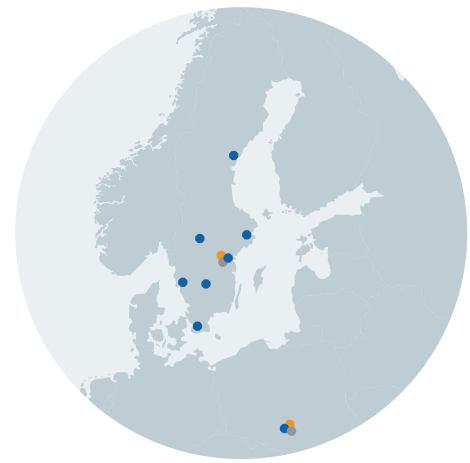


BUSINESS AREA SWEDEN & POLAND

AN EVENTFUL YEAR



The prevailing global situation, inflation, rising interest rates, energy prices that have skyrocketed and a steel market that has been on a price roller coaster.

There is a lot to reflect on when summing up the past year. But one thing is certain: It's been an eventful year!

Despite the unease in the surrounding world and the uncertainty it caused, not least in the steel market, 2022 was a good year for BE Group Sweden. Thanks to the stable organizational and operational foundation that was laid in recent years, we managed to handle both material shortages and fluctuating prices in a satisfactory manner.

SEVERAL IMPORTANT CHANGES

In the past year, we made several important changes in the operations. Among other things, I'm thinking of the acquisition of our new rebar facility in Norrköping. The purpose of the purchase is to strengthen the position and offering in a market characterized by fierce competition and small margins. In sports terms, it could be called a prestigious recruitment, which not only provides an increased width but also adds a number of cutting-edge qualities. The new rebar facility is one of Europe's most modern. We are adding capacity and strengthening our offering especially in cut and bent materials – so-called prefabricated reinforcement. The transaction was concluded at the beginning of the year and the agreement with the seller NCC also includes a cooperation agreement that lasts a few years.

Another important investment during the year was the purchase of a smaller unit for CNC processing. The unit is located in Arvika, strategically close to one of our customers in the heavy-duty automotive industry.

Internally, we have, among other things, developed a new organization for warehousing and production in Norrköping. One of the purposes of the new organization is to increase delivery accuracy. "Following the centralization of warehousing and production, a lot has come to be about Norrköping.

The high-bay storage that was moved from Malmö is in place, and together with the purchase of the rebar facility and the transfer of the rebar warehouse there, it has freed up significant spaces for both storage and production.

During the year, the railway was closed to the Norrköping facility, to compensate for this, a new and efficient cooperation was initiated with the Port of Norrköping.

NUMBER OF ACCIDENTS CUT IN HALF

One of the things that I am most proud of is our successful safety work. Thanks to preventive measures in the working environment, we have once again managed to cut the number of workplace accidents in half, resulting in increased well-being, improved efficiency and reduced sick leave among the employees.

However, not everything has been about Norrköping. Just before the summer, we opened our new sales office in Skellefteå, now staffed by three ambitious salespeople. Presence, availability and customer satisfaction are their key words.

The year ended with the office in Malmö moving to new and more suitable premises in the historic Sydsvenskan building. Looking a bit further afield, a purchasing and warehousing partnership with Finland has been initiated. The purpose of the partnership is to reduce the amount of capital tied-up in inventories.

In short, this involves important changes that will be of great significance for a long time to come, which strengthen our position and helps us to become the best in the markets where we are active.

Magnus Bosson

Managing Director, BE Group Sverige AB

"The new rebar facility is one of Europe's most modern. We are adding capacity and strengthening our offering especially in cut and bent materials – so-called prefabricated reinforcement"





BROADENED OFFERING, DOUBLED PRODUCTION AND REDUCED VULNERABILITY

During the spring, BE Group purchased the rebar facility in Norrköping from construction giant NCC. The facility is one of Europe's most modern. Through the acquisition, BE Group is strengthening its rebar offering at the same time that new production and warehousing capacity is added close to its own facility in Norrköping.

“The rebar market is characterized by fierce competition and small margins. In addition, Russia's invasion of Ukraine in February created uncertainty regarding the material supply. We are thereby strengthening our position considerably, while at the same time contributing to the consolidation of the market,” says Magnus Bosson, Managing Director of BE Group Sweden.

ECONOMIES OF SCALE

The facility is one of Europe's most modern rebar facilities and has served the Swedish market for a few decades mainly with straight steel, reinforcement mesh and cut and bent materials – prefabricated reinforcement.

With the acquisition, BE Group is doubling its production of rebar.

“Rebar is a simple product and competition, particularly from abroad, is considerable, making economies of scale very important for those who want to participate and compete,” notes Magnus Bosson.

COMPLETELY NEW CAPACITY

The acquisition means that BE Group is becoming less vulnerable.

– The facility has given us completely new capacity both in terms of volume and dimensions. This has also

meant that we are able to offer several new products, such as special mesh and welded baskets.

BE Group took possession of the facility on May 1, 2022. “The acquisition includes a multi-year cooperation agreement in which the company commits to delivering rebar to various NCC projects around the country.

“This is a facility with extensive capacity and development potential that also opens up opportunities to grow in both new and existing markets,” says Magnus Bosson.



BE GROUP'S REINFORCEMENT OFFERING

- Reinforcement steel
- Reinforcement mesh (standard, finger-jointed and special net)
- Prefabricated reinforcement – Cut and bent (Ø 8-32 mm)
- Welded reinforcement baskets, beams and mats
- Coils (Ø 8-20 mm)
- Roll reinforcement
- Stainless steel reinforcement (straight steel, mesh and prefabricated)
- Complementary products & consumables

CUSTOMER CASE – SWEDEN

EVERYTHING FROM CANDLESTICKS TO HIGH-RISE BUILDINGS

Availability, commitment and personal contact. When Mälarsmide in Västerås chose BE Group as its steel-supplier, these factors were decisive.

The companies had been cooperating for several years, but it was only when BE Group's Mats Höglund took over as a key account manager at the beginning of last year that it really took off.

"We hit it off immediately, and today it's a matter of course that BE Group will be involved in providing estimates on all the new jobs we get in," notes the founder of Mälarsmide, Niklas Karlsson.

NO TYPICAL STEEL CUSTOMER

Mälarsmide is not a typical steel customer. The company was founded less than ten years ago, but the traditional construction metalwork that formed the foundation of the business back then has over the years been replaced by interior design and art metalwork.

"I often say that we manufacture everything from high-rise buildings to candlesticks," says Niklas Karlsson.

The inquiries come from artists and designers all over the world. The reputation of the Swedish company that likes to take on artistic assignments has spread by word of mouth, and today, this type of special assignment accounts for about half of the sales.

UNIQUE PROJECTS

Among the more noted assignments are the artist Jacob Dahlgren's 36-meter-long and four-meter-high geometric sculpture "Togetherness" in the Norwegian port town of Molde. The work consists of 13 different sections. All production took place in the Mälarsmide workshop. The

sections were then shipped to Molde and assembled on site by Mälarsmide's own personnel.

Working with art metalwork differs in many ways from ordinary construction metalwork.

"Each project is unique. When the artists contact us, they often have an idea of what their work should look like, but they lack the technical knowledge and a lot of time is devoted to discussing design solutions."

Mats Höglund describes Mälarsmide as a small but tight group, where personality is what matters most in connection with new recruits. If they do not find the right person, they would rather work overtime themselves, he notes.

"It's a wonderful team to work with. They have great customer focus and a view of customer relationships that I share. We have straightforward and clear communications, they respond quickly and always get back to you when promised, which is appreciated by both parties," says Mats Höglund.

SHORT LEAD TIMES

Among other things, BE Group delivers beams of various dimensions, some sheets and hollow profiles (hot-rolled and cold-rolled). According to Mats Höglund, it is a mix of unprocessed full lengths and cut materials.

The challenge as a supplier often involves time.

"Like most forging workshops, they want short lead times. If you can't deliver on time, the price doesn't matter. However, if you succeed in meeting these requirements, there are good conditions for a strong business relationship, and I think that is what BE Group knows," says Mats Höglund.

"We hit it off immediately, and today it's a matter of course that BE Group will be involved in providing estimates on all the new jobs we get in."