

# NEWSLETTER

Information for partners and customers

Issue 1-2022

## CONTENTS

- Foreword by the CEO:  
Current situation  
Page 2
- Year in review: 2021  
A look back on the last 12 months  
Page 3
- „It could have been much worse“  
Natural disasters in 2021  
Page 5
- Climate protection  
Sustainability at the BILSTEIN GROUP  
Page 6
- The big unknown:  
The market situation as it stands  
Page 7
- Much more than „just“ software:  
SAP rollout at HUGO VOGELSANG  
Page 9
- Stepping into the future:  
Restructuring at the BILSTEIN GROUP  
Page 11
- What's next after Brexit?  
SHEARLINE STEEL STRIP  
Page 12
- What's happening around the globe?  
A look at the BILSTEIN GROUP's  
international locations  
Page 13
- Live means live:  
A look back at Blechexpo 2021  
Page 15
- workforce development  
Top honors in 2021 // Top marks!  
Page 16
- Helping out helpers  
Hagen fire department  
Page 17



## What's happening around the globe?

### A look at our international locations

BILSTEIN CEE consistently continued its positive development in 2021 and is currently investing in a new roll grinding system. The outlook for BILSTEIN COLD ROLLED STEEL is also extremely good. Despite various challenges – including the devastating tornadoes in December 2021 – the company largely achieved its annual targets.

[Page 13](#)



„It could have been much worse“  
Natural disasters in 2021

BILSTEIN GROUP locations also had to deal with the consequences of climate change in 2021 – but fortunately there was no long-term damage.

[Page 5](#)



Climate protection  
Sustainability at the BILSTEIN GROUP

When it comes to raw material procurement and internal processes, acting sustainably and saving resources are fast becoming key drivers.

[Page 6](#)

Dear readers,

I'm sure you all feel the same: seldom have any of us had to cope with a more challenging year than the one just gone. 2021 continued to be largely dominated by the coronavirus pandemic, but also brought new challenges in the form of a variety of other ups and downs and strained supply chains – from raw material bottlenecks in the first half of the year, through plummeting automotive production resulting from the chip shortage, which had a significant impact on our sales volumes in the second half of the year, to the heavy rain and flooding seen in mid-July. To make matters worse for the BILSTEIN GROUP, there were also tornadoes in the USA, which almost completely destroyed BILSTEIN COLD ROLLED STEEL's warehouse for finished materials.

Nevertheless, we managed to fulfil the majority of customer orders on time and successfully overcome the many challenges together with all our staff, our raw material suppliers, our customers and our many other partners. We launched a number of additional projects and initiatives last year, covering a range of sustainability topics in particular, thereby further emphasizing the strategic significance of this area, which is extremely important for the BILSTEIN GROUP.

Like many of you, I think, I was hoping that 2022 would be somewhat calmer than 2021. But it's already apparent that this hope was unfounded. The coronavirus pandemic has probably still not entirely run its course and the war in Ukraine, in particular, shows that the horrors of the past that we believed were behind us can suddenly catch up with us again, even in Europe. We're all witnessing the terrible images of war, the unimaginable human suffering; nobody can currently overlook the impact on us personally, as well as on the BILSTEIN GROUP, on our suppliers and our customers. Whatever happens, however, the BILSTEIN GROUP remains your reliable partner, even in difficult times.

We appreciate your loyalty.

Kind regards, Marc T. Oehler



Marc T. Oehler  
Chief Executive  
BILSTEIN GROUP





A look back on the last 12 months

# Year in review: 2021

COVID-19, increased raw material prices, supply chain bottlenecks, natural disasters – it feels like the past year threw up even more obstacles than the crisis year of 2020. But even in this challenging environment, against all the odds, the BILSTEIN GROUP still managed to post positive results we can all be proud of.

## JANUARY

### Supply chain bottlenecks, limited freight availability, the chip shortage and higher energy and raw material prices

The initial recovery of the automotive industry in the second half of the „pandemic year“ of 2020 ground to a halt in early 2021 due to various supply issues: in March, the Ever Given container ship ran aground, blocking the Suez Canal for nearly a whole week; China continued to close critical ports due to coronavirus; and both containers and freight availability remained in short supply. These events all had a huge impact on international supply chains, leading to bottlenecks across the globe. In particular, problems with the availability of semiconductors worsened the situation for the automotive industry – and for companies across the supply chain – month after month in 2021.

And because there is a shortage of almost all raw materials, prices have gone up significantly across the board. Take wood, for example, which the BILSTEIN GROUP needs for its pallets: here, prices have increased by nearly 400 percent over a very short period. The cost of gas and electricity is also soaring. According to experts, the reasons for this include the expiry of sales tax reductions, the introduction of carbon taxes for fossil fuels and a rise in wholesale prices.

[Read more about the current market situation on page 7.](#)

## JULY

### Heavy rains in Germany

In the middle of summer last year, the regions of North-Rhine Westphalia and Rhineland-Palatinate in western Germany were hit by devastating floods. The floodwaters flowed into BILSTEIN's plants on the night of July 14, bringing production to a standstill, flooding offices and temporarily blocking access to the national rail network. But on the whole, the BILSTEIN GROUP came away relatively unscathed.

[For more on the impact of the severe weather, see page 5.](#)

### Hot-rolled strip prices soar

Also in summer 2021, steel prices reached historic highs. BILSTEIN was able to pass on this price increase to suppliers to the auto industry in July 2021, as part of its half-year financial statements. But prices remained extremely elevated for the rest of the year.

[Read more about the current market situation on page 7.](#)

## AUGUST

### Significant drop in revenues from the automotive sector

BILSTEIN's sales revenues have fallen dramatically since August 2021 on the back of the chip shortage being faced by the automotive industry.

[Read more about the current market situation on page 7.](#)

### Restructuring measures at the BILSTEIN GROUP

The BILSTEIN GROUP continued to strategically pursue restructuring in 2021, and the associated cost adjustments, organizational changes and evolution of IT processes are, on the whole, right on track. This is the only way to create the structures and foundations needed for the company to be able to flexibly adapt to different market conditions. Recent developments around supply chain bottlenecks and the explosion in raw material prices highlight just how important this is.

[Read an update on the restructuring on page 11.](#)





## SEPTEMBER

### BILSTEIN COLD ROLLED STEEL

At a time of high demand and full order books, BILSTEIN COLD ROLLED STEEL had to contend with an extended shutdown of its rolling mill in September 2021.

Get an update on our international locations on page 13.

## Climate protection and sustainability

Reducing CO<sub>2</sub> emissions has long been an important issue for the entire steel industry, and a central element of the BILSTEIN GROUP's future strategy. As customer requests for green steel rise exponentially, the BILSTEIN GROUP is in intensive dialog with raw material suppliers. Among other initiatives, the BILSTEIN GROUP's involvement in the start-up H2 Green Steel, a new steelmaker based in Sweden, will allow the company to offer its customers CO<sub>2</sub>-free manufactured steel products from 2025 onward. In December 2021, the BILSTEIN GROUP also published its first ever Sustainability Report.

Read more about climate protection and green steel on page 6.

## OCTOBER

### Blechexpo 2021

The first major trade show of the COVID-19 era: the 15th Blechexpo – the international trade show for sheet metalworking – took place from October 26 to 29, 2021. The BILSTEIN GROUP used the show to shine a spotlight on the key theme of climate-neutral production, as set out in the recent Management Board resolution.

For more on the trade show, see page 15.

## DECEMBER

### Tornadoes in the USA

Severe weather and a series of tornadoes struck the United States Midwest during the night of December 10, 2021 – with devastating consequences for the areas affected. Unfortunately, BILSTEIN COLD ROLLED STEEL was also impacted.

Find out the latest on USA-based BILSTEIN COLD ROLLED STEEL on page 13.

## COVID-19 prevention measures

The pandemic continued to dictate our private and professional lives in 2021, both in Germany and abroad. Germany was in a second lockdown until May 2021. After a somewhat more relaxed summer, the country entered the fall facing the Delta variant – with case numbers in the thousands in some places. Then, in November 2021, Omicron finally hit the country. The BILSTEIN GROUP's coronavirus crisis team continued its work throughout the year, adapting the protective measures that were already in place to the changing (legal) situation. Measures such as mask mandates, remote working and the introduction of workforce testing at all sites aim to ensure the strictest possible health standards. And working with the company medical center, the BILSTEIN GROUP was also able to organize special vaccination events for employees.

# 2021



## Natural disasters in July 2021

# „It could have been much worse“

The night of July 14, 2021 will remain in the memories of many for some time: heavy rain caused the rivers Lenne and Volme to burst their banks, submerging Hagen-Hohenlimburg in floodwater. The BILSTEIN GROUP's plants were also affected – but fortunately there was no serious damage.

**H**agen-Hohenlimburg made international news in July 2021 when unprecedented rainfall and the resulting floods turned great swathes of North-Rhine Westphalia and Rhineland-Palatinate in western Germany into disaster zones. Some areas got more than 200 liters of rain per square meter in a very short period of time. Given the extent of the floods, the BILSTEIN plants and HUGO VOGELSANG came away relatively unscathed. „All our plants were directly impacted, but suffered surprisingly little damage. And we were able to rectify most of the damage and interruptions within a few hours to a few days. We can really count ourselves lucky in this respect – other Lennetal-based companies lost entire plants,“ concludes Michael Ullrich, Chief Technical Officer.

But even if the company came off relatively lightly from the events of July 14, unfortunately the same cannot be said for the people behind the BILSTEIN GROUP – from the directors who woke up to find their homes under water, to the employees whose cars were destroyed by the floods, and others who sadly lost everything. „Where we heard about personal stories and were able to provide assistance, we helped in whatever way we could,“ explains Marc T. Oehler, CEO. Lots of employees also banded together to help their colleagues who had been affected.

### How exactly were the plants impacted?

At one of the two BILSTEIN plants, the basement of the administrative building, including the archives and meeting rooms, were filled with water. Water also got into the plant basements and foundations, and under the high-bay warehouse. This meant BILSTEIN was unable to dispatch any materials from the high-bay warehouse for several days. Furthermore, the water got into the premises of forwarders that BILSTEIN uses to store materials, so some materials also suffered damage.

At the second BILSTEIN plant, the heavy rain turned into a torrent that flowed from the industrial site uphill and spread throughout

the plant overnight; as a result, foundations and basements were filled with water. The foundations of the annealing plant presented the biggest challenge. It took several days for a specialist company to pump out the water, during which time annealing operations were temporarily paused. At HUGO VOGELSANG, there was a power cut on the night of the rainfall, and this of course impacted the electrical operation of multiple plants. These issues were resolved after a few days.

### No rail connection

With its platforms washed out, Hohenlimburg was completely cut off from the national rail network from July 14 to August 8, 2021. As an emergency measure, raw material deliveries were switched to trucks, which further exacerbated already strained supply chains (see the article on page 7). „We were originally told there wouldn't be any trains for months,“ recalls Michael Ullrich. „But an emergency service finally started running on August 9. Getting this in place required reaching out to the highest levels of authority: the Federal Ministry for Transport, the Ministry of Economic Affairs in Düsseldorf and the Deutsche Bahn management board were all involved.“ Regular service didn't resume until late December 2021.

### One last construction site

There is still one big construction site at BILSTEIN today – in the truest sense of the word. The meeting rooms in the administrative area of the main plant, which stood under water, had to be completely refurbished. And due to the supply chain issues across various industries and a shortage of construction materials, it's impossible to say when the work will be finished. „We definitely need a few more months before we can use this space again,“ says Marc T. Oehler. „But despite overall damage totalling around one million euros, we came off pretty lightly. It could have been much worse.“ ■



# Climate protection

From CO<sub>2</sub>-free primary materials to electric vehicle charging stations on plant premises, for the BILSTEIN GROUP, acting sustainably and conserving resources are increasingly becoming the main drivers of its future business strategy.

Climate protection is becoming more and more important. „We all saw the impact of climate change on our weather first hand this past summer, with the heavy rains and flooding,” explains Marc T. Oehler, CEO. „It’s clear that the steel industry – as one of the biggest industrial emitters of greenhouse gases – must be more proactive.” This is also what customers, politicians and society are calling for. Environmental, social and governance (ESG) criteria are becoming increasingly crucial standards that companies are held to and measured by.

## The awakening of an entire industry

Creating a climate-friendly steel supply chain was also the focus of the most recent Blechexpo trade show, which was held from October 26 to 29, 2021 in Stuttgart. „The topic of green steel was high on the agenda for every steelmaker at the trade show,” says Bernd Grumme, Sales Director, summarizing his impressions of the event. „And as the BILSTEIN GROUP, we also engaged intensively in this discussion. We hope to help transform the steel value chain through our involvement in ambitious projects.”

## From sustainable raw materials...

Thanks to its stake in Swedish steelmaker H2 Green Steel, green steel is suddenly a very real possibility for the BILSTEIN GROUP. H2 Green Steel will begin climate-neutral steel production in Boden-Luleå at the end of 2024, with initial volumes being delivered a year later. „Starting in 2025, we’ll be in a position to supply our customers with cold-rolled strip made using the cli-

mate-neutrally produced hot-rolled strip from Sweden,” explains Marc T. Oehler. „We’re looking forward to working with high-quality, carbon-neutral steel.” As a stakeholder and member of the Investor Advisory Board, the BILSTEIN GROUP has been following the project’s progress closely, and has secured a guarantee of approx. 100,000 tons of green steel from Sweden annually.

The decarbonization of steel manufacturing is a key step on the road to making steel products with a small CO<sub>2</sub> footprint. In a Management Board resolution of May 17, 2021, the BILSTEIN GROUP committed itself to transitioning entirely to steel products made in a climate-neutral or climate-friendly way, depending on the availability of the relevant primary materials.

## ...to reducing emissions in internal processes

The BILSTEIN GROUP is also taking a close look at its own processes, and aims to make its production, logistics and administrative operations carbon-neutral by 2035, where possible. This includes a range of measures, from investing in modern, energy-efficient plant technology to switching to electric trucks in its factory fleet, as well as setting up charging stations for electric vehicles on plant premises. Every little action counts on the path to becoming a carbon-neutral company. The company’s first ever Sustainability Report explains the steps being taken by the BILSTEIN GROUP in more detail (Link to Info button). „We’ll provide regular updates on the current status of our plans and the next steps,” says Marc T. Oehler. ■

► Read  
the BILSTEIN GROUP’s  
Sustainability Report

Innovative start-up in Sweden: climate-neutral steel production at H2 Green Steel in the Boden-Luleå region.



The market situation as it stands

# The big unknown

With the semiconductor shortage, supply chain disruptions and coronavirus, it's impossible to predict the directions the market and industry are moving in. Two years after the pandemic began, unexpected twists and turns are still keeping everyone on their toes – and we can only speculate about how it will all end.

Compared with a normal year, which the BILSTEIN GROUP last experienced back in 2016, the external influences that the company is currently subject to are enormous. While both the steel and automotive sectors were forced to pause production at the start of 2020 due to international lockdowns, in September 2020 there was a real sense that the market was starting to recover. "Here at BILSTEIN, our order books were very full," says Bernd Grumme, Sales Director, referencing the brief peak.

But in late 2020, issues with the supply of semiconductors and supply chain bottlenecks for other raw materials caused the situation in the automotive industry to worsen again from one month to the next, which had a knock-on effect for all companies across the supply chain. Paradoxically, the steel and automotive sectors were faring well despite the low production numbers. Both steel mills and automotive companies, as the end consumers, reported record profits in 2021. However, the cold-rolled strip industry and suppliers were struggling. "On the one hand, custo-

mers are still not accepting ordered volumes; but on the other hand, they're also exerting more pressure when they urgently need materials," says Bernd Grumme, summarizing the conflicting situation. "What's more, in some areas we're still experiencing issues with raw materials if certain items can't be delivered. This also leads to internal challenges, for example when it comes to prioritizing orders."

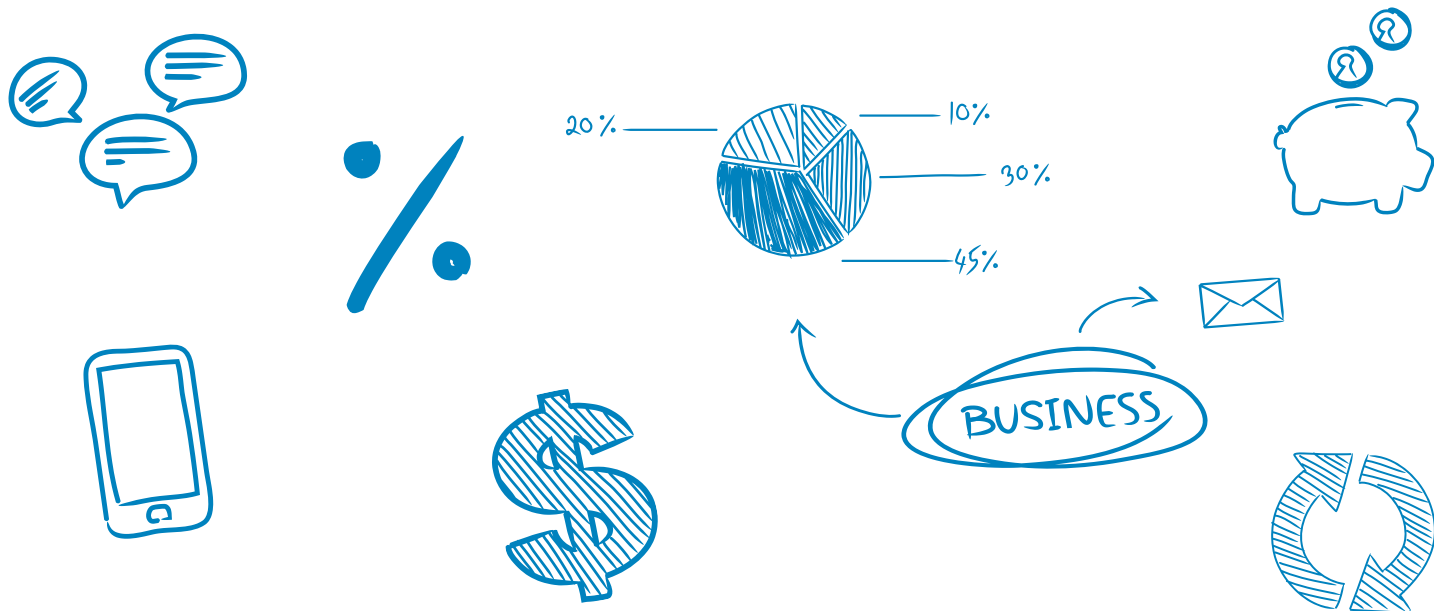
## Semiconductor crisis and ad-hoc orders

The main cause for the dip in automotive production was and remains the shortage of semiconductors. And the reason can be traced back to the pandemic: when automakers originally shut down production, the semiconductor manufacturers sought out new customers. The chips quickly found widespread use in the computer and entertainment sectors; newer technologies go for much higher prices in these sectors, which ultimately means the auto industry is now losing out. The fourth wave of the pandemic was also having an impact. In the manufacturing countries – the semiconductor industry is mainly based in Asia

– large factories were once again having to temporarily close due to coronavirus. The chip crisis is ongoing and is likely to be further exacerbated by the war in Ukraine. As a result of the war in Ukraine, wiring harness production has also declined, as two major production facilities located in Ukraine have suddenly closed down. It remains to be seen how quickly this shortfall can be replaced.

"Due to the current situation, automotive manufacturers are continuing to plan their production capacities at very short notice," says Bernd Grumme. "Consequently, we receive their orders spontaneously." But in the steel industry, orders have a lead time of around six to eight weeks. At BILSTEIN, production takes another three to four weeks. "Basically, it's impossible for us to work with these short time frames," says Bernd Grumme of the difficult situation. "And to cover themselves, automakers are ordering more from suppliers than they actually need – which confuses inventories across the supply chain. This is the chaos we're currently living and working in."





### As steel prices soar, customers show caution

There's also the added issue that prices for primary materials have climbed significantly – with some more than doubling. After steelworks switched off their furnaces during the first wave of coronavirus due to falling demand, they were then able to dramatically increase their prices based on the resulting raw material shortage.

BILSTEIN was able to pass on this price increase to suppliers to the auto industry in summer 2021 as part of its half-year financial statements. However, the suppliers usually work with automakers on the basis of annual financial statements. This means most BILSTEIN customers had to shoulder the price increases themselves until the end of the year, and were under enormous pressure. Accordingly, they showed caution when it came to placing orders for cold-rolled strip.

With all its human suffering, the war in Ukraine is once again affecting global supply chains and commodity prices. As well as gas and oil, steel could also become more expensive, because iron ore and significant quantities of steel from Ukraine and Russia are no longer available. The same applies to the timber market, where considerable volume losses are likely to affect prices. So far, no one can really assess exactly how things will develop.

### Fully stocked warehouses and adapted production

Many steel customers had already placed their volume orders in 2021, before the next round of price negotiations with steel manufacturers. "We intentionally took collection of generous volumes of raw material, so we're in a good place in that respect. And due to the low order volumes

of the last few months, and the reduction in production output, we're still well equipped and ready for an up-tick," says Dr Bernhard Gräwe, Special Projects Director.

Given the size of the inventory built up by the BILSTEIN GROUP in terms of both raw materials and production materials, the company decided it needed to source extra warehouse capacity. But they weren't the only ones to come to that conclusion. The steel mills themselves had booked every available space they could find. Bernd Grumme describes the situation: "We were soon unable to find a forwarding agent to transport a single coil. And they're still all fully booked. We've transported some materials to the Netherlands for interim storage."

The order situation from the automotive industry is currently very good, but with comparatively low volumes. BILSTEIN has therefore adapted its production to the situation. But beyond the auto sector, orders are coming in thick and fast: the electronics, furniture, saw manufacturing and DIY/home improvement sectors are ticking along really well. As a result, HUGO VOGELSANG's order books are full.

### What lies ahead in 2022?

The historically high prices for raw and primary materials look set to remain at an elevated level even after 2022. As soon as semiconductors are available in sufficient quantities, order volumes from the auto industry should stabilize in Europe. "Everyone's hoping that the challenges we're facing will be resolved quickly and that the market turns around," comments Marc T. Oehler, CEO. "But right now, there's a lot of uncertainty about when that will happen. For us, this means that we have to remain as flexible as possible. And in addition, the consequences of the Ukraine war are still not entirely predictable."

### Megatrends: e-mobility and CO<sub>2</sub> reduction

In the long term, the main trends in the steel and automotive sectors are electric mobility and the CO<sub>2</sub> reductions being enforced by Germany's federal government. The BILSTEIN GROUP is currently in intensive discussions with raw material suppliers regarding the decarbonization of steel production. And thanks to its stake in the new Swedish steelmaker H2 Green Steel, steel produced in a climate-neutral way could be available to the BILSTEIN GROUP as early as 2025. But despite the huge interest in green steel, companies are still showing caution when it comes to placing actual orders: "Everybody wants steel with as small a carbon footprint as possible, but nobody wants to commit to exact volumes right now," says Bernd Grumme.

### New products and applications

Electric mobility is still another key megatrend. When the traditional powertrain eventually becomes obsolete, it could have a huge impact on BILSTEIN's sales. So, the BILSTEIN GROUP is working hard to explore new applications for its products beyond the auto industry. The construction sector, in particular, holds lots of potential. "We've already invested in relevant technology in this area and have made so much progress on individual projects that we'll be able to implement them in 2022 and post our first sales," reveals Michael Ullrich, Chief Technical Officer. To drive forward other projects and open up new markets, the BILSTEIN GROUP is also looking to new partnerships. So, 2022 should have plenty in store in terms of innovation. ■



## SAP rollout at HUGO VOGELSANG

# Much more than „just“ software

With the introduction of SAP, HUGO VOGELSANG is laying the foundations for a new kind of collaboration – both internally and with customers. The new system has been up and running successfully since January 1, 2022.



The core internal project team reflected the various departments that supported IT with planning and implementation: (from left) Daniel Mayer (Program Manager), Andrea Stoppel (Order Management), Tim Decker (Materials Technology), Hüseyin Bostanci (Scheduling), Karl Meissner (IT) and Sven Davids (Sub-Project Management).

**T**he rollout of SAP at HUGO VOGELSANG not only creates a basis for a more modern and convenient means of collaboration: "With the transition to SAP, we've standardized and connected our system landscape – and in doing so, we've changed our processes and way of working. Instead of optimizing individual process steps, the whole thing has been improved," says Dimitar Yotsov, Processes/IT Director, summarizing the importance of the software introduction. Customer interfaces have also been simplified as a result.

### Successful teamwork

To take into account the needs and wishes of all users, all the various user departments were involved from the very beginning, alongside IT. This ensured good alignment between the requirements of individual users and what was feasible from a technological standpoint. Under the leadership of Programme Manager Daniel Mayer, up to 15 internal and external experts were heavily involved in the SAP implementation over the course of a year. "This team was pivotal in ensuring the suc-

## Milestones in the SAP rollout

January 18	January to March	Mid-March	June (to December)	August (week 34/35)
Launch of the SAP implementation program at HUGO VOGELSANG	Analysis: Which processes need to be modeled in the new system, and what do user departments need?	Implementation begins	Master data is updated and transferred to SAP	First integration test: run-through of all processes, one after the other.

2021



cess of the project," says Daniel Mayer confidently. "Everyone involved was highly motivated and much more committed than usual." For Dimitar Yotsov, it's a real textbook project, not just because of the exemplary organizational and management performance: "Our transition to SAP has advanced the company and had a positive impact on its entire corporate culture."

The aim was to remove as much complexity as possible from the programming, while remaining close to the standard – unless there were very good reasons for deviating. After all, the more straightforward a system, the easier it is to manage and master. Intensive training sessions, workshops and concrete case studies helped familiarize individual users with the new system before go live.

## New year, new way of working

On January 1, 2022, SAP replaced the legacy systems and customized, in-house programs across all departments at HUGO VOGELSANG. The software supports a high degree of automation, which means individual process steps can be simplified. In terms of interfaces and transparency, customers also benefit from the switch to this globally established standard. For the most part, the new system has been running without any issues since day one. "There were a few concerns beforehand," acknowledges Daniel Mayer. "So lots of people were surprised at how smoothly the first few weeks went." The team is now using the feedback from day-to-day users to optimize some details, but the transition to SAP is now complete. ■

## User feedback

“Despite the pandemic, remote working, personnel changes in order management, ongoing daily business and countless SAP meetings and workshops, the fact that we actually managed to implement SAP in less than a year was a huge team achievement, and is thanks to the high level of commitment and dedication from each and every individual. Yes, 2021 was unbelievably challenging and often stressful – but THANK YOU for the refreshingly constructive and well-organized teamwork!”

Andrea Stoppel, Order Center, Order Management

“After a challenging phase of development and implementation, we're looking forward to working with SAP. The system was developed almost exclusively based on the standard version of the software, and provides outstanding solutions in all modules for handling and excelling at everyday tasks.”

Jennifer Granek, Order Center, Team Leader (Scheduling)

“My initial impression that the SAP implementation at HUGO VOGELSANG had been successful has also been confirmed from a sales perspective. Of course, there are still a few small issues that come up here and there, but these are quickly handled by you and your team and usually resolved quickly. I'd like to congratulate you and everyone else who played a part in this successful project!”

Kai Hinz, Sales Director and authorized signatory of the company

“Based on my experiences of a previous SAP implementation in a different environment, I expected way more problems. So I was pleasantly surprised that the start of production with SAP seemed to go very smoothly. All in all, it was a great achievement, so many congratulations to the entire team.”

Andreas Heßler, Production Management and authorized signatory of the company

“When we heard about the challenges they had with the SAP implementation at BILSTEIN, we hoped we could avoid the same happening with us. But on the whole, the rollout went really well. Even our timber supplier gave very positive feedback that they now have a better overview of orders.”

Thomas Eberling and Frank Paul, Dispatch Team Leaders

October (weeks 43/44)

November/December

January 1

January 3

Early February

Second integration test

Intensive training sessions and user workshops, and collection of data from the legacy ERP system

The new system goes live

2022

Start of daily operations using the new system, in all departments

The successful monthly statement from the Accounting and Controlling departments for January 2022 officially concludes the implementation.



## Restructuring at the BILSTEIN GROUP

# Stepping into the future

Cultural transformation, a new philosophy, redesigned interfaces – in 2021, restructuring was one of the key projects the BILSTEIN GROUP took up to make itself fit for the future. And this process will continue in 2022.

Lasting change doesn't happen overnight – it takes time and consistency to establish and embed new processes and take all stakeholders along for the journey. "We know that, especially under the current circumstances, it's a real challenge to stay committed to driving forward restructuring," admits Marc T. Oehler, CEO. Thanks to the hard work of the Sales team, the BILSTEIN GROUP was able to pass on increases in raw material prices to customers. "But if a material isn't available because of the supply chain bottlenecks, it's understandable that everyone's nerves get a little frayed. So if you're then changing processes and structures on top of that, it's not a smooth journey for anyone – but it's a necessary one."

### Reality creates the facts, BILSTEIN creates the right structures

The latest developments relating to price increases, the semiconductor shortage and supply chain bottlenecks (see the article on page 7) once again highlight how important it is to implement the comprehensive restructuring program in a targeted way. This is the only way to create the structures and foundations needed for the company to be able to flexibly adapt to dynamic market conditions. So, the BILSTEIN GROUP is continuing to drive forward the restructuring initiatives in 2022 with undiminished energy, even if some goals require revisiting based on the current situation.

Take the reduction in material costs, for example. "We'd hoped to make huge savings in purchasing, as part of the restructuring," explains Marc T. Oehler. "But the current market situation really thwarted those plans. Whether it's raw materials, wood for pallets or additional materials needed for production – if there's a sudden explosion in all prices, it's no longer about making savings: right now, the focus is simply on covering those cost increases."

The chip shortage in the automotive industry is also having a huge impact on BILSTEIN's main business. "We need to open up new markets, acquire new customers and wrap up our internal process and IT projects," asserts Marc T. Oehler. "This will put us in a position where we can ensure the future viability of the BILSTEIN GROUP and create stability for all our employees."

### Conclusion and outlook

"Creating an understanding of the change in philosophy and successfully bringing about the internal cultural transformation are things we'll have to continue working on in the long term. Redesigning interfaces is also extremely challenging," comments Marc T. Oehler. "But that's the way things are with massive change projects like this. It's important to stay on the ball so we are in good shape for the next few decades."

On the whole, the BILSTEIN GROUP has made good progress with all the restructuring plans so far. One of the most critical measures was scaling down the workforce by around 240 employees in the overhead departments of the German company. "That was and still is a very emotional issue, of course; but it's almost done," says Marc T. Oehler. This means it's now time to look forward and focus on new opportunities. In 2022, a key task will be maintaining cost discipline and making sure the BILSTEIN GROUP's processes and organizational and IT structures are fit for the future. Marc T. Oehler: "We're building on the processes we've already put in place – because that's the path to the future." ■

## What's next after Brexit?

Around a year ago, the Brexit transition period ended and the United Kingdom finally bid farewell to the European Union. Despite the enormity of this transition and the impact of the pandemic, SHEARLINE STEEL STRIP was able to post very good results in 2021.

Incredibly long lines of trucks at the ports of the English Channel: these are the images that will most likely be conjured in the minds of many people when they think of Brexit. It was around a year ago, at the turn of the new year 2021, that the transition phase ended and the UK officially lost its export-controlled status and became a third country. What were the experiences of our colleagues at SHEARLINE STEEL STRIP in the time leading up to and after that? And where does the company stand today, two years after the UK's official exit from the EU?

### Ready for a new start

To get ahead of any supply challenges resulting from time-consuming border controls and customs formalities, SHEARLINE STEEL STRIP began stocking up its warehouses way in advance of the UK's final exit from the EU. The official transition period ended on December 31, 2020, and the company

wanted to be prepared for the period of uncertainty that would follow. That proved to be a huge challenge, not least because of the raw materials shortage that was already starting to make itself felt last year (see the article on page 7).

Once the UK had left the EU, the biggest adjustment for SHEARLINE STEEL STRIP was that declarations had to be submitted to the British tax authorities (HMRC) for every import of steel from Europe. To ensure all the right papers



Mike Wooldridge,  
Director of SHEARLINE STEEL STRIP

“Brexit was and remains a very controversial topic that led to stark differences in opinion between colleagues, family members and friends. Personally speaking, I was very disappointed with the results of the referendum, and the time between then and our actual exit from the EU was chaotic – because there was no agreement until the last minute. It remains to be seen what will happen longer term, but the pandemic has probably covered up some of the problems that will come to light now, such as with the Northern Ireland treaty, fishing, the shortage of truck drivers, etc. I found the trade agreement that was announced very uninspiring...”



were sent in advance and that materials were declared for tax purposes in a timely manner, SHEARLINE STEEL STRIP developed relevant protocols for all its suppliers. „The exit from the EU also means that, for certain steel imports, quotas and customs duties now apply. We have to take this into account as well,” explains Mike Wooldridge, SHEARLINE STEEL STRIP Director. „Brexit has also contributed to the huge shortage of truck drivers in the UK, which is delaying deliveries and increasing the cost of transportation as a result.”

The impact of the transition was also felt by BILSTEIN in the first few weeks of 2021, with difficulties transporting goods by truck to the UK. Additionally, the required customs clearance and registration of materials represented extra administrative processes that further exacerbated lead times. „In the first few weeks of January 2022, there were issues with truck dispatch at the borders, and we also had a few teething problems with customs documents. But on the whole, it was all far less dramatic than expected. And in the meantime, everything else has mostly gone well,” says Miriam Rensinghoff, Head of Legal and Compliance.

### Order volumes good in 2021

„There's no doubt that some companies have moved their orders to the EU after Brexit; but because of the pandemic, it's probably too early to assess the impact of Brexit on the country as a whole,” says Mike Wooldridge. And for SHEARLINE STEEL STRIP, 2021 was a very successful year despite all the challenges. „We remain a leader in our field and picked up a number of new customers last year,” continues Mike Wooldridge, delighted. „Demand recovered really quickly in late 2020 and remained fairly constant throughout 2021. And the bigger picture developed just as positively.” Of course, SHEARLINE STEEL STRIP is also currently experiencing a drop in demand from the auto sector due to the semiconductor shortage; but on the whole, SHEARLINE STEEL STRIP is benefiting from the positive economic development seen in the UK. ■



A look at the BILSTEIN GROUP's international locations

# What's happening around the globe?

## BILSTEIN CEE: continuing the investment strategy

**B**ILSTEIN CEE weathered the pandemic year of 2020 better than any other company in the group, and it continued that positive trend in 2021. "The team at BILSTEIN CEE has really done a great job in the last two years and made great progress in the areas of productivity, workplace safety and key performance indicators," reports Michael Ullrich, Chief Technical Officer, happily. Of course, short-time working was also required in the Czech Republic during 2020, but Chief Executive Peter Uhrík and the rest of the team kept productivity high despite all the challenges they faced, used government funding and support wisely, and were extremely economical.



And to keep things running smoothly, BILSTEIN CEE is continuing to invest in the optimization of its plant and machinery. For example, a new grinding machine was ordered in late summer 2021 to replace the legacy one. Right now, preparations are being made to the underlying infrastructure, with the foundations and the housing being designed in 2022. Assembly and commissioning of the new grinding machine will then follow in spring 2023. ■



A leased warehouse in Bowling Green was struck by a huge tornado, resulting in significant damage to dispatch-ready materials.

## BILSTEIN COLD ROLLED STEEL: Great prospects and significant challenges

**T**he outlook for BILSTEIN COLD ROLLED STEEL is extremely positive: the American market is stable, order books are full and the plant largely met its targets for 2021 despite various challenges, including the severe tornado in early December 2021. Orders for the newly extended annealing capacity are also in the books. At present, eight annealing furnaces are in operation; by summer 2022, six new ones will be up and running. In the long term, the company is planning to have 18 annealing bases overall, and an extension to the building it currently being built with this in mind. "This is a prerequisite for us to be able to strategically implement and continue the planned expansion of BILSTEIN COLD ROLLED STEEL to a total capacity of around 120,000 tons," explains Michael Ullrich, Chief Technical Officer. „With the expansion of the annealing plant and its overall capacity, BILSTEIN COLD ROLLED STEEL is continuing its positive financial growth.“

The rolling mill at BILSTEIN COLD ROLLED STEEL was initially designed with the idea of producing 120,000 tons of steel per year. Now, with the growth of its annealing capabilities, the



BILSTEIN GROUP is bringing capacity there up to the same level. But despite this positive step forward, BILSTEIN COLD ROLLED STEEL has faced its fair share of huge challenges in recent months.

### Devastating tornadoes

During the night of December 10, 2021, severe storms spread throughout the USA's Midwest. And in the words of Andy Beshear, Governor of Kentucky, they caused the worst tornado damage imaginable. „Luckily, none of our employees or their relatives were seriously injured," says Brent Wilson, CEO of BILSTEIN COLD ROLLED STEEL, with relief. The plant in Bowling Green also escaped a direct hit from one of the most destructive tornadoes, which meant production could restart as early as December 14, 2021. However, a leased warehouse on a neighboring property was damaged so badly that large quantities of finished goods were affected.

### General worker shortage

Lots of companies in the USA, across all industries, are currently facing significant turnover in their workforce in conjunction with the strong economic uptick seen after the first wave of coronavirus. Since the start of the year, nearly 26 million employees in the USA have left their jobs or switched employer.

With the regular notice period being just two weeks, this can quickly lead to gaps in knowledge that can't easily be filled. Even BILSTEIN COLD ROLLED STEEL isn't immune to this trend, despite the fact that Bowling Green is currently booming as a top location for industry. A metal processing company is in the middle of moving there, and BILSTEIN COLD ROLLED STEEL is in competition with everyone when it comes to attracting talent: companies are working hard to entice each others' workers away. This is particularly challenging for a company as young as BILSTEIN COLD ROLLED STEEL.

As the industrial park in Bowling Green is set to expand over the coming years, there will be even more competition for workers. "We're facing up to this situation by consistently making ourselves more attractive as an employer and also creating strong ties between employees and the company early on," explains Michael Ullrich. This is why, around a year ago, BILSTEIN COLD ROLLED STEEL started working with the local college, Western Kentucky University, to create a dual studies program based on the German model. „The aim is to bring in young people so they can grow their skills and learn with us – and better identify with the company as a result," says Michael Ullrich. „It's a very promising approach. It's clear that young people have a real interest in the work and the company." ■



By January 2022, it looked like this.

In Bowling Green, a new hall for the annealing extension is currently being constructed. This is a view of the site in October 2021.





A look back at Blechexpo 2021

## Live means live

„Full halls, a great atmosphere, happy exhibitors – there's no substitute for an in-person trade show.”



The show's main focus was sustainability and climate protection.



The BILSTEIN GROUP's booth at Blechexpo 2021 was always well attended. Of course, all participants complied with the relevant coronavirus measures.



These words from the organizer of the two trade shows Blechexpo and Schweisstec also resonated with the companies who were in attendance. „It was great to finally be able to meet with our business partners one on one again, and even forge a few new contacts. Meeting in person still beats meeting virtually,” says Tina Prinz, Marketing. The 15th Blechexpo and 8th Schweisstec, which both ran from October 26 to 29, 2021 in Stuttgart, Germany, welcomed a total of 953 exhibitors from across Europe and Turkey – who brought with them the very latest technologies in sheet metalworking and metal processing.

### Top themes: sustainability...

The BILSTEIN GROUP used the international events as a forum for communicating the key issue defined in the Management Board resolution: the BILSTEIN GROUP is aiming to achieve climate-neutral production from 2035, and wants to be a partner in making a climate-friendly value chain a reality. Accordingly, the design of the company's 240 m<sup>2</sup> booth in hall 10 served to highlight climate protection and sustainability. „The topic of green steel was very high on the agenda for every steelmaker,” explains Marc T. Oehler, CEO, summarizing his experiences from the trade show. „As representatives of the BILSTEIN GROUP, we really engaged on the topic.”

### ...and current market challenges

One topic that was playing on the minds of both exhibitors and attendees was the general market situation. The chip shortage, historic price increases and bottlenecks in the supply of raw materials all currently pose challenges to the entire industry (see the article on page 7 for details). „Everyone was hoping for some signals and information on that front, but there still isn't any clarity about how things will develop over the coming weeks,” remarks Bernd Grumme, Sales Director.

### Putting on a trade show during a pandemic

Organizing and staging the first in-person event with the required COVID-19 measures in place was definitely more complicated than usual. Because conditions and regulations relating to coronavirus are being constantly updated based on the status of the pandemic, the trade show team also had to keep adapting its health and safety concept. „Both we and the other exhibitors didn't really know what to expect in Stuttgart, and whether it would really be worth the effort,” says Tina Prinz. „But it definitely paid off! We had lots of interesting conversations. And we hope that live, in-person trade shows can continue to take place going forward.” It was already clear from the opening hour of the trade show how great the need for specialist, one-on-one discussion was. The BILSTEIN GROUP's booth was well attended on every day of the show, while still complying with requirements and restrictions on numbers, of course. ■



In 2021, the BILSTEIN GROUP was home to one national and one state apprentice of the year (from left): Marc T. Oehler (Director), Adriana Ibrahimovic (Apprenticeship Management), Kadir Albayrak (process engineer, national apprentice of the year), Gabriel Perez-Sanchez (process engineer, state apprentice of the year) and Torsten Götde (instructor and Plant Manager, Plant II).



## Top honors in 2021

# Apprenticeship graduates are recognized

In January 2021, four graduate apprentices from the BILSTEIN GROUP were recognized as outstanding. Emre Ak, Kadir Albayrak and Gabriel Perez-Sanchez were all awarded top marks – „very good“ – after wrapping up their training as process engineers, while Jonas Bause received the same honor after completing his apprenticeship as an industrial business assistant. And their achievements were recognized externally, too – because the four young professionals are not only among the top graduates in the BILSTEIN GROUP. In November 2021, the South-Westphalia Chamber of Industry and Commerce invited them to a special awards ceremony, where each of them received a certificate.

And it gets better: Gabriel Perez-Sanchez was recognized as one of the top graduates in the state and Kadir Albayrak as one of the top graduates in the country in their respective fields. So they also attended the awards ceremony

for the best apprentices in the state of North-Rhine Westphalia, held in Gelsenkirchen. Due to the pandemic, the ceremony for the best in the nation was not hosted in Berlin as usual, but was held as a virtual event in early December last year.

Directors Marc T. Oehler and Michael Ullrich congratulated the graduates in person. Proud instructors Markus Eilert, Jörg Wiesmann, Celal Sirinbay (who mentored Gabriel Perez-Sanchez), Thomas Möser (specialist instructor and mentor to Kadir Albayrak), Torsten Götde (instructor and Plant Manager, Plant II) and the head of apprenticeships Adriana Ibrahimovic also didn't miss the opportunity to congratulate the pair. In recognition of their outstanding achievements, both Kadir Albayrak and Gabriel Perez-Sanchez received a special bonus as well as a permanent contract with the BILSTEIN GROUP. Congratulations! ■



Jonas Bause (above) and Emre Ak (below) completed their apprenticeships with distinction.

## Top marks!

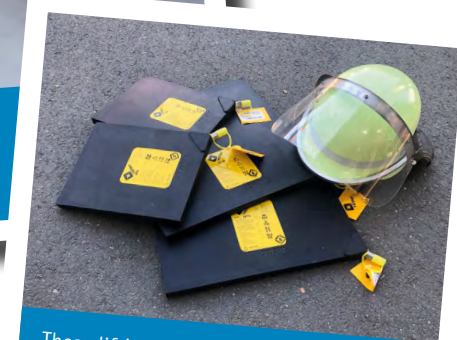
For several years now, the BILSTEIN GROUP has continued to fulfil the criteria for providing excellent apprenticeships. And that hasn't changed despite the special circumstances of the pandemic. Because of this, the company has therefore again been certified as an „Outstanding Provider of Vocational Training“. The certification is awarded based on a comprehensive list of criteria that includes how committed the training provider is, and the satisfaction levels of apprentices. Once again, those surveyed included apprenticeship/HR managers, who were asked about apprenticeship concepts and performance indicators, as well as the apprentices themselves. ■







Valuable support for future rescues: Marc T. Oehler (front center) and Michael Ullrich (front right) presented four lifting airbags to Hagen firefighters.



These lifting airbags are mini powerhouses, with each able to bear over 3 tons in weight.

## Hagen fire department

# Helping out helpers

In August 2021, the BILSTEIN GROUP presented Hagen's fire department with four lifting airbags. When filled with pressurized air, the bags can be used to lift heavy loads, for separating, pushing or moving heavy machinery or other parts, or as a vibration damper. Unlike other lifting tools, these airbags have the huge advantage of being very flat and therefore easy to use – while also being capable of moving extremely heavy weights. This means they can be used to lift several tons of vehicle or machinery to rescue individuals involved in accidents or other unfortunate incidents. „It's our hope that the airbags never have to be used, if possible, but we'll be happy if

they help the fire department in any way," said Michael Ullrich at the official handover.

Verband der Feuerwehr der Stadt Hagen e.V. is the association that represents Hagen's fire crews. As well as Hagen's professional fire department, this also includes Hagen's volunteer fire department, Hagen's youth fire department and its emergency chaplain and fire department medical staff, along with the plant fire crews at Kabel Premium Pulp and Paper GmbH (formerly STORA ENSO Kabel GmbH & Co. KG) and thyssenkrupp Hohenlimburg GmbH. ■

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Markus Eilert, Thomas Ettl, Birger Hollatz,  
Adriana Ibrahimovic, Michael Lange, Marc  
T. Oehler (Editor-in-Chief), Tina Prinz, Frank  
Renfordt, Miriam Rensinghoff, Peter Uhrík

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Düsseldorf, Germany  
Aimée Bastian, Claudia Haese,  
Linda Rüpprich

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