
Nordnet Pensionsförsäkring	934,114	1.9
Foundation for Baltic and East European Studies	769,955	1.5
Total, 10 largest shareholders	26,970,331	54.0
BE Group's holding of treasury shares	561,982	1.1
Other shareholders	22,467,687	44.9
Total number	**50,000,000**	**100.0**

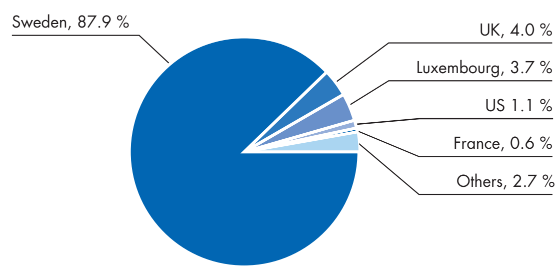
SHAREHOLDER CATEGORY, DECEMBER 30, 2013



PER SHARE DATA

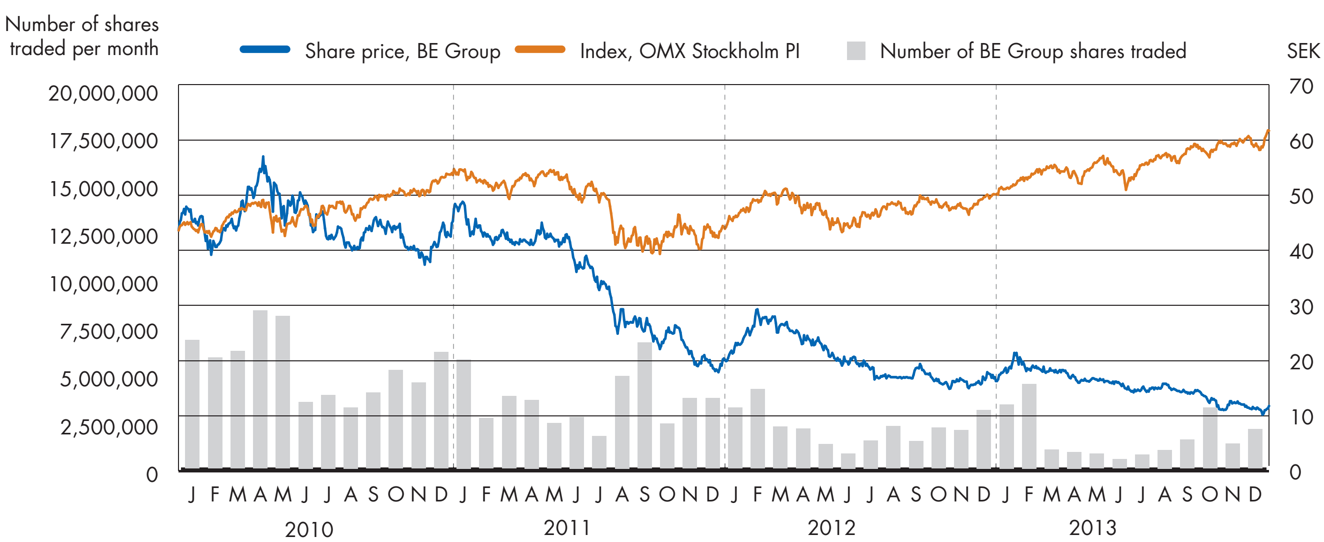
SEK M unless otherwise stated	**2012**	**2013**
Earnings per share	-2.25	-1.02
Underlying earnings per share	0.12	-0.03
Earnings per share after dilution	-2.25	-1.02
Underlying earnings per share after dilution	0.12	-0.03
Equity per share	13.63	12.68
Proposed dividend per share	–	–
Dividend yield, %	–	–
P/E ratio, multiple	neg	neg
Market price, December 30, latest price paid	16.60	11.80
Market capitalization, December 30, SEK M	830	590

SHAREHOLDINGS BY COUNTRY, DECEMBER 30, 2013



Source: Euroclear Sweden

SHARE PRICE DEVELOPMENT, JANUARY 2010 – DECEMBER 2013



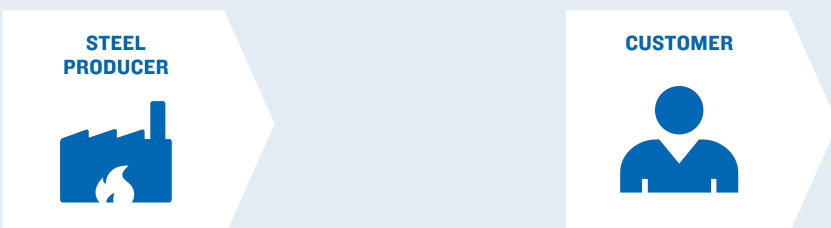
ISIN code: SE0001852211 Ticker on NASDAQ OMX: BEGR Source: SIX Telekurs

ACTORS AND DEVELOPMENT IN THE STEEL MARKET

The international steel market includes several different types of actors. BE Group has a clear focus both in terms of geographic focus and its role in the value chain from steel producer to end-user. BE Group offers its customers materials combined with value-adding services, which facilitates the building of long-term relations with customers.

FROM PRODUCER TO CUSTOMER

The chain from production of steel to its final use by the purchaser of the steel can, put simply, take two different forms.



Part of total steel sales goes straight from the steel producer to the end customer.

Other steel purchasing is conducted through steel service companies that can either be linked to a specific steel producer or independent like BE Group. While a service company linked to a specific producer, for all or part of its product range, only sells steel from its own producer, an independent service company purchases steel from several producers.

DEVELOPMENT AMONG PRODUCERS

In 2013, the global steel market was affected to a high degree by the general economic trend. Steel consumption increased by 4 percent globally, but the most significant growth occurred in China at 8 percent, while steel consumption in Europe fell by 2 percent. This means that steel consumption in Europe has decreased by over 20 percent since 2007. To counter declining prices resulting from lower demand, steel producers have in recent years tried to adjust their supply.

BE Group is monitoring the global trend carefully. Development in Europe remains the most important area for the Group to monitor and more or less all of BE Group's procurement is currently sourced from European steel producers.

Following a small increase early in the year, the price trend for steel in 2013 was characterized by falling prices, interrupted by a certain degree of stabilization after the summer.

Another trend in recent years has been for the pricing of contracts between buyers and sellers to be valid for shorter and shorter periods. Normally, BE Group's purchasing prices are somewhat less volatile than market spot prices due to purchasing agreements with limited maturities and delays in the impact of fluctuations in spot prices, as well as delivery times.

DEVELOPMENT IN BE GROUP'S MARKETS

In 2013, sales by the steel distribution sector within the EU are estimated to have decreased by 5 percent compared with 2012. The lower sales are attributable to a general decrease in steel consumption and to inventory adjustments among customers.

Gross deliveries of steel to the Swedish market are estimated to have increased somewhat in 2013 compared to the preceding year. The decrease in BE Group's volumes is considered to have followed the general decline in the market, taking a shift in the customer mix into account.

BE GROUP'S COMPETITORS

In Sweden and Finland, BE Group is a well-established name and holds the second-largest share of both distribution markets. Important competitors in Sweden are Tibnor, which is part of the SSAB Group and Stena Stål. In addition to these, there are a number of smaller players offering limited product ranges. In Finland, Ruukki is the largest actor, with BE Group as the second-largest. Kontino and Flinkenberg are also major actors in the Finnish market.

BE GROUP`S MAJOR COMPETITORS IN SWEDEN

SEK M

Company	Sales	Change 2012–2013	Operating result	Operating margin
BE Group	3,994	-14 %	-3	0 %
Tibnor[1]	5,245	-12 %	73	1 %
Stena Stål[2]	1,749	-12 %	-28	-2 %

[1] In the second quarter of 2013, Tibnor sold a property, resulting in a positive effect on earnings of SEK 57 M.
[2] Data pertain to the financial year September 2012-August 2013. Other data pertain to the 2013 calendar year.

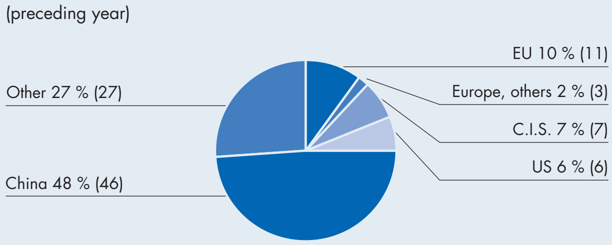
DEVELOPMENT AMONG CUSTOMERS

The uncertain global economy of recent years has led many companies to review how and where capital is tied up and to identify where there are risks in the value chain. The result is often a focus on core operations, with an increasing proportion of production being outsourced. For BE Group, a trend like this entails increased demand for highly processed products and thus the potential to increase sales of both materials and production services.

Compared with traditional distribution services, where current prices for commercial steel have a considerable impact, BE Group has greater opportunities to affect pricing in transactions that involve processing of materials. Production service transactions also have the advantage that they often involve repeated demand from the customer and thus more even utilization of capacity in the Company's production facilities.

WORLD'S LEADING STEEL PRODUCERS, 2013

(preceding year)



Source: World Steel Association.

Further information about the steel market can be accessed from websites www.worldsteel.org, www.eurofer.org, www.jernkontoret.se and www.dismet.org among other sources.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the President and CEO of BE Group AB (publ), corporate identity number 556578-4724, hereby present the annual accounts and consolidated annual accounts for the financial year January 1–December 31, 2013.

OPERATIONS

BE Group is a trading and service company in steel and other metals and provides various forms of service for steel, stainless steel and aluminium applications to customers primarily in the construction and engineering sectors.

Operations are maintained in eight countries, with Sweden and Finland being the largest markets. The Group employs approximately 800 people. The head office is located in Malmö, Sweden.

BE Group's stock is listed on the NASDAQ OMX Stockholm Exchange. Read more about BE Group at www.begroup.com.

MARKET AND BUSINESS ENVIRONMENT

During the year, the market situation for BE Group was characterized by the economic down turn with decreased demand for steel compared to the preceding year. Demand over the year remained stable with seasonal declines in the summer and towards the end of the year.

The lower demand was also reflected among steel producers who attempted to offset the decline in prices by adapting their supply. Price levels for steel fell but stabilized during the fourth quarter.

NEW GROUP ORGANIZATION

In August 2013, BE Group implemented a change in the organization of the Group. The purpose of the change is to streamline operations and increase market focus on the core operations in Sweden and Finland.

Business Area CEE was discontinued and the operations in Poland, the Czech Republic and Slovakia were brought together with the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna in Other Units. At the same time, the operations in the Baltic States were transferred to Business Area Finland. Where applicable, the financial statistics for the past two years have been recalculated to reflect this change.

NET SALES AND BUSINESS PERFORMANCE

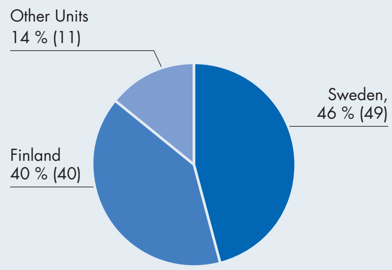
Net sales for 2013 fell 14 percent compared with the preceding year, amounting to SEK 3,994 M (4,634). The decline is due to a decrease in shipped tonnage of 9 percentage points and negative price and mix effects amounting to 5 percentage points.

Consolidated gross profit amounted to SEK 524 M (597), with a gross margin of 13.1 percent (12.9). The operating loss amounted to SEK 3 M (profit 26). Adjusted for inventory losses of SEK 14 M (23) and non-recurring items of a negative SEK 29 M (-), the underlying operating result was SEK 40 M (49). The weakening in results is attributable to the lower tonnage, which has mostly been offset by increased gross margin and lower costs. The operating margin amounted to a negative 0.1 percent (positive 0.6) and the underlying operating margin decreased to 1.0 percent (1.1).

In early 2013, measures were initiated with the purpose of reducing Group personnel by approximately 140 full-time positions in Sweden and Finland. The total measures will result in an annual cost reduction of about SEK 65 M, and the full savings will be achieved in the second quarter of 2014. In addition, continued personnel reductions and efficiency improvements have been implemented in the Czech operations. The non-recurring costs totaling SEK 30 M were charged against the first quarter, with SEK 1 M being attributable to the Czech operations. As part of the process of streamlining the Group, the operations in China were also divested during the year. The purchase consideration amounted to SEK 10 M, with a capital gain of SEK 1 M.

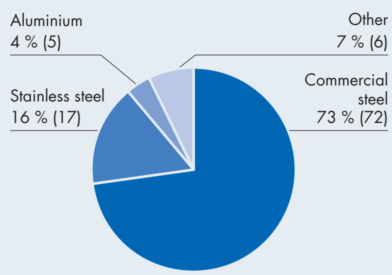
NET SALES BY BUSINESS AREA

% of net sales (preceding year)



MAIN PRODUCTS' OF NET SALES

% of net sales (preceding year)



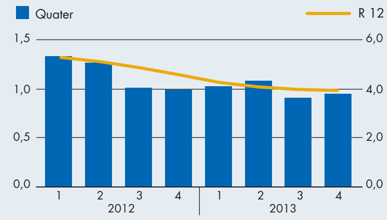
NET SALES AND EARNINGS TREND

(SEK M)

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

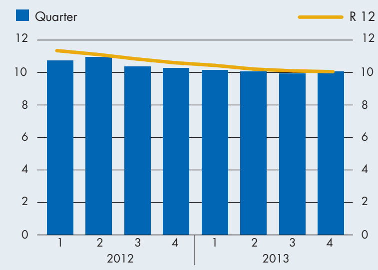
NET SALES, SEK Bn

Quarterly and rolling 12-months



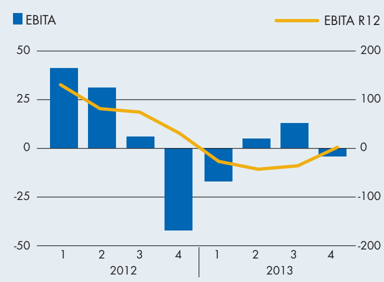
AVERAGE SALES PRICE, SEK/KG

Quarterly and rolling 12-months



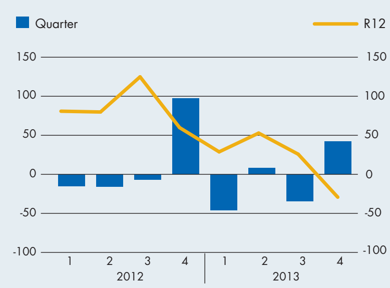
OPERATING RESULT (EBIT), SEK M

Quarterly and rolling 12-months



CASH FLOW FROM OPERATING ACTIVITIES, SEK M

Quarterly and rolling 12-months



BUSINESS AREA SWEDEN

The beautiful Sölvesborgs Bridge is built from 150 tonnes of duplex steel delivered by BE Group.

KALLE BJÖRKLUND
Business Area Manager, Sweden

Sweden is BE Group's largest business area, accounting for 46 percent (49) of net sales in 2013. The business area consists of warehousing and production facilities in Malmö and Norrköping, as well as nine sales offices.

MARKET

BE Group Sweden, has a broad customer base in the engineering and construction sectors with considerable variation in size and focus of the customers. Traditionally, the business area stands out with a high proportion of project customers in the construction sector, although the proportion of customers in the engineering sector increased over the year. The ten largest customers account for about 20 percent of sales.

Major competitors in Sweden are Tibnor, which is part of the SSAB Group and Stena Steel. There are also a number of actors who compete in individual product areas.

DEVELOPMENT OVER THE YEAR

The weak economic situation has had a negative impact on customer demand. In early 2013, demand increased somewhat in relation to the weak end of 2012, although demand subsequently remained at a largely unchanged level with seasonal declines in the second half of the year. Overall, 2013 was a weaker year than 2012.

Weak demand combined with over capacity among producers led to a pressured price situation. The price trend was consequently slightly declining in the first three quarters. A certain stabilization and increase in parts of the product range could be observed in the latter part of the year.

In line with the increasing proportion of industrial customers, the proportion of production service sales rose over the year. Inventory sales maintained a stable share, while direct sales, with direct deliveries from producers to customers, decreased.

SALES AND BUSINESS PERFORMANCE

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

The joint venture ArcelorMittal BE Group SSC AB is reported in accordance with the equity method, with the participation in earnings for the year amounting to SEK 1 M (1).

KEY EVENTS

At BE Group's facility in Norrköping, investments in new production equipment were completed during the year to be able to increase deliveries of pre-processed plate details.

In August, BE Group reorganized its business areas, with subsidiaries Lecor Stålteknik and BE Group Produktion Eskilstuna being transferred to Other Units. This means that Business Area Sweden is streamlined towards broad trading and services operations.

Due to the weak demand trend, the business area implemented personnel reductions over the year. This measure was necessary to adjust the operations to the prevailing economic situation and to strengthen competitiveness in preparation for the future.

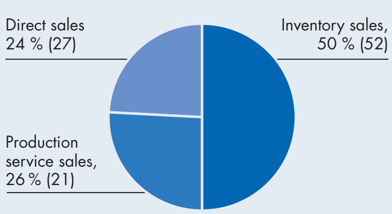
In the area of IT, BE Group's business system was adapted to be able to communicate directly with customers using the Monitor business system. This improves the efficiency of the order process and makes communication with customers simpler. Efforts to increase the use of our e-trade platform, BE Online, continued over the year – here customers can place orders and monitor delivery and inventory status.

CONTINUED DEVELOPMENT

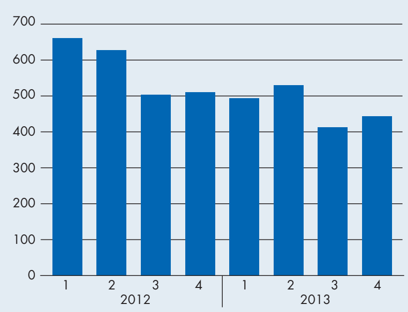
Ensuring a high level of delivery accuracy to customers is a priority objective for the entire Group in 2014. This leads to satisfied and loyal customers and is a prerequisite for being able to improve profitability. Total sales shall increase by further developing existing customer relations and by actively seeking partnership opportunities with new customers.

KEY DATA	2011	2012	2013
Shipped tonnage, thousands of tonnes	223	205	169
Net sales, SEK M	2,712	2,313	1,889
Change, %	15	-15	-18
Operating result (EBIT), SEK M	80	51	19
Operating margin, %	2.9	2.2	1.0
Underlying operating result (uEBIT), SEK M	88	57	37
Underlying operating margin, %	3.2	2.5	2.0
Investments, SEK M	3	10	6
Average number of employees	309	291	287

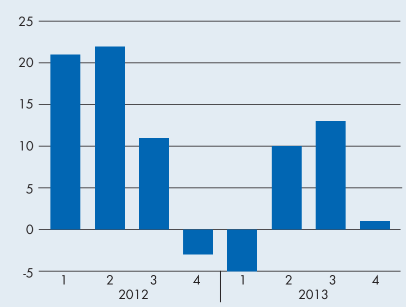
SALES BY SALES SOLUTION
(preceding year)



SALES, SEK M
Quarter



OPERATING RESULT (EBIT), SEK M
Quarter



BUSINESS AREA FINLAND

Among other operations, Finnish-owned Mantsinen's produces large loading machines and harbor cranes. BE Group Finland provides the company with set package deliveries of steel components that have been pre-processed in several stages.

LASSE LEVOLA
Business Area Manager, Finland

In August 2013, BE Group merged Business Area Finland with the Group's operations in the Baltic States. Following this change, the new Business Area Finland accounted for 40 percent of the net sales over the year. In Finland, there are production and warehousing facilities in Lapua, Lahti and Turku and sales offices in ten locations. In the Baltic States, there are warehousing and sales units in Tallinn, Riga and Kaunas.

MARKET

Business Area Finland shows a high proportion of production service sales, 44 percent (42) – which is attributable to a large proportion of customers being in the engineering sector. In addition to the engineering sector, the business area also has customers in construction and civil engineering, electrotechnology and process industries. The ten largest customers account for about 11 percent of sales.

After Ruukki, BE Group is the largest player in the market. Ruukki, BE Group, Kontino and Flinkenberg account for more than two thirds of the distribution market in Finland.

DEVELOPMENT OVER THE YEAR

In Finland, GDP growth was negative during the year, while the Baltic countries showed positive numbers.

Sales volumes in production services remained at about the same level as at the end of 2012, while inventory sales declined. Overall, 2013 was a weaker year than 2012. The price trend was weak over the year, imposing stringent demands on inventory optimization. Market shares are judged to be unchanged compared with previous years.

SALES AND BUSINESS PERFORMANCE

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

KEY EVENTS

During 2013, BE Group Finland continued to invest in production capacity to meet demand from customers. In Turku, the gas cutting equipment was upgraded and in Lapua, new equipment for blasting was taken into operation. Due to the weak demand trend, the business area implemented personnel reductions during the year. This measure was necessary to adjust the operations to the prevailing economic situation and to strengthen competitiveness in preparation for the future.

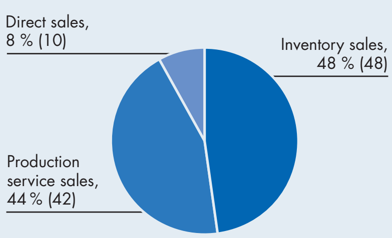
CONTINUED DEVELOPMENT

Most companies in the Finnish engineering sector, which is the business area's largest customer category, focus strongly on exports, with more than 70 percent of those exports being to European markets. An improved european economic situation will strengthen the Business Area.

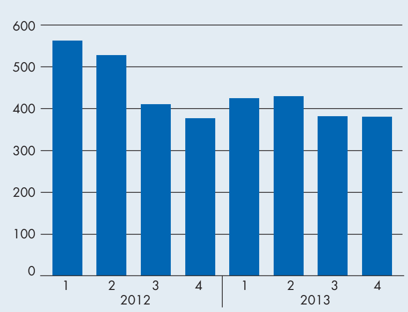
With the cost savings that have been implemented and the investments that have been made in production capacity, the prospects of increasing market shares are good. During 2014, the focus will be on improving the inventory sales by optimizing purchasing according to market demand.

KEY DATA	2011	2012	2013
Shipped tonnage, thousands of tonnes	203	179	168
Net sales, SEK M	2,283	1,881	1,619
Change, %	13	-18	-14
Operating result (EBIT), SEK M	94	41	14
Operating margin, %	4.1	2.2	0.9
Underlying operating result (uEBIT), SEK M	100	58	29
Underlying operating margin, %	4.4	3.1	1.8
Investments, SEK M	24	18	21
Average number of employees	374	379	360

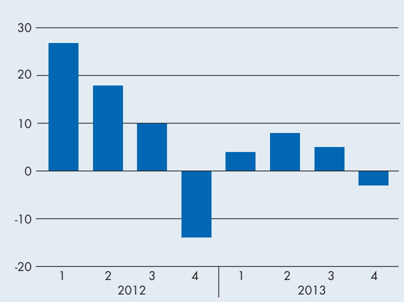
SALES BY SALES SOLUTION
(preceding year)



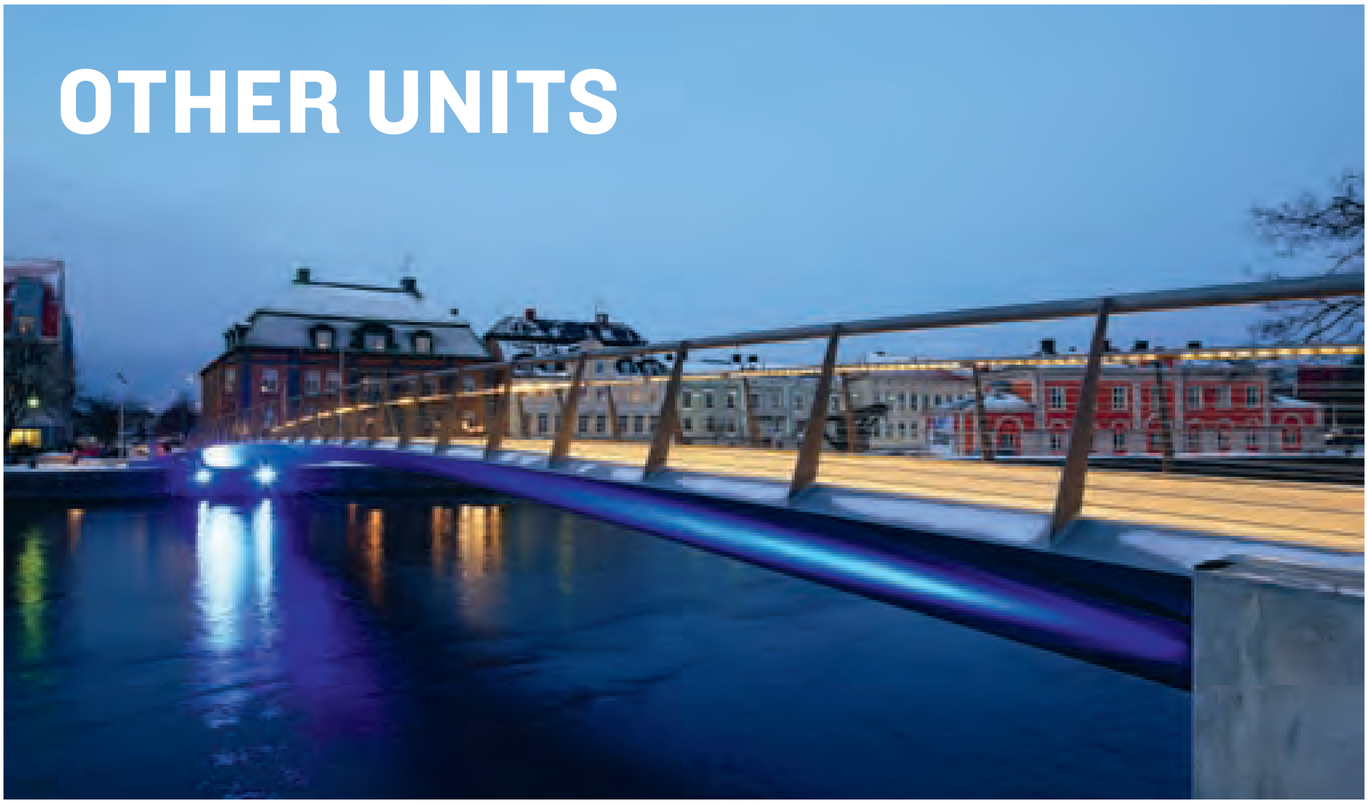
SALES, SEK M
Quarter



OPERATING RESULT (EBIT), SEK M
Quarter



OTHER UNITS



In May 2013, Lecor Stålteknik was awarded the Steel Construction Prize for its role as steel contractor in the construction of the Tullhus Bridge in central Norrköping. The prize is awarded by the Swedish Institute of Steel Construction (SBI) for structures where steel has been used in an innovative and architecturally attractive way.

Other Units consists of BE Group's operations in Poland, the Czech Republic and Slovakia, as well as the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna. The objective for these operations is to, in various ways, support BE Group´s businesses in the principal markets Sweden and Finland. Other Units accounted for 14 percent of consolidated net sales in 2013.

NEW ORGANISATION

Over the year, BE Group reorganized its business areas, with the effect that Business Area CEE has been discontinued. Operations in Poland, the Czech Republic and Slovakia, and the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna are now gathered within Other Units, while the operations in the Baltic States form part of Business Area Finland.

The purpose of the reorganization is to generate increased focus on the core operations in Sweden and Finland. Other Units will be a collective concept encompassing the units outside these two business areas.

DEVELOPMENT OVER THE YEAR

Other Units' net sales rose by 12 percent compared with the year-earlier period, amounting to SEK 569 M (509). The operating result improved to a loss of SEK 21 M (40). The improvement in earnings is primarily attributable to the efficiency improvements implemented over the year. The negative result was mainly attributable to low utilization levels at the production units in Sweden and Poland. All figures are excluding the Czech operations which are reported as discontinued operations.

POLAND

BE Group's operations in Poland consist of the production unit in Trebaczew that was brought into operation in 2012. To a certain extent, the facility serves local engineering customers, but also Business Areas Sweden and Finland with specialized and cost-efficient production services for major OEM customers.

During the year, the operations in Poland were affected negatively by the economic down turn through increased competition and substantial price pressure. At the same time, deliveries to Swedish customers increased. The objective is for this development to continue and, alongside structural measures that have been implemented, to improve profitability for the facility.

SLOVAKIA

BE Group's operations in Slovakia consist of two warehouse facilities located in Michalovce and Martin. Customers operate primarily in the construction and engineering sectors, with engineering customers consisting mainly of subsuppliers to the OEM segment. Over the year, the Slovakian market was affected by the Central European economic situation with decreased demand and falling steel prices. BE Group has successfully strengthened its position in the Slovakian market through project transactions, primarily with construction customers, which has contributed to the operations' positive earnings trend over the year.

BE GROUP PRODUKTION ESKILSTUNA

BE Group Produktion Eskilstuna is a company that specializes in advanced plate processing for customers in the engineering sector and has been part of BE Group since 2010. The company's operations consist of a production facility in Eskilstuna, Sweden and a subsidiary in Raplamaa, Estonia. The operations did not achieve satisfactory profitability in 2013 and measures have been undertaken to improve productivity and earnings.

LECOR STÅLTEKNIK

Lecor Stålteknik, whose operations are located in Kungälv, Sweden, has been part of BE Group since 2011. The company broadens the Group's offering by providing prefabricated steel structures for construction and industrial projects. In 2013, operations were pervaded by weak demand from the construction sector, although a gradual improvement was noted over the year.

CONTINUED DEVELOPMENT

Measures to improve efficiency and profitability will continue within the Other Units in 2014. The strategy is to benefit from the production capacity that exists at the facilities, particularly in Trebaczew and Eskilstuna, to support the principal markets and to be able to offer new and existing major customers, particularly in the OEM segment, advanced production services on competitive terms.

CZECH REPUBLIC

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

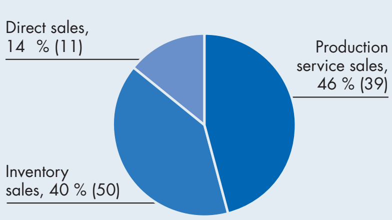
At the initial classification of the Czech republic as a discontinued operation the assessment was based on improved market conditions for the steelmarket. The conditions were thus deemed favourable for a successful sales process. Market conditions, however, has remained challenging, which have led to that potential buyers have taken a cautious position. BE Group have continously during the year evaluated the situation and the assessment is that the market conditions during the latter part of the year has improved somewhat. This leads to improved conditions for a successful sales process. Measures have been taken to ensure that the marketing of the Czech operations is performed in an efficient way.

The operations in the Czech Republic involve a sales and logistics center in Ostrava and a production facility in Prerov. Additional structural changes and efficiency improvements were conducted over the year with the purpose of improving the results of the operations. The result after tax improved to a loss of SEK 10 M (99). In the preceding year, the value of the operations was written down by SEK 82 M.

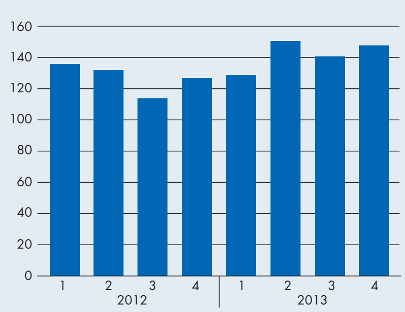
KEY DATA	2011	2012	2013
Shipped tonnage, thousands of tonnes	50	62	69
Net sales, SEK M	471	509	569
Change, %	54	8	12
Operating result (EBIT), SEK M	-14	-40	-21
Operating margin, %	-3.1	-7.8	-3.7
Underlying operating result (uEBIT), SEK M	-3	-40	-21
Underlying operating margin, %	-0.6	-7.9	-3.6
Investments, SEK M	62	15	15
Average number of employees	125	133	128

KEY DATA, CZECH REPUBLIC	2011	2012	2013
Shipped tonnage, thousands of tonnes	113	74	58
Net sales, SEK M	761	485	460
Of which, internal sales, SEK M	212	136	100
Change, %	14	-36	-5
Operating result (EBIT), SEK M	-26	-19	-9
Operating margin, %	-3.4	-3.9	-1.9
Underlying operating result (uEBIT), SEK M	-19	-22	-8
Underlying operating margin, %	-2.5	-4.5	-1.8
Investments, SEK M	2	4	0
Average number of employees	113	85	62

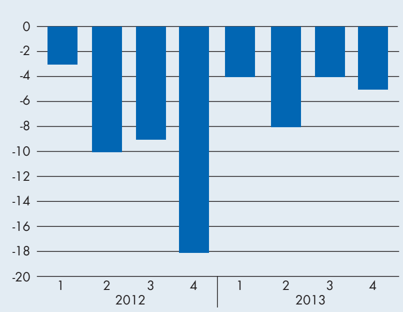
SALES BY SALES SOLUTION
(preceding year)



SALES, SEK M
Quarter



OPERATING RESULT (EBIT), SEK M
Quarter



DEVELOPMENT IN THE SALES SOLUTIONS

BE Group's sales are made via three sales solutions: Inventory sales, Production services and Direct sales. In all solutions, BE Group holds a central role as a strategic purchaser, meaning that the customers have access to the knowledge and relations with the major steel producers that BE Group has built up.

BE Group's offering in inventory sales complements the purchasing function with warehousing and distribution, securing the customer's material flows by ensuring that products are delivered at times suited to the customer's production processes.

Production service sales consist of material deliveries complemented by production services. BE Group refines the products through, for example, cutting to length, drilling and various types of cutting, according to customer specifications.

Direct sales are an alternative mainly where orders involve major volumes or a limited number of simpler products that can be delivered directly from material producers to BE Group's customers.

Inventory sales form the largest sales solution and accounted for 48 percent (50) of total sales over the year. The share of direct sales declined to 16 percent (18). The proportion of production service sales rose to 36 percent (32).

SALES TREND BY PRODUCT AREA

Net sales of commercial steel fell by 14 percent and totaled SEK 2,912 M (3,376). Shipped tonnage decreased by 9 percent. Overall, commercial steel accounted for 73 percent (72) of net sales. The sales price for commercial steel (excl. currency effects) decreased by 5 percent compared with the preceding year. Sales of stainless steel decreased by 18 percent and amounted to SEK 644 M (781). Shipped tonnage decreased by 7 percent. Overall, stainless steel accounted for 16 percent (17) of net sales. The sales price for stainless steel (excl. currency effects) decreased by 11 percent compared with the preceding year.

SALES TREND BY CUSTOMER SEGMENT

Over the year, OEM customers and their partners accounted for the largest share of sales, 49 percent (46); project customers for 20 percent (25); pre-processing companies for 21 percent (19); and retailers for 10 percent (10). The shift from project customers to OEM customers is primarily attributable to a changed customer mix in the Swedish market.

NET FINANCIAL ITEMS AND TAX

The Group´s net financial items for the year amounted to an expense of SEK 53 M (39), of which the net interest expense accounted for SEK 38 M (32). Net financial items were also impacted by currency exchange differences of a negative SEK 3 M (positive 1) and other financial expenses of SEK 13 M (9). On an annual basis, total net interest, including portions in the discontinued operations, corresponded to 4.7 percent (4.3) of interest-bearing net debt.

Tax income for the year amounted to SEK 15 M (1). Tax income was affected favorably by changed tax rates in Finland.

CASH FLOW

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

CAPITAL, INVESTMENTS AND RETURN

At the end of the year, consolidated working capital amounted to SEK 353 M (325) and average operating capital tied-up was 9 percent (9).

Of the year's investments, totaling SEK 43 M (58), investments in intangible assets accounted for SEK 1 M (17) and investments in tangible assets for SEK 42 M (41). The investments mainly involve production equipment in the Finnish operations at the facility in Turku and in the Swedish operations at the facilities in Norrköping and Eskilstuna.

The return on capital employed decreased in comparison with that in the preceding year and amounted to 0 percent (2).

FINANCIAL POSITION AND LIQUIDITY

In February 2013, BE Group signed a new three-year credit agreement with Skandinaviska Enskilda Banken AB (publ) and Svenska Handelsbanken AB (publ). The total credit facility amounts to SEK 1,250 M, including guarantee facilities, and matures in February 2017. In the first quarter of 2014, a rights issue was implemented. The issue brought in SEK 161 M before transactions costs.

At the end of the year, consolidated cash and equivalents were SEK 51 M (89) and consolidated interest-bearing net debt, including the discontinued operations, amounted to SEK 851 M (779). At the end of the period, equity totaled SEK 627 M (673), while the net debt equity ratio was 136 percent (116).

ORGANIZATION, STRUCTURE AND EMPLOYEES

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

ENVIRONMENT

BE Group is engaged in operations at two sites in Sweden for which environmental permits are required. In Finland, operations in one location require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required.

The operations in Sweden, with the exception of Lecor Stålteknik and the operations in Finland, Latvia, the Czech Republic and Slovakia are certified under the ISO 14001 environmental management system. A certification process is in progress in the Polish operations.

QUALITY

BE Group is certified under the ISO 9001 quality management system for the operations of BE Group Sverige, BE Group Produktion and the operations in Finland, Latvia, Lithuania, Poland, the Czech Republic and Slovakia. The operations in Poland regained their certification during the year.

All of the Swedish operations are certified in accordance with the EN1090 quality assurance system for deliveries to the construction sector.

EQUAL OPPORTUNITY, WORK ENVIRONMENT AND SKILLS DEVELOPMENT

BE Group must be a safe and secure workplace environment. All employees are to receive fair treatment. Continual investments are made to uphold high standards for safety, and the workplace environment.

BE Group seeks a more balanced gender distribution. Over the year, an average of 14 percent (16) of the Group's employees were women.

RISKS AND RISK MANAGEMENT IN BE GROUP

BE Group's profits and financial position are affected by a large number of factors. Several of these are beyond the Company's own control. The Group operates in several countries and is therefore exposed to various risks as a consequence of differences in legislation, regulations and guidelines. Risk management within the Group is guided by established policies and procedures that are revised by the Board and/or Group Management on an ongoing basis. The Board of Directors in BE Group AB bears the overall responsibility for identifying, following up and managing risks.

The most important risks and factors of uncertainty for BE Group can be divided between:

- sector and market risks (economy and steel price trend),
- strategic and operational risks (suppliers, customers, increased direct deliveries from producers, agreements, personnel, product liability, legal and environmental liability), and
- financial risks (currency risk, interest risk, refinancing risk and credit risk).

Sector and market risks

The weak economic climate that BE Group has experienced over recent years has entailed increased general uncertainty, which also implies risks and uncertainty in operations. For BE Group, this has entailed increased short-term pricing among producers.

Economic trend

As for nearly all other businesses, the general economic trend affects BE Group and its customers. A weak economic trend increases the risk of lower demand for the Group's products, resulting in lower sales revenues. In addition, a weaker economy can lead to low inventory turnover, falling prices and inventory losses on existing inventories.

BE Group's strategy regarding inventory levels is to warehouse products based on estimated customer demand. This demands good customer contacts and accurate forecasting. The various companies in BE Group strive to maintain a level of inventory turnover suited to the market and local conditions of each company. The operational control of inventory levels is exerted by means of targets for the number of inventory days.

Steel price trend

The steel industry is strongly influenced by economic developments. As a consequence, steel price trends are volatile and are affected by the balance between the production offering and demand for steel at the different points along the value chain.

Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given a constant gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. Operating profit/loss for 2013 was charged with inventory losses of SEK 14 M (23). To limit these inventory effects, BE Group is working actively to reduce the number of inventory days while maintaining its level of service towards customers. Consequently, falling steel prices have a negative impact on BE Group's operations, earnings and financial position.

The table below shows the estimated effect on underlying operating result of changes in steel prices and sold tonnage. The sensitivity analysis is based on the outcome for 2013 and assumes a constant underlying gross margin.

	Change	Effect on Operating result
Steel price	+/- 5%	SEK +/- 24 M
Tonnage	+/- 5%	SEK +/- 22 M

Strategic and operational risks

BE Group's operations are influenced by a number of factors in various areas that can each affect development over the year.

Unsufficient deliveries

BE Group's products consist of materials from several different suppliers. The Group strives to establish relations with the best steel producers and to maintain sustainable, long-term cooperation. To safeguard access to materials, the Group seeks to always maintain relations with several suppliers in each product group. Over the year, BE Group has cooperated with close to 800 suppliers. Before establishing new business relationships and entering agreements, suppliers' capacity to meet BE Group's demands in terms of finance, quality, logistics, the environment and other aspects is ascertained.

In BE Group's assessment, it is not dependent on any single supplier and all major suppliers are considered fully interchangeable, so disruption to deliveries by any one of them need not therefore entail long-term consequences for operations. In 2013, the largest single supplier accounted for 9 percent (9) of the Group's purchases measured in EUR. Combined, the ten largest suppliers accounted for 47 percent (48) of the Group's total purchasing. BE Group is also exposed to the risk that deliveries from suppliers could be substantially delayed in the event of interrupted production, capacity shortage or transport issues, thereby making the Group's processes more expensive. In recent years, individual suppliers have increasingly begun to take out credit insurance on their deliveries to the Group. In cases where suppliers can not take out credit insurance and thus choose not to deliver to BE Group, there could be a negative impact on the Group.

Customers

BE Group's operations are conducted in several different markets and to numerous customer categories. The ten largest customers accounted for about 12 percent (12) of total sales in 2013. BE Group is not dependent on any individual customer and therefore has a good spread of risk in this regard.

Increased direct deliveries of steel and other metals

Users of steel and other metals have two principal procurement sources: direct from producers of steel and other metals or through trading and service companies. Traditionally, many large-scale users have bought directly from producers, while small and medium-sized users have often made use of trading and service companies. There is, however, a risk that producers will try to extend their direct sales, reducing the use of trading and service companies as agents.

Contractual relations

In accordance with current market practices, neither BE Group's customers nor its suppliers are to any great extent tied to the Group through long-term, formally binding contracts. Instead, it is the Group's custom to rely primarily on its good and often long-term relations with customers and suppliers, and on the normal practices that have been established between the parties. As a consequence, the implications of existing agreements may be difficult to elucidate if the parties were to have differing opinions. Furthermore, some of BE Group's larger customers require relatively comprehensive guarantees.

Human Resources

BE Group depends on competent employees for its future development and success. The ability to recruit, retain and develop qualified employees and being an attractive employer is an important prerequisite for success. The effect on the operations would be negative if key individuals were to quit and without it being possible to recruit suitable replacements.
BE Group has compiled a number of values

that reflect the spirit of the Group. Among other areas, these values shall pervade the management. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.

Product liability

In the event of defect products, some of the products that BE Group sells could cause personal injury or other harm, thereby incurring a risk of claims for damages in accordance with the product liability laws of the country concerned. BE Group has taken out the customary liability insurance policies on its operations. To date, no claims for damages based on product liability have been brought against BE Group.

Legal

Since BE Group maintains operations in several countries, the Group is exposed to different laws, regulations, agreements and guidelines, as well as to changes in the stipulations within these. Among other things, regulations include trade restrictions, such as customs duties and tariffs, requirements for import and export licenses, restrictions on movements of capital and tax regulations.

In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility and interpretations of contract terms. From a risk perspective, BE Group is not dependent on any individual commercial agreement that could significantly limit the Group's operations.

Environmental legislation and responsibility for the environment

BE Group's operations are subject to legislation pertaining to the environment, as well as regulations on emissions to the atmosphere and water, waste management and the workplace environment. BE Group could become liable for environmental damage caused by operations conducted, or that have previously been conducted by the Company. According to Swedish law, certain environmental liability is not subject to limitations of time. It cannot be ruled out that operations such as those that are conducted, or have been conducted, by BE Group could lead to liability for environmental impacts that do not appear, or are not discovered, until much later.

Financial risks

For an account of financial risks, see Note 31.

SHARE-RELATED INFORMATION

Ownership structure

BE Group's shares have been listed on the NASDAQ OMX Stockholm Exchange since the end of 2006. BE Group had 7,298 shareholders at the end of the financial year. AB Traction was the largest shareholder with a holding of 21.7 percent. The ownership structure is described in greater detail in the Annual Report on pages 16–17.

Share capital, shares outstanding and rights

No new share issues, bonus issues or similar were implemented during 2013. Share capital in the Company was SEK 102,040,817 at December 31, 2013 (102,040,817), allocated among 50,000,000 fully paid shares, each with a quotient value of SEK 2.04. Under the Articles of Association, minimum share capital in the Company is SEK 100,000,000 and maximum share capital SEK 400,000,000, with a minimum of 40,000,000 and a maximum of 160,000,000 shares. Share capital is determined in Swedish kronor.

All shares convey equal rights to a percentage of the Company's net assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares. At the end of 2013, BE Group AB held 561,982 treasury shares. Further information about the BE Group share is provided on pages 16–17.

Board authorizations

The Annual General Meeting in April resolved to authorize the Board to decide, on one or more occasions before the 2014 Annual General Meeting, on the transfer of at most 50,000 treasury shares via the stock exchange to cover social security contributions resulting from earlier annual general meetings' resolutions regarding Share Savings Plan 2011. BE Group's account of its share savings plans is provided in Note 3.

The Annual General Meeting decided, to enable BE Group's financing of smaller corporate acquisitions, to authorize the Board to decide on one or more occasions prior to the 2014 Annual General Meeting on the transfer of treasury shares. Such transfer may diverge from shareholders' preferential rights to the extent this does not exceed the number of treasury shares held by BE Group at the time of the Board's decision and that are not needed as matching or performance shares or to cover social security contributions in accordance with the current share savings plan.

Transfers may be applied as payment of all or part of the purchase consideration in the acquisition of companies or operations or parts of companies or operations, in which case the payment shall correspond to the assessed market value of the shares. Along-side share transfers, payment may be effectuated through capital contributed in kind or by setting off claims against BE Group. The Board of Directors shall have the right to decide on other conditions for the transfer. However, the conditions shall be market-based.

During the year, 22,858 shares, for which no compensation has been obtained, were transferred in connection with the Share Savings Scheme 2010. In addition, 5,887 shares were transferred through the exchange, in connection to the same Share Savings Scheme, for compensation equivalent to SEK 0 M. The total number of shares transferred over the financial year thus amounts to 28,745 corresponding to 0.06 percent of the share capital. In total, BE Group held 561,982 treasury shares at the end of the financial year, corresponding to 1.12 percent of the share capital, for a total amount of SEK 28 M.

CORPORATE GOVERNANCE

The Corporate Governance Report, which, among other things includes an account of the Group's governance and the work of the Board of Directors over the year, is presented on pages 82–85.

REMUNERATION PRINCIPLES FOR SENIOR EXECUTIVES

The 2013 Annual General Meeting adopted guidelines for executive remuneration. The policies apply to remuneration and other terms of employment for the individuals who, while the policies are in effect, are members of Group management for BE Group.

During the year, Group management has consisted of five people: the President and CEO, the CFO and Executive Vice President, the Business Area Managers for Sweden and Finland and the head of the Group function Operations Development.

The policies apply for agreements entered in accordance with Annual General Meeting resolutions and to amendments to existing agreements made after this date. The guidelines are reviewed annually.

The guidelines mainly state that remuneration for senior executives shall consist of fixed base pay, variable remuneration, pension benefits and other benefits. Total remuneration shall be market-based. Fixed pay shall be individual and differentiated based on the individual's responsibilities and performance and set annually. Variable remuneration shall be related to the degree of meeting the annual pre-determined, well-defined goals and shall be able to be comprised of a maximum of 50 percent of fixed salary.

Pension is to be defined-contribution-based and correspond to a maximum of 35 percent of fixed annual salary plus a maximum of 20 percent of the average bonus over the past three years.

Where notice of termination is issued by BE Group, fixed salary and severance pay shall not exceed an amount equivalent to at most 18 months' fixed pay, with severance pay, where applicable, being reduced by an amount equivalent to the executive's earnings from other employment or activities.

The actual remunerations agreed during the year are detailed in Note 3.

The Board of Directors' proposal on new executive remuneration policies to senior executives

The Board of Directors will propose to the 2014 Annual General Meeting that the above policies on executive remuneration shall also apply until the 2015 Annual General Meeting.

The Board of Directors' preparations and resolutions in business related to pay and other terms of employment for senior executives.

The Remuneration Committee appointed by the Board of Directors shall prepare matters related to pay and other terms of employment for executives. Decisions on remuneration to the CEO shall be taken by the Board in its entirety. In respect to other senior executives, decisions on pay shall be taken by the Remuneration Committee based on proposals by the CEO.

Provisions of the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association

There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Companies Act, directors are elected by the Annual General Meeting for the period extending until the close of the first Annual General Meeting after that at which they were elected, and amendments to the Articles of Association are determined by the Annual General Meeting in accordance with the regulations set out in the Companies Act.

SIGNIFICANT AGREEMENTS

The Company is not party to any significant agreements that will take effect, be altered, or become null if control over the Company changes due to a public takeover bid. Nor are there any agreements between the Company and directors or employees which require compensation if such persons resign, are terminated without reasonable cause, or their employment is terminated due to a public takeover bid in respect to shares in the Company.

CONTINGENT LIABILITIES

Consolidated contingent liabilities amounted to SEK 23 M (24).

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR.

In the first quarter of 2014, a rights issue for SEK 2014 M before transaction costs was implemented. The proceeds from the rights issue have been used to amortize loans.

In addition, in the first quarter, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total facility amounts to SEK 1,250 M.

Following the end of the financial year, CFO and Executive Vice President Torbjörn Clementz has decided to resign his position and he will leave BE Group in the second quarter of 2014.

PARENT COMPANY

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

Net financial items amounted to an expense of SEK 9 M (income 181), of which impairments of shares represented an expense of SEK 10 M (187) and Group-internal receivables and expense of SEK 28 M (58). The loss before tax amounted to SEK 28 M (214) and the loss after tax was SEK 24 M (214).

The Parent Company invested SEK 1 M (15) in intangible assets during the year. At the end of the period, the Parent Company's cash and equivalents were SEK 19 M (52). The proposed distribution of earnings is presented on page 80.

ACCOUNTING PRINCIPLES

As of January 2005, the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission for application within the European Union. Please see pages 50–55 for a more detailed explanation of accounting principles.

OUTLOOK FOR 2014

Signals among customers indicate an improvement in demand in 2014. Consequently, the Group expects a recovery in demand in its markets in the first quarter compared with the latter part of 2013. The Group's competitiveness is improving following the implemented efficiency improvements, and the implemented rights issue is improving the Group's financial position.

APPROPRIATION OF EARNINGS

The Board of Directors' proposal for the appropriation of earnings is detailed on page 80.

SUSTAINABLE DEVELOPMENT

BE Group's sustainability work involves efforts to generate long-term sustainable development of our operations. On the next few pages, we outline what the Group has achieved and is working to achieve in these areas.

In 2012, BE Group performed an inventory of its operations based on ISO 26000 and identified a number of priority focus areas that were identified as being of particular importance for the Group. Each focus area also includes measures for implementation over the coming years. Several of the measures were started in 2012 with work progressing during 2013.

ISO 26000 is an international standard that defines what areas are included in the sustainability concept of CSR (Corporate Social Responsibility) and provides recommendations regarding what, beyond applicable legislation, can be done in these areas.

FOCUS AREAS AND EXAMPLES OF MEASURES

- *Limiting climate impact and carbon dioxide emissions*
  Detailed charting of the Company's own carbon dioxide emissions in accordance with a common measurement standard. Overview charting of carbon dioxide emissions throughout the value chain from steel producers to end-customers.

- *Setting of requirements and follow-up among suppliers*
  Extending the Group's existing purchasing policy, which currently focuses on quality and the environment, to also address social and labor law aspects among suppliers. Development of assessment systems for suppliers.

- *Integration of sustainability work throughout the Group*
  Training of employees in BE Group's sustainability work (targets, activities, documentation, process, etc.) Establishment of a Group-wide team in which all business areas are represented to carry out this work.

- *Increased dialog with key stakeholders*
  Sustainability reporting in accordance with GRI (Global Reporting Index). Increased information on BE Group's website and training of salespeople.

The status of measures in progress and the results of measures that have been implemented will be presented on an on-going basis on BE Group's website and in future annual reports.

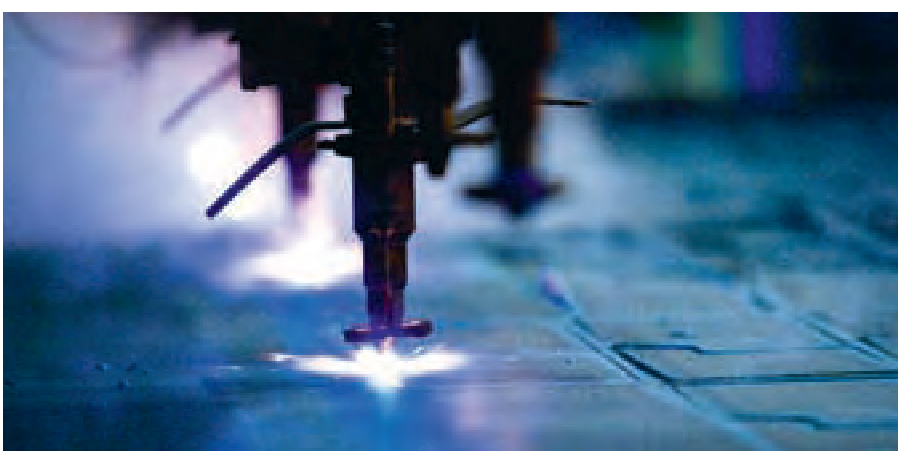
APPROVAL FOR SWEDBANK ROBUR'S RESPONSIBLE INVESTMENTS.

Swedish mutual fund management company Swedbank Robur analyzes companies in the technical trading sector and in its latest assessment renewed its approval of BE Group for its "responsible investments".

Excerpt from Robur's motivation:
"Relative to its sector, BE Group has low sustainability risks with nearly all of its sales and purchasing in the Nordic region and Western Europe, as well as raw materials in the form of steel products. The Company's work with the supply chain is primarily focused on raising suppliers' environmental performance, with suppliers consisting of Nordic and European steel companies. Most of BE Group is environmentally certified and conducts adequate environmental work in which cooperation with suppliers of raw materials in particular is prioritized to reduce the environmental impact of products, although internal environmental targets concerning transports and proprietary production are also applied."

CONTRIBUTIONS TO CHARITABLE CAUSES

In 2013, BE Group made minor donations to charitable causes by means of Christmas gifts to BRIS (Children's Rights in Society) in Sweden, the Mannerheim League for Child Welfare in Finland, and Doctors without Borders.



INTERACTION WITH KEY STAKEHOLDERS

CUSTOMERS

BE Group shall add value for all customer segments in accordance with its business model and act with sensitivity to customer needs and in a manner that encourages trust, strengthening relations with existing customers and attracting new ones.

SUPPLIERS

BE Group shall add value by providing distribution, warehousing and pre-processing services. The Group strives to strengthen sustainability work among suppliers through dialogue and by setting requirements.

EMPLOYEES

BE Group shall act responsibly internally and externally to attract, develop and retain competent employees. Our basic values guide us in how we behave towards one another in our day-to-day work.

SOCIETY

BE Group seeks to contribute to positive social development by generating job opportunities in our own operations and among our partners. BE Group shall be an open and easily accessible actor that communicates with the greatest possible transparency within the regulatory framework regarding market-sensitive information.

SHAREHOLDERS

BE Group is to generate value for its shareholders through responsible and profitable enterprise based on the Company's business model and strategies for profitability.

ENVIRONMENTAL POLICY AND ENVIRONMENTAL WORK

For a long time, BE Group has been working with environmental issues as an integrated part of its operations. With its position between steel producers and customers, it is in the area of transport in particular that the Company is able to help lessen the environmental impact. In addition, BE Group works continuously to improve its own facilities' energy consumption, emissions and waste management.

OVERARCHING ENVIRONMENTAL POLICY

A comprehensive environmental policy forms the basis of BE Group's environmental work. The policy states that BE Group shall:

- As a minimum comply with current environmental legislation and requirements from local authorities.
- Be economical in our use of energy and natural resources.
- Work to decrease the amount of waste and emissions from our facilities.
- Identify and foster opportunities to make adjustments benefiting the environment when making investments and changes in processes and facilities.
- Maintain a high level of awareness on environmental issues through ongoing training.
- Document and communicate environmental work to employees and provide open and objective information to external stakeholders.

CARBON DIOXIDE FOOTPRINT

The reduction of carbon dioxide emissions is a major global environmental challenge. In the refinement chain from the steel producer to the end-customer, it is at the producer level that the absolute majority of carbon dioxide emissions take place. Nonetheless, there are things that BE Group can do to reduce emissions in its part of the chain. During 2013, BE Group began to make emissions calculations in accordance with the recommendations in the GHG (Greenhouse Gas Protocol) measurement standard. The carbon dioxide footprint calculated according to scope 1 and 2 (in accordance with GHG) was 21 kg/tonne of steel sold from BE Group's facilities. Calculated emissions according to scope 3 for supplier transports to our facilities and transports to our customers were estimated at about twice the emissions from operations at BE Group´s own facilities. Continued development and adaptation of emissions calculations in accordance with the GHG standard will take place in 2014. The intention is to improve awareness and follow-up regarding emissions along the value chain between the supplier and the customer.

INTERNAL ENVIRONMENTAL OBJECTIVES

BE Group wants each employee to feel actively committed to improving the environment. This requires continuous information and training, although it is equally important that the set environmental targets are relevant to the individual employee. For this reason, BE Group works with environmental key figures in areas such as purchasing, sales, transport, energy consumption, emissions and handling of residual materials.

Clear, locally adapted targets are set based on identified environmental aspects, applicable legislation and available technology. Based on the specific needs and opportunities of each unit, concrete plans of action are then set up, enabling regular review and the quantification of results.

ENVIRONMENTAL AND QUALITY CERTIFICATIONS

BE Group is working to have all of its production facilities environmentally certified in accordance with the ISO 14001 standard and has come a long way in this process. Following the certification of the facilities in Central and Eastern Europe in recent years, 93 percent (94) of BE Group´s total sales are now made from environmentally certified units. The long-term target is a 95 percent share. The production facilities are also quality certified in accordance with ISO 9001.

Environmental certifications are also an area where BE Group has progressed far in its cooperation with suppliers. In several instances, close dialog with suppliers has also resulted in them commencing projects to environmentally certify their operations. Today, 72 percent (83) of BE Group's purchasing is sourced from producers who are certified in accordance with ISO 14001. The decrease in relation to the preceding year is largely due to improved quality of the basic data. This is because most of the companies now apply the same business system and database in this area. There has also been a certain impact from a shift in the purchasing mix. During 2014, the trend will be monitored and a new target will be set in this area.

PRIORITY ENVIRONMENTAL AREAS

Transports

BE Group's objective is to continuously increase the proportion of deliveries made by rail and sea. Where this is not possible, deliveries are made by truck. The transports that BE Group is most able to affect are its outbound deliveries to customers. Currently, 66 percent (71) of these are made using ISO 14001 certified transport companies. The figures are significantly higher for Sweden and Finland (94 and 82 percent respectively), while transport companies in other countries are in the early stages of this development. In the Swedish operations, a new transport structure was introduced during the year to increase transport efficiency. This has also entailed a notable increase in the proportion of deliveries by ISO 14001 certified companies.

Energy consumption

Thanks to reduced use of oil and gas in favor of district heating, and the consolidation of the number of facilities, the trend has for some time been for BE Group's energy consumption to decline at its own facilities. In the past two years, however, energy consumption has risen in comparison with previous years as a consequence of an increased proportion of production service sales in Sweden, Finland and Poland. BE Group's total energy consumption amounted to 79 kWh/tonne (84). In 2013, the calculation of energy consumption was adapted to the standard for scope 1 and 2 in GHG.

Emissions from production

BE Group's own operations cause only limited emissions. Emissions originate primarily from the production units in Malmö and Norrköping in Sweden and in Lahti and Turku in Finland where operations such as painting and blasting are carried out. All production units have the necessary environmental permits. The filtration of solvents (VOCs) from painting facilities and dust from blasting and cutting equipment is highly efficient.

Waste management

Residual materials in BE Group's operations are principally metals, wood and cardboard. These are sorted and recycled to the greatest possible extent. BE Group also carefully follows up the work of its recycling suppliers. Residual products in the form of scrap steel have increased as a consequence of an increased proportion of production service sales in Sweden, Finland and Poland. In 2013, the average amount of residual materials per tonne sold amounted to 64 kg (47), with 98 percent (98) being sent for recycling.

ENERGY CONSUMPTION PER TONNE SOLD, KWH/TONNE

2013
79

2012 **84**
2011 **63**

PROPORTION OF WASTE THAT IS RECYCLED, %

2013
98

2012 **98**
2011 **98**

PROPORTION OF SALES MADE BY ISO 14001-CERTIFIED UNITS, %

2013
93

2012 **94**
2011 **94**

PROPORTION OF PURCHASING FROM ISO 14001-CERTIFIED UNITS, %

2013
72

2012 **83**
2011 **81**

CORPORATE CULTURE AND VALUES

BE Group considers its employees to be ambassadors and long-term advocates. On many occasions, it is one or a few individual employees who are the outward face towards a specific customer and the objective is therefore to take care that everyone who works at BE Group should contribute to us being perceived as an economically, socially and ethically responsible company. The corporate culture is based, among other things, on what BE Group has defined as its basic values.

BASIC VALUES

BE Group's basic values shall act as a guide in the day-to-day work of everyone within BE Group. These values address how employees behave towards one another, as well as towards customers, suppliers and others with whom they come into contact.

Understanding of customers – We understand our customers and contribute to their success

Profit – We are cost-efficient and together generate profit for our customers and ourselves

Action – We test new solutions and encourage creativity and action

Responsibility – We assume responsibility and keep our promises

Openness – We are open, straightforward and clear

In 2013, BE Group undertook a venture in which the values were foregrounded alongside the business concept, vision and mission in an updated employee guide. The purpose is to make the values present and apparent in day-to-day work.

CODE OF CONDUCT

BE Group's Code of Conduct details the Group's responsibilities towards its business partners, owners, employees and society and applies to all employees. Managers within the Group bear an additional responsibility to act as role models in the application of the Code of Conduct, ensuring that it is adhered to by all employees.

Responsibilities towards our business partners and owners

- Bribes are prohibited. All forms of compensation to agents, suppliers and partners shall be consistently based on relevant products and services.
- Gifts and other hospitality gestures neither may nor shall exceed local practice and legislation.

Responsibility towards employees

- All employees shall be treated equally, fairly and with respect, regardless of ethnic background, gender, age, national origin, disability, religion, sexual orientation, trade union membership and political affiliation.
- Wages and other benefits shall correspond to or exceed the minimum wage stipulated by law and in accordance with agreements in each country where the Group operates.
- All employees shall be afforded a fair chance to compete for vacant positions within the Company, with professional skill and competence being the only decisive factors in recruitment.

Responsibility towards society

- BE Group shall provide objective and continuous information on products, services and development. Information of importance to the Company's business partners shall always be communicated as quickly as possible.
- The Company has a permanent commitment to contribute to ecologically sustainable development.

Since 2012, the Board of Directors has a whistle-blower policy that entails that all BE Group opportunity to report anonymously any digressions from the Group's Code of Conduct.

COMPETENCE DEVELOPMENT

BEOS (BE Operating System) describes the working principles that are to create more efficient workflows at warehouses and production units in accordance with lean production. The units have made considerable progress in implementing these principles and training in this area will continue in 2014.

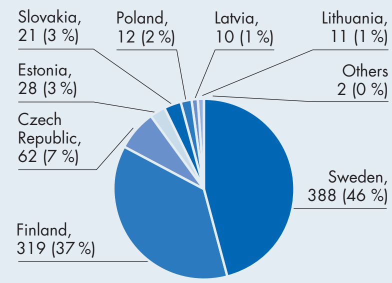
The "BE School" is the collective name used for BE Group Sweden's ongoing internal training for sales, warehouse and production personnel, among others. This may, for example, involve in-depth knowledge on products or equipment, or study visits to customers and suppliers to develop the service provided to these. In 2013, newly recruited salespeople and all sales managers underwent extensive training within the framework of the program. During 2014, specific ventures will be undertaken in the training of managers in logistics and production.

In 2013, BE Group in Finland initiated a coaching program for all employees. The program was attended by production personnel during the year and will include other employees in 2014. The methodology is based on working groups independently agreeing on rules and guidelines for their day-to-day work and the objective is to achieve lasting improvements in everything from leadership and cooperation to motivation and workplace satisfaction.

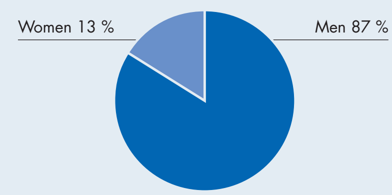
PREVENTION OF WORKPLACE ACCIDENTS

Besides adhering to applicable workplace environment legislation at all of our facilities, BE Group focuses on advancing safety issues in day-to-day operations. All visitors to production facilities in Sweden must wear a safety helmet and must be 18 years of age or older. Since operations include an increasing proportion of production service, continuous training of personnel in general safety awareness, safe handling of materials and safe handling of the growing amount of equipment.

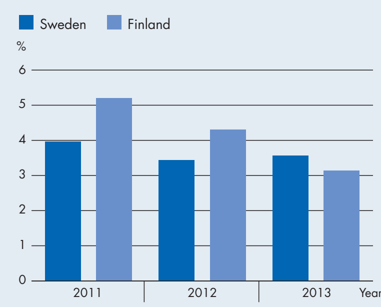
AVERAGE NUMBER OF EMPLOYEES BY COUNTRY
(percentage of total)



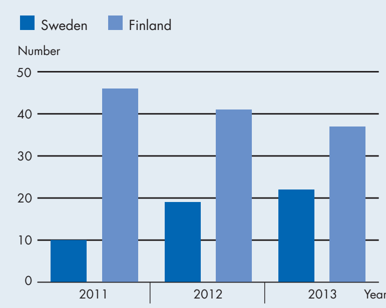
GENDER DISTRIBUTION, TOTAL



ABSENCE DUE TO SICKNESS



INJURIES RATE PER BUSINESS AREA



FINANCIAL STATEMENTS

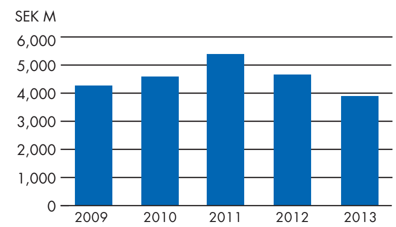
Consolidated Income Statement

Amounts in SEK M	Note	2013	2012
Net sales	*1*	3,994	4,634
Cost of goods sold	*2*	-3,470	-4,037
Gross profit/loss		**524**	**597**
Selling expenses	*2*	-402	-433
Administrative expenses	*2*	-99	-139
Participation in earnings of joint venture	*18*	1	1
Other operating income	*7*	5	5
Other operating expenses	*2, 8*	-32	-5
Operating result	*3, 4, 5, 15, 16*	**-3**	**26**
Financial income	*9*	4	5
Financial expenses	*10*	-57	-44
Profit/loss before tax		**-56**	**-13**
Tax	*11*	15	1
Profit/loss for the year from continuing operations		**-41**	**-12**
Profit/loss for the year from discontinued operations	*12*	**-10**	**-99**
Profit/loss for the year attributable to Parent Company shareholders	*13*	**-51**	**-111**
Earnings per share before dilution	*13*	-1.02	-2.25
Earnings per share after dilution	*13*	-1.02	-2.25
Earnings per share in continuing operations before dilution		-0.83	-0.24
Earnings per share in continuing operations after dilution		-0.83	-0.24

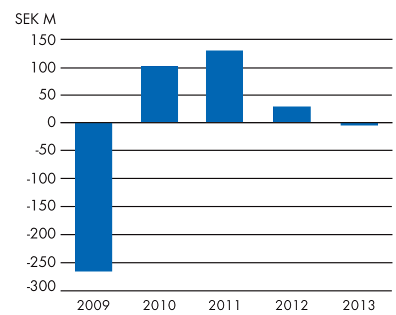
Consolidated Statement of Comprehensive Income

Amounts in SEK M	2013	2012
Profit/loss for the year	**-51**	**-111**
Other comprehensive income		
Items that have, or may be, reclassified to profit/loss for the period		
Translation differences	11	-17
Hedging of net investments in foreign subsidiaries	-5	13
Tax attributable to items in other comprehensive income	1	-3
Items that will not be reclassified to profit/loss for the period	**–**	**–**
Total other comprehensive income	**7**	**-7**
Comprehensive income for the year attributable to Parent Company shareholders	**-44**	**-118**

Net sales, Group[1)]

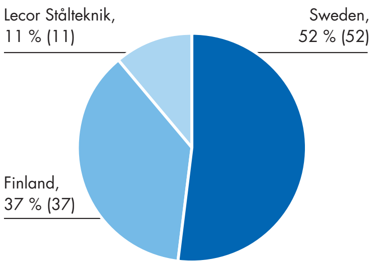


Operating result, Group[1)]

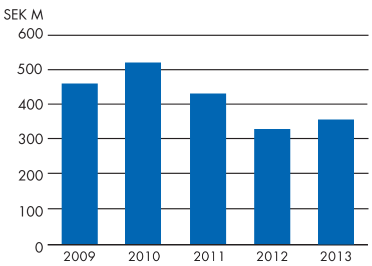


[1)] The Czech operations are reported as discontinued operations in accordance with IFRS 5. The figures for 2010–2013 are therefore reported excluding the operations in the Czech Republic.

Goodwill by cash generating unit



Working capital development



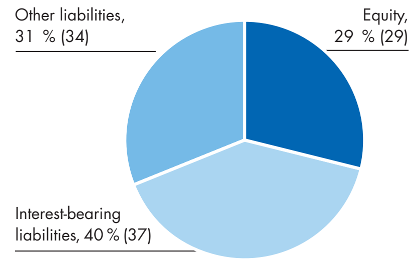
Consolidated Balance Sheet

Amounts in SEK M	**Note**	**2013**	**2012**
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	*14*	610	607
Other intangible assets	*15*	61	76
		671	**683**
Tangible assets	*16*	224	222
		224	**222**
Participations in joint ventures	*18*	127	126
		127	**126**
Financial assets			
Other securities held as non-current assets	*19*	1	2
Non-current receivables		0	0
		1	**2**
Deferred tax assets	*25*	22	14
		22	**14**
Total non-current assets		**1,045**	**1,047**
Current assets			
Inventories			
Goods for resale	*21*	490	509
		490	**509**
Current receivables			
Accounts receivable		375	382
Tax receivables		17	14
Other receivables		10	15
Prepaid expenses and accrued income	*22*	33	30
		435	**441**
Cash and equivalents			
Cash and equivalents		51	89
		51	**89**
Assets held for sale	*12*	2	2
Assets attributable to disposal group	*12*	155	203
		157	**205**
Total current assets		**1,133**	**1,244**
TOTAL ASSETS		**2,178**	**2,291**

Consolidated Balance Sheet

Amounts in SEK M	Note	2013	2012
EQUITY AND LIABILITIES			
Equity	*23*		
Share capital		102	102
Other capital contributions		11	11
Translation reserve		16	9
Retained earnings including profit/loss for the year		498	551
Equity attributable to Parent Company shareholders		**627**	**673**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	858	832
Provisions	*24*	0	1
Deferred tax liability	*25*	37	49
Total long-term liabilities		**895**	**882**
Current liabilities			
Current interest-bearing liabilities	*26, 27, 31*	8	2
Accounts payable		441	493
Tax liabilities		0	0
Other liabilities		60	49
Accrued expenses and deferred income	*28*	73	83
Provisions	*24*	5	4
Liabilities attributable to disposal group	*12*	69	105
Total current liabilities		**656**	**736**
TOTAL EQUITY AND LIABILITIES		**2,178**	**2,291**

Equity and liabilities



Pledged assets and contingent liabilities – Group

Amounts in SEK M	Note	2013	2012
Pledged assets	*26*	**1,680**	**1,752**
Contingent liabilities	*26*	**23**	**24**

Changes in consolidated equity

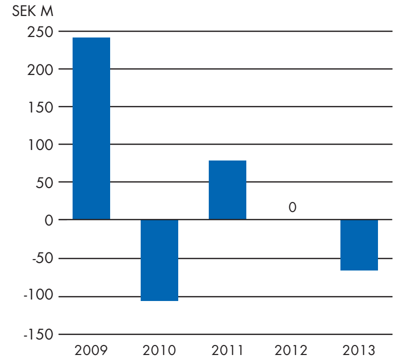
Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Accumu-lated profit/loss	Total equity
2012					
Equity, opening balance, January 1, 2012	**102**	**11**	**16**	**676**	**805**
Profit/loss for the year	–	–	–	-111	-111
Other comprehensive income	–	–	-7	–	-7
Comprehensive income for the year	**–**	**–**	**-7**	**-111**	**-118**
Dividend	–	–	–	-12	-12
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	-2	-2
Equity, closing balance, December 31, 2012	**102**	**11**	**9**	**551**	**673**
2013					
Equity, opening balance, January 1, 2013	**102**	**11**	**9**	**551**	**673**
Profit/loss for the year	–	–	–	-51	-51
Other comprehensive income	–	–	7	–	7
Comprehensive income for the year	**–**	**–**	**7**	**-51**	**-44**
Dividend	–	–	–	–	–
Change, treasury shares	–	–	–	0	0
Share Savings Scheme	–	–	–	-2	-2
Equity, closing balance, December 31, 2013	**102**	**11**	**16**	**498**	**627**

Consolidated Cash Flow Statement

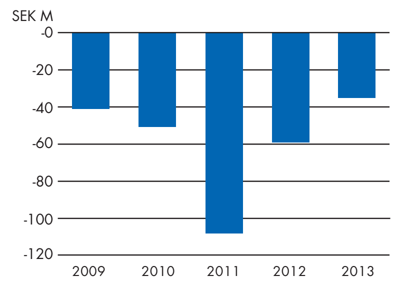
Amounts in SEK M	**Note**	**2013**	**2012**
Operating activities			
Profit/loss before tax[1]		-66	-117
Adjustment for non-cash items	29	50	135
		-16	**18**
Income tax paid/received		-8	4
Cash flow from operating activities before changes in working capital		**-24**	**22**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		52	20
Increase(-)/decrease(+) in operating receivables		22	138
Increase(-)/decrease(+) in operating liabilities		-80	-121
Cash flow from operating activities		**-30**	**59**
Investing activities			
Divestments of subsidiaries		5	–
Acquisitions of intangible assets		-1	-17
Acquisitions of tangible assets		-41	-45
Divestments of tangible assets		2	3
Investments in financial assets		–	–
Cash flow from investing activities		**-35**	**-59**
Cash flow after investments		**-65**	**0**
Financing activities			
Acquisition/divestment of treasury shares		0	0
Loans raised		25	–
Amortization of loan liabilities		-11	-25
Dividends paid		–	-12
Cash flow from financing activities		**14**	**-37**
Cash flow for the year		**-51**	**-37**
Cash and equivalents at January 1		**89**	**146**
Exchange rate differences in liquid assets		**-1**	**-1**
Change in liquid assets included in the disposal group	12	**14**	**-19**
Cash and equivalents at December 31		**51**	**89**

[1] Profit/loss before tax from both continuing and discontinued operations.

Cash flow after investments



Cash flow from investing activities



Income Statement – Parent Company

Amounts in SEK M	Note	2013	2012
Net sales	*1*	58	58
		58	**58**
Administrative expenses		-69	-90
Other operating revenue and expenses	*7, 8*	-8	-1
Operating result	*3, 4, 5, 15, 16*	**-19**	**-33**
Profit/loss from participations in Group companies	*6*	32	-163
Other interest income and similar profit/loss items	*9*	28	36
Interest expense and similar profit/loss items	*10*	-69	-54
Profit/loss before tax		**-28**	**-214**
Tax	*11*	4	0
Profit/loss for the year		**-24**	**-214**

Statement of Comprehensive Income – Parent Company

Amounts in SEK M	2013	2012
Profit/loss for the year	**-24**	**-214**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**-24**	**-214**

Balance Sheet – Parent Company

Amounts in SEK M	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	*15*		
Capitalized expenditure for development work and similar		58	71
		58	**71**
Tangible assets			
Equipment, tools, fixtures and fittings	*16*	0	0
		0	**0**
Financial assets			
Participations in Group companies	*17*	1,193	1,166
Interest-bearing receivables from Group companies	*20*	6	25
		1,199	**1,191**
Deferred tax assets		4	–
Total non-current assets		**1,261**	**1,262**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	*20*	191	276
Receivables from Group companies		84	104
Tax receivables		1	2
Other receivables		3	2
Prepaid expenses and accrued income	*22*	13	12
		292	**396**
Cash and equivalents		19	52
		19	**52**
Total current assets		**311**	**448**
TOTAL ASSETS		**1,572**	**1,710**

cont. Balance Sheet – Parent Company

Amounts in SEK M	Note	2013	2012
EQUITY AND LIABILITIES			
Equity	*23*		
Restricted equity			
Share capital		102	102
Statutory reserve		31	31
		133	**133**
Non-restricted equity			
Profit brought forward		463	679
Profit/loss for the year		-24	-214
		439	**465**
Total equity		**572**	**598**
Non-current liabilities			
Non-current interest-bearing liabilities	*26, 31*	828	818
Provisions		0	0
		828	**818**
Current liabilities			
Current interest-bearing liabilities to Group companies	*31*	133	246
Accounts payable		*7*	3
Liabilities to Group companies		12	26
Other liabilities		2	1
Accrued expenses and deferred income	*28*	16	18
Provisions		2	–
		172	**294**
TOTAL EQUITY AND LIABILITIES		**1,572**	**1,710**

Pledged assets and contingent liabilities – Parent Company

Amounts in SEK M	Note	2013	2012
Pledged assets	*26*	**1,309**	**1,301**
Contingent liabilities	*26*	**135**	**36**

Changes in Equity – Parent Company

Amounts in SEK M	Share capital	Statutory reserve	Profit brought forward	Profit/loss for the year	Total equity
2012					
Equity, opening balance, January 1, 2012	**102**	**31**	**718**	**-25**	**826**
Profit/loss brought forward from preceding year	–	–	-25	25	–
Total transactions reported directly in equity	**–**	**–**	**-25**	**25**	**–**
Profit/loss for the year	–	–	–	-214	-214
Other comprehensive income	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**-214**	**-214**
Dividend	–	–	-12	–	-12
Change, treasury shares	–	–	0	–	0
Share Savings Scheme	–	–	-2	–	-2
Equity, closing balance, December 31, 2012	**102**	**31**	**679**	**-214**	**598**
2013					
Equity, opening balance, January 1, 2013	**102**	**31**	**679**	**-214**	**598**
Profit/loss brought forward from preceding year	–	–	-214	214	–
Total transactions reported directly in equity	**–**	**–**	**-214**	**214**	**–**
Profit/loss for the year	–	–	–	-24	-24
Other comprehensive income	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**-24**	**-24**
Dividend	–	–	–	–	–
Change, treasury shares	–	–	0	–	0
Share Savings Scheme	–	–	-2	–	-2
Equity, closing balance, December 31, 2013	**102**	**31**	**463**	**-24**	**572**

Cash Flow Statement – Parent Company

Amounts in SEK M	Note	2013	2012
Operating activities			
Profit/loss after financial items		-24	-214
Adjustment for non-cash items	*29*	65	256
		41	42
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		**41**	**42**
Cash flow from changes in working capital			
Increase(-)/decrease(+) in operating receivables		-21	-1
Increase(-)/decrease(+) in operating liabilities		-14	8
Cash flow from operating activities		**6**	**49**
Investing activities			
Divestments of subsidiaries		0	–
Acquisitions of intangible assets		-1	-15
Acquisitions of tangible assets		0	0
Lending to subsidiaries		–	-90
Amortization from subsidiaries		73	11
Cash flow from investing activities		**72**	**-94**
Financing activities			
Acquisition of treasury shares		0	0
Dividend		–	-12
Net change in borrowing/lending in cash pool		-141	42
Loans from subsidiaries		30	3
Amortization of loan liabilities		–	-9
Cash flow from financing activities		**-111**	**24**
Cash flow for the year		**-33**	**-21**
Cash and equivalents at January 1		**52**	**73**
Cash and equivalents at December 31		**19**	**52**

CONTENTS ACCOUNTING PRINCIPLES AND NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND NOTES TO THE FINANCIAL STATEMENTS

Amounts stated in millions of SEK (SEK M) unless specified otherwise.

BE Group AB (publ), company registration number 556578-4724, is a Swedish limited liability company. The registered office is in Malmö, Sweden.

Consolidated accounting principles

Compliance with legislation and standards

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Commission of the European Communities for application in the European Union. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles."

Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in BE Group's financial statements. The accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group.

Changes in accounting principles

Changes to accounting principles necessitated by new or amended IFRS-rules

Described below are the accounting principles applied by BE Group effective from January 1, 2013. Other amendments to IFRS applicable effective from 2013 have had no material effect on the consolidated accounts.

Amended IAS 1 *Presentation of Financial Statements* (Reporting of items in other comprehensive income). The amendment entails items in "Other comprehensive income" being divided into two categories: i) items that have, or may be, reclassified to profit/loss for the period and ii) items that will not be reclassified to profit/loss for the period. Items that have, or may be, reclassified include, for example, translation differences and gains/losses on cash flow hedges. Items that will not be reclassified are revaluations of defined benefit pension plans and revaluations in accordance with the revaluation model for intangible and tangible assets. The comparison figures are presented in accordance with the new format.

Amended IAS 19 *Employee benefits*. The amendment entails only certain additional disclosure requirements since the company has no defined benefit pension plans except Alecta, which is treated as a defined contribution plan.

IFRS 13 *Fair value measurement*. A new, uniform standard for the measurement of fair value and improved disclosure requirements.

New IFRS-rules that have not yet begun to be applied

A number of new or amended IFRS-rules will not enter force until during upcoming financial years and have not been applied prematurely in the preparation of these financial statements. It is not planned to apply any new standards or amendments prematurely. The Company's view is that such future changes will not have a material effect on its financial statements.

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group. Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest million unless otherwise stated.

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities recognized at fair value consist of derivative instruments. Fixed assets and disposal groups held for sale are reported at their carrying amount or fair value less sales costs, whichever is lowest.

Assessments and estimates

Preparation of the financial accounts in accordance with IFRS requires management making assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities and costs. The estimates and assumptions are based on historical experience and other factors that seem reasonable under current conditions. The results of these estimates and assumptions are then used to assess the carrying amount of assets and liabilities not otherwise evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods.

Management's assessments in connection with application of IFRS that have significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail below in Note 33, Significant estimates and assessments.

Basis for consolidation

Subsidiaries

The Parent Company BE Group AB (publ) directly or indirectly owns all shares and votes in its subsidiaries and therefore has a controlling influence over these.

In the consolidated accounts, subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. The acquisition analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. Possible transaction fees due to the acquisition of a subsidiary are reported directly in the profit/loss for the period, except for transaction fees that arose prior to January 1, 2010. The latter has been included in the cost.

Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

Payment in connection with the acquisitions does not include payments settling prior business transactions. Settlements of this type are made against profit/loss for the period.

The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint venture

For purposes of accounting, joint ventures are companies for which the Group has joint control over operational and financial management through a contractual arrangement with one or more parties. Interests in joint ventures are consolidated using the equity method of accounting. The equity method entails the value of holdings in joint ventures reported in the consolidated accounts being equivalent to the Group's share of the joint ventures' shareholders' equity, as well as consolidated goodwill and any other consolidated surplus or deficit. In consolidated profit/loss for the period, "Participations in earnings of joint venture" is reported as the Group's share of a company's earnings adjusted for any impairment, amortization or reversals of acquired surpluses or deficits. These shares in earnings less any dividends received from joint ventures comprise the main change in the carrying amount of interests in joint ventures. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the identifiable assets and liabilities of the joint venture is reported in accordance with the same principles that apply for acquisitions of subsidiaries.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized gains and losses arising from transactions with joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies, however, unrealized losses are eliminated only to the extent that there is no indication that any impairment should be recognized.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in force at the balance sheet date. Exchange differences arising from translation are recognized against profit/loss for the period. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Exchange differences referring to operating assets and liabilities are recognized in the operating result, while exchange rate movements referring to financial assets and liabilities are recognized in net financial income.

Foreign businesses' financial statements

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency. Translation is applied at the exchange rate in effect on the balance sheet date. Income and expenses in a foreign operation are translated at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of net investments are recognized under other comprehensive income and are accumulated in an equity component entitled separate translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging against profit/loss for the period.

Classification

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Intangible assets

Goodwill

Consolidated goodwill consists of acquired goodwill and goodwill arising in connection with investments in subsidiaries. Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. After the acquisition, goodwill is reported at cost less any impairment losses.

Goodwill is distributed to cash generating units and is tested at least once annually to determine possible impairment needs; see Note 14 Goodwill.

Other intangible assets

Customer relations consist of acquired assets that have been identified in the acquisition analysis in connection with the acquisition of shares in subsidiaries. At the time of acquisition, customer relations are valued at fair value, which is considered to be equivalent to the cost. After the acquisition, customer relations are recognized at cost less accumulated amortization and impairment losses.

Computer programs and licenses are reported at cost less accumulated amortization and impairment.

Costs incurred for internally generated goodwill and internally generated brands are recognized against profit/loss for the period when the cost is incurred.

Additional expenditures for capitalized intangible assets are recognized as assets on the Balance Sheet only when they increase the future economic benefit associated with the specific asset. All other expenditures are expensed as they are incurred.

Amortization principles for customer relations and other intangible assets

Amortization is recognized in profit/loss for the period on a straight-line basis over the estimated useful life of the asset. Intangible assets which can be amortized are amortized from the date on which they are available for use. The useful lives of assets are reassessed on an ongoing basis and at least once per year.

The estimated useful lives are:

	Useful life	
	Group	Parent Company
Licenses	3–10 years	3–10 years
Software	3–10 years	3–10 years
Customer relationships	6–10 years	–

Tangible assets

Tangible assets are recognized in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related costs included in the cost of an asset are costs for shipping and handling, installation, legal title, consultant services and legal services.

Additional expenditures are only added to the cost if it is probable that the future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. All other subsequent expenses are expensed in the period they arise.

Depreciation principles for tangible assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful life and residual value of assets are reviewed at the end of each financial year.

	Useful life	
	Group	Parent Company
Buildings	15–50 years	–
Plant and machinery	3–15 years	3–15 years
Equipment, tools, fixtures and fittings	3–10 years	3–10 years

Impairment of tangible and intangible assets as well as holdings in a joint venture

IAS 36 is applied to identify impairments for assets other than financial instruments reported according to IAS 39, deferred tax assets reported according to IAS 12 and inventories reported according to IAS 2. Assets held for sale and disposal groups are tested in accordance with IFRS 5. The carrying amounts for the exempted assets are measured according to the respective standards.

If there is any indication of impairment, the asset's recoverable amount is estimated. The asset's recoverable amount is the highest of the value in use and fair value minus selling expenses. In measuring value in use, future cash flows are discounted at the pre-tax rate that shall reflect current market assessments of risk-free interest and the risks specific to the asset. In the event that the asset's carrying amount exceeds the recoverable amount, the carrying amount is impaired down to the recoverable amount. Impairments are charged against profit/loss for the period.

Impairment testing of goodwill is carried out annually, regardless of whether an indication of an impairment requirement exists or not.

Impairment losses on assets within the scope of IAS 36 are reversed if there is both indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount was measured. However, impairments of goodwill are not reversed. A reversal is only made to the extent that the asset's carrying amount does not exceed the carrying amount that would have been reported if no impairment had taken place.

Inventories

Inventories are measured at the lower of cost and net sales value. The cost of inventories includes costs incurred to acquire inventory assets and transport them to their current site and condition. The cost figure is based on weighted average prices. The cost of manufactured goods and work in progress includes a reasonable share of indirect costs based on normal capacity.

Net sales value is the estimated selling price in current operations less the estimated costs to make the asset ready for sale and to effect a sale. Net sale value is estimated based on estimates of the current market price.

Provisions

Provisions differ from other liabilities in the uncertainty that prevails regarding the time of payment or the amount required to settle the obligation. Provisions are recorded in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event occurring and when it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made in the amount corresponding to the best estimate of that required to settle present obligations on the balance sheet date. If the payment date has a significant effect, provisions are calculated through discounting of the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Financial instruments

Financial instruments that are reported in the balance sheet include receivables, liquid funds and accounts payable.

A financial asset or financial liability is recognized in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognized in the Balance Sheet once the invoice has been sent, which normally occurs in connection with delivery and the transfer of risk. Liabilities are recognized once the counterparty has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the Company's control. The same also applies for parts of a financial asset. A financial liability or part thereof is derecognized in the balance sheet when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the Company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the Balance Sheet only when the Company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. The measurement categories BE Group uses are as follows.

The valuation category, Financial assets measured at fair value in profit or loss for the period

This category consists of financial assets held for trade, that is, derivatives with positive fair value. These assets are measured, on an ongoing basis, at fair value, with changes in value recognized in profit/loss for the period. The fair value of listed financial instruments corresponds to their listed market price on the balance sheet date. The fair value of financial assets for which there is no active market is determined using discounted cash flow analysis.

Valuation category, loans and accounts receivable

Loans and receivables are non-derivative financial assets with determined or determinable payments that are not quoted in an active market. These assets are measured at amortized cost in accordance with the effective interest method. Accrued historical cost is determined from the effective interest rate interest that is calculated at the date of acquisition.

Trade receivables are recognized at the amounts expected to be recovered, that is, after deductions for doubtful receivables. Trade receivables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Liquid assets include cash and cash equivalents as well as immediately available balances with banks and similar institutions as well as short-term liquid placements with a maturity of less than three months, counted from the acquisition date and that are exposed to only insignificant risk of fluctuations in value.

Valuation category financial assets available for sale

This category covers financial assets not classified in any other category or financial assets designated on initial recognition as available for sale. In accordance with the main principle, assets belonging to this category are continuously recognized at fair value with changes in value recognized in other comprehensive income. When the assets are derecognized from the Balance Sheet, the cumulative gain or loss previously recognized in equity is transferred to profit/loss for the period. However, the Other securities held as that BE Group reports in this valuation category have been valued at cost since their type, nature and insubstantial amounts make it impractical in terms of benefit to calculate their fair value.

The valuation category, Financial liabilities measured at fair value in profit/loss for the period

This category consists of financial assets held for trading, that is, derivatives with negative fair value. The fair value of listed financial instruments corresponds to their listed market price on the balance sheet date. The fair value of financial liabilities for which there is no active market is determined using discounted cash flow analysis. Fair value changes are recognized in profit/loss for the period.

The valuation category, financial liabilities, measured at the accrued cost

Other financial liabilities are measured at amortized cost in accordance with the effective interest method. They are initially recognized at the obtained amount with deductions for transactions costs. Loans and other financial liabilities, such as account payables, are included in this category. Account payables have a short expected maturity and are accordingly measured at nominal value and not discounted.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets needs to be impaired. The recoverable amount is calculated as the current value of future cash flows discounted by the effective interest that applied when the asset was initially recognized. Impairment is recognized as an expense in profit/loss for the period. An impairment is reversed if the previous reason for impairment no longer exists and the asset is expected to be recovered in its entirety.

Hedge accounting

In order to fulfill the requirements on hedge accounting in accordance with IAS 39, there must be a clear link to the hedged item. Moreover, the hedging must effectively protect the hedged item, the hedging documentation must be drawn up and the effectiveness must be quantifiable.

Investments in foreign subsidiaries (net assets including goodwill) have been hedged for currency risk to a certain extent through borrowing in the same currency as the investments. At the close of the period, these currency loans are entered at the rate applicable on the balance sheet date and the effective portion of the period's exchange rate differences are recognized in other comprehensive income. The accumulated changes are classified as translation reserve in equity. When hedging is ineffective, the ineffective portion is recognized in profit/loss for the period.

Warranties

A warranty provision is recognized when an agreement has been made including stipulations of future commitments that are deemed likely to materialize.

A warranty provision may also be recognized when the underlying products or services are sold. The provision is based on historical data concerning warranties and consideration of possible outcomes in relation to the probabilities associated with the outcomes. However, such warranty commitments do not represent a significant item in the Group's financial statements.

Restructuring

A provision for restructuring is reported once the Group has prepared a detailed and formal restructuring plan and the restructuring has either commenced or been publicly announced. No provisions are made for future operating costs.

Onerous contracts

Provisions for onerous contracts are recognized when the benefit the Group expects to obtain from a contract is lower than the unavoidable costs of meeting obligations under the contract.

Income

Income from the sale of goods is reported in the period's profit/loss when the goods are delivered and the inherent risk has been transferred to the customer. In normal cases, the following conditions are considered to be fulfilled; the Company has transferred to the buyer the significant risks and rewards of ownership; the Company retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured in a reliable way.

The Company measures revenue at the fair value of consideration received or receivable. Accordingly, the Company measures revenue at nominal value (invoice amount) if the Company receives consideration in cash or cash equivalents upon delivery on customary credit terms. Discounts provided are deducted.

Income from service assignments is recognized in profit/loss for the period based on the degree of completion on the balance sheet date. The degree of completion is determined on the basis of the expenses hitherto incurred in relation to the total calculated expenses for the assignment.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages and salaries, including bonuses, paid leave, sick leave and social security benefits are recognized in the period in which the employee has performed services in exchange for the benefit.

Share-related remunerations

BE Group has share-related remunerations in the form of share savings schemes. Expenses for these are recognized in profit/loss for the period during the vesting period, based on the fair value of the shares as of the time of allocation. Fair value is based on the share price at the time of allocation. An amount corresponding to Share Savings Scheme costs is recognized in equity in the Balance Sheet. The vesting conditions are not based on the equity market, but on company-specific performance targets and do not thus affect the number of shares that BE Group may finally allot to the employee upon matching. The costs for this performance-based program are calculated based on the estimated number of matching shares at the end of the vesting period, based on a probability assessment. When shares are matched in certain countries, social insurance contributions must be paid in proportion to the value of the employee benefit. This value is generally based on the market value of the shares on matching date. Provisions are made for these estimated social insurance contributions during the vesting period.

Pensions

The Group's pension agreements are mainly defined contribution plans. The defined benefit plan for retirement pensions and survivors' pensions for white collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit which is why the pension plan in accordance with ITP is secured through insurance with Alecta such as a defined contribution plan.

Under a defined contribution plan, the enterprise pays fixed contributions into a fund (a separate legal entity) and has no further legal or constructive obligation to make further payments. The pension cost to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

Termination benefits

When the Company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the Company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense. Provisions are recognized in connection with terminations only if the Company is demonstrably obligated to terminate employment prior to the normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and fixed income securities, interest expense on loans, exchange differences and allocated transaction costs for raised loans.

Transaction costs for raised loans and credits are accrued over the life of the loans and credits by applying the effective interest method.

Tax

Income taxes are recognized in profit/loss for the period except where an underlying transaction is recognized directly in other comprehensive income, whereupon the related tax effect is likewise recognized in other comprehensive income. Current tax is tax to be paid or refunded in the current year, which includes adjustment of current tax attributable to previous periods. Deferred tax assets are measured using the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax value on assets and liabilities. Deferred tax assets are measured based on how temporary differences are expected to even out and applying the tax rates and regulations that have been enacted or announced at the balance sheet date.

Temporary differences are not taken into consideration for consolidated goodwill.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognized only if it is considered probable they will result in lower tax payments in the future.

Leases

Leases are classified in the consolidated accounts as financial or operating leases. BE Group is the lessee in all leases

Operating leasing agreements

Leases of assets where the lessor retains the financial risks and rewards normally associated with ownership of the asset are classified as operating leases. Lease payments related to operating leases are recognized as an expense in the Income Statement on a straight-line basis over the lease term. Incentives received in connection with the signing of a new agreement are recognized in profit/loss for the period on a straight line basis over the lease term. Variable payments are recognized as an expense in the periods in which they arise.

Financial leasing agreements

Leases of assets where the financial risks and rewards normally associated with ownership of the asset are transferred to BE Group are classified as finance leases. The lease asset is recognized as a tangible asset, with the same depreciation rates applied as for tangible assets, while the future obligation to pay lease fees to the lessor is recognized as a liability in the Balance Sheet. Leased assets are depreciated according to the same principles that apply to other assets of the same type. Future lease obligations are apportioned between non-current and current liabilities. Minimum lease payments are apportioned between the finance charge and amortization of the outstanding liability. The interest cost is allocated over the leasing period so that every reporting period is charged with an amount corresponding to a constant periodic rate of interest on the remaining balance of the liability. Variable payments are recognized as an expense in the periods in which they arise.

Segment reporting

An operating segment is a component of the Group that conducts business operations from which it can derive revenues and incur costs, including intra-group transactions and whose operating result is reviewed regularly by the Group's senior executives as a basis for the allocation of resources to the segment and the assessment of its results. Independent financial information shall also be available for components of the Group defined as segments. BE Group has defined the concept of "senior executives" as Group Management.

The Group's primary basis for identifying segments is geographical areas. The internal management is based primarily on reporting and follow-up of returns from the Group's geographical areas. The geographical areas are grouped by country or group of countries, based on similarities with regard to risks and returns.

For additional information on operating segments, please see Note 1 Operating segments.

Earnings per share

The calculation of earnings per share is based on the profit for the period within the Group which is attributable to the Parent Company's shareholders and on the weighted average number of outstanding shares during the year. In calculating earnings per share before and after dilution, the average number of shares is adjusted to take into consideration the effects of the Share Savings program.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. Reported cash flow covers only transactions that result in incoming and outgoing payments

Parent Company accounting principles

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for legal entities (Sept. 2012). Published statements by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as this is possible within the framework of the Swedish law on the safeguarding of pension-commitments and taking the connection into account between reporting and taxation. The recommendation specifies exemptions and additions to IFRS that shall be made.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are prepared in accordance with the model detailed in the Annual Accounts Act, while the report on comprehensive profit/loss, Statement of Changes in Equity and the Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences in the Income Statement and Balance Sheet of the Parent Company compared with the consolidated accounts mainly involve the reporting of financial revenues and costs, assets and equity.

Participations in subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are charged directly against profit/loss when they are incurred.

Anticipated dividends from subsidiaries are recognized when the Parent Company has the sole right to decide the amount of the distribution and the Parent Company has decided on the size of the distribution before the subsidiary published its financial statements. Dividends received from Group companies are recognized in their entirety as income in the Income Statement.

Shareholder contributions

Shareholders' contributions paid are reported as an increase in shares and participations in Group companies, to the extent that impairment is not required.

Financial instruments

In accordance with the rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts.

Financial assets in the Parent Company are measured at cost less impairment losses, if any and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at the accrued cost. Possible derivative assets are measured in accordance with the lower of cost and fair value, while contingent derivative liabilities are measured according to the highest value principle.

Taxes

Untaxed reserves in the Parent Company are recognized including deferred tax liability. Untaxed reserves are apportioned in the consolidated accounts between deferred tax liability and equity.

Leasing

In the Parent Company, all leases are recognized as operating leases.

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment as contractually agreed. The Parent Company applies RFR 2 p. 72, which is an easing of regulations compared to the rules in IAS 39 with regard to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognizes financial guarantee contracts as provisions in the Balance Sheet when it has an obligation for which payment will probably be required to achieve settlement.

Group contributions in the Parent Company

Group contributions received from subsidiaries are recognized as financial income and the tax effect as a tax expense in the Income Statement.

Note 1 Operating segments[1)]

2013	Sweden	Finland	Other units	Parent Company/ Eliminations	Group
External sales	1,831	1,612	548	3	3,994
Internal sales	58	7	21	-86	–
Net sales	**1,889**	**1,619**	**569**	**-83**	**3,994**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**37**	**29**	**-21**	**-5**	**40**
Inventory gains/losses	-4	-10	0	–	-14
Non-recurring items	-14	-5	0	-10	-29
Operating result	**19**	**14**	**-21**	**-15**	**-3**
Net financial items					-53
Profit/loss before tax					**-56**
Taxes					15
Profit/loss for the year from continuing operations					**-41**
Underlying operating margin	**2,0 %**	**1,8 %**	**-3,6 %**	**–**	**1,0 %**
Operating margin	**1,0 %**	**0,9 %**	**-3,7 %**	**–**	**-0,1 %**
Shipped tonnage (thousands of tonnes)	**169**	**168**	**69**	**-8**	**398**
Operating capital	**628**	**452**	**207**	**67**	**1,354**
Investments	**6**	**21**	**15**	**1**	**43**
Depreciation/amortization of tangible and intangible assets	15	18	10	15	58
Other non-cash flow items	-1	-2	-5	5	-3
Total non-cash flow items	**14**	**16**	**5**	**20**	**55**

2012	Sweden	Finland	Other units	Parent Company/ Eliminations	Group
External sales	2,259	1,861	504	10	4,634
Internal sales	54	20	5	-79	–
Net sales	**2,313**	**1,881**	**509**	**-69**	**4,634**
Participation in earnings of joint venture	1	–	–	–	1
Underlying operating result	**57**	**58**	**-40**	**-26**	**49**
Inventory gains/losses	-6	-17	0	–	-23
Non-recurring items	–	–	–	–	–
Operating result	**51**	**41**	**-40**	**-26**	**26**
Net financial items					-39
Profit/loss before tax					**-13**
Taxes					1
Profit/loss for the year from continuing operations					**-12**
Underlying operating margin	**2,5 %**	**3,1 %**	**-7,9 %**	**–**	**1,1 %**
Operating margin	**2,2 %**	**2,2 %**	**-7,8 %**	**–**	**0,6 %**
Shipped tonnage (thousands of tonnes)	**205**	**179**	**62**	**-8**	**438**
Operating capital	**619**	**429**	**190**	**78**	**1,316**
Investments	**10**	**18**	**15**	**15**	**58**
Depreciation/amortization of tangible and intangible assets	15	18	9	15	57
Other non-cash flow items	-12	-1	1	4	-8
Total non-cash items	**3**	**17**	**10**	**19**	**49**

[1)] Excluding disposal group. Comparable figures for 2012 are restated to show the new organization.

BE Group is a trading and service company in steel, stainless steel and aluminium products.

Customers are primarily in the construction and engineering sectors. Since customers' needs vary widely, BE Group offers different sales solutions: inventory sales, production service sales, and direct sales. The cooperation between BE Group and a particular customer can comprise one or more of these sales solutions.

BE Group's basic products are of a similar nature, regardless of the customers or markets to which they are distributed. Part of BE Group's strategy is also, in certain instances, to further process materials at its own production facilities through various types of production services, which in some cases result in completed components being delivered straight into customers' production lines.

BE Group's risks and opportunities differ between the different geographical markets to which its products are distributed. For that reason, BE Group has chosen geographical areas as its primary segments. Operations that support the Swedish and Finnish operations or that are geographically situated outside these core areas are gathered in a separate segment.

The operating structure and internal reporting to Group management and the Board of Directors are therefore based primarily on reporting of geographical business areas. Each segment´s result, assets and liabilities include operating items attributable to the ongoing activities of the segment.

The allocation of operating capital per segment is based on the location of the business and includes items directly attributable and items that can be allocated by segment in a reasonably reliable manner. Operating capital allocated by segment comprises tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. Financial assets and liabilities have not been divided by segment but are reported as other assets/liabilities. Capital expenditures for the segment include investments in intangible and tangible assets, including assets included in acquisitions.

The financial information per segment is based on the same accounting principles as those that apply for BE Group, with the exception of the underlying earnings and return measures. Underlying earnings correspond to reported earnings after adjustment for exceptional items and inventory gains/losses. These represent the difference between the cost of goods sold at acquisition cost and the cost of goods sold at replacement value. BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors. Internal prices between BE Group's segments are based on the principle of "arm's-length transactions," that is, transactions between parties that are mutually independent, thoroughly informed and have an interest in the transactions. Prices of goods are based on current purchase prices plus an internal markup margin.

Data on products, services and geographical regions

BE Group consists of two business areas – Sweden and Finland. BE Group's other operations are gathered within Other Units.

Sweden

BE Group's operations in Sweden are conducted under the name BE Group Sverige AB. The company offers sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium. In addition to distribution of materials, production service is also provided, whereby the company processes materials in various ways to meet specific customer requirements. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. The Company provides additional services including sophisticated logistics solutions and material advisory services. In addition, BE Group Sverige AB owns 50 percent of the thin plate processing company ArcelorMittal BE Group SSC AB.

Finland

Business Area Finland includes BE Group's operations in Finland, which are conducted under the name BE Group Oy Ab. Following changes in the organization of the Group during the year, the operations in the Baltic States are also included in this business area under the names BE Group AS, Estonia, BE Group SIA, Latvia and UAB BE Group, Lithuania. Sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium, are offered in all operations.

In Finland, production services are also provided on a large scale. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. In addition, the company in Finland offers its customers logistics solutions, advisory services and financing of working capital.

Other Units

Over the year, BE Group reorganized its business areas, with the effect that Business Area CEE has been discontinued. Operations in Poland, the Czech Republic and Slovakia, and the Swedish companies Lecor Stålteknik and BE Group Produktion Eskilstuna are now gathered within Other Units, while the operations in the Baltic States now form part of Business Area Finland. The purpose of the reorganization was to generate greater focus on the core operations in Sweden and Finland. Other Units will be a collective concept encompassing the units outside these two business areas. Effective from August 1, 2012, the Czech operations are reported as discontinued operations in accordance with IFRS 5.

In Poland, operations are conducted under the name BE Group Sp.z.o.o., supporting the core operations by providing production services to Polish and Nordic customers. In Slovakia, BE Group offers parts of its product range in commercial steel, stainless steel and aluminium under the name BE Group Slovakia s.r.o.

Lecor Stålteknik AB provides steel construction solutions to customers in the Swedish construction sector and BE Group Produktion Eskilstuna AB is a service company in the area of plate processing and welding.

GROUP

Sales per product group	2013	2012
Long products	1,137	1,300
Flat products	1,483	1,551
Reinforcement steel	292	525
Stainless steel	644	781
Aluminium	178	223
Other	260	254
Total	**3,994**	**4,634**

Sales by country based on the customer's domicile	2013	2012
Sweden	2,036	2,410
Finland	1,392	1,647
Other countries	566	577
Total	**3,994**	**4,634**

Tangible and intangible assets by country	2013	2012
Sweden	685	702
Finland	321	311
Other countries	16	17
Total	**1,022**	**1,030**

PARENT COMPANY

Sales of internal services by country based on domicile of subsidiary	2013	2012
Sweden	24	22
Finland	19	19
Other countries	15	17
Total	**58**	**58**

Note 2 Significant costs

Group	2013	2012
Material costs	3,057	3,621
Salaries, other remuneration and social security expenses	403	422
Other external costs	453	509
Depreciation and amortization	58	57
Other operating expenses	32	-5
Total	**4,003**	**4,614**

The specification of significant cost categories refers to items included in the Income Statement under cost of goods sold, selling expenses, administrative expenses and other operating expenses.

Note 3 Employees, personnel costs and executive remuneration

In this note, amounts are given in SEK thousands unless otherwise stated.

Average number of employees	2013	of whom men	2012	of whom men
Parent Company				
Sweden	14	57 %	15	59 %
Total in the Parent Company	**14**	**57 %**	**15**	**59 %**
Subsidiaries				
Sweden	374	86 %	378	86 %
Finland	319	96 %	337	91 %
Estonia	28	79 %	28	85 %
Latvia	10	71 %	11	65 %
Lithuania	11	80 %	11	83 %
Poland	12	81 %	17	64 %
Czech Republic	62	66 %	85	61 %
Slovakia	21	62 %	21	62 %
Other	2	50 %	4	50 %
Total for subsidiaries	**839**	**86 %**	**892**	**84 %**
Total, Group	**853**	**87 %**	**907**	**84 %**

Specification of gender distribution in Group management

Gender distribution in Group management	2013 Percentage woman	2012 Percentage woman
Parent Company		
Board	17 %	33 %
Other senior executives	0 %	0 %
Group		
Board	17 %	33 %
Other senior executives	0 %	0 %

Salaries, other remuneration and social security expenses

Group	2013	2012
Salaries and remuneration	303,662	313,964
Share Savings Scheme costs	-2,292	-1,577
Pension expense, defined-benefit plans	–	844
Pension expense, defined-contribution plans	34,232	38,866
Social security contributions	67,145	69,502
	402,747	**421,599**

Parent Company	2013		2012	
	Salaries and remunera-tions	Social security costs	Salaries and remunera-tion	Social security costs
Parent Company	17,600	10,624	19,249	12,053
(of which, pension expense)[1)]		(4,032)		(4,798)

[1)] Of the Parent Company's pension expenses, SEK 1,829 (2,284) refers to senior executives. There are no outstanding pension commitments.

Salaries and other remunerations distributed between the Parent Company and its subsidiaries and between senior executives and other employees

	2013		2012	
	Senior executives[1)]	Other employees	Senior executives[1)]	Other employees
Parent Company	**8,988**	**8,612**	**10,029**	**9,220**
(of which, bonuses, etc.)	–	–	*–)*	*(81)*
Subsidiaries	**5,919**	**283,014**	**7,309**	**294,012**
(of which, bonuses, etc.)	*(126)*	*(968)*	*(157)*	*(5,637)*
Total, Group	**14,907**	**291,626**	**17,338**	**303,232**
(of which, bonuses, etc.)	*(126)*	*(968)*	*(157)*	*(5,718)*

[1)] Senior executives include directors, members of Group Management and company presidents.

Defined benefit plans

Pension obligations for retirement pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit plan. The ITP pension plan secured through insurance provided by Alecta is accordingly recognized as a defined contribution plan. The year's premium for pension insurance with Alecta is SEK 5.6 M (7.0). Alecta's surplus can be distributed to the policyholders and/or the insured persons. At the end of 2013, Alecta's surplus expressed as the collective funding ratio amounted preliminarily to 148 percent (130). The collective funding ratio is comprised of the fair value of Alecta's assets as a percentage of insurance obligations computed according to Alecta's actuarial assumptions, which do not accord with IAS 19.

Defined contribution pension plans

The Group has defined contribution pension plans for workers in Sweden for which expenses are fully paid by the companies. Pension plans in Finland and other countries in Business Area CEE are treated as defined contribution plans. For defined contribution plans, pension contributions are paid to a pension insurance company and recognized as an expense in profit and loss for the accounting period in which they occur. There are defined contribution plans in other countries for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

	2013	2012
Expenses for defined contribution plans	34	39
Inclusive expenses related to the ITP plan financed through Alecta	6	7

Note 3 continuation

Executive remuneration

Total remuneration to the President and CEO and other Senior executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines for executive remuneration adopted by the 2013 Annual General Meeting, which are detailed in the Board of Directors' Report on pages 20–31.

Shown in the table below is the actual cost for remunerations and other benefits paid in the 2013 and 2012 financial years to the Board of Directors, President and CEO, Executive Vice President and CFO and other senior executives. The latter are those individuals who, alongside the CEO and CFO are members of the Group management team.

Remunerations and benefits 2013	Basic salary/ Board fee	Variable remunera-tion	Other benefits	Pension costs	Share Savings Plan	Other remunera-tion	Total	Pension commitments
Chairman of the Board								
Anders Ullberg	453	–	–	–	–	1	454	–
Directors								
Roger Bergqvist	207	–	–	–	–	–	207	–
Cecilia Edström[1]	80	–	–	–	–	–	80	–
Marita Jaatinen	207	–	–	–	–	–	207	–
Lars Olof Nilsson	277	–	–	–	–	–	277	–
Petter Stillström	207	–	–	–	–	–	207	–
Jörgen Zahlin[2]	167	–	–	–	–	–	167	–
President and CEO								
Kimmo Väkiparta	3,300	–	334	1 181	–	–	4,815	–
Executive Vice President and CFO								
Torbjörn Clementz	2,436	–	324	648	-356	4	3,056	–
Other senior executives[3]	2,999	–	454	109	-98	1	3,465	–
Total	**10,333**	–	**1,112**	**1,938**	**-454**	**6**	**12,935**	–
Recognized as an expense in the Parent Company	8,458	–	754	1,829	-356	5	10,690	–

[1] Cecilia Edström withdrew from the Board of Directors in connection with the 2013 Annual General Meeting.
[2] Jörgen Zahlin became a Board member in connection with the 2013 Annual General Meeting.
[3] Other senior executives consist of two individuals up until August 15. After that the other senior executives consist of three individuals.

Remunerations and benefits 2012	Basic salary/ Board fee	Variable remunera-tion	Other benefits	Pension costs	Share Savings Plan	Other remunera-tion	Total	Pension commitments
Chairman of the Board								
Anders Ullberg	437	–	–	–	–	1	438	–
Directors								
Roger Bergqvist	200	–	–	–	–	3	203	–
Cecilia Edström	237	–	–	–	–	–	237	–
Marita Jaatinen	200	–	–	–	–	–	200	–
Lars Olof Nilsson	267	–	–	–	–	–	267	–
Petter Stillström[1]	133	–	–	–	–	–	133	–
Lars Spongberg[2]	67	–	–	–	–	1	68	–
President and CEO[3]								
Roger Johansson	3,956	–	113	1,142	-386	–	4,825	–
Kimmo Väkiparta	736	–	111	102	–	–	949	–
Executive Vice President and CFO								
Torbjörn Clementz	2,364	–	288	639	12	3	3,306	–
Other senior executives[4]	4,339	–	353	1,306	-3	18	6,013	–
Total	**12,936**	**–**	**865**	**3,189**	**-377**	**26**	**16,639**	**–**
Recognized as an expense in the Parent Company	9,820	–	541	2,284	-377	9	12,277	–

[1] Petter Stillström became a Board member in connection with the 2012 Annual General Meeting.
[2] Lars Spongberg withdrew from the Board of Directors effective from the 2012 Annual General Meeting.
[3] Kimmo Väkiparta replaced Roger Johansson as President on November 1.
[4] Other senior executives consist of three individuals.

Share Savings Plan

At the start of the financial year, two share savings schemes were in progress: Share Savings Scheme 2010 and Share Savings Scheme 2011. The programs run for a period of three years. The offer to participate in the schemes has been extended to members of Group management, business area executive teams and other key individuals within BE Group. The programs are classified in accordance with IFRS as equity-related programs and include service-based and non-market-based performance terms. In accordance with IFRS 2, such terms are not included in the initial assessment of the programs but are treated as an adjustment of the expected number of instruments expected to be earned within the programs – this is known as a true-up adjustment. Consequently, there is no adjustment to fair value during the maturity of the programs. Furthermore, during the year an adjustment was made to Share Savings Scheme 2011, whereby the expected number of so-called performance shares was lowered from 2 to 0.

Terms of Share Savings Scheme 2010

- Share Savings Scheme 2010 was concluded during the year and individuals who had retained their savings shares and remained in their employment, or in corresponding employment within BE Group during the vesting period received half a matching share in accordance with the terms of the scheme.

Terms of Share Savings Scheme 2011

The terms of Share Saving Scheme 2011 entail matching and performance shares being allocated without payment if the following terms are met:

- half a matching share if the individual remains in his or her employment or equivalent employment within the Group during the vesting period.
- an additional performance share if BE Group's earnings per share for the financial year 2013 amount to SEK 3.50 or two additional performance shares if BE Group's underlying earnings per share for the financial year 2013 amount to SEK 7.50.

	Share Savings Schemes		
	2010	**2011**	**Total**
Allotment date	May 2010	May 2011	
Vesting period	33 months	33 months	
Allocation of matching and performance shares	February 2013	February 2014	
Number of participants[1]	20	15	
Number of savings shares	45,417	36,474	
Maximum number of matching and performance shares	114,285	91,185	205,470
Number of matching and performance shares used in the accounts[2]	22,857	18,237	41,094
Estimated expense for matching and performance shares[3]	1,120	757	1,877
– of which, charged against earnings for 2013 (+)negative/(-) positive	-36	-2,256	-2,292
of which, expensed in the Parent Company	-51	-1,439	-1,490
of which, expensed in subsidiaries	15	-817	-802
Provision for social security fees[4]	105	62	167
– of which, charged against earnings for 2013 (+)negative/(-) positive	8	-264	-256

1) Adjustments have been made for individuals who have left the Company or who had, as of the balance sheet date, confirmed that they will end their employment before the scheme expires.

2) In the accounts, the costs for Share Savings Plans 2010 and 2011 have been based on 0.5 matching shares per savings share.

3) The calculations are based on the market price per share of the company's stock as of valuation date. For the matching and performance shares in Share Savings Plan 2010, this entails SEK 49.00 and for Share Savings Plan 2011, SEK 41.50.

4) The provision for social security expenses was made based on the market price per share as of balance sheet date, which was SEK 11.80. Final social security expenses are calculated based on the market price per share for allocation of matching and performance shares.

Note 3 continuation.

At December 31, 2013, the Company held a total of 561,982 treasury shares to financially hedge its commitment to provide matching and performance shares in accordance with the Share Savings Schemes. This hedging measure shall also cover social security expenses. At the time of publication of this Annual Report, have 18,238 matching shares for the Share Savings Scheme 2011 been delivered. Furthermore, in the latter half of March, 5,363 shares will be sold to cover social security contributions. The Company will subsequently hold 538,381 shares.

Executive Vice President and CFO Torbjörn Clementz had earned 4,214 (16,208) shares and other senior executives had earned a total of 1,163 (1,744) shares as of the balance sheet date.

Detailed below are the agreed terms for remuneration to the Board, the President and CEO and other senior executives. For details of the guide-lines adopted by the Annual General Meeting, see the Board of Directors' Report on pages 20–31.

Board remuneration

The Chairman and other Board members are paid directors' fees as resolved by the Annual General Meeting. The Annual General Meeting resolved that directors' fees totaling SEK 1,470,000 (1,400,000) will be distributed among the directors as follows: SEK 420,000 (400,000) to the Chairman of the Board and SEK 210,000 (200,000) to each of the remaining Board members who are not employees of the Company. In addition, remuneration of SEK 70,000 (70,000) will be paid to the Chairman for his work in the Audit Committee and SEK 40,000 (40,000) for each of the other members of the Audit Committee. No fees are paid to members of the Remunerations Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements.

Remuneration to the President and CEO

Remuneration

Total remuneration to the President and CEO consists of base pay, bonuses, pension and other benefits. Base salary payable to the President and CEO amounts to SEK 3,300,000 yearly. Maximum variable remuneration payable to the President and CEO is 50 percent of base pay. Possible bonus payments and size of these is related to the degree of meeting the annual, previously well-defined targets.

Term of notice and severance pay

The President and CEO is entitled to 12 months' notice of termination by the Company and is required to give six months' notice if he resigns. During the term of notice, the President and CEO is entitled to full pay and other benefits of employment, regardless of whether or not he is obligated to work. There is no right to severance pay.

Pension benefits

In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (30) of fixed annual salary plus vacation pay, which constitutes pensionable pay. BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Remunerations for other senior executives of the Parent Company and Group

Remuneration

Remuneration consists of base pay, variable remuneration, pensions and other benefits. The variable remuneration payable to other senior executives is 30 to 40 percent of base pay. Whether or not bonuses are distributed and bonus amounts are determined by the CEO based on attainment of financial targets and individual targets. The financial targets are connected to the BE Group's and the relevant subsidiary/ business areas' return on operating capital. The individual targets are based on personal performance.

Term of notice and severance pay

Other senior executives are entitled to 12 months' notice of termination by BE Group, with the exception of the Executive Vice President, who is entitled to 15 months. The executives are required to give six months' notice when resigning. During the term of notice, the other senior executives are entitled to full pay and other benefits of employment. Members of Group management are not entitled to severance pay.

Pension benefits

For other senior executives, contribution-defined pension solutions are applied. For the Executive Vice President, pension contributions are made at 25 percent of pension-based salary. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Remuneration Committee

Please see the Corporate Governance Report on pages 82–86 for more information about BE Group's preparation and decision process regarding executive remuneration.

Note 4 Auditors' fees and reimbursements

Group	**2013**	**2012**
KPMG		
Audit assignments	3	3
Audit activities in addition to the audit assignment	0	0
Consultation on taxation	0	0
Other services	0	0
Total fees and cost compensation	**3**	**3**

Parent Company	**2013**	**2012**
KPMG		
Audit assignments	1	1
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	0	0
Other services	0	0
Total fees and cost compensation	**1**	**1**

Note 5 Lease fees for operational leasing

The Group's operating lease expenses for the year were SEK 94 M (93), of which SEK 1 M (1) refers to the Parent Company.

	Group		Parent Company	
	2013		2013	
Operational lease fees	Minimum lease fees	Variable fees	Minimum lease fees	Variable fees
Buildings and land	81	1	–	–
Other	13	0	1	–
Total lease fees	**94**	**1**	**1**	**–**

Operational lease liabilities fall due for payment as follows:

	Group		Parent Company	
Future maturities of minimum lease fees	**2013**	**2012**	**2013**	**2012**
Within one year	90	91	0	1
One to five years	310	307	0	0
Later than five years	450	491	–	–
Total	**850**	**889**	**0**	**1**

Significant leases

Most Group operating leases refer to leases of operating sites.

Note 6 Profit/loss from participations in Group companies

Parent Company	**2013**	**2012**
Dividend	29	35
Group contributions received	41	62
Group contributions paid	–	-11
Impairment of shares in subsidiaries	-10	-187
Impairment of interest-bearing receivables from Group companies	-28	-58
Capital gain/loss due to divestment/liquidation of group companies	0	-4
Other	–	–
Total	**32**	**-163**

Note 7 Other operating income

Group	**2013**	**2012**
Capital gains on sales of fixed assets	1	0
Net movements in exchange rates on receivables/liabilities of an operating nature	1	1
Other	3	4
Total	**5**	**5**

Parent Company	**2013**	**2012**
Net movements in exchange rates on receivables/liabilities of an operating nature	1	–
Total	**1**	**–**

Note 8 Other operating expenses

Group	**2013**	**2012**
Capital loss on sales of fixed asset	0	0
Costs for profitability improvement measures	29	–
Other	3	5
Total	**32**	**5**

Parent Company	**2013**	**2012**
Net movements in exchange rates on receivables/liabilities of an operating nature	–	1
Costs for profitability improvement measures	10	–
Total	**10**	**1**

Note 9 Financial income

Group	**2013**	**2012**
Interest income from credit institutions	0	0
Other interest income	3	3
Net movements in exchange rates	–	1
Dividends received	–	0
Other	1	1
Total	**4**	**5**

Parent Company	**2013**	**2012**
Interest income, Group companies	28	24
Other interest income	0	0
Net movements in exchange rates	–	12
Total	**28**	**36**

All interest income is attributable to financial assets measured at the amortized cost.

Note 10 Financial expenses

Group	**2013**	**2012**
Interest expense to credit institutions	38	32
Other interest expense	2	1
Net movements in exchange rates	3	–
Change in value of financial instruments	–	1
Other expenses	14	10
Total	**57**	**44**

Parent Company	**2013**	**2012**
Interest expense to credit institutions	38	32
Interest expense, Group companies	13	13
Other expenses	13	9
Net movements in exchange rates	5	–
Total	**69**	**54**

All interest expense is attributable to financial liabilities measured at amortized cost.

Note 11 Taxes

Group	2013	2012
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-6	-6
Adjustment of tax attributable to prior years	0	0
Total	**-6**	**-6**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	8	6
Deferred tax asset attributable to tax loss carryforwards capitalized during the year	7	4
Deferred tax expense attributable to utilization of previously capitalized tax value in tax-loss carryforwards	0	-1
Deferred tax attributable to change in tax rate	5	1
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	0	-2
Adjustment of tax attributable to prior years	0	-1
Total	**21**	**7**
Total consolidated reported tax expense	**15**	**1**

Parent Company	2013	2012
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	0	0
Adjustment of tax attributable to prior years	–	–
Total	**0**	**0**
Deferred tax expense (–)/tax asset (+)		
Deferred tax related to temporary differences	4	0
Total	**4**	**0**
Total reported tax expense Parent Company	**4**	**0**

Reconciliation of the effective tax rate for the Group is based on a weighted average of the nominal tax rates that apply to each of the companies within the Group included in continuing operations.

Reconciliation of effective tax	2013		2012	
Group	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-56		-13
Tax at prevailing rate for the Parent Company	22 %	12	26.3 %	3
Effect of different tax rates for foreign subsidiaries	-3.5 %	-2	-2.9 %	0
Non-deductible expenses	-3.1 %	-2	-7.3 %	-1
Non-taxable revenues	1.5 %	1	0.9 %	0
Increase in tax-loss carryforwards without corresponding capitalization of deferred tax	0.0 %	0	-17.4 %	-2
Taxes attributable to changed tax rate	9.9 %	6	12.3 %	2
Taxes attributable to previous years	0.3 %	0	1.2 %	0
Share in earnings of joint venture	0.3 %	0	2.3 %	0
Other	-0.4 %	0	-4.2 %	-1
Recognized effective tax	**27.0 %**	**15**	**11.2 %**	**1**

Reconciliation of effective tax	2013		2012	
Parent Company	**Percent**	**Amount**	**Percent**	**Amount**
Profit/loss before tax		-28		-214
Tax at prevailing rate for the Parent Company	22.0 %	6	26.3 %	56
Non-deductible expenses	-30.1 %	-9	-30.6 %	-65
Non-taxable revenues	23.2 %	7	4.3 %	9
Other	0.0 %	0	0.0 %	0
Recognized effective tax	**15.0 %**	**4**	**0.0 %**	**0**

Tax items recognized in other comprehensive income

Group	2013	2012
Current tax for currency risk hedging in foreign operations	1	-3
Total tax in other comprehensive income	**1**	**-3**

Tax items recognized directly in equity

Group	2013	2012
Deferred tax, Share Savings Scheme	0	0
Tax items recognized directly in equity	**0**	**0**

Note 12 Disposal group and discontinued operations

During 2012 BE Group decided to initiate a sales process of the business operation in Czech Republic. This means that the Czech operations are reported separately in the consolidated income statement and balance sheet. In connetion with the reclassification to disposal group in 2012, the value of the Czech operations was written down by SEK 82 M in accordance with IFRS 5. At the initial classification of the Czech republic as a discontinued operation the assessment was based on improved market conditions for the steelmarket. The conditions were thus deemed favourable for a successful sales process. Market conditions, however, has remained challenging, which have led to that potential buyers have taken a cautious position. BE Group have continously during the year evaluated the situation and the assessment is that the market conditions during the latter part of the year has improved somewhat. This leads to improved conditions for a successful sales process. Measures have been taken to ensure that the marketing of the Czech operations is performed in an efficient way.

As before, one of the properties owned by the Slovakian subsidiary is reported as an asset held for sale. As opposed to the operation in the Czech Republic, this property is not clearly discernible from the rest of the Slovakian subsidiary and is not reported separately as a discontinued operation in the consolidated income statement.

Specification of assets and liabilities belonging to the disposal group

Group	2013	2012
Goodwill and other intangible assets	9	9
Tangible assets[1]	68	74
Deferred tax receivable	10	10
Operating assets	62	93
Cash and equivalents	6	19
Total assets attributable to disposal group	**155**	**205**
Provisions	0	1
Interest-bearing liabilities	43	55
Operating liabilities	26	49
Total liabilities attributable to disposal group	**69**	**105**
[1] Of which booked value of the property in Slovakia	2	2
Accumulated translation reserve in other comprehensive income attributable to the disposal group	-20	-9

Specification of profit/loss attributable to discontinued operations

Group	2013	2012
Net sales	360	349
Operating expenses	-370	-371
Profit/loss before tax	**-10**	**-22**
Taxes attributable to ordinary operations in discontinued operations	–	5
Loss in the valuation to fair value with deduction for selling expenses	–	-82
Profit/loss from discontinued operations	**-10**	**-99**

Specification of cash flow attributable to discontinued operations:

Group	2013	2012
Cash flow from current operations	4	2
Cash flow from investing activities	-3	-1
Cash flow from financing activities	-13	-11
Cash flow attributable to discontinued operations	**-12**	**-10**

Specification of earnings attributable to divested operations:

The transfer of the operations in China was completed in the third quarter. The final purchase consideration amounted to about SEK 10 M and resulted in a capital gain of about SEK 1 M for BE Group.

Group	2013	2012
Purchase consideration	10	–
Consolidation value	9	–
Earnings attributable to divested operations	**1**	**–**

Note 13 Earnings per share

Group	2013	2012
Earnings per share before dilution (SEK)	-1.02	-2.25
Earnings per share after dilution (SEK)	-1.02	-2.25

The calculation of the numerator and denominator used in the calculation of earnings per share is detailed below.

Profit/loss for the year		
Profit/loss for the year (SEK M)	-51	-111

Weighted average number of common shares outstanding, before dilution (individual shares)

Total ordinary shares at January 1	50,000,000	50,000,000
Effect of treasury share transactions	-566,922	-596,069
Weighted common shares outstanding during the year, before dilution	**49,433,078**	**49,403,931**

Weighted average number of common shares outstanding, before dilution (individual shares)

Weighted average common shares outstanding, before dilution	49,433,078	49,403,931
Effect of Share Savings Scheme	17,284	24,856
Weighted common shares outstanding during the year, after dilution	**49,450,362**	**49,428,787**

Note 14 Goodwill

Cash-generating units with goodwill

Goodwill	Sweden	Lecor Stålteknik	Finland	Other Units	Group total
Opening balance, January 1, 2012	318	67	225	83	693
Exchange difference	–	–	-3	-1	-4
Reclassification in accordance with IFRS 5	–	–	–	–82	-82
Closing balance, December 31, 2012	**318**	**67**	**222**	**–**	**607**
Opening balance, January 1, 2013	318	67	222	–	607
Exchange difference	–	–	3	–	3
Reclassification in accordance with IFRS 5	–	–	–	–	–
Closing balance, December 31, 2013	**318**	**67**	**225**	**–**	610

Consolidated goodwill consists of strategic business value arising in connection with acquisitions of businesses and assets/liabilities.

Impairment testing for cash generating units containing goodwill

Cash generating units

Sweden

The cash generating unit in Sweden consists of the company BE Group Sverige AB.

Lecor Stålteknik

In connection with the reorganization, Lecor Stålteknik AB was detached from the cash generating unit Sweden in the third quarter of 2013 and now forms a unit by itself.

Finland

The cash generating unit in Finland consists of BE Group Oy Ab.

Other Units

In the Other Units segment, all goodwill attributable to historical acquisitions has been allocated to the cash generating unit Czech Republic. In connection with the initiation of the sales process of the Czech operations in 2012, all goodwill attributable to the cash-generating unit such as a disposal group was reclassified and revalued together with other assets and liabilities attributable to this disposal group in accordance with the regulations in IFRS 5. During 2013, the two operating companies in the Czech Republic were merged.

Impairment testing

In impairment testing, the recoverable amount consists of the cash-generating units' estimated value in use. In the calculation of value in use, a discount factor of 10.7 percent (10.2) before tax has been applied for Sweden, 10.6 percent (-) for Lecor Stålteknik and 9.7 percent (10.6) for Finland.

The estimates on which measurement of value in use were based on management's established and updated cash flow forecasts for a period of five years, which have been elaborated within the framework of the Group's five-year forecast process. Cash flow for the ensuing years has been extrapolated using an assumed initial annual growth rate of 2 percent that declines by 10 percent per year.

Key variables in the cash flow forecasts

Growth rate

Growth for BE Group is based on growth in sales volumes and sale price development for the Group's products. The applied rate of market growth is assessed to follow general growth in each country. Organic growth will be generated primarily through increased processing of the Group's products and continued growth in the Group's markets. Forecasted market shares, margins and expenses are based on business plans and knowledge of the local market shares, which are adjusted on an ongoing basis if such adjustments are indicated to be appropriate.

Steel prices

BE Group offsets changes in its purchase prices by adjusting its sales prices, which normally generates a relatively stable gross margin over time. BE Group has not included any changes in steel prices beyond the initial forecast year in its calculations.

Sensitivity analysis

The annual impairment testing carried out as per the balance sheet date did not indicate the need for any impairment. For both Sweden and Finland, the tests show sufficient gaps between the recoverable amount and the carrying amount while the gap is smaller for Lecor Stålteknik. Based on the values applied in the calculations for Lecor Stålteknik, the recovery value would coincide with the carrying amount if long-term market growth is changed to 0 percent. The same applies if the discount rate before tax increases by 1 percent.

Note 15 Other intangible assets

	Customer relations		Software and licenses		Total	
Group	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Accumulated cost						
At January 1	3	27	135	125	138	152
Purchases	–	1	1	16	1	17
Disposals and scrappings	–	–	0	–	0	–
Transferred to disposal group	–	-25	–	-5	–	-30
Exchange rate differences for the year	0	0	1	-1	1	-1
Total accumulated cost	**3**	**3**	**137**	**135**	**140**	**138**
Accumulated scheduled amortization						
At January 1	-2	-15	-60	-50	-62	-65
Disposals and scrappings	–	–	0	–	0	–
Scheduled amortization for the year	0	0	-16	-16	-16	-16
Transferred to disposal group	–	13	–	7	–	20
Exchange rate differences for the year	0	0	-1	-1	-1	-1
Total accumulated amortization	**-2**	**-2**	**-77**	**-60**	**-79**	**-62**
Accumulated impairment						
At January 1	–	–	–	–	–	–
Impairment losses for the year	–	–	–	–	–	–
Total accumulated impairment	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at end of period	**1**	**1**	**60**	**75**	**61**	**76**
Amortization for the year is reported on the following lines in the Income Statement						
Selling expenses	0	0	0	0	0	0
Administrative expenses	–	–	-16	-16	-16	-16
Total	**0**	**0**	**-16**	**-16**	**-16**	**-16**

Parent Company	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Accumulated cost						
At January 1	–	–	106	91	106	91
Purchases	–	–	1	15	1	15
Reclassification	–	–	–	–	–	–
Total accumulated cost	**–**	**–**	**107**	**106**	**107**	**106**
Accumulated scheduled amortization						
At January 1	–	–	-35	-20	-35	-20
Scheduled amortization for the year	–	–	-14	-15	-14	-15
Total accumulated amortization	**–**	**–**	**-49**	**-35**	**-49**	**-35**
Carrying amount at end of period	**–**	**–**	**58**	**71**	**58**	**71**
Amortization for the year is reported on the following lines in the Income Statement						
Administrative expenses	–	–	-14	-15	-14	-15
Total	**–**	**–**	**-14**	**-15**	**-14**	**-15**

Note 16 Tangible assets

	Buildings and land		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress and advance payments for tangible assets		Total	
Group	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Accumulated cost										
At January 1	18	89	439	421	163	174	3	5	623	689
Purchases	–	–	27	31	15	5	0	5	42	41
Disposals and scrappings	0	–	-3	-1	-16	-3	–	-2	-20	-6
Reclassification	–	–	3	2	0	2	-3	-4	0	–
Transferred to disposal group	–	-71	–	-6	–	-14	–	0	–	-91
Exchange differences for the year	0	0	9	-8	1	-1	0	-1	11	-10
Total accumulated cost	**18**	**18**	**475**	**439**	**163**	**163**	**0**	**3**	**656**	**623**
Accumulated scheduled depreciation										
At January 1	-10	-16	-268	-248	-122	-122	–	–	-400	-386
Disposals and scrappings	–	–	4	1	14	3	–	–	18	4
Reclassification	–	–	0	–	0	–	–	–	0	–
Scheduled depreciation for the year	-1	-1	-32	-30	-9	-10	–	–	-42	-41
Transferred to disposal group	–	7	–	3	–	7	–	–	–	17
Exchange differences for the year	0	0	-6	6	-1	0	–	–	-7	6
Total accumulated depreciation	**-11**	**-10**	**-302**	**-268**	**-118**	**-122**	**–**	**–**	**-431**	**-400**
Accumulated impairment										
At January 1	–	0	0	-2	-1	-1	–	–	-1	-3
Impairment losses for the year	–	–	–	–	0	–	–	–	0	–
Transferred to disposal group	–	0	–	2	–	0	–	–	–	2
Exchange differences for the year	–	0	0	0	0	0	–	–	0	0
Total accumulated impairment	**–**	**0**	**0**	**0**	**-1**	**-1**	**–**	**–**	**-1**	**-1**
Carrying amount at end of period	**7**	**8**	**173**	**171**	**44**	**40**	**0**	**3**	**224**	**222**

Finance leasing

Group	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Properties held under finance leases included at a carrying amount of	**6**	**7**	**24**	**3**	**0**	**–**	**–**	**–**	**30**	**10**

Future minimum lease payments attributable to financial lease agreements maturing for payment as follows:

Group	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Within one year	2	2	5	1	–	–	–	–	7	3
One to five years	9	9	19	3	–	–	–	–	28	12
Later than five years	2	4	3	–	–	–	–	–	5	4
Total future minimum lease fees	**13**	**15**	**27**	**4**	**–**	**–**	**–**	**–**	**40**	**19**
Amount representing interest	-2	-3	-3	0	–	–	–	–	-5	-3
Total carrying value of lease liability	**11**	**12**	**24**	**4**	**–**	**–**	**–**	**–**	**35**	**16**

See Note 31, Financial risk management and Note 33, Key estimates and assessments, for additional disclosures concerning lease liabilities.

Note 16 continuation

	Equipment, tools, fixtures and fittings	
Parent Company	**2013**	**2012**
Accumulated cost		
At January 1	1	1
Purchases	0	0
Total accumulated cost	**1**	**1**
Accumulated scheduled depreciation		
At January 1	-1	-1
Scheduled depreciation for the year	0	0
Total accumulated depreciation	**-1**	**-1**
Carrying amount at end of period	**0**	**0**

Note 17 Participations in Group companies

Parent Company	**2013**	**2012**
Accumulated cost		
At January 1	1,437	1,456
Acquisitions and capital contributions	46	1
Divestment and liquidation	-9	-20
Total accumulated closing balance	**1,474**	**1,437**
Accumulated impairment		
At January 1	-271	-102
Divestment and liquidation	–	18
Impairment losses for the year	-10	-187
Total accumulated impairment	**-281**	**-271**
Carrying amount at end of period	**1,193**	**1,166**

Specification of Parent Company and Group holdings of investments in Group companies

Subsidiaries/Reg. No./Domicile	Partici-pating interests	Interests in %	Carrying amount
BE Group Sverige AB, 556106-2174, Malmö, Sweden	20,000	100	866
BE Group Oy Ab, 1544976-7, Finland	204,000	100	147
BE Group AS,10024510, Estonia	40	100	0
BE Group SIA, 40003413138, Latvia	100	100	0
UAB BE Group, 211685290, Lithuania	100	100	2
BE Group Sp.z.o.o, 0000006520, Poland	20,216	100	8
BE Group CZ s.r.o, 282 43 781, Czech Republic		100	67
BE Group Slovakia s.r.o., 36595659, Slovakia		100	8
Lecor Stålteknik AB, 556584-6382, Kungälv, Sweden	1,000	100	85
BE Group Produktion Eskilstuna AB, 556788-2344, Eskilstuna, Sweden	5,000	100	10
RTS Eesti OÜ, 11657766, Estonia		*100*	
			1,193

Acquisitions, capital contributions and impairments during the year	**2013**	**2012**
BE Group Slovakia s.r.o.	1	–
BE Group CZ s.r.o.	34	-187
UAB BE Group	1	1
	36	**-186**

Note 18 Participations in joint ventures

BE Group owns 50 percent of ArcelorMittal BE Group SSC AB (company registration number 556192-8770, domiciled in Karlstad, Sweden). The interest in the joint venture company is reported in the consolidated accounts using the equity method, by which 50 percent of profit after tax for the joint venture company will be reported as a share in earnings included in the consolidated operating result of BE Group.

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2013**	**2012**
Profit/loss before tax	3	3
Tax	-1	-1
Profit after tax	**2**	**2**
Dividends received	–	–

Summary of income statements and balance sheets for the joint venture	**2013**	**2012**
Net sales	474	532
Operating result	3	3
Net financial items	0	0
Tax	-1	-1
Profit/loss for the year	2	2

	2013	**2012**
Non-current assets	169	171
Current assets	148	168
Total assets	**317**	**339**

	2013	**2012**
Equity	247	245
Provisions	–	21
Interest-bearing liabilities	11	35
Other non-interest-bearing liabilities	59	38
Total equity and liabilities	**317**	**339**

Participations in joint ventures	**2013**	**2012**
Opening balance, cost	126	124
Dividends received	–	–
Share in earnings of joint venture	1	1
Other	–	1
Carrying amount at year-end	**127**	**126**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2013**	**2012**
Receivables due from joint venture	–	–
Debts owed to joint venture	8	12
Sales to joint venture	–	–
Purchases from joint venture	72	89
Dividends received	–	–

Transactions with the joint venture are conducted at market prices and terms.

Note 19 Other securities held as non-current assets

Group	**2013**	**2012**
Accumulated cost		
At January 1	2	2
Exchange differences for the year	-1	0
Carrying amount at end of period	**1**	**2**

Note 20 Interest-bearing receivables, group companies

Parent Company	**2013**	**2012**
Accumulated cost		
At January 1	301	278
New receivables	23	90
Settled receivables	-92	-12
Impairment of receivables	-28	-58
Exchange differences for the year	-7	3
Carrying amount at end of period	**197**	**301**
Of which recognized as non-current	*6*	*25*
Of which recognized as current	*191*	*276*

Note 21 Inventories

Group	**2013**	**2012**
Obsolescence reserve, inventories		
Carrying amount at January 1	-14	-13
Translation difference	0	0
Change for the year	3	-1
Total obsolescence reserve, inventory	**-11**	**-14**

Note 22 Prepaid expenses and deferred income

Group	**2013**	**2012**
Rent for premises	10	11
Supplier bonuses	6	10
Other items	17	9
Total prepaid expenses and accrued income	**33**	**30**

Parent Company	**2013**	**2012**
Supplier bonuses	6	10
Other items	7	2
Total prepaid expenses and accrued income	**13**	**12**

Note 23 Equity

Share capital and shares outstanding

Group	2013	2012
Issued capital at January 1	50,000,000	50,000,000
Change	–	–
Issued capital at December 31	**50,000,000**	**50,000,000**

At December 31, 2013, registered share capital amounted to 50,000,000 (50,000,000) common shares. The quotient value of shares is SEK 2.04 (2.04). Holders of common shares are entitled to annual general dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

Pertains to capital contributions from shareholders. Includes share premium reserves transferred to the statutory reserve at December 31, 2005. Share premium reserve provisions are also reported as capital contributions as of January 1, 2006.

Reserves

Translation reserve

The translation reserve comprises of exchange differences arising from translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

Hedging of net investments in foreign subsidiaries is also recognized in the translation reserve. This is comprised of exchange rate differences arising from the revaluation of liabilities recognized as hedging instruments of a net investment in a foreign operation. The amount is based on tax consequences.

Group	2013	2012
Carrying amount at January 1	9	16
Exchange rate difference for the year	11	-17
Hedging of net investments in foreign subsidiaries	-5	13
Tax attributable to hedging of net investment in foreign subsidiary	1	-3
Carrying amount at end of period	**16**	**9**

Retained earnings including profit/loss for the year

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. This equity item includes prior provisions to the statutory reserve, excluding transferred share premium reserves.

Treasury shares

	2013		2012	
Group	Number of	Amount	Number of	Amount
Balance at January 1	590,727	26	624,000	26
Divestments for the year	-28,745	0	-33,273	0
Closing balance at end of period	**561,982**	**26**	**590,727**	**26**

Acquisitions of treasury shares were recognized directly in retained earnings. The shares are intended for use within the framework of the Share Savings Plans.

Capital management

The Group has set four financial business targets that are measured over a 12-month rolling period. The financial targets are based on underlying earnings and return measurements to clearly illustrate the performance of the operational business. Underlying earnings comprise of recognized profit/loss adjusted for non-recurring items and inventory gains/losses (see definitions on pages 92–93). BE Group applies an internal calculation model. The model has not been reviewed by the Group's auditors. The outcomes for growth, profitability and return are measured over an economic cycle, while the capital structure target relates to a normal situation.

Financial targets	Targets	Outcome 2013	Outcome 2012
Underlying sales growth	>5 %	-9 %	-6 %
Underlying EBITA margin	>6 %	1 %	1 %
Underlying return on operating capital	>40 %	8 %	8 %
Net debt/equity ratio	<125 %	136 %	116 %

The Group's bank loan agreements include financial covenants, which are reported in Note 31 Financial risk management.

Parent Company

Restricted equity

Restricted reserves

Dividends that reduce restricted reserves are prohibited.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of net profits not used to cover retained losses. The statutory reserve also includes the amount transferred to the share premium reserve prior to January 1, 2006.

Non-restricted equity

Retained earnings

Comprises of prior years' non-restricted equity after distribution of profits, if any. Combined with profit for the year, the total makes up non-restricted equity, which is the amount available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, when more must be paid for the shares than their quotient value, an amount equal to the amount received in excess of the quotient value of the shares must be transferred to the share premium reserve. The amount transferred to the share premium reserve from January 1, 2006 is included in non-restricted equity.

Note 24 Provisions

Group	2013	2012
Restructuring costs	5	3
Guarantee commitments	–	–
Other	0	2
Total, other provisions	**5**	**5**
Of which:		
Non-current	0	1
Current	5	4
	5	**5**

2013	Restructuring costs	Guarantee commit-ments	Other
Carrying amount at January 1	3	–	2
New provisions	25	–	0
Amount used during the period	-23	–	-2
Reversed provisions	–	–	–
Transferred to disposal group	–	–	–
Translation difference	0	–	0
Carrying amount at end of period	**5**	**–**	**0**
Expected date of outflow of resources:			
2014	5	–	0
2015–2017	–	–	–
	5	**–**	**0**

Parent Company

The Parent Company's provision of SEK 2 M (0) mainly involves restructuring costs, entailing an expected outflow of resources in 2014.

Note 25 Deferred tax assets and tax liabilities

2013 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	–	-18	-18
Buildings and land	0	0	0
Machinery and equipment	0	-8	-8
Inventory	1	0	1
Accounts receivable	2	–	2
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Tax allocation reserves	–	–	–
Loss carryforwards	21	–	21
Other	0	-15	-15
	26	**-41**	**-15**
Offset	-4	4	–
Net deferred tax liability	**22**	**-37**	**-15**

2012 Group	Deferred tax receivable	Deferred tax liabilities	Net
Intangible assets	–	-21	-21
Buildings and land	0	-1	-1
Machinery and equipment	–	-16	-16
Inventory	1	0	1
Accounts receivable	3	–	3
Other provisions	0	–	0
Interest-bearing liabilities	2	–	2
Tax allocation reserves	–	–	–
Loss carryforwards	12	–	12
Other	0	-15	-15
	18	**-53**	**-35**
Offset	-4	4	–
Net deferred tax liability	**14**	**-49**	**-35**

Of the Group's capitalized deferred tax assets on tax loss carry-forwards, assets of SEK 11 M (10) are limited to a period of five to eight years. These assets pertain to Poland and Slovakia.

Unrecognized deferred tax assets

In the Balance Sheet, deferred tax assets have not been recognized for tax loss carryforwards for a deferred tax value of SEK 5 M (7). Unrecognized tax-loss carryforwards for the year are mainly attributable to the loss making companies in Other units. The unrecognized amounts are equivalent to the portion of such carryforwards considered unlikely to be utilizable against taxable results in the near future.

Change of deferred tax in temporary differences and loss carryforwards

Group 2013	Carrying amount at beginning of period	Recognized in profit or loss	Reclassification in accordance with IFRS 5	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-21	4	–	-1	-18
Buildings and land	-1	1	–	0	0
Machinery and equipment	-16	8	–	0	-8
Inventory	1	0	–	0	1
Accounts receivable	3	-1	–	0	2
Other provisions	0	0	–	0	0
Interest-bearing liabilities	2	0	–	0	2
Tax allocation reserves	–	–	–	–	–
Loss carryforwards	12	9	–	0	21
Other	-15	0	–	0	-15
	-35	**21**	**–**	**-1**	**-15**

Group 2012	Carrying amount at beginning of period	Recognized in profit or loss	Reclassification in accordance with IFRS 5	Recognized in equity[1]	Carrying amount at end of period
Intangible assets	-26	1	2	2	-21
Buildings and land	-3	-3	5	0	-1
Machinery and equipment	-22	8	-2	0	-16
Inventory	2	0	-1	0	1
Accounts receivable	3	1	-1	0	3
Other provisions	3	-3	0	0	0
Interest-bearing liabilities	–	2	–	0	2
Tax allocation reserves	-2	2	–	–	0
Loss carryforwards	21	1	-10	0	12
Other	-15	-2	1	1	-15
	-39	**7**	**-6**	**3**	**-35**

[1] Primarily refers to translation differences.

Note 26 Pledged assets and contingent liabilities

Pledged assets to credit institutions

Group	2013	2012
Liens on assets	626	617
Property mortgages	57	62
Accounts receivable	9	59
Shares in subsidiaries	988	1,014
	1,680	**1,752**

Parent Company	2013	2012
Promissory notes receivable	296	288
Shares in subsidiaries	1,013	1,013
	1,309	**1,301**

Financial assets pledged as collateral

The Parent Company has promissory notes receivable from BE Group Sverige AB and BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 31 Financial risk management with regard to significant terms and conditions of external loan agreements.

Contingent liabilities

Group	2013	2012
Warranties upon sale of real estate	–	–
Other guarantees	13	13
Other items	10	11
	23	**24**

Parent Company	2013	2012
Guarantee obligations for the benefit of subsidiaries	135	36
	135	**36**

The Parent Company provides a joint and several guarantee covering subsidiaries' payment of receivables to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners.

Note 27 Current interest-bearing liabilities

Group	2013	2012
Overdraft facility		
Credit limit	200	200
Unutilized component	-200	-200
Utilized credit amount	**–**	**–**
Other current interest-bearing liabilities	8	2
Total current interest-bearing liabilities	**8**	**2**

Disclosures concerning collateral are provided in Note 26 Pledged assets and contingent liabilities.

Note 28 Accrued expenses and deferred income

Group	2013	2012
Accrued salaries	39	39
Accrued social security expenses	9	11
Bonuses to customers	3	8
Other items	22	25
Total accrued expenses and deferred income	**73**	**83**

Parent Company	2013	2012
Accrued salaries	3	3
Accrued social security expenses	2	2
Other accrued expenses	11	13
Total accrued expenses and deferred income	**16**	**18**

Note 29 Supplementary disclosures to cash flow statement

Group	2013	2012
Interest paid		
Interest received	3	3
Interest paid	-40	-34
Adjustment for non-cash items		
Depreciation and impairment of assets	47	145
Unrealized exchange rate differences	3	-1
Capital gain/loss on sale of fixed assets	0	0
Difference between participation in joint venture and dividends received	-1	-1
Provisions and other income items not affecting liquidity	1	-8
Total	**50**	**135**

Parent Company	2013	2012
Interest paid and dividends received		
Dividends received	30	35
Interest received	28	24
Interest paid	-50	-45
Adjustment for non-cash items		
Depreciation and impairment of assets	53	259
Unrealized exchange rate differences	7	-11
Other income statement items not affecting liquidity	5	8
Total	**65**	**256**

Note 30 Related-party transactions

Group

The Group has not conducted any transactions with related parties apart from with the joint venture company ArcelorMittal BE Group SSC AB. See Note 18 for further details.

No director or senior executive has or has had any direct or indirect participation in any business transactions between the individual and the Group that is or was unusual in nature with regard to terms and conditions and that took place in the current or preceding financial year. The Group has not extended loans, provided warranties, or provided financial guarantees for any director or senior executive.

See Note 3 for disclosures on remuneration and benefits paid to senior executives and directors.

Parent Company

The Parent Company has decisive control over its subsidiaries (see Note 17) and has had the following transactions with related parties.

Parent Company's transactions with subsidiaries	2013	2012
Sales of services	58	58
Purchases of services	-14	-18
Interest income	28	24
Interest expense	-13	-12
Dividend Received (+)/ or paid (-)	30	35
Group contributions received (+)/paid (-)	41	51
Claims on related parties on balance day	281	405
Debt to related parties on balance day	145	272

Not 31 Financial risk management

In its operations, BE Group is exposed to a number of financial risks. The management of these risks is regulated through the Group's finance policy. The finance policy is established by the Board and provides a framework for BE Group's management of the financial risks in its operations. BE Group maintains a centralized finance function that is responsible for identifying and managing the financial risks in accordance with the established policy. The finance function reports to the President and CEO of BE Group.

BE Group's ongoing operations give rise to a number of financial risks. These consist of market risk (currency and interest risk), refinancing risk (liquidity risk) and credit risk. The goals that have been established in the finance policy are stated under the respective heading below.

Market risk

Market risk is the risk that fluctuations in market rates, such as interest and exchange rates, will impact the Group's profits or financial position.

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency risk comprises both transaction exposure and translation exposure.

Transaction exposure arises when the Group conducts purchasing in one currency and sales in another, meaning that the transaction exposure is attributable to accounts receivable and payable. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency. BE Group's objective is to minimize the short-term and long-term impact of movements in foreign exchange rates on the Company's profit and equity. This is mainly achieved by matching revenues and expenses in business transactions with currencies other than SEK. When matching cannot be achieved, the Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Group's central finance function in the Parent Company. At year-end, BE Group had a small number of outstanding forward contracts relating to transaction exposure.

During 2013, BE Group's transaction exposure in EUR amounted to EUR 64 M (83), consisting of the difference between actual purchasing and sales in EUR. The real effect of the transaction exposure affected the operating result by SEK 0 M (negative 1). Based on income and expenses in foreign currency for 2013, it is estimated that a change of +/- 5 percent in the SEK against the EUR would entail an effect of about +/- SEK 2 M in operating result.

As of the balance sheet date, net assets are allocated among the following currencies:

Amount	*SEK M*	
SEK	134	22 %
EUR	404	64 %
Others	89	14 %
Total	**627**	**100 %**

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated equity. The Group's earnings are affected by the currencies used in the translation of the results of its foreign units. Based on conditions in 2013, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail an effect of SEK 0 M on operating profit in the translation of the earnings of foreign units.

The Parent Company, BE Group AB, has loans in EUR and CZK to reduce translation exposure arising from the Finnish and Czech operations, respectively. In the consolidated financial statements, hedge accounting is applied in accordance with the principles for hedging net investments in foreign currency. No hedge accounting has been applied in the Parent Company.

Translation exposure for other countries has been judged immaterial and accordingly not hedged.

See also "Accounting principles" concerning management of hedge accounting for net investments.

Note 31 continuation

Interest risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. Consolidated interestbearing liabilities are mainly subject to variable interest or terms of fixed interest.

In accordance with the finance policy, the BE Group actively works to minimize the effect on the Group's profit/loss before tax due to fluctuations in market interest rates. BE Group's objective is to maintain the average fixed rate term of one to 12 months. The fixed rate term was kept short during the year and was approximately three months (3) as of the balance sheet date.

At the end of the year, the total interest-bearing loan debt was SEK 909 M (of which the portion included in the disposal group amounted to SEK 43 M). Interest-bearing assets in the form of cash and bank balances amounted to SEK 57 M (of which the portion included in the disposal group amounted to 6).

A change in interest rates of 1 percent would affect consolidated net financial items by approximately SEK +/- 9 M and consolidated equity by approximately SEK +/- 6 M. The sensitivity analysis has been conducted on the basis of current net debt at the end of the period.

The table below details the consolidated interest-bearing liabilities outstanding at December 31, 2012 and December 31, 2013.

Loan terms, maturity structure/fixed rate terms and fair value

		Nominal amount in original currency		Carrying amount (SEK M)		Fixed interest terms number of days		Maturity	
		2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Financial lease, SEK	SEK M	19	12	19	12	–	–	2014–2019	2013–2019
Financial lease, EUR	EUR M	2	0	16	4	–	–	2014–2017	2013–2017
Financial lease LTL	LTL M	0	0	0	0	–	–	2014	2014
accrued interest				–	–				
Total financial leasing liability				**35**	**16**				
Of which, current liability				*5*	*2*				
Factoring CZK	*CZK M*	*7*	12	2	4	–	–	2014	2013
Factoring PLN	*PLN M*	1	–	3	–	–	–	2014	–
accrued interest				–	–				
Total factoring liability				**5**	**4**				
Of which, current liability				*5*	*4*				
Bank loan, CZK	*CZK M*	125	150	41	51	30	30	2014	2013
accrued interest				–	–				
Total external bank loans in subsidiaries				**41**	**51**				
Of which, current liability				*41*	*51*				
Parent Company[1]									
Bank loan, SEK	SEK M	397	397	392	389	90	90	2015	2015
Bank loan, EUR	EUR M	38	38	335	323	90	90	2015	2015
Bank loan, CZK	CZK M	310	310	101	106	90	90	2015	2015
accrued interest				–	–				
Total interest-bearing liabilities, Parent Company				**828**	**818**				
Of which, current liability				–	–				
Total interest-bearing liabilities, Group				**909**	**889**				
Of which, current liability				*51*	*57*				

The recognized amount for interest-bearing liabilities constitutes a good approximation of the fair value.

[1] In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 8 M (4). The recognized amount totals SEK 67 M (34). The liabilities mature on December 31, 2014 with interest rates based on three-month EURIBOR. There is no accrued interest on the balance sheet date. In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intra-group cash pool and that amount to SEK 66 M (212) as per the balance sheet date. The interest applied in the cash pool is based on STIBOR T/N.

Refinancing risk (liquidity risk)

BE Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. Access to external financing, which is affected by factors such as the general trend in the capital and credit markets, as well as the borrower's creditworthiness and credit capacity, may be limited and there may be unforeseen events and costs associated with this. The borrowing strategy focuses on securing the Group's borrowing needs, both with regard to long-term financing needs and day-to-day payment commitments. BE Group works actively to maintain satisfactory payment capacity by means of unutilized credit facilities and through active control of its working capital, which is the foremost item affecting the scope of the Group's liquidity.

Maturity structure, financial liabilities

	Derivative liabilities		Other financial liabilities		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Maturity within 90 days	0	–	481	538	481	538
Maturity within 91–180 days	–	–	14	9	14	9
Maturity within 181–365 days	–	–	21	16	21	16
Maturity within 1–5 years	–	–	873	874	873	874
Maturity later than 5 years	–	–	6	4	6	4
Total	**0**	**–**	**1,395**	**1,441**	**1,395**	**1,441**

For financial liabilities (excluding the portion that is included in the disposal group) the table above details the maturity structure and shows the undiscounted future cash disbursements. BE Group has an overdraft facility of SEK 200 M, which was unutilized as of December 31, 2013 (see Note 27).

New credit agreement in 2014

In February 2014, a new three-year credit agreement was signed with Skandinaviska Enskilda Banken and Svenska Handelsbanken. The total credit facility amounts to SEK 1,250 M, including guarantee facilities. The new credit agreement was utilized at the end of March. The proceeds of the implemented rights issue have been used to repay bank loans. The new credit agreement includes commitments in-line with previous financing agreements. The key figures measured are net debt/equity ratio and interest coverage ratio. The covenants are measured quarterly, and the interest coverage ratio is based on the trend over the past 12-month period. In addition, the Group is subject to limits with regard to investments during the duration of the agreement.

Credit risk

When entering new business relations and extending existing ones, BE Group makes a commercial assessment.

The risk that payment will not be received on accounts receivable represents a customer credit risk. BE Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms and the absence of risk concentrations towards individual customers, and specific sectors contribute to reducing credit risk in business area Sweden and business area Finland. In certain countries within Other Units credit and payment terms are normally longer than in other markets. Intensive efforts are being made here to ensure payment, which involve assessments of creditworthiness and negotiations about payment plans when payment has not been timely. In these countries, BE Group also applies extensive factoring solutions, reducing the time over which credit is provided and risk.

The spread of risk among the customer base is satisfactory as no individual customer accounted for more than 4 percent (5) of sales in 2013. The ten largest customers combined generated about 12 percent (12) of sales.

Provisions for credit losses have been assessed on an individual basis. The total cost of customer losses in 2013 was SEK 0 M, and at December 31, 2013, provisions for doubtful trade receivables amounted to SEK 23 M (26), corresponding to 6 percent (6) of the gross of total accounts receivable.

Credit exposure arises in conjunction with placements of cash and cash equivalents and derivatives trading. BE Group manages the risk that a counterparty will default by selecting creditworthy counterparties and limiting the commitment per counterparty.

In all material respects, the Group's credit exposure coincides with the carrying amount of each class of financial instrument.

Accounts receivable	Gross		Impairment		Net	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Not yet due	**322**	**308**	**-17**	**-21**	**305**	**287**
Unimpaired, past due						
< 30 days	41	61	–	–	41	61
30–90 days	6	7	–	–	6	7
>90 days	4	6	–	–	4	6
Total	**51**	**74**	**–**	**–**	**51**	**74**
Impaired past-due accounts receivable						
< 30 days	2	0	-1	0	1	0
30–90 days	1	1	-1	-1	0	0
>90 days	22	25	-4	-4	18	21
Total	**25**	**26**	**-6**	**-5**	**19**	**21**
Total	**398**	**408**	**-23**	**-26**	**375**	**382**

Provisions for doubtful receivables	**2013**	**2012**
Provision at January 1	26	35
Reserve for anticipated losses	2	5
Reversal of reserves	-2	-1
Realized losses	-4	-2
Transferred to disposal group	–	-10
Exchange rate differences	1	-1
Provision at December 31	**23**	**26**

Note 31 continuation

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 total carrying amounts and fair value as per asset class are shown in the table below:

Group	Measurement category
A	Financial assets and liabilities valued at fair value via profit or loss for the period
B	Investments held to maturity
C	Loans and receivables
D	Financial assets available for sale
E	Financial liabilities measured at accrue cost

			Group						
2013	**Carrying value according to Balance Sheet**	**Of which, financial instruments covered by the disclosure requirements in IFRS 7**	**A**	**B**	**C**	**D**	**E**	**Total carrying value**	**Fair value**
Other securities held as non-current assets	1	1	–	–	–	1	–	**1**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	375	375	–	–	375	–	–	**375**	375
Other receivables	11	9	–	–	9	–	–	**9**	9
Prepaid expenses and accrued income	33	13	–	–	13	–	–	**13**	13
Cash and equivalents	51	51	–	–	–	51	–	**51**	51
Non-current interest-bearing liabilities	-858	-858	–	–	–	–	-858	**-858**	-860
Current interest-bearing liabilities	-8	-8	–	–	–	–	-8	**-8**	-9
Accounts payable	-440	-440	–	–	–	–	-440	**-440**	-440
Other liabilities	-60	-1	–	–	–	–	-1	**-1**	-1
Accrued expenses and deferred income	-73	-27	–	–	–	–	-27	**-27**	-27

2012									
Other securities held as non-current assets	2	2	–	–	–	2	–	**2**	E/T
Non-current receivables	0	0	–	0	–	–	–	**0**	0
Accounts receivable	382	382	–	–	382	–	–	**382**	382
Other receivables	15	12	–	–	12	–	–	**12**	12
Prepaid expenses and accrued income	30	14	–	–	14	–	–	**14**	14
Cash and equivalents	89	89	–	–	–	89	–	**89**	89
Non-current interest-bearing liabilities	-832	-832	–	–	–	–	-832	**-832**	-833
Current interest-bearing liabilities	-2	-2	–	–	–	–	-2	**-2**	-2
Accounts payable	-493	-493	–	–	–	–	-493	**-493**	-493
Other liabilities	-49	-1	–	–	–	–	-1	**-1**	-1
Accrued expenses and deferred income	-83	-38	–	–	–	–	-38	**-38**	-38

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. The Group also holds shares/participations in unlisted companies, which are included in the assessment category of "Financial assets available for sale". As it is difficult to reliably measure the fair value of these assets, they are recognized at cost.

Impairment losses

The Group has recognized impairment losses on accounts receivable as disclosed above under "Credit risks". No other impairments have been applied for financial assets within the Group.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence is made up of two components: observable events that impair the capacity to recover the carrying amount of the asset and significant or prolonged decline in fair value for financial investments classified as financial assets available for sale. A decline in value of 20 percent is classified as significant and a decline in value is classified as prolonged when it lasts for more than 9 months.

Risk management and insurance

The responsibility for risk management within BE Group lies with the Group's central finance function. The objective of these efforts is to minimize the total cost of the Group's loss risks. This is accomplished by continually improving loss prevention and loss limitation in operations and through a Group-wide insurance solution.

Not 32 Investment commitments

BE Group has no principal investments in progress, nor future investments regarding which the Board of Directors has made a clear commitment.

Note 33 Key estimates and assessments

Certain assumptions about the future and certain estimates and assessments as of the balance sheet date are particularly significant to measurement of assets and liabilities in the balance sheet. According to management assessment, none of the asset and liability amounts reported are associated with risk that material adjustment will be required in the next year.

Impairment of goodwill

The value of recognized goodwill is tested at least once a year to determine whether the asset may be impaired. The test requires assessment of the value in use of the cash generating unit, or groups of cash generating units, to which the goodwill has been allocated. This in turn requires that the expected future cash inflows from the cash generating units must be estimated and a relevant discount rate determined to calculate the present value of cash inflows.

See Note 14 for a description of impairment testing and assumptions used in the process.

Financial and operational leasing agreements

The largest and most important portion of the Group's signed lease agreements involves properties. Consequently, in its classification, the Group has assessed whether the leasing agreements are financial or operational in nature. The leasing agreements contain no clauses to the effect that the ownership of the properties will transfer to the Company on the expiration of the agreements. Since the lease fees that the Group pays to the lessor are index-adjusted on a regular basis to correspond to market rent levels and since the Group assumes no risk for the residual value of the properties, it is deemed that largely all financial risks and advantages associated with the properties accrue to the lessor. Based on these qualitative factors, the agreements have been classified as operational leasing agreements. However, there is one agreement that has been classified as financial and its recognized amount amounted to SEK 6 M on the balance sheet date.

In addition to the above, the Group has a number of financial leasing agreements associated with leases of machinery and equipment, whose carrying value amounted to SEK 24 M as per the balance sheet date.

For additional information on the Group's leasing agreements, please see Notes 5, 16 and 31.

Inventories

The cost of inventory is tested upon each close of books against estimated and assessed future selling prices. In the judgment of BE Group's management, necessary impairments have been recognized based on the information available when the closing accounts were prepared.

Valuation of discontinued operations in accordance with IFRS 5

See Note 12 for further details.

Not 34 Significant events after balance sheet date

Please refer to page 31 in the Board of Directors' Report – Significant events after the end of the financial year.

APPROPRIATION OF EARNINGS

The Board of Directors' proposal for the appropriation of earnings

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 2013 (-). The proposal to not pay a dividend is motivated by the year's negative result.

Funds available		
Retained earnings	462,896,561	SEK
Profit/loss for the year	-24,147,466	SEK
Total	**438,749,095**	**SEK**
Balance carried forward	438,749,095	SEK
Total	**438,749,095**	**SEK**

The consolidated financial statements and the annual report were prepared in compliance with the International Financial Reporting Standards defined in Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002 concerning application of International Financial Reporting Standards and generally accepted accounting principles and give a true and fair view of the financial position and performance of the Group and the Parent Company.

The Board of Directors' Report provides a true and fair view of the Parent Company and the Group's operations, financial position and performance and describes the significant risks and uncertainty factors relevant to the Parent Company and other BE Group companies.

The annual and consolidated accounts are subject to approval by the Annual General Meeting on April 25, 2014.

Malmö, March 12, 2014

Anders Ullberg
Chairman of the Board

Petter Stillström
Director

Lars Olof Nilsson
Director

Roger Bergqvist
Director

Jörgen Zahlin
Director

Marita Jaatinen
Director

Thomas Berg
Employee Representative

Kerry Johansson
Employee Representative

Kimmo Väkiparta
President and CEO

Our Audit Report was submitted on March 21, 2014
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

The information in the Annual Report is such that BE Group AB (publ) is required to publish pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on March 25, 2014 at 8.00 a.m.

AUDIT REPORT

To the annual meeting of the shareholders of BE Group AB (publ) Corporate identity number 556578-4724

Report on the annual report and consolidated accounts

We have audited the annual report and consolidated accounts for BE Group AB (publ) for 2013. The annual and consolidated accounts of the Company are included in the printed version of this document on pages 20–31 and 39–80.

Responsibility of the Board of Directors and the President for the annual report and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation of annual accounts that give an accurate view in accordance with the Annual Accounts Act and consolidated accounts that give an accurate view in accordance with international financial reporting standards as adopted by the EU and the Annual Accounts Act, as well as for the internal controls deemed necessary by the Board of Directors and President as necessary in preparing annual and consolidated accounts that do not contain material misstatements, whether these are due to irregularities or error.

Auditors' responsibility

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards demand that we adhere to professional requirements and that we plan and perform the audit to obtain reasonable assurance that the annual and consolidated accounts are free of material misstatement.

An audit entails gathering by various means audit evidence supporting the amounts and disclosures in the annual and consolidated accounts. The auditor selects the measures to be performed by assessing, among other aspects, the risk for material misstatements in the annual and consolidated accounts, whether these are due to irregularities or error. In this risk assessment, the auditor takes into account those parts of the internal control processes that are relevant to how the Company prepares the annual and consolidated accounts to provide an accurate view with the purpose of drawing up review measures that are appropriate to conditions, albeit not with the purpose of making any statements regarding the efficacy of the Company's internal control processes. An audit also includes assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Board of Directors and President in the accounts, as well as assessing the overall presentation of the annual and consolidated accounts.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

It is our opinion that the annual accounts have been prepared in accordance with the Annual Accounts Act and give in all material regards an accurate view of the Company's financial position as per December 31, 2013 and its financial results and cash flow over the year in accordance with the Annual Accounts Act and that the consolidated accounts have been prepared in accordance with the Annual Accounts Act and provide in all material regards an accurate view of the Group's financial position as per December 31, 2013 and its financial results and cash flow over the year in accordance with International Standards on Auditing as adopted by the EU and the Annual Accounts Act. The statutory administration report (Board of Directors' Report) is consistent with the other parts of the annual and consolidated accounts.

We therefore recommend that the Annual General Meeting approve the consolidated Income Statement and Balance Sheet and the Income Statement and Balance Sheet of the Parent Company.

Report on other legal and regulatory requirements

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriation of the Company's profit or loss and the administration of BE Group AB (publ) by the Board of Directors and the President in 2013.

Responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss and the Board of Directors and the President are responsible for the administration of the Company in accordance with the Companies Act.

Auditors' responsibility

It is our responsibility, based on our audit, to express an opinion, with a reasonable degree of certainty, on the proposed appropriation of the Company's profit or loss and the administration of the Company. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our statement regarding the proposed appropriation of the Company's profit or loss, we have reviewed the statement by the Board of Directors explaining its proposal and a selection of the data on which this is based to ascertain whether the proposal complies with the Companies Act.

As a basis for our statement regarding discharge from liability, we have, in addition to our audit of the annual and consolidated accounts, reviewed significant decisions, measures and conditions in the Company to ascertain whether any director or the President is liable for compensation to the Company. In our review, we have also considered whether any director or the President has in any other way contravened the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have gathered is sufficient and appropriate as a basis for our statements.

Statements

We recommend that the Annual General Meeting appropriate Company's profit or loss in accordance with the proposal presented in the statutory administration report (Board of Directors' Report) and that the directors and the President be discharged from liability for the financial year.

Malmö, March 21, 2014
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report. Information in accordance with Chapter 6, Section 6 in the Annual Accounts Act can be found in the Board of Director's Report on pages 30–31 in the annual report.

Operations and governance of BE Group

BE Group AB (publ) is a Swedish limited liability company listed on the Nasdaq OMX Stockholm. Governance of BE Group is based on the Swedish corporation and Annual Accounts Act, NASDAQ OMX Stockholm regulation, Swedish code for corporate governance (the "Code"), BE Group's Articles of association and other relevant regulations.

Shareholders exercise their decision-making rights at the Annual General Meeting (and also at possible extraordinary meetings), which are the Company's highest decision-making authority. The Board of Directors and the Chairman of the Board are appointed by the Annual General Meeting while the President is appointed by the Board. The Company's accounts as well as the administration of the Board of Directors and the President are reviewed by auditors appointed by the Annual General Meeting. The Annual General Meeting adopts principles for the appointment of the Nomination Committee, which formulates proposals to the Annual General Meeting prior to the election and setting of fees for the Board and auditors. In addition to laws, regulations and the Code, BE Group applies internal governance instruments such as a code of conduct and information policy.

BE Group's application of the Swedish Code of Corporate Governance

The Code is based on the "comply or explain" principle, which means a company may depart from the provisions of the Code provided that such departures can be explained in a satisfactory manner. BE Group fully applied the Code during the financial year 2013 and has not departed from Code rules in any respect.

Shareholders

Ownership and share capital

On December 31, 2013, BE Group's share capital amounted to SEK 102,040,817 allocated among 50,000,000 shares. All shares in the Company convey equal rights in every respect. At the end of the year, BE Group had 7,298 shareholders. The Company's largest shareholders were AB Traction, Swedbank Robur fonder, IF Skadeförsäkring AB and Avanza Pension. The proportion of foreign ownership totaled around 12 percent. At the end of the year, the Company held 561,982 treasury shares (1.1 percent of share capital). You can find more information about the ownership structure in BE Group on pages 16–17 in the Annual Report.

Annual General Meeting

The Annual General Meeting considers decisions regarding dividends; adoption of the Income Statement and Balance Sheet; discharge of liability for Board members and the President; election of Board members, the Chairman of the Board and auditors; approval of fees to the Board members and auditors, adoption of executive remuneration guidelines; and, when applicable, adoption of principles for appointing the Nomination Committee. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company. All Board members, management and the auditors are normally present at the meeting to answer such questions.

The 2013 Annual General Meeting was held on April 26 in Malmö. At the Annual General Meeting 20,424,852 shares were represented, divided among 43 shareholders that participated personally or through a proxy. The represented shares corresponded to 41 percent of the total number of shares in BE Group. The Annual General Meeting decided on the re-election of Anders Ullberg, who was also elected as Chairman of the Board; the re-election of Board members Petter Stillström, Roger Bergqvist, Marita Jaatinen and Lars Olof Nilsson; and the new election of Jörgen Zahlin. Cecilia Edström had declined re-election. The accounting firm KPMG AB was re-appointed as auditor for the Company.

Some of the Annual General Meeting's other decisions were:

- in accordance with the proposal by the Board of Directors, not to pay a dividend for the 2012 financial year;
- to pay Board fees totaling SEK 1,470,000, of which SEK 420,000 was to the Chairman of the Board and SEK 210,000 each to the other members elected by the Annual General Meeting. The Annual General Meeting also decided that remuneration for work in the audit committee shall be paid totaling SEK 150,000 and that no remuneration will be paid for work on the remuneration committee. It shall be possible for companies that are wholly owned by Board members to issue invoices for Board fees on the condition that this remains cost-neutral for BE Group;
- to adopt guidelines for remuneration to senior executives, which primarily entail that salaries and other remuneration conditions for management shall be market-based and that variable remuneration should be at most 50 percent of fixed salary. Compared with the 2012 guidelines, the new guidelines entail the same limitations applying to all senior executives if served notice of termination by BE Group, that is, that the period of termination and severance pay may not exceed a combined amount equivalent to 18 months' fixed salary.
- to authorize the Board, for the purpose of ensuring coverage of social security costs attributable to the Share Savings Plan 2011, on one or several occasions, however, not later than the 2014 Annual General Meeting, to make decisions regarding the transfer of no more than 50,000 treasury shares through a listed exchange;
- to authorize the Board, on one or several occasions and not later than the 2014 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions.

Nominating Committee

As resolved by the Annual General Meeting, the Nomination Committee must consist of four members, who, in addition to the Chairman of the Board, shall include representatives for each of the three largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the three shareholder representatives and the shareholders they represent shall be announced as soon as the Nomination Committee has been appointed and at least six months before the Annual General Meeting. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nominating Committee. If a member of the Nominating Committee resigns before the process is complete, a substitute nominated by the same shareholder may take that member's place. If a significant change takes place in the Company's ownership structure after August 31, rules are in place regarding how the composition of the Nominating Committee can be changed. Prior to the

2014 Annual General Meeting, the Nominating Committee consists of Petter Stillström (AB Traction), Chairman, Anders Ullberg, (Chairman of the Board of BE Group), Jan Andersson (Swedbank Robur Funds) and Ricard Wennerklint (If Skadeförsäkring).

The Nomination Committee is tasked with submitting to the Annual General Meeting its nominations for Chairman of the Board and other Board members accompanied by a justified statement regarding the proposal; proposing fees for the Board and the auditors and any remuneration for committee work, proposing auditors and nominating an individual to serve as the chairman of the Annual General Meeting. The Nominating Committee is also charged with assessing the independence of Board members in relation to the Company and major shareholders.

The Nomination Committee held three meetings. As a basis for its proposals to the 2014 Annual General Meeting, the Nominating Committee assessed whether the current Board is suitable for its purpose and meets the requirements on the Board of Directors imposed by the Company's operations, position and conditions in other regards. The assessment was based on material including relevant sections of the evaluation of Board activities performed under the Chairman's guidance.

The Board and its work

Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten Board members elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. Over the year, the Board of the Company consisted of six members elected by the 2013 Annual General Meeting: Anders Ullberg (Chairman), Roger Bergqvist, Marita Jaatinen, Lars Olof Nilsson, Petter Stillström and Jörgen Zahlin, as well as two employee representatives, Thomas Berg and Kerry Johansson. Please refer to pages 88–89 of the Annual Report for a more detailed presentation of the Board members. All members are independent in relation to BE Group and executive management. With the exception of Petter Stillström, all Board members are considered independent in relation to BE Group's principal owners.

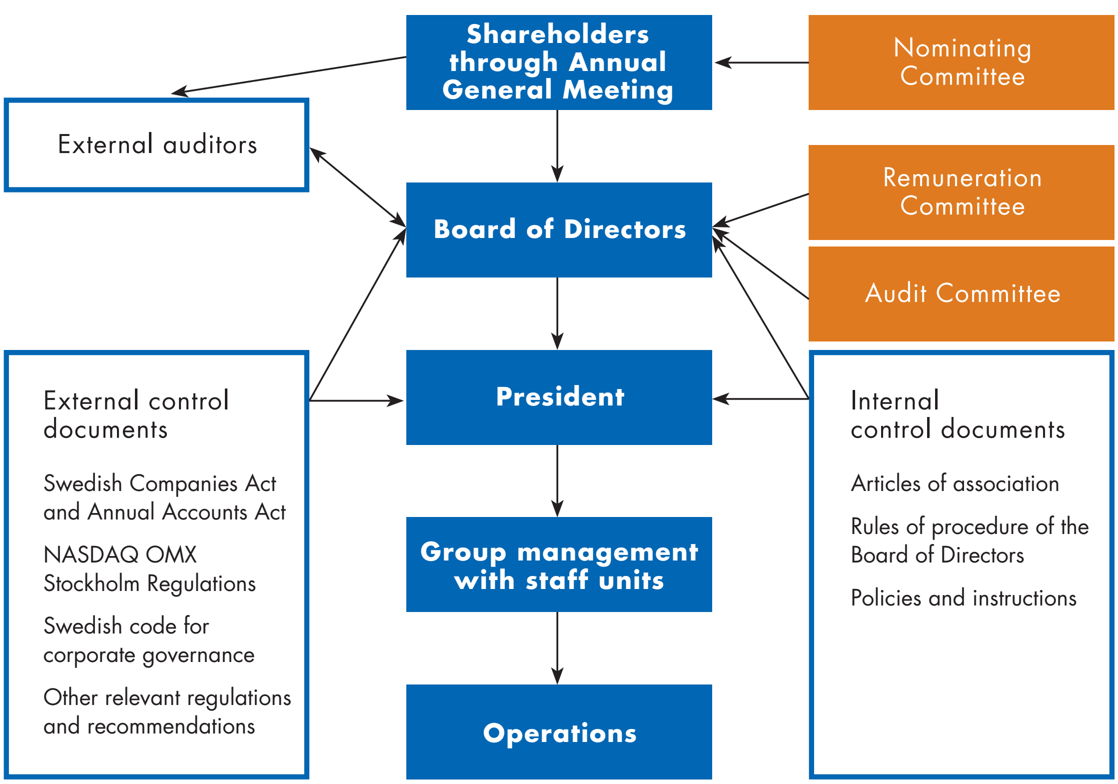
From Group Management, the President and the CFO normally attend Board meetings and report on the Group's development. Apart from the members of the Board, other officers of BE Group participated in Board meetings to present reports on particular issues. Attorney Hans Petersson acted as secretary at the Board meetings.

Rules of procedure of the Board

The Board of Directors is appointed by BE Group's shareholders to have ultimate responsibility for the Group's organization and administration of the Group's interests. At the statutory Board meeting directly following the Annual General Meeting, the Board adopted rules of procedure that closely regulates its work and responsibility as well as the special work tasks that are the responsibility of the Chairman of the Board.

The Chairman of the Board, Anders Ullberg, leads the Board's work and monitors the operation through a continuous dialogue with the President. Through monthly reports and Board meetings, the Board of Directors obtains information about BE Group's economic and financial status. Prior to every Board meeting, the Chairman and the President review those issues that shall be addressed at the meeting. Documentation for the Board's handling of the issues is sent to the Board members approximately one week before every Board meeting. The Board has also adopted sets of instructions for the President and for financial reporting to the Board and has adopted other special policies.

The Board has a Remuneration Committee and an Audit Committee. The members of the committees are appointed annually by the Board at its statutory meeting following its election/re-election by the Annual General Meeting. Instructions to the Committees are included in the rules of procedure of the Board of Directors.



Work of the Board in 2013

During 2013, the Board of Directors held 12 meetings, of which five were held over the telephone. According to the rules of procedure, the Board shall meet on 6 occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. One of the meetings during the year is regularly held at one of BE Group's operative units. During the year, the Board of Directors visited the operations in Norrköping, Sweden. The table on the following page provides a report of attendance by Board members at the four meetings prior to the Annual General Meeting and the eight meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

At the year's Board meetings, the Board, in addition to overviews and development of the current operation, also discussed:

- January: decision on implementation of cost reductions;
- February: year-end report, report by the auditor, review of the sales process for the Czech operations and adoption of an updated code of conduct;
- March: approval of the Annual Report for 2012, divestment of the Chinese operations, remuneration matters and other matters ahead of the Annual General Meeting;
- April: interim report for the first quarter, divestment of the Chinese operations and investments linked to the Finnish operations;
- June: strategy discussion and follow-up of operations at the Norrköping facility;
- July: interim report for the second quarter and report by the auditor;
- August: discussion on financing;
- October: interim report for the third quarter, review of the Finnish operations, auditor's report on internal control, discussion of financing surrounding the planned rights issue;
- December: Review of the Swedish operations, review of the business plan for 2014 and financing discussion.

Evaluation of the Board's work

The Chairman ensures that the Board and its work are evaluated annually and that the result of the evaluation is passed on to the nominating committee. The evaluation is made by the Board itself under the management of the Chairman and forms the base for a discussion within the Board regarding the development of the Board's work.

Audit Committee

The Audit Committee meets prior to every reporting date and where there is a need for additional meetings. The committee prepares a number of questions for the Board's decision and supports the Board in its work to carry out its responsibility within the areas, auditing and internal control as well as to quality-assure BE Group's financial reporting, which requires that the Company have a satisfactory organization and appropriate processes.

Each year, the Company's auditors formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board. The work is focused on assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, as well as the Group's compliance with applicable regulations. In addition, the Audit Committee has repeated contact with the Company's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee may establish guidelines concerning what services, other than auditing services, which BE Group may procure from the auditor. The Audit Committee consists of Lars Olof Nilsson (Chairman), Anders Ullberg and Jörgen Zahlin (prior to the Annual General Meeting, Cecilia Edström was a member of the Audit Committee) and meets the requirements for competence in accounting and auditing. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Audit Committee met seven times in 2013. The meetings of the Audit Committee are minuted and reported orally at Board meetings.

Remuneration Committee

The assignment of the Remuneration Committee is to address matters related to salaries and other terms of employment, pension benefits and the bonus system for the President and the managers reporting directly to him. The Committee makes decisions regarding remunerations to senior executives other than the President, based on proposals by the President. The Remuneration Committee was also tasked with drafting executive remuneration policies that the Board will present to the Annual General Meeting for resolution. The Remuneration Committee has also been tasked with monitoring and assessing variable remuneration programs for senior executives that were ongoing or terminated during the year and with monitoring and assessing the application of the guidelines for remunerations for senior executives. The members of the Remuneration Committee were the Chairman of the Board and Petter Stillström. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Remuneration Committee met twice in 2013, both members being present at both meetings. In addition, members have had a continous dialogue. Meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Board remuneration

The fees for the Board members elected by the Annual General Meeting are determined by the Annual General Meeting on the basis of the Nominating Committee's proposal. Employee representatives to the Board of Directors do not receive Board members' fees. In accordance with a resolution by the 2013 Annual General Meeting, a fee of SEK 420,000 was paid to the Chairman of the Board for the period extending from the 2013 Annual General Meeting until the 2014 Annual General Meeting. The other Board members were each paid SEK 210,000 for the same term of office. In addition, the members of the Audit Committee were paid fees totaling SEK 150,000, of which SEK 70,000 was paid to the Chairman of the Committee and SEK 40,000 each to the other two members. No fees were paid to the members of the Remuneration Committee.

Group management

During 2013, the Group management team of BE Group consisted of the President and CEO, CFO, the business area Managers in Sweden and Finland and the Head of Operations Development (who, until August was the business area manager for CEE). The President leads operations within the parameters set by the Board. BE Group's corporate management has monthly meetings under the leadership of the President in order to follow-up the operation and discuss comprehensive group issues and also to formulate proposals for a strategic plan, business plan and investment documentation that the President thereafter presents to the Board of Directors for a decision. The Group Management team also holds weekly conference calls to discuss operations. A more detailed presentation of Group Management is given on page 87.

Auditors

At the 2013 Annual General Meeting, the KPMG AB firm of auditors was reelected auditor for a period of one year. Eva Melzig Henriksson, Authorized Public Accountant, is the principal auditor. The auditor maintains regular contact with the Audit Committee and Group Management. The auditor works according to an audit plan, into which the opinions of the Board have been incorporated, and has reported its observations to the Board. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2013 Year-end Report. The auditor also participates in the Annual General Meeting, where she outlines the audit process and her observations in an audit report. Remuneration to auditors is paid based on calculations in accordance with agreements that have been made. Information about remuneration in 2013 can be found in Note 4 on page 62 in the Annual Report.

Board of Directors' report regarding internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding quality and reliability in the external financial reporting and to ensure that the reports are prepared in accordance with accepted accounting standards, applicable laws and provisions and other requirements for listed companies.

Internal control function

The Board and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board has elected not to maintain a special internal audit unit. To assess the internal audit environment, an Internal Control Council exists to systematically identify areas for review and to monitor and review the Group's internal control regulations. The Internal Control Council is headed by the Group's CFO and reports to the Board's Audit Committee. During the year, the Internal Control Council has focused its work on existing authorization and accounting instructions and an overview of adherence to these in the majority of the Group's companies. BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system. This allows the organization to react quickly to external changes. Operational decisions are taken at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are taken by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization.

Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. The foundations for internal control of financial reporting are the control environment and its organization, decision paths, documented and communicated authority and responsibilities and the culture that is the basis for the communications and activities of the Board and Group Management. Instructions have been prepared for all business area managers and the president of each subsidiary. Managers at various levels in the Company are responsible for continual internal control within their areas of responsibility.

Since 2012, the Board has applied a so-called whistle blower policy, which means that all employees have the possibility to anonymously report if they discover improprieties or illegal actions that affect vital interests for BE Group or the life and health of individual persons. The policy applies for improprieties committed by people in executive positions or other key personnel within the Company.

Risk assessment

The risk assessment is based on a risk review that is updated annually. The general financial risks are defined and observed when the Group's financial targets are set.

Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication.

Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

Follow-up

The President is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board. Financial control is exercised by the Corporate Finance Department. Financial reporting is analyzed monthly at the detailed level. The Board has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board. The Board has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

	Elected	Attendance 2013	Committee work	Attendance 2013	Board-fee	Fee audit-committee	Fee remuneration-committee	Independent from the company and company-management	Independent of larger owner
Anders Ullberg, Chairman	2011	12 of 12	Audit Committee Remuneration Committee	7 of 7 2 of 2	413,336	40,000	–	Yes	Yes
Roger Bergqvist	2007	12 of 12			206,668			Yes	Yes
Marita Jaatinen	2010	11 of 12			206,668			Yes	Yes
Lars Olof Nilsson	2006	11 of 12	Audit committee	7 of 7	206,668	70,000		Yes	Yes
Petter Stillström	2012	12 of 12	Remuneration Committee	2 of 2	206,668		–	Yes	No
Jörgen Zahlin[1)]	2013	7 of 7	Audit Committee	4 of 4	140,000	26,667		Yes	Yes
Cecilia Edström[2)]	2006	5 of 5	Audit Committee	3 of 3	66,667	13,333		Yes	Yes
Thomas Berg (E)	2000	10 of 12							
Kerry Johansson (E)	2000	12 of 12							
					1,446,675	**150,000**			

1) Elected to the Board by the Annual General Meeting in April 2013.
2) Departed from the Board at the Annual General Meeting in April 2013.

AUDITORS' STATEMENT REGARDING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of BE Group AB (publ)
Company registration number 556578-4724

The Board of Directors is responsible for the Corporate Governance Report for 2013 presented on pages 82–85 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

As a basis for our statement that the Corporate Governance Report has been prepared in accordance with, and agrees with, the annual and consolidated accounts, we have read the Corporate Governance Report and assessed its statutory contents based on our knowledge of the Company.

It is our opinion that the Corporate Governance Report has been prepared in accordance with the annual and consolidated accounts and that the statutory contents of the report agree with those accounts.

Malmö, March 21, 2014
KPMG AB

Eva Melzig Henriksson
Authorized Public Accountant

GROUP MANAGEMENT

KIMMO VÄKIPARTA

President and CEO

Born: 1965

Employed since: 2012

Previous experience: President for Ovako Bar (2005–2010), President for Fundia Special Bar (2000–2005)

Education: M.Sc. (Eng), Ph.D. (Eng), Helsinki University of Technology

Number of shares: 125,000

TORBJÖRN CLEMENTZ

CFO and Executive Vice President

Born: 1961

Employed since: 2003

Previous experience: Several posts within the PEAB Group (1993–1996), (2001–2003) and the Perstorp Group (1997–2001)

Board assignments: Precise Biometrics

Education: Graduate Business Administrator, Växjö University

Number of shares: 322,001

KALLE BJÖRKLUND

Business Area Manager Sweden

Born: 1971

Employed since: 2008

Previous experience: Several posts within the BE Group, both on purchase- and market side (2008–2013), various management positions within Albany International in Sweden, the UK and Finland (1996–2008)

Education: M.Sc. (Eng), KTH in Stockholm

Number of shares: 8,025

LASSE LEVOLA

Business Area Manager Finland

Born: 1959

Employed since: 2006

Previous experience: Sales Director in BE Group Finland (2005–2012), Sales Director in Hollming Works Oy (2003–2005), General Manager Materials Management & Distribution in Wärtsilä (1995–2003)

Education: B.Sc. (Eng), Finland

Number of shares: 0

NIKOLAI MAKAROV

Director Operations Development

Born: 1969

Employed since: 2011

Previous experience: Technical Director Ruukki Construction (2010–2011), different positions within Rautaruukki (2006–2010), and various positions within Konecranes and at PPTH Norden

Education: B.Sc. (Eng), Finland

Number of shares: 0

The disclosures regarding shareholdings in BE Group for the Board of Directors and Group Management refer to shares held directly, through companies and /or closely related parties as per December 31, 2013. For updating shareholdings, please see our website, www.begroup.com.

BOARD OF DIRECTORS AND AUDITORS

ELECTED BY THE ANNUAL GENERAL MEETING

ANDERS ULLBERG

Chairman

Born: 1946

Member of the Board since:
2011 (Chairman since 2011)

Other board assignments:
Chairman of the Board in Boliden, Diamorph, Enequist Consulting, Natur & Kultur and Studsvik. Member of the Boards of Atlas Copco, Beijer Alma, Sapa, Valedo Partners and Åkers. Chairman of the Swedish Financial Reporting Board

Previous experience:
CFO, Svenska Varv (Celsius Group), Executive Vice President and CFO, SSAB and President and CEO of SSAB

Education:
M.Sc. in Economics and Business Administration, Stockholm School of Economics

Number of shares: 100,000

ROGER BERGQVIST

Member

Born: 1948

Member of the Board since:
2007

Other board assignments:
Proact IT Group, Lagercrantz Group, B&B Tools, Ventilations-grossisten and Corroventa

Previous experience:
President and CEO of Addtech, Business Area Manager of Bergman and Beving

Education:
Degree in Market Economics

Number of shares: 1,000

MARITA JAATINEN

Member

Born: 1961

Member of the Board since:
2010

Employed by:
President of Paccor Finland

Other board assignments:
Paccor Finland

Previous experience:
Senior positions within the Metso Group, the Valmet Group and the Huhtamäki Group

Education:
Graduate Engineer

Number of shares: 0

LARS OLOF NILSSON

Member

Born: 1962

Member of the Board since:
2006

Employed by:
Partner Evli Corporate Finance AB

Other board assignments:
Chairman of AGL Treasury Support, AGL Transaction Services and Kaptensbacken (own company)

Previous experience:
Positions within the Trelleborg Group, including as CFO and Head of Group Finance and Head of Group Business Development

Education:
B.Sc. Economics, Umeå University

Number of shares: 12,500

EMPLOYEE REPRESENTATIVES

PETTER STILLSTRÖM

Member

Born: 1972

Member of the Board since:
2012

Employed by:
President in AB Traction

Other board assignments:
Chairman of the Board of Softronic and Nilörngruppen and board member in OEM International, Partnertech, Catella and a number of unlisted companies in AB Traction's sphere of interest

Previous experience:
Active within corporate finance, AB Traction since 1999 and its President since 2001

Education:
Master´s degree in Economics, Stockholm University

Number of shares: 0

JÖRGEN ZAHLIN

Member

Born: 1964

Member of the Board since:
2013

Employed by:
President and CEO in OEM International

Other board assignments:
Chairman and board member in a number of companies within the OEM Group

Previous experience:
Positions within the OEM Group since 1985. President since 2000 and CEO since 2002

Education:
Engineer

Number of shares: 0

THOMAS BERG

Employee Representative

Born: 1956

Member of the Board since:
2000

Education:
Internal business and businesslaw training

Number of shares: 0

KERRY JOHANSSON

Employee Representative

Born: 1949

Member of the Board since:
2000

Education:
Company management issues, Trade Union Confederation´s School at Runö

Number of shares: 0

AUDITORS KPMG AB

EVA MELZIG HENRIKSSON

Authorized Public Accountant, KPMG AB
Auditor in Charge for the Company since 2011

Born: 1961

MULTI-YEAR SUMMARY

(SEK M unless otherwise stated)	2008	2009	2010[1]	2011[1]	2012[1]	2013[1]
Earnings measurements						
Sales	7,713	4,308	4,580	5,392	4,634	3,994
Gross profit/loss	1,238	367	673	724	597	524
Operating result (EBIT)	532	-266	101	128	26	-3
Profit/loss for the year[3]	378	-249	29	20	-111	-51
Margin measurements						
Gross margin (%)	16.1	8.5	14.7	13.4	12.9	13.1
Operating margin (%)	6.9	-6.2	2.2	2.4	0.6	-0.1
Cash flow[3]						
Cash flow from operating activities	222	282	-57	184	59	-30
Cash flow after investments	-36	240	-110	76	0	-65
Cash flow for the year	-141	63	-106	69	-37	-51
Capital structure						
Equity[3]	1,103	798	787	805	673	627
Total assets[3]	3,409	2,511	2 ,632	2,607	2,291	2,178
Net debt[3]	1,006	777	842	773	779	851
Net debt/equity ratio (%)[3]	91.2	97.4	107.0	95.9	115.8	135.8
Working capital (average)	895	751	528	525	433	371
Capital employed (average)	1,963	1,967	1,736	1,759	1,675	1,575
Operating capital (excluding intangible assets), average	1,162	1,125	893	879	779	680
Working capital tied-up (%)	11.6	17.4	11.5	9.7	9.4	9.3
Return						
Return on capital employed (%)	27.7	-13.3	6.0	7.5	1.8	-0.2
Return on operating capital (excluding intangible assets) (%)	46.2	-23.0	12.2	16.3	5.4	1.9
Return on equity (%)	38.1	-26.9	4.5	6.7	-1.5	-6.4
Per share data						
Net worth per share (SEK)[3]	7.58	-5.00	0.58	0.41	-2.25	-1.02
Earnings per share after dilution (SEK)[3]	7.58	-5.00	0.58	0.41	-2.25	-1.02
Equity per share (SEK)[3]	22.17	16.05	15.90	16.31	13.63	12.68
Cash flow from operating activities per share (SEK)[3]	4.46	5.67	-1.15	3.72	1.19	-0.61
Average number of shares outstanding (thousands)	49,853	49,736	49,656	49,546	49,404	49,433
Average number of shares outstanding after dilution (thousands)	49,857	49,749	49,704	49,564	49,429	49,450
Dividend paid (SEK)[2]	3.50	1.00	–	–	0.25	–
Other						
Average number of employees[3]	1,023	912	909	943	907	853

[1] For 2010–2013, the operations in the Czech Republic are reported as discontinued operations/disposal group.
[2] Pertains to dividends paid during the year.
[3] Including discontinued operations/disposal group.

(SEK M unless otherwise stated)	2008	2009	2010[1]	2011[1]	2012[1]	2013[1]
Growth						
Sales growth (%)	1	-44	16	18	-14	-14
of which, organic tonnage growth (%)	-4	-32	15	14	-6	-9
of which, price and mix changes (%)	1	-16	5	4	-6	-5
of which, currency effects (%)	2	5	-5	-3	-2	0
of which, acquisitions (%)	4	1	1	3	–	–
of which, divested operations (%)	-2	-2	0	–	–	0
Adjusted earnings measurements						
Underlying operating result (uEBIT)	454	-3	79	157	49	40
Underlying EBITA	459	4	87	173	65	56
Adjusted margin measurements						
Underlying gross margin (%)	15.5	14.1	14.2	13.8	13.3	13.5
Underlying operating margin (%)	5.9	-0.1	1.7	2.9	1.1	1.0
Underlying EBITA margin (%)	6.0	0.1	1.9	3.2	1.4	1.4
Adjusted return						
Underlying return on operating capital (excl. intangible assets) (%)	39.5	0.3	9.7	19.6	8.3	8.1
Adjusted capital structure[2]						
Net debt/underlying EBITDA (multiple)	2.0	14.5	6.5	3.6	7.3	8.7
Adjusted per share data						
Underlying earnings per share (SEK)	6.17	-0.99	0.25	0.89	0.12	-0.03
Underlying earnings per share after dilution (SEK)	6.17	-0.99	0.25	0.89	0.12	-0.03
Other						
Inventory gains and losses	46	-255	22	-20	-23	-14
Shipped tonnage (thousands of tonnes)	613	416	411	469	438	398
Average sales prices (SEK/kg)	12.57	10.36	11.13	11.50	10.59	10.05

[1] For 2010–2013, the operations in the Czech Republic are reported as discontinued operations/disposal group.
[2] Including discontinued operations/disposal group.

FINANCIAL DEFINITIONS

Earnings measurements

Operating result (EBIT)	Operating result before financial items.
EBITA	Operating result before amortization of intangible assets.

Margin measurements

Gross margin	Gross profit/loss as a percentage of net sales.
Operating margin	Operating result 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 are 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. This measure represents an average for each period based on quarterly data.
Operating capital (excl. intangible assets)	Tangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. 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

Return on capital employed	Annually adjusted operating result, as a percentage of average capital employed.
Return on operating capital (excl. intangible assets), %	Annually adjusted EBITA as a percentage of average operating capital (excl. intangible assets).
Return on shareholders' equity	Annually adjusted net profit/loss for the period as a percentage of equity.

Per share data

Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Earnings per share after dilution	Profit/loss for the period divided by the average number of shares outstanding during the period after dilution.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Equity per share after dilution	Equity divided by the number of shares outstanding at the end of the period after dilution.
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 new share issues and share splits.
Shares outstanding at the end of the period after dilution	Number of shares at the end of the period adjusted for new share issues and share splits. Any dilution has been taken into account.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for new share issues and share splits.
Average number of shares after dilution	Weighted average number of shares outstanding during the period, adjusted for new share issues and share splits. Any dilution has been taken into account.

Other

Average number of employees	The number of employees recalculated as full-time positions and as an average for reporting period.

SUPPLEMENTARY DISCLOSURES

Growth

Sales growth	Change in the net sales of the business compared with the preceding period, in percent.

Adjusted earnings measurements

Underlying operating result (uEBIT)	The operating result (EBIT) before non-recurring items, adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying EBITA	EBITA before non-recurring items, adjusted for inventory losses and inventory gains (deductions for gains and additions for losses).

Adjusted margin measurements

Underlying gross margin	Underlying gross profit as a percentage of net sales. The underlying gross profit/loss is the reported gross profit/loss adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.
Underlying EBITA margin	Underlying EBITA as a percentage of net sales.

Adjusted return

Underlying return on operating capital (excl. intangible assets)	Underlying EBITA as a percentage of average annually adjusted operating capital less goodwill and other intangible assets.

Adjusted capital structure

Net debt/underlying EBITDA	Annualized net debt divided by underlying EBITDA. Underlying EBITDA is EBITDA before non-recurring items and inventory gains and losses (deductions for gains and additions for losses). EBITDA is the operating result before amortization.

Adjusted per share data

Underlying earnings per share	Profit for the period before non-recurring items adjusted for inventory gains and inventory losses (deductions for gains and additions for losses) and including tax effect of the adjustments divided by the average number of shares during the period.
Underlying earnings per share after dilution (SEK)	Profit for the period before non-recurring items adjusted for inventory gains and losses (deductions for gains and additions for losses) and including the tax effect of the adjustments divided by the average number of shares after dilution during the period.

Other

Inventory gains and losses	The difference between the cost of goods sold at acquision cost and the cost of goods sold at replacement value.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Average sales prices	Net sales divided by shipped volumes.

INFORMATION FOR SHAREHOLDERS

2014 Annual General Meeting
The Annual General Meeting of BE Group will be held at 3.00 p.m. on Friday, April 25, 2014 in Malmö, Sweden at the companys head-office, Spadegatan 1. Shareholders are welcome from 1:30 p.m.

The notification to attend the Annual General Meeting will be posted as an announcement in the Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website at the latest four weeks prior to the meeting. An advertisement stating that the notification has been published will be posted in the Svenska Dagbladet and Sydsvenska Dagbladet newspapers.

Notification of intention to participate in the Annual General Meeting
Shareholders wishing to participate in the Annual General Meeting shall be entered in the share register maintained by Euroclear AB by Thursday, April 17, 2014 at the latest and shall notify BE Group AB of their intention to participate by Thursday, April 17, 2014 at the latest, preferably before 12.00 noon.

Shareholders may notify the Company of their intention to participate by calling +46 40 38 42 00 or by sending an e-mail to www.begroup.com. The notification must state the shareholder's name, personal or company registration number, address and telephone number, number of assistants, as well as the details concerning the shareholder's proxy, if any.

To be entitled to participate in the Annual General Meeting, shareholders with nominee-registered shares via a bank or other trustee must temporarily register their shares under their own names in the share register maintained by Euroclear Sweden AB by Thursday, April 17, at the latest. Shareholders should request the custodian to temporarily change the registration well in advance of the meeting.

If participating via an agent or deputy, power of attorney must be issued for that agent. A power of attorney form is available from the Company's website. If the power of attorney is issued by a legal entity, a copy of the registration certificate for that legal entity shall be enclosed. To facilitate registration, the original of the power of attorney and other legitimizing documentation should be received by the Company by Thursday, April 24, at the latest, having been sent to:
BE Group AB (publ)
att. Annika Ternström
Box 225
SE-201 22 Malmö
Sweden

Dividend
The Board of Directors proposes that no dividend (-) be paid for the financial year 2013.

Financial information
Reports, annual reports and press releases are available from the Company's website, www.begroup.com, from where they can also be printed immediately upon publication. The website also provides the opportunity to order printed copies of annual reports. The website also includes a news archive, current share price data and a description of BE Group's operations. All financial information is published in Swedish and English.

Subscription service
Via the website, it is possible to sign up for BE Group's subscription service. Printed copies of annual reports are distributed only to those shareholders and others who specifically request to receive copies by mail and to new shareholders together with a letter of welcome and information about the subscription service.

Contacts and information
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Financial reports 2014

Interim Report January–March	April 25, 2014
Interim Report January–June	July 16, 2014
Interim Report January–September	October 23, 2014
Year-end report 2014	February 2015

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