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BEING IN CENTRAL AND EASTERN EUROPE

a newsletter from BE Group 2009 **Third issue**

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

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



“Tough times – smart solutions”

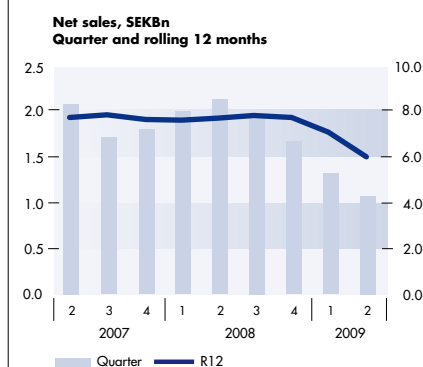
According to the World Steel Association's (WSA) latest statistics, the global production of steel from January to May 2009 totalled 449 million tonnes. This is 22% down on the same period last year. In the EU, production of steel has decreased by 44%.

BE Group, with premises in nine countries (including Sweden, Finland, Central and Eastern Europe), has seen a decline in demand in all its markets. Some competitors have gone bankrupt and others have been forced into liquidation.

“However the steel industry is slowly starting to see light at the end of the tunnel with steel prices starting to increase and demand remaining stable and in some cases even rising,” comments Per Gullstrand, Vice President and business area manager for the business area Central and Eastern Europe (CEE).

“At times like these it is important to come up with innovative solutions and streamline the organisation. If this makes us strong it will also strengthen our customers. In this newsletter you can read more about the measures we are taking”, Per Gullstrand continues.

“In addition to an internal cost saving plan, we have identified three main areas to focus on. Firstly, we have restructured our sourcing and logistics. The main activity here has been the setting up of a logistics centre, in Ostrava, Czech Republic. Secondly, we have developed our sales organisation. You can read more about this on page 2. Thirdly, we have found ways in which to make our daily work more efficient and controlled. We are currently implementing a common business system for all BE Group companies. In order to achieve efficient production processes, BE Group has decided to implement OEE (Overall Equipment Effi-



BE Group Strong cash flow for BE Group Q2

Net sales declined in the second quarter by 49% to SEK 1,071M (2,116) with a downturn also in tonnage. Operating loss of SEK 96M (250) attributable to lower tonnage and sales prices, which have led to inventory losses of SEK 85M.

The downturn in demand flattened in the second quarter, but at a low level. Despite continued declines in tonnage and sales prices that have dropped more than expected, we have successfully maintained earnings in an acceptable manner. For BE Group as a whole, we are reporting an improved underlying gross margin compared to the last two quarters.

Efforts to reduce working capital and adjust inventories to current demand generated positive cash flow of SEK 92M (105) before the change in net debt. The cost saving plan also continued developing well. ■

ciency). Of all the steel material we delivery to our customers 35% gives some form of added value. By working more efficiently we can strengthen and develop our service offerings.”



BE GROUP

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**Frequent deliveries
+ Higher Flexibility
= Higher Customer Service
+ Reduced Stock**

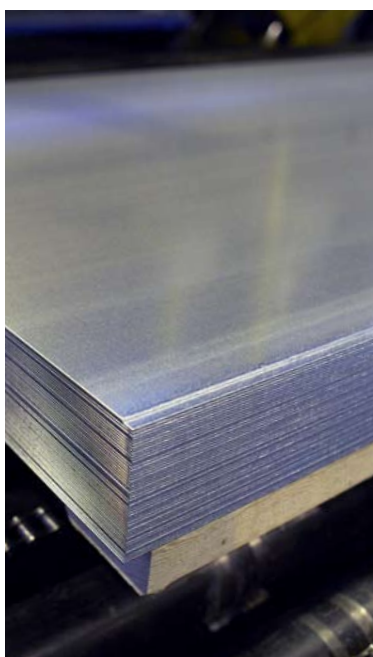
BE Group can help you to fulfil your business opportunities by helping you source. In order to get even closer to our customers in Central and Eastern Europe, BE Group has centralised stocking and distribution of steel products to Ostrava in the Czech Republic.

The company BE Group Logistics CZ, is now in full operation starting with distribution of flat products in various grades and dimensions. The stock assortment will change over time and will be developed in line with our customers' needs.

BE Group Logistics CZ will source and stock material and deliver "mixed trucks" (with small quantities of each grade and dimension) to your sites in a short time. This gives more flexibility and a higher level of customer service. It also means you can reduce your stock.

In addition to a secured and efficient material sourcing, BE Group can deliver production services such as cut to length and plasma cutting. We work with a number of partners for more advanced production services.

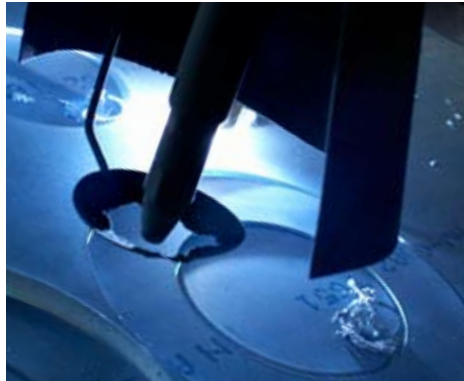
If you want to have efficient transport and handling and reduce your stock, contact your local BE Group representative. ■



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www.begroup.com**

BE Group

Raising the bar of customer service



During the first half year of 2009 BE Group has been busy educating its personnel.

An example of this is the entire sales organisation going through sales training and receiving an introduction to a new tool designed to help us to better meet customers' demands for steel, stainless steel and aluminium.

This interactive sales toolbox is designed to define every customer's specific needs when it comes to our different service offerings, e.g. production and logistics services. It even includes advisory and financing services.

It means we can store your products so you simply order when you need them. This saves space in your premises. Another logistics service we can offer is just in time deliveries and small batches with very short lead-times. You can take advantage of our in-house production services such as, cut to length, plasma cutting and sawing. Ask your BE Group sales representative. They will be happy to tell you more. Together you can find suitable solutions for your company.

Contact details are always available at www.begroup.com. ■

Change in leadership but strategy remains steadfast:

BE Group has a

Lars Bergström is the new President and CEO of BE Group. He took up the position in early March this year.

BE Group's strategy of more service sales and growth in Eastern Europe remains unchanged despite the change in leadership. This is something that Lars Bergström believes strongly in.

"Our strategy is well-proven and remains unchanged. We will continue to extend our service offerings and increase our commitment to our customers by improving their product-flows and cutting their costs. We strongly believe in the Central Europe region in the long term, even

though these countries are going through a really tough time at the moment."

Lars Bergström stresses the importance of the central group supply function. This improves relationships with suppliers and makes it possible for BE Group to coordinate purchases and concentrate larger volumes in each deal.



"Our strategy is well-proven and remains steadfast. We will continue to extend our service offerings"

"The Product supply organization is the group's main point of contact with our suppliers and long-term relationships with key suppliers are vital to our success. Now, when times are tough, it is crucial for us to be able to purchase with greater flexibility.

BE Group Poland first to adopt

new common business system

BE Group is currently running one of its most extensive projects ever, the implementation of a common business system in all BE Group's companies in Sweden, Finland, the Baltic states, Poland, Slovakia, Czech Republic and Denmark.

BE Group Poland is naturally very proud



"This is the greatest investment in the BE Group's history"

to be the first country to "go live" with this new platform. As managing director Tomasz Podgorski comments:

"This is the greatest investment in the BE Group's history. We are very proud to be the first in the group to implement the new business system. We are indeed the first company in Poland to use the Polish version of Dynamics AX 2009.

"The investment aimed at increasing our efficiency and profitability is a real step forward. One system for the entire group means the optimising of logistics and inventory management. This will help us to better realise the group's vision: "to offer excellent service for businesses and people." Thanks to the commitment and hard work of the whole team, the Dynamics AX system has been started successfully for BE Group Poland." ■

Meet BE Group



Visit to fairs

From 16 to 19 June, 2009, BE Group Poland participated in the Metalforum Exhibition of Metallurgy, Foundry Engineering and Metal Industry in Poznan.

The scope of Metalforum Exhibition covered: raw materials, machines and devices for metallurgy as well as metallurgical and foundry products. The fair offered many specialist conferences, seminars and business meetings, areas where BE Group Poland was involved.

From 14 to 18 September we will be participating at another fair, namely MSV 2009 in Brno. This is the 51st International Engineering Fair in Brno introducing new products and trends.

If you are at the fair, don't hesitate to visit our tent. Above you can see where to find us. Our sales representatives look forward to meeting you, for a chat, or a more specific business discussion. ■

new CEO

We can't run around looking for the lowest price in every single deal."

Lars Bergström is fifty-one years old and holds an MSc in Engineering from the Swedish Royal Institute of Technology as well as an MBA from Uppsala University.

"My background is in the engineering industry. I worked for ABB in different posts for 20 years and spent six years as CEO of Karoline Machine tools. These are companies much like our customers. This means that BE Group's journey towards a greater service component is something I'm very familiar with. While I understand our customers well, the trading expertise which is one of BE Group's trademarks is something I'm still learning about." ■



Lars Bergström has a background in ABB and Karoline Machine Tools.