

# QUALITY, FLEXIBILITY AND MORE CAPACITY

COMPANY REPORT 2022



BE GROUP

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## KEY DATA 2022

Net sales

**SEK 6,875 M**

(2021: SEK 5,388 M)

Profit after tax

**SEK 324 M**

(2021: SEK 495 M)

Underlying operating result

**SEK 488 M**

(2021: SEK 529 M)

Cash flow from operating activities

**SEK 204 M**

(2021: SEK 32 M)

Operating result

**SEK 418 M**

(2021: SEK 621 M)

Earnings per share

**SEK 24.96**

(2021: SEK 38.10)

# HIGHLIGHTS 2022



## **BE Group acquires Hercules rebar in Norrköping from NCC.**

The factory is one of Europe's most modern. With the acquisition, the company is strengthening its offering in rebar and at the same time adding production and warehousing capacity close to the other facility in Norrköping.



## **BE Group sells Lecor Stålteknik to EAB in Småland.**

Lecor Stålteknik has developed positively in recent years but is significantly different from BE Group's core business." BE Group and EAB have worked together for a long time. In connection with the transfer, a letter of intent was signed regarding continued close and trusting cooperation.



## **BE Group acquires Goodtech Solutions Manufacturing AB in Arvika.**

The principal focus of the business is contract manufacturing in machining. Through the acquisition, BE Group is strengthening its ready-to-weld offering in Sweden. The company has changed its name to BE Group Produktion Arvika AB.

## **New sales office in Norrland**

BE Group is opening a new sales office in Skellefteå.

The background to the investment in northern Sweden is the positive development that the region is currently experiencing, with major new investments, particularly on the industrial side.



## **Strategic investments**

In 2022, several strategic investments were made in the production facilities in Finland. These are included in a long-term plan to continue to be at the forefront and to accommodate customers' wishes and needs. During the year we have, among other things, invested in fiber lasers in Lahti and Lapua as well as a saw and processing line in Lahti which will be taken into operation in 2023.



## **Move of the headquarters in Malmö**

At the beginning of December, BE Group's headquarters in Malmö moved to new premises. Ever since BE Group was founded in 1885, the headquarters has been located in the Scania capital. The new premises are located in Hus1, the old Sydsvenskan building, a classic Malmö property, which has become a well-known landmark at the northern entrance to the city.

The new offices offer many advantages. One positive aspect is that all the employees will now be on one floor, in bright and open offices, with good opportunities for meetings and collaboration.



## **THIS HAPPENED IN THE WORLD**

2022 was an eventful year. Here are some of the events that we remember:

**February:** Russia invaded Ukraine and an almost unified world responded with extensive sanctions against Russia.

**March:** A period with high steel prices begins due to the invasion.

**April:** The month began with the coronavirus no longer being classified as a disease that poses a danger to society.

**September:** Russia halts its deliveries of natural gas to Europe through Nord Stream 1.

**September:** The steel mills begin to reduce capacity by closing blast furnaces.

STATEMENT FROM THE CEO

# A YEAR OF LARGE FLUCTUATIONS



In a turbulent year with a large portion of external circumstances, BE Group delivers both its best and worst quarters measured in underlying result since the IPO. Regardless, the year is totaled as strong and the underlying operating result amounted to SEK 488 M (529), corresponding to an operating margin of 7.1% (9.8). The operating result including inventory losses amounted to SEK 418 M (621), corresponding to an operating margin of 6.1% (11.5). It is pleasing that cash flow from operating activities improved towards the end of the year, amounting to SEK 204 M (32) for the full year.

## **STEEL PRICE TREND**

At the beginning of 2022, the trend in European spot prices for flat products was stable, while prices for long products such as beams and rebar moved upwards as a direct consequence of rising scrap prices. The market hung in the balance, but a slightly better supply of components mainly affected the automotive industry positively and the need for steel increased. After Russia invaded Ukraine, the market reacted quickly. Large consumers and stock holders tried to secure their steel needs, resulting in most producers leaving the market to analyze the situation regarding the supply of raw materials and energy. It became clear that the availability and cost situation would change, creating a shortage situation and steel prices escalating upwards.

When the material was delivered a few months later following the hoarding wave of the spring, demand began to weaken. Construction projects were postponed due to increased costs and the automotive industry faced new challenges in acquiring components. Full inventory and declining needs led to lower spot prices. The steel produ-



**“Full inventory and declining needs led to lower spot prices. The steel producers responded by reducing blast furnace capacity more than the actual need decreased, which had an effect.”**

cers responded by reducing blast furnace capacity more than the actual need decreased, which had an effect. At the beginning of 2023, European steel producers are seeing an increase in real needs and prices for flat products will rise into the second quarter. The trend in long products is somewhat more uncertain. What we know for certain is that steel prices are volatile and that the external circumstances are a little more uncertain than normal.

#### **ACQUISITIONS AND DIVESTMENTS**

In the spring, the assets of Hercules rebar was acquired from Hercules Grundläggning AB, a subsidiary of NCC. The acquisition strengthened BE Group’s rebar offering in Sweden and added additional production and storage capacity.

At mid-year, Lecor Stålteknik AB was divested to EAB AB. Lecor has developed positively in recent years but is significantly different from BE Group’s core business. EAB is a long-standing partner to both BE Group and Lecor and, in connection with the transfer, a letter of intent was also signed regarding continued close and trusting cooperation. At the beginning of September, all shares in Goodtech Solutions Manufacturing AB, now BE Group Produktion

Arvika AB, were acquired. The acquisition strengthens BE Group’s ready-to-weld offering and adds competence and production capacity.

#### **FOCUS IN THE FUTURE**

An important focus area for 2023 is the impact of the strategic investments made and ongoing in Finland regarding, among other things, fiber laser technology and automated processing of long products, both of which clearly strengthen BE Group’s offering to new and existing customers.

In the past three years, BE Group has reduced the number of accidents with absences by more than 75% over a 12-month rolling period. Personally, I am convinced that companies that work for a safe workplace and take care of their employees are also more profitable over time. The results do not come on their own, but are the result of dedicated work over many years. This is how BE Group works and intends to continue working. Our focus areas continue to be the sales culture, customer experience and digitalization, and our values are dynamic, transparent and sustainable. Safety efforts run like a unifying theme through all of them.

In conclusion, I would like to express my heartfelt gratitude to our customers, who repeatedly give us their trust, to our owners who believe in us and to all of our employees who untiringly strive to make BE Group a better company.

#### **Peter Andersson**

*President and CEO*



# THIS IS BE GROUP

The history of BE Group began at the end of the 19th century, when Malmö brothers Hans and Jöns Edstrand established the family business Bröderna Edstrand. Based in Malmö, the business mainly offered steel to local industry. At the same time, the foundation for the Finnish operations was laid when Starckjohann & Co was established in Viborg, Finland.

## LEADING IN NORTHERN EUROPE

Today, BE Group is one of northern Europe's leading trading and service companies in steel, stainless steel and aluminum. With the help of modern production facilities,



efficient processes and unique experience and expertise, the company offers inventory sales, production service and direct deliveries of very high quality. Operations are mainly located in the countries surrounding the Baltic Sea, with sales offices in several locations in Sweden, Finland and the Baltics, as well as production and warehousing facilities in Norrköping and Arvika in Sweden, Trebaczew in Poland and Lapua, Lahti and Turku in Finland. In addition to these, there is also a warehouse facility in Maardu, Estonia, just outside Tallinn.

## TWO BUSINESS AREAS

Today, the organization is divided into two business areas: Sweden & Poland and Finland & Baltics. Business Area Sweden & Poland also includes the joint venture Arcelor Mittal BE Group SSC AB, which specializes in cutting and slitting thin sheets and coils.

In 2006, the company was listed on the Stockholm Stock Exchange under the common Group name BE Group AB.

The company's customers are mainly in the construction and manufacturing industries.

Operations shall be characterized by transparency, sustainability and a high level of service towards partners, suppliers, customers and the company's own personnel.



Today, BE Group operates in several countries around the Baltic Sea. Since the beginning, the headquarters has been located in Malmö, Sweden. In recent years, warehousing and production in the Swedish part of the operations have been centralized to Norrköping. The recently acquired rebar operations is also located here.

During the year, a new sales office was opened for northern Sweden in Skellefteå and the production facility in Arvika was acquired.

Today, BE Group Finland is Finland's largest steel distributor with production facilities in Lahti, Lapua and Turku. In recent years, there has been a centralization of the operations in the Baltics that led to the consolidation of warehousing to Estonia.

BE Group's Polish operations consist of a warehouse and production facility in Trębaczew.

- Sales
- Production
- Inventory





## OFFERING

# QUALITY AND FLEXIBILITY WITH A FOCUS ON THE CUSTOMER

BE Group offers steel, stainless steel and aluminum. The company serves as a link between producers and customers and thereby compensates for the gap between the steel mills' occasionally large and heavy production processes and the customers' need for rapid, flexible delivery solutions. This is achieved through sales and distribution from the company's own production and warehousing facilities, as well as direct deliveries from mills where BE Group conveys and takes responsibility for the transaction. The product range is characterized by both width and depth. Besides steel, stainless steel and aluminum, the range includes engineering steel, rebar and materials for foundation work. BE Group works closely with the market and the range is adapted to the needs of each customer segment (construction and industry).

### PRODUCTION SERVICE

An important part of BE Group's offering consists of production service. With modern production facilities in Sweden, Finland and Poland, we offer cost-efficient and flexible solutions adapted to the customers' needs.

In a competitive environment where demands on quality, cost efficiency and sustainability are growing, we ensure that customers receive the service and assistance they need. We shall be an active and attractive partner. In this way, we strengthen and develop both our own and our customers' offering.

### EFFICIENT PROCESSES

Thanks to efficient processes for warehousing, processing and transport, we contribute to increasing both our own and our customers' profitability. At the same time, we minimize our joint impact on the environment and climate, making everyone winners.

In recent years, we have made several important investments, including in a new high-speed cutter for engineering steel in Sweden and in new fiber laser machines and band saws in Finland. For customers, this means considerable efficiency and cost benefits when they can focus on their core business and also avoid investing in their own cutting equipment. In connection with the investment, the concept "cut and ready" was launched as a way of strengthening our customers' competitiveness.

## PRODUCTS



### LONG STEEL PRODUCTS

Beams, hollow sections, bars and tubes. Used in every construction imaginable, such as steel framework, trusses, bridges, vehicles, and machines.



### FLAT STEEL PRODUCTS

Plates and sheets in various forms, such as hot-rolled, cold-rolled or metal-coated. Used in construction, the automotive, machinery and process industry.



### STAINLESS STEEL

Plates, sheets, bars, tubes and tube parts. Used in corrosive environments and demanding structures, including in the construction, machinery, medical and process industries.



### ENGINEERING STEEL

Alloyed and unalloyed construction steel, surface-treated bars and hollow cast blanks. Used where there is a need for materials with improved cuttability, strength, hardenability or durability.



### ALUMINUM RANGE

Plates, sheets, profiles, bars and tubes. Used by subcontractors and OEMs for construction, signs and road signs, as well as in the aviation, automotive and packaging industries.



### REBAR AND FOUNDATION WORK

Straight steel, reinforcement mesh and prefabricated reinforcement. Used to reinforce concrete to increase strength and prevent cracking in construction and infrastructure.





## DIGITALIZATION

# ACCESSIBILITY ATTRACTS DIGITAL CUSTOMERS

In 2021, BE Group launched its new webshop, BE Online. The goal was to create a modern e-commerce solution where, using a number of new functions, customers can order materials and view detailed information on everything from material properties, qualities and dimensions to prices, inventory status and deliveries.

“In 2022, more and more customers discovered the advantages of using the webshop for purchasing and planning,” explains Lukas Baranauskis, Online Sales and Marketing Specialist at BE Group in Sweden.

### CONTINUED DEVELOPMENT

Since the launch, he and his colleagues are able to follow everything that happens in the webshop month by month.

“This may involve, for example, the number of active customers, new customers, the number of order lines and sales in tons per month. All of this is important information to enable us to continue developing the webshop.”

Since the launch of the new BE Online, the number of customers using the webshop has increased by around 70 percent. One of the things customers seem to appreciate is the accessibility. The webshop is open 24 hours a day, seven days a week. At the same time, it should not be seen as a substitute but as a complement to personal service and sales.

Simplicity has been a key word in the development of the new e-commerce solution. Customer experience was another.

“We talk a lot about customer satisfaction and customer experience, which simply means that customers who use the service should feel that they want to come back and do more business.”

### A QUESTION OF ACCESSIBILITY

In addition to ordering materials in the webshop, customers can check inventory levels and follow an order from order to delivery. A new service that many appreciate is the opportunity to download certificates from the website.

“This is once again a question of accessibility. You can do so at any time, which is a good service to our customers.”

Just like in Sweden, 2022 was the first full year of the new e-commerce solution in Finland. Evaluations show a threefold increase in both the number of users and the number of order lines,” explains Mikko Parkkila, Business Intelligence Manager at BE Group in Finland.

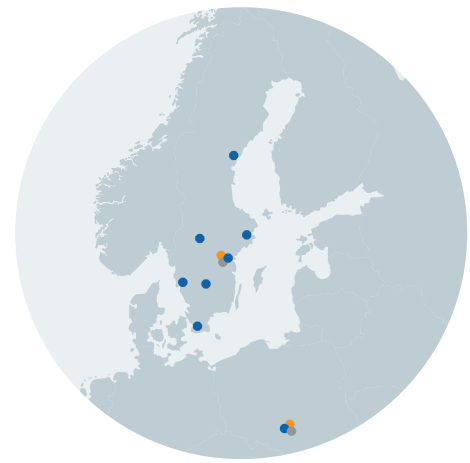
Customers appreciate being able to easily check inventory levels and prices. At the same time, the amount of administrative work for BE Group’s sales personnel has decreased considerably.

According to Mikko Parkkila, the major challenge has been getting customers who are used to personal service to recognize the advantages of the digital solution. In 2023, BE Group in Finland and Sweden will develop the service to further improve customer satisfaction.

“We will embrace the input we receive from our customers. After all, we developed this solution for them,” concludes Mikko Parkkila.

## 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."**

## BUSINESS AREA FINLAND & BALTICS

# FOCUS ON DEVELOPMENT, GROWTH AND SUSTAINABILITY



Have we ever experienced a steel market characterized by as much uncertainty as in 2022? I don't think so. At least not in the history of our life.

Of course, the main cause of the market's concern is the turbulent situation in the surrounding world which caused prices for materials and energy to skyrocket and also created an imbalance between supply and demand for steel. The imbalance was eventually settled, perhaps even somewhat more quickly than expected. Despite the steel distributors' courageous attempts to reduce their inventory volumes, the volume trend in 2022 was slightly below the previous year.

### LARGEST IN FINLAND

BE Group is Finland's largest steel distributor. Over the past year, we are pleased to have increased our market share on long products, while we lost a bit on thin sheets and coils. Investments in increased saw capacity in Lahti contributed to growth of well over ten percent on engineering steel, while the proportion of production service remained at the same level as in 2022 – although the proportion of cut materials decreased somewhat.

But returning to steel prices, the real talk of the town during the year and something that affected us all a great deal. In the first six months of the year, we experienced a breathtaking increase of more than 100 percent. In the second half of the year, this was followed by a decline of around 50 percent, which was a challenge not least in terms of cash flow. Seen over the entire year, we outperformed the strategic goals we set.

### IMPROVED CUSTOMER EXPERIENCE

In 2022, the implementation of our strategic investments continued. At the same time, it was noted that sales through our webshop continue to develop in a positive direction. The launch of new digital services also contributed to an improvement in the customer experience.

Thanks to increased focus on data quality and transparency, our business decisions are increasingly based on data-driven information. This is one of the reasons why, despite the concerns in the market, we managed to maintain the high level of customer satisfaction, which was verified by absolutely fantastic results in our customer satisfaction measurement (NPS index).

### DEVELOPMENT EFFORTS

So if we look ahead, what are our expectations for 2023?

We are convinced that the upgrades implemented on the machine side will continue to generate positive results. We will also continue to focus on areas such as development, sustainability and growth. All development efforts made are based on feedback from our recurring customer surveys. When it comes to our sustainability efforts, we have set the goal of reducing our carbon dioxide footprint in both materials and production service.

### Lasse Levola,

*Managing Director, BE Group Oy Ab*



**“In 2022, the implementation of our strategic investments continued. At the same time, it was noted that sales through our webshop continue to develop in a positive direction. The launch of new digital services also contributed to an improvement in the customer experience.”**



# INVESTMENTS IN FINLAND – AND WHY WE ARE MAKING THEM!

In 2022, several strategic investments were made in our production facilities in Finland. The investments are included in a long-term plan to secure efficient production adopted in 2019, and are a must if we are to remain on the forefront and be able to meet our customers' needs and wishes.

## OVER THE PAST YEAR, WE HAVE INVESTED, AMONG OTHER THINGS, IN THE FOLLOWING:

- Fiber laser machines in Lahti and Lapua
- Band saw in Lahti
- Machine center in Lapua

In connection with these investments and upgrades, the bevelling process was automated at all three facilities with a specially manufactured robot solution designed and developed by our own personnel.



## A FEW MORE REASONS TO UPDATE OUR MACHINE FLEET:



### SAFETY

The investments are important from a safety perspective. Simply because new machines are safer than old ones, it applies not least to the new line for sawing and machining in Turku, which will significantly reduce the number of heavy lifts.



### CUSTOMER EXPERIENCE

By minimizing the number of operational disruptions, we can continue to maintain a high level of quality and delivery accuracy.



### PROCESS DEVELOPMENT

To maximize the high performance of the new machines, and to increase flow and efficiency, it is necessary to review the entire surrounding process.



### DIGITALIZATION

The components of these machines normally come from the same suppliers. The development and integration of the software is one of the most important factors in selecting suppliers.

## CUSTOMER CASE – FINLAND

# SUCCESSFUL COOPERATION IN FINLAND

The customer in question is one of the leading suppliers of steel structures and frameworks for buildings and steel bridges in Finland. The first order was delivered in 2009 and today, BE Group Finland delivers cut tubes of various dimensions, beams and stainless steel.

“As a supplier, our most important task is to ensure that the material is available when the customer begins their projects,” says Risto Hovila, Sales Manager at BE Group Finland.

### A RELIABLE PARTNER

He describes the cooperation with the customer as very positive “ever since the first project together”.

“The daily contact flows very smoothly, thanks to the fact that we know each other so well. The customer knows what he is getting when he co-operates with us, and together we have been very successful. They see us as an experienced and reliable partner,” Risto Hovila notes.

The key account manager is Tomi Jokinen. Together with Timo Takala, he is responsible for day-to-day contacts with the customer. They visit the customer once a month on average. In between, regular digital meetings and status checks are held.

The customer, which operates in the south-west of Finland, delivers to some of Finland’s largest construction companies.

“What makes this customer unique is their commitment, precision and quality. The fact that they have become so successful is partly due to their relatively small organization.



Risto Hovila





## SUSTAINABILITY

# FOCUS SUSTAINABILITY

According to a more than 20-year-old definition, sustainable development entails “a development that meets today’s needs without compromising future generations’ opportunities to meet their needs”.

For BE Group, sustainable development is a concept and a way of thinking that in every possible way should permeate the day-to-day work. It is about the environment and the climate, but also economic, social and cultural aspects. This is how a good working environment, workplace safety, gender equality and diversity can be linked to the concept with the same relevance as the transition to green electricity and efforts to reduce the company’s carbon dioxide emissions.

### THE GLOBAL GOALS

BE Group’s sustainability work is based, among other things, on the global sustainable development goals adopted by the UN General Assembly in 2015, defined in Agenda 2030 and the most ambitious agenda for sustainable development that the countries of the world have ever agreed on.

Of the 17 global goals adopted by the UN, which focus on everything from reduced poverty and hunger to sustainable biological diversity and economic growth, the company’s management has identified the following goals that are particularly relevant to the operations:



During 2022, Group management identified and formulated three core areas that will act as a compass for how the company will act to achieve the overarching strategy and drive the work forward: circular business, climate initiatives and social responsibility.

The company has established a common sustainability group for Sweden and Finland. The group’s task is to coordinate sustainability efforts and to set the targets to be met by the respective companies in the Group.

### SOCIAL COMMITMENT

Dialogue and cooperation are important aspects of sustainability. In the day-to-day work, the company both affects and is affected by a number of different stakeholders: employees, customers, suppliers and shareholders to name a few.

At the society level, BE Group seeks to contribute to a positive development, for example, by generating job opportunities in our own operations and at our partners.

Dialogue with these key stakeholders is conducted through study visits, collaborative projects and sponsorship.

Over the past year, the company has, for example, sponsored the following projects:

#### Traffic education books

For the second consecutive year, BE Group Finland sponsored educational books on road safety for primary schools in Lahti. The aim of the sponsorship is to reduce the number of road accidents and to give young people an opportunity to learn more about road safety in their early years at school.

In 2023, the company will participate in a program to get more students involved in local businesses, including by offering internships and summer jobs.



### Growth, what is it?

An exhibition at Malmö Museums focusing on growth and what it really means. Is it just about finance, or could it be something more? The artists, both of whom have a history in the private sector, wanted to raise the question of what we contribute to when we constantly talk about expanding and taking market shares? And what really happens when everyone thinks the same?

The exhibition was a collaboration with an internationally renowned design firm. BE Group sponsored with reinforcement mesh, which was welded together into various geometric figures and filled with content.



### GREEN STEEL

One of BE Group's most important tasks as an independent steel wholesaler is to help the company's customers, especially small and medium-sized companies that often do not buy steel in such large quantities, become more sustainable. This mission entails offering a broad range of green steel at competitive prices. In recent years, the company has signed cooperation agreements with key producers and suppliers:

#### Al4ever and Al4ever+

Checker plate of aluminum with a low CO<sub>2</sub> footprint. In the range since December 2022. The plate is part of the new green concept of the Austrian steel producer AMAG Austria Metal – the Al4ever® and Al4ever+® product families

#### H2GS

During the year, BE Group signed an agreement with H2 Green Steel regarding cooperation and distribution of fossil-free steel in the Nordic market. The agreement, which means that BE Group will be able to deliver the steel starting in 2025, is an important step in the company's ambition to eventually offer a complete range of sustainable steel.

#### XCarb®

World-leading steel producer ArcelorMittal's new green product range. The series brings together all of the activities carried out by ArcelorMittal with the purpose of reducing production's CO<sub>2</sub> footprint. All initiatives entail emissions savings in accordance with scope 3 in the Greenhouse Gas Protocol and benefit the entire value chain, from producer and wholesaler to end customer. All products in ArcelorMittal's own range, without any limitations on performance, can be obtained within the framework of XCarb®.

### ENVIRONMENTAL WORK FOR THE YEAR

During the year, large-scale tests with water-based paint were conducted at BE Group's production facility in Norrköping, Sweden. According to Ulrika Leray, HSEQ Manager at BE Group, the tests have gone well.

"We have seen that it is possible to shift from solvent to water-based paint, but also that some investments are needed to fully implement the transition."

The investments that Ulrika Leray refers to include securing the indoor temperature in the premises where the painting is carried out.

Updates and development of the company's environmental goods declarations – so-called "EPDs" (Environmental Product Declaration) are also under way. The purpose is to contribute to more sustainable construction by making visible a product's total environmental impact from the extraction of raw materials until the product is no longer used and is to be taken care of.

In recent years, demand for environmental product declarations has increased. Efforts to develop the company's own EPDs began in 2021, and at present, BE Group has developed EPDs for most product groups.

## SAFETY

# CONTINUED FOCUS ON INCREASED SAFETY

No one shall get hurt at BE Group. That was the goal when, in September 2019, we adopted an ambitious new action plan to improve the safety on our facilities. The name Safety First explains exactly what this is all about: the safety of our employees should come first in ALL situations.

More than three years later, we have made considerable progress on our way. In Sweden, the number of accidents (R12) decreased by 80 percent and in Finland by 67 percent. Something that we are very proud of. On the other hand, we are not satisfied until we have achieved our overarching vision.

– that not one single employee will be injured at work.

The work to achieve this is tirelessly continuing. Our analysis shows that the vast majority of accidents occur due to incorrect behavior. Consequently, we have thus far focused heavily on changing the attitude and behavior of our employees: increased risk awareness – that is, “thinking once more” before an accident occurs – has proved to be by far the best way to prevent accidents.



### EXAMPLES OF WHAT WE WORKED WITH IN 2022:

**Visualization** Instead of reporting the accident statistics using bars and diagrams, a map of the facility is used where all accidents, incidents and risk observations – and where they occurred – are marked. This kind of visualization has proved easier to embrace.

**Behavior** Our analyses show that most accidents and incidents that occur are caused by incorrect behavior. To prevent injuries, we have focused on changing attitudes and increasing our employees’ risk awareness.

**Introduction and training** A lot of accidents can be linked to the use of forklifts and cranes. Over the year, we have therefore implemented rigorous training efforts in these areas.

**Order & cleanliness** A clear and well-structured operation reduces the risk of accidents at the same time that the efficiency and well-being at the workplace increase. During the year, a fresh start was made within the framework of 5S/Sort, Straighten, Shine, Standardize, and Sustain, a standardized tool for developing the workplace.

**Investments and improvements** Several investments were made during the year to reduce the risk of accidents. An action program with a number of improvement projects was established. The investments are an important signal to our employees that we take their safety and well-being very seriously.

## WELL ON THE WAY – BUT NOT THERE YET!

In 2023, BE Group will, among other things, continue to focus on changed behaviors. There is a lot to do here if we are to achieve our zero vision, notes Ulrika Leray, HSEQ Manager at BE Group.

The precise design of this work will be determined following the completion of the training in OBM (Organizational Behavior Management).

The company will also continue to work in accordance with the current investment plan, as well as develop efforts to counteract incorrect behavior with the aim of raising risk awareness among employees who, in their day-to-day work, come into contact with primarily forklifts and cranes.



Ulrika Leray, HSEQ Manager, BE Group Sverige AB.

## MARKET AND BUSINESS ENVIRONMENT

# SUDDEN SHIFTS

After two turbulent years, we were looking forward to a more normal year in the steel sector in early 2022. However, our expectations were dashed on February 24 when Russia invaded Ukraine with troops, causing the uncertainty to reach entirely new heights on many different levels. This was particularly true of the steel supply. Since both Ukraine and Russia are major suppliers of ore, coal, slabs and steel products, the European steel market – by then quite experienced in crisis management – reacted with hoarding. Spot prices skyrocketed in a few weeks. Statistics from S&P Platts show that heavy plates increased by EUR 845/ton, hot-rolled sheet by EUR 500/ton, rebar by EUR 625/ton and finally beams by EUR 420/ton. Price peaks from 2021, which were then at “all-time-high”, were surpassed quickly and by a wide margin.

### HIGH INVENTORY LEVELS

Not surprisingly, hoarding led to excessively high levels of inventory at many steel service centers, stock holders and end-users. They stopped purchasing new materials and as a response, producers began to lower their prices. They had the margins despite increased costs for among other energy, transportation, packaging. With prices continuing to decline in the autumn, the steel mills began to decrease their capacity. At the end of the year, more than 20 percent of exist-

ing capacity in Europe was closed, in many cases for renovation of blast furnaces. At the same time, inventories began to run out and at the end of November, the plate buyers returned to the market and spot prices cautiously began to turn up again from a level close to that before the war. For long products, which are linked to the construction sector, spot prices have not turned up in the same way.

### MODEST RECOVERY

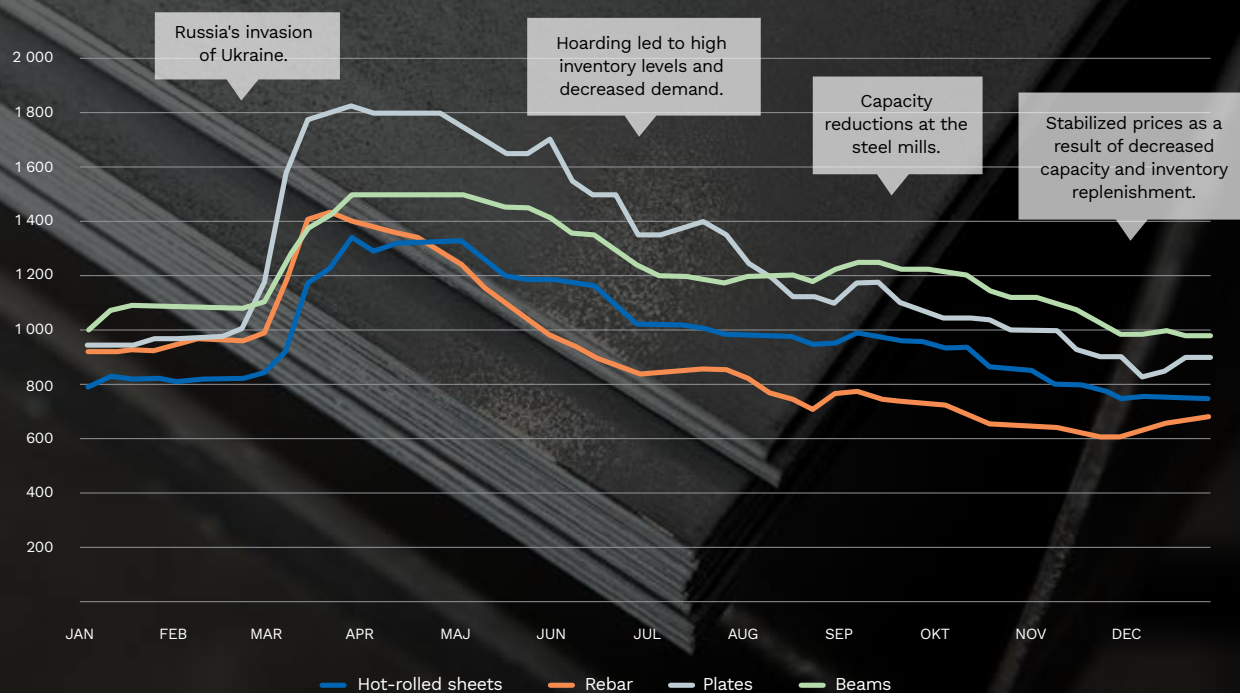
In the Nordic countries, we mainly work with monthly, quarterly and half-yearly agreements, which means that price trends have looked a bit different here compared with on the continent. Changes occur later in time and with very sudden shifts.

Do we dare hope for normalization in 2023?

Eurofer (European Steel Association) in “Economic and steel market outlook 2023-2024, first quarter”, based on data up to and including Q3, 2022, states that a decrease in estimated steel consumption of 4.6 percent for 2022 is expected and a further decrease of 1.9 percent is expected in 2023. For 2024, a recovery is predicted with a modest 1.6 percent. This provided that the Ukraine conflict does not worsen.

This is not a positive forecast, but nonetheless entails changes that should be manageable without drastic measures.

Development of spot prices in Northwestern Europe for steel products during 2022 according to S&P Platts



## THE SHARE

# THE BE GROUP SHARE

Since 2006, BE Group AB has been listed on the NASDAQ Stockholm Exchange under the ticker BEGR. The company is included in the Basic Resources sector and has ISIN code SE0008321921.

At the end of 2022, BE Group had 12,101 shareholders, compared with 7,119 at the end of the previous year.

### Market capitalization at year-end

# SEK 1,051 M

(2021: SEK 1,724 M)

### Closing price 2022

# SEK 80.80

(2021: SEK 132.50)

### Highest price paid in 2022

# SEK 249.00

(2021: SEK 133.00)

### Lowest price paid in 2022

# SEK 64.40

(2021: SEK 36.40)

### P/E ratio

# 3.2

(2021: 3.4)

### Yield

# 14.85%

(2021: 9.06%)

### LARGEST SHAREHOLDERS, DECEMBER 31, 2022

Shareholders	Number of shares	Capital and votes (%)
AB Traction	3,260,000	25.1
Svedulf Fastighets AB	3,250,426	24.9
Avanza Pension	654,970	5.0
Quilter Inter Isle of Man Ltd	642,285	4.9
Ålandsbanken ABP (Finland)	146,629	1.1
Coeli Wealth Management AB	109,120	0.8
Futur pension	103,113	0.8
Borell, Joakim	82,744	0.6
Diklev, Jens Philip	76,051	0.6
Nordea Livförsäkring Sverige AB	71,551	0.6
<b>Total, 10 largest shareholders</b>	<b>8,396,889</b>	<b>64.4</b>
BE Group's holding of treasury shares	26,920	0.2
Other shareholders	4,586,315	35.4
<b>Total number</b>	<b>13,010,124</b>	<b>100</b>

## DIVIDEND

# SEK 12 PER SHARE

## for the 2022 financial year

According to BE Group's dividend policy, the Group shall 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 a dividend of SEK 12 (12) for the 2022 financial year to be paid in two installments; SEK 6 per share in April 2023 and SEK 6 per share in October 2023.

# GROUP MANAGEMENT

**PETER ANDERSSON**

President and CEO  
Born in 1975  
Employed since 2016

**Previous experience**

CEO of Ineos Styrolution (2011-2016), Operations Manager Disab Vacuum Technology (2006-2011) and various positions at Alfa Laval (1998-2006).

**Education**

B.Sc. Engineering

**Number of shares**

4,800

**CHRISTOFFER FRANZÉN**

CFO  
Born in 1977  
Employed since 2020

**Previous experience**

Senior Finance Business Partner within Scan Global Logistics (2018-2020), CFO for Europart's Swedish entity (2017-2018) and several leading controller positions in Getinge and ArjoHuntleigh (2008-2016).

**Education**

M.Sc. Business and Economics

**Number of shares**

2,305

**MAGNUS BOSSON**

Managing Director,  
BE Group Sverige AB  
Born in 1968  
Employed since 2018

**Previous experience**

Managing Director at Knauf Danogips Sverige (2011-2018), Manager for Sweden at Bong Ljungdahl Sverige AB (2005-2011), Sales and Market Manager at Icopal AB (2000-2005), Sales Manager at ELFA AB (1993-2000).

**Education**

B.Sc. Engineering and reserve officer

**Number of shares**

6,000

**LASSE LEVOLA**

Managing Director,  
BE Group Oy Ab  
Born in 1959  
Employed since 2005

**Previous experience**

Sales Director in BE Group Oy Ab (2005-2012), Sales Director in Hollming Works Oy (2003-2005), General Manager Materials Management & Distribution in Wärtsilä (1995-2003).

**Education**

B.Sc. Engineering

**Number of shares**

0

The disclosures regarding holdings of shares and other financial instruments in BE Group for the Board of Directors and Group Management refer to circumstances as per December 31, 2022, and include shares held directly, through legal entities and closely related parties that are directly or indirectly controlled by the person or his or her closely related parties. For the CEO, information is also included on any significant shareholdings and partial ownership in companies with which BE Group has significant business ties. For updated shareholdings, please refer to our website, [www.begroup.com](http://www.begroup.com).

# BOARD OF DIRECTORS AND AUDITORS



**JÖRGEN ZAHLÍN**, Chairman of the Board, born in 1964, Engineer. Member of the Board since 2013 (Chairman since 2019). Other assignments as the President and CEO of OEM International. Chairman and member of the Boards of a number of companies in the OEM Group. Number of shares: 19,000.

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**MONIKA GUTÉN**, Board Member, born in 1975, M.Sc. in Business and Economics. Member of the Board since 2022. Other assignments as Investment Director for Industry Products at Storskogen. Number of shares: 0

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**LARS OLOF NILSSON**, Board Member, born in 1962, M.Sc. in Business and Economics. Member of the Board since 2006. Other assignments as a partner in Evli Corporate Finance AB, Chairman of the Board of Kaptensbacken (own company) and NSS Group AB. Member of the Boards of JLL Treasury Support AB and JLL Transaction Services AB. Number of shares: 3,282.

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**MATS O PAULSSON**, Board Member, born in 1958, M.Sc. Engineering. Member of the Board since 2020. Other assignments as Chairman of the Boards of Caverion Oy, Nordisk Bergteknik AB and Svevia AB, member of the Boards of Nordic Water-proofing AS and Bösarps Grus & Torrbruk AB. Number of shares: 50,000.

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**PETTER STILLSTRÖM**, Board Member, born in 1972, M.Sc. in Business and Economics. Member of the Board since 2012. Other assignments as the President and Board member of AB Traction. Chairman of the Board of Nilörngruppen, OEM International and Softronic and Board member of Hifab Group. Also, a Board member of companies in the Traction Group and private holding companies. Number of shares: 70,000 (via endowment insurance). Shares in close association: 3,260,000.

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**IDA STRÖMBERG**, Employee Representative, born in 1981. Member of the Board since 2022. Other assignments as the Key Account Manager for Industry at BE Group Sverige AB. Secretary for the national section of Unionen with members at BE Group's office in Sweden. Number of shares: 0

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**AUDITOR**, Öhrlings PricewaterhouseCoopers AB, the Partner in charge is Cecilia Andrén Dorselius, Authorized Public Accountant, born in 1979. With the company since 2022.

All five Board members elected by the Annual General Meeting are independent in relation to BE Group and executive management. All Board members elected by the Annual General Meeting, with the exception of Petter Stillström, are also considered independent in relation to BE Group's principal owners.

# MALMÖ OPERA – A RARE CUSTOMER

Carmen, La Traviata, Rigoletto and Figaro's wedding. Say opera and among the last things most of us think about is steel. However, this is not the case for Tony Häggström, Key Account Manager at BE Group in Malmö. For ten years, he has had Malmö Opera as one of his recurring customers.

Malmö Opera is an exciting and rare customer who make regular purchases from us. Everything from welded steel tubes to aluminum profiles and angle profiles," says Tony Häggström.

Normally, BE Group's customers purchase large and heavy materials. The orders are measured in tons. With Malmö Opera, it's the opposite, notes Tony Häggström. The special thing about them as a steel customer is that they want everything to be as light as possible so that it's easy to move it around on stage.

## THEIR OWN FORGE

The opera's scenery workshop has its own forge with four employed blacksmiths, who make decor for Malmö Opera, Malmö Stadsteater and Skånes Dansteater. Prior to every new performance, there will be a new order for steel. Scenery to be built for everything from musicals to large-scale opera.

There are usually no major items. On an annual basis, this involves a value of just over half a million SEK. It is mostly things that BE Group has in stock, but sometimes they order slabs that we order directly from mills.

In the forge, there is a small inventory of aluminum, various dimensions and designs of steel and plates. Tony

Häggström describes the customer as pleasant, independent and easy to deal with. Most contact is handled on the phone by salesman Rickard Börgdal, but three or four times a year, Tony and Rickard visit the workshop in the Dockan district in western Malmö.

"They not only have a forge there, it's a creative center with carpentry, painting and wallpapering, notes Tony.

When he took over the customer in 2013, he knew no more about opera than what is taught at school.

## HUGE INTEREST

Today, it's the other way around. His interest is extensive, not only in opera, but also in theater, dance and musicals. Tony Häggström has become a frequent visitor to the opera, and not only that: quite often he takes other customers there, he explains.

"One of the best performances I've seen is the musical Kinky Boots. I saw it twice, and both times I brought customers with me. Another performance that I enjoyed very much was the dance drama The Feeling of Going. It was absolutely amazing."

# WE ARE HERE

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- Sales
- Production
- Inventory

