

BE Group – a reliable partner for Venture Industries in Poland

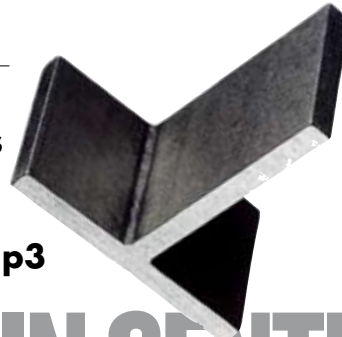
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BEING IN CENTRAL AND EASTERN EUROPE

a newsletter from BE Group 2008 **Second issue**



A newsletter focusing on BE Group's sales and service offerings



Per Gullstrand, senior vice president and manager of the CEE business area:

“We're growing in Central and Eastern Europe”

BE Group is a trading and service company focused on steel, stainless steel and aluminium in the Nordic region. Its operations in Central and Eastern Europe are expanding.

With operations in 10 countries, the international BE Group can be broadly described as an independent grouping that serves industrial companies and offers value-adding services in distribution and the preprocessing of steel, stainless steel and aluminium.

In the Central and Eastern Europe business area, the group has recently grown substantially. Following the acquisitions of Ferram Steel and Czechprofil, finalized earlier this year, the group has increased its turnover in the Czech Republic tenfold. With sales of about EUR 80 million, it has also established the company as one of the country's five largest distributors.

The acquisitions of Ferram Steel and Czechprofil represent a significant step in

Central Europe. BE Group now has the critical mass needed for long-term profitable operations there.

“This surely makes us a major player. It also

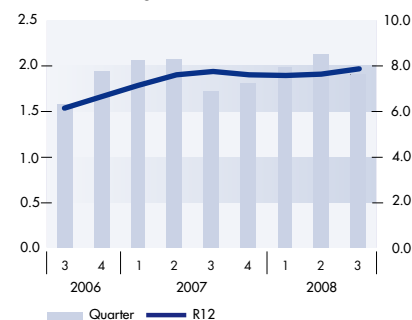
feels very good to be able to offer a larger variety of services to our customers in the region,” says Per Gullstrand, senior vice president of BE Group and manager of the CEE business area.

“The eastern part of the Czech Republic, where BE Group's and Ferram Steel's operations are located, is an interesting area for us from many points of view. By centralizing our service centres in Ostrava and Prerov, we can easily serve customers in the Czech Republic, southern Poland and Slovakia.

“Additionally, thanks to the nearness of many of our suppliers and steel mills in this 'steel area', we feel our efficiency will increase even further. We will be able to act more promptly and satisfy our customers' demands for shorter lead times and just-in-time deliveries.”

A number of large international companies are approaching BE Group about services in several countries. This issue of our

Net sales, SEKbn
Quarter and rolling 12 months



Heading for BE Group record year in spite of slower market Q3

Net sales for the third quarter rose 12.3% compared to 2007 and shipped tonnage increased by 5.5%. Sales have benefited from price increases and strong demand. For the period January–September, net sales increased to MSEK 6,030 (5,848) and operating profit to MSEK 548 (428).

However, demand moderated gradually during the third quarter and the Central and Eastern European markets weakened faster than expected. Nonetheless, based on the outcome for the first nine months and the outlook for the rest of the year, operating profit for the full year is going to be a record for BE Group and significantly better than 2007. ■

newsletter has an interview with one of these customers, Mr Daniel Matuscik, senior buyer at John Crane Sigma in the Czech Republic.

We hope you will enjoy the interviews, articles and short reports in this issue. They reflect our way of BEing in Central and Eastern Europe!



BE GROUP

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Ferram Steel New member of BE Group

Ferram Steel is the latest addition to BE Group. Mr Antonín Krobot, managing director of Ferram Steel, feels this business move is beneficial for both companies.

"BE Group has a long history in the steel business and operates in ten countries. This muscular strength gives us better possibilities when it comes to delivering a wider range of services and products," states Mr Krobot.

With hot-rolled plates forming 80% of its operations, Ferram Steel is a very strong partner in carbon steel. Its customers are mainly in the heavy industries (automotive, construction and engineering). A summary of what these customers are seeking would include:

- Short delivery time.
- Competitive prices.
- Good payment terms.
- A wide range of products.
- Specific value-adding services.

Ferram Steel is very happy that it can now offer these.

"We really feel that we are part of a service company – the customers' needs always come first in BE Group," concludes Mr Krobot. ■



BE GROUP

FERRAM STEEL IN BRIEF

Located in Ostrava and Opava, Ferram Steel offers the following programme of carbon steel products:

Hot-rolled plates

Thickness, 1–150 mm
Length, up to 12,000 mm

Tubes

Welded
Galvanized

Profile bars

Sections – I, U, HEA, HEB, IPE
Round, square and flat

Reinforcing bars

Closed sections

Welded, square and rectangular

Services offered by Ferram Steel include:

- **Logistics (transport by road or rail).**
- **Cutting, sawing.**
- **Handling and stocking.**
- **Consultancy.**

BE Group

A reliable part

When Ventur Tekniska AB in Gothenburg, Sweden, invested in production of industrial fans in Poland, BE Group was already its main partner for steel plates.

Wojtek Stawski is the managing director of Venture Industries in Poland. The company has subsidiaries in Sweden and Finland and is a large producer of industrial fans. Most of the production is exported outside Poland and Sweden. The company was founded in Sweden in 1971.

"We've had production in Gothenburg since the 80's. That was also when we first formed contacts with BE Group," reveals Wojtek Stawski. "In 1990, Venture Industries started up in

Poland where, ten years later, they decided to invest in a modern production facility."

When Venture Industries opened a new production site in Grudziadz, 130 km from Gdansk, they needed a reliable supplier with high quality products.

"The high quality that customers demand of our products extends to incoming materials and components. We started the collaboration with BE Group in Poland so as to have access to certified materials, just-in-time deliveries and prices adjusted to market conditions," explains Mr Stawski.

Outsourcing most of their stock keeping of steel plates to BE Group, Venture



In 1990, Venture Industries started up in Poland where, ten years later, they decided to invest in a modern production facility.

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BE Group Czech Republic invited to

The party took place at the annual MSA international trade fair, in Brno, the Czech Republic, September 16–19.

BE Group's tent attracted many customers and suppliers at the fair. During the year, the Swedish group acquired both Czech-profil and Ferram Steel. Celebrated at different lunch parties with entertainment every day, this substantial growth was, of course, a hot topic amongst guests and BE Group representatives.

Mr Ján Zupcan, sales manager at ArcelorMittal in the Czech Republic, emp-

ner in Poland

Industries provide continuous production prognoses. Eighty percent of the steel plate that the company uses is delivered from the large BE Group site in Gdynia.

Of Venture Industries' 200 employees in Poland, 160 are in production. The company also has 40 people in Sweden and Finland. The head office is in Warsaw, but all production is located in Grudziadz.

"Of course, there are certain advantages to producing in Poland," comments Wojtek Stawski. "For instance, the cost levels are somewhat lower than in Sweden. Most crucially, with almost 40 million inhabitants, Poland is our largest market. Poland's membership of the EU encourages large investment in industry, infrastructure and the environment. Our products are important in all these areas."

Wojtek Stawski emphasizes the advantages of working with a company that has operations in many countries: "When we extended production to Poland, we could use the same material specifications and didn't have to look for a new supplier. For our customers, it doesn't matter where our products are produced as long as the material specifications are the same."

Tomasz Podgorski, managing director of BE Group in Poland: "Venture Industries are growing rapidly and need a strong partner. We have customized our services for them. We are stocking, packing, marking and delivering materials in accordance with their specific needs and requirements. This gives them a better material flow and secure production. It also saves costs and capital for them in the long run."



"The high quality that customers demand of our products extends to incoming materials and components."

and Slovakia

an autumn party

hasized the importance of long-term relationships: "We know that BE Group needs high quality products and just-in-time

deliveries. As it is developing its business in the Czech Republic, we are happy to be the reliable supplier satisfying the Group's requirements in these respects."

"Our identity is developing towards being a service partner for our customers. Via our daily contacts with customers, we are really meeting the demand for more and more added-value services. We are now offering cutting to length of long beams and cutting of plates to higher tolerances than customers can sometimes manage themselves," enthuses Mr Vit Bugaj, sales manager at BE Group.



The Big BEam attracted visitors to BE Group

In Finland, Tampere's 18th Subcontracting trade fair was held 17-19 September 2008. This is the biggest trade fair in the Nordic countries and the second largest in Europe. Almost 18,000 visitors and 900 exhibitors from over 19 countries came this year.

On September 18, Ilkka Nummisto, Finland's "Mr Strength Athletics", drew attention to BE Group's stand by offering visitors the chance to take part in a competition where they could measure their strength against each other.

BEING in Poland

Ten successful years together!

In October 1998, Swedish company Bröderna Edstrand AB established a new Polish subsidiary, BE Stal i Metal. BE Group saw the opportunities in being able to ensure the smooth, superior quality delivery of products that were scarce on the Polish market. Since then, the company has steadily focused on developing and improving the availability of its customer-oriented product programme.

Mr Jerzy Banyś, ZPUE Włoszczowa, a long-term customer of BE Group, summarizes the partnership: "BE Group's biggest assets are top-level performance and customer service. All deliveries are on time. Sales managers monitor entire product traceability and check whether products were delivered on time. They are clearly genuinely interested in our satisfaction levels. Thanks to the collaboration with BE Group, our company can deliver customers' orders faster."

With BE Group Poland from the very beginning, Adam Pietrowicz, product manager, aluminium department, is very optimistic about the future: "In my opinion, further development of our service offerings, investment in human capital and using the power of an international group are very good strategies for BE Group." He concludes: "The biggest advantage of BE Group is that it truly supports customers in improving their competitiveness."



New products boosting business for Slovakian customers

Be Group has been in Slovakia since 2005. Supplying the entire Slovakian market, it distributes products from its warehouses in Velké Kapušany and Martin as well as from 3 consignment stocks. The company's main offerings have been hot-

rolled and cold-rolled plates, abrasion-resistant steel sheets, high-strength sheets and boiler plates.

"Our customers are a reflection of us! If we can help them become more competitive, we too will gain," says Mr Peter Balint, managing director of BE Group Slovakia. "Lately, a demand for long products has arisen. Being part of an international group, we can widen our product programme at very short notice."

Mr Balint continues: "To our ranges of



special products such as abrasion-resistant steel sheets (DILLIDUR 400, 450, 500 and Fora 400, 450, 500,) high-strength sheets (Dillimax 690, S690QL, S890QL and S960QL) and boiler plates (P265GH), we have added a number of grades (P355NL1, P355NL2, 16Mo3 and S355NL1). We also stock HEA, HEB, IPE, INP, UNP and L profiles as well as flat bars and wide steel sheets. On demand, we are offering closed profiles and hot-rolled plates too." He ends: "To discover just how service-minded and competitive we are, give us a call. We are eager to tell you more!" ■

BE Group supplies John Crane Sigma in the Czech Republic



A global business with a presence in over 50 countries, John Crane is a world-leading supplier of mechanical seals and services for the oil and gas, chemical, pharmaceutical, pulp and paper and mining sectors.

John Crane provides a wide range of engineered mechanical seals and sealing support systems for pumps, compressors and other rotating equipment. This is complemented by an expanding selection of engineered bearings, filters and power transmission couplings, all of which are supported by its global sales and service network.

Customers are oil and gas companies, refineries, pump and compressor manufacturers, chemical and other process industries globally. Demand for John Crane's products and services is particularly strong in the oil, gas and petrochemical sector, which is the company's largest market. ■

“BE Group has increased the capacity at its Prerov service centre and also increased its ranges of materials.”

BEING with Daniel Matuscik, senior buyer at John Crane Sigma in the Czech Republic

We met Mr Matuscik this autumn and asked about his company's collaborations with BE Group.

■ **When did you first form contacts with BE Group?**

When I joined John Crane in 2006, we had already started collaborating with Be Group. Since then, as it has offered wider product ranges and moved to bigger premises, I have noticed BE Group's growth in the Czech Republic.

■ **What services do you buy from BE Group?**

The main part of our business is 316L cut-to-length bars. BE Group can deliver these with a lead time of 24 hours. With BE Group's increasing focus on services, we have started to use it for the stock keeping and cutting of our own materials. This has, of course, increased our own efficiency.

■ **What are the advantages working with BE Group?**

John Crane is very focused on delivery performance. I thus see the delivery of cut-to-length materials within 24 hours as a major advantage of collaborating with BE Group. We feel that BE Group has the efficiency and reliability to react with maximum possible speed to our demands.

■ **How can you grow with BE Group?**

Because we use many different materials, it would be good if, without losing competitiveness as regards delivery and costs, BE Group could increase its ranges of materials.

■ **Do you know about the recent acquisitions of Czechprofil and Ferram Steel?**

I knew that, wanting to strengthen its position in the Czech Republic and Eastern Europe, BE Group was looking for acquisitions. The acquisitions are good news for us. BE Group has increased the capacity at its Prerov service centre and also increased its ranges of materials.

■ **Is it an advantage that BE Group is international and could open up business possibilities in other countries?**

Absolutely! With branches in many countries and global purchasing, BE Group has a better negotiating position with suppliers and mills. Of course, when it comes to competitive prices, this is an advantage for us. Thanks to the successful collaboration in the Czech Republic, I feel that BE Group has good chances of supplying services to our sister companies in other countries.

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The **BEing in CEE** newsletter is a collaboration between BE Group and Final (design).
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