

To the editor

22 June 2004

Danske Trælast trims its sourcing organisations and seeks growth in the Nordic region

With an annual turnover of DKK 16 billion, Danske Trælast is the Nordic region's largest group within trading in building materials. The Group is represented in Finland, Sweden and Norway by Starkki, Beijer Byggmaterial and Neumann Bygg, respectively.

During the past three years, the Danske Trælast Group has made targeted efforts to gear its Nordic organisation to increasing value creation, efficiency and growth.

Today (22 June 2004) Danske Trælast launched its new strategy for the Group's sourcing of building materials totalling DKK 12 billion annually.

Reduction of costs in the value chain

One of the consequences of the new strategy will be that Danske Trælast substantially reduces the number of supplier contracts in the Nordic region, from about 1,350 to about 500. With increased focus on fewer contract suppliers and more efficient partnerships, Danske Trælast expects to achieve substantial costs savings running into millions of kroner in the Nordic Group. In addition, Danske Trælast is going to guarantee the selected suppliers increased turnover and higher earnings as a result of a completely new contract basis which will focus on generating efficiency and value creation in the *entire* supply chain. – At the end of the day, the efficiency improvements will naturally benefit our customers by way of better prices and service and, thus, increased turnover, commented Steen Weirsøe, President & CEO of Danske Trælast A/S.

Consequences to local markets

– For our local markets in Denmark, Sweden, Finland and Norway, the new sourcing strategy will have the effect that we are going to focus on much more efficient suppliers. It is our goal to reach double-digit million cost savings in the individual Nordic countries by making radical changes to our sourcing policy and practices, said Weirsøe.

– In addition to having fewer but stronger local suppliers in future, we can offer a number of new advantages to the suppliers we select in each of the countries. Among other things, we are going to pave the way for greater sales volumes in new markets in the Nordic region, including to several hundred of our own stores in the other Nordic countries. This will give the contract suppliers we select new growth potential. And, as part of the new partnerships, Danske Trælast is going to pave the way for the suppliers introducing their products and new brands in our four Nordic countries of operation, commented Ole Mikael Jensen, Group Vice President and head of Group Sourcing.

Pan-Nordic sourcing organisation

– Our new sourcing strategy, which we have been preparing for some time now, is to cover all our Nordic countries of operation. The responsibility for implementing the new strategy is in the hands of Ole Mikael Jensen. In future, Group Sourcing will hold responsibility for all buying contracts and sourcing of building materials with a total volume of DKK 12 million, said Weirsøe.

– It is our goal to eliminate unnecessary costs from the value chain and increase turnover and earnings for the partners who want to enter into real and value-creating partnerships with Danske Trælast in future. A prerequisite for this is that the producers are prepared to accept changes, focus on efficiency improvements and be much more open as regards costs and our common goals than has been the case until now in the building industry, said Jensen.

More imports and own production

– In parallel with the focus on the strongest suppliers to Danske Trælast, Group Sourcing is going to strengthen its product range and competitive position in the Nordic countries of operation through increased imports from Eastern Europe and Asia. This means that, in future, customers will have access to additional and more competitive products, which Danske Trælast will introduce on the local markets in the Nordic region, said Jensen.

Suppliers are positive

– Our largest suppliers are looking favourably on the new sourcing strategy. (The largest supplier accounts for a maximum of 3% of the total sourcing volume). We already now have the most efficient buying organisation in the Nordic building industry. And we are convinced that we will receive broad support for the new initiatives from the strongest suppliers and from the customers in the building industry, said Weirsøe.

Please feel free to use the enclosed photos.

Additional information

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