

# Van Leeuwen in 2019

More than tubes.



# The Van Leeuwen Pipe and Tube Group: More than tubes.

The Van Leeuwen Pipe and Tube Group is an international distribution company specializing in steel pipes, and pipe and tube applications. The family-owned company, with its head office in Zwijndrecht, the Netherlands, was founded in 1924 and is active in virtually all industrial sectors.



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‘An **increase in scale** is not an objective in itself. It is mainly about what this enables us to do for our customers.’



Van Leeuwen’s major milestone in 2019 is also a historic step in our company’s 95-year history: the acquisition of Benteler Distribution, a division of Benteler International AG. This acquisition has resulted in a significant expansion of Van Leeuwen, particularly in Germany, Switzerland, Scandinavia and Central Europe.

The acquisition of Benteler Distribution has significantly increased our scale: from about 1,100 to 2,600 colleagues, from a presence in 22 countries to 33, from around 40 to over 80 locations throughout the world, including warehousing facilities. However, an increase in scale is not an objective in itself. It is mainly about what this expanded network of locations, facilities and new colleagues enables us to do for our customers.

We are now able to provide an even broader product range and an even greater offer of value added services and treatments. We are also able to invest even more in innovative solutions, such as specialized stocks close to the customer, effective distribution solutions and IT supported customer interfaces.

An even larger global team of colleagues with expertise and market knowledge supports the customer on a daily basis. At present we are relying even more than ever on the resilience and inventiveness of our colleagues, now that the COVID-19 pandemic has the world in its grip. The health and safety of our employees, customers and suppliers are a priority for us. It goes without saying that in every country we strictly adhere to the rules imposed by local authorities.

It is as yet impossible to foresee the consequences of this pandemic for people, society and the economy. This equally applies to our company and that of our business partners. In spite of this, we are positive about the future of our company. Not only because we know that Van Leeuwen is a robust and healthy company, but especially because we know we can rely on 2,600 employees who demonstrate their commitment to our company on a daily basis, even under difficult circumstances.

**Peter Rietberg**  
Chairman of the Management Board

## Key figures

	19	18	17	16	15	14
(amounts x 1,000 Euro where applicable)						
Net sales	<b>787,669</b>	629,527	612,959	548,904	623,346	642,680
EBITDA	<b>21,782</b>	18,050	17,530	6,426	9,708	16,626
EBIT (Operating result)	<b>17,003</b>	13,548	12,384	1,551	4,528	11,869
Net result	<b>10,064</b>	9,709	6,269	650	3,968	7,658
Group equity	<b>252,078</b>	170,976	163,383	161,622	162,258	160,544
Group equity as % of total assets	<b>30.8</b>	43.9	48.6	48.9	46.0	41.5
Net result as % of average Group equity	<b>4.8</b>	5.8	3.9	0.4	2.5	4.9
Cash flow (net result plus depreciation)	<b>14,843</b>	14,211	11,415	5,525	9,148	12,415
Number of employees at end of year	<b>2,619</b>	1,126	1,086	1,115	1,221	1,305
<b>Breakdown of sales in %</b>						
The Netherlands	<b>19.6</b>	23.0	21.6	23.3	20.4	20.9
Rest of Europe	<b>37.4</b>	43.1	34.8	36.2	36.2	36.4
Outside Europe	<b>43.0</b>	33.9	43.6	40.5	43.4	42.7



## Company profile

The Van Leeuwen Pipe and Tube Group is a globally operating trading company that specializes in steel pipes and pipe and tube applications. The company is headquartered in Zwijndrecht, the Netherlands, with 84 offices and warehouse locations in 33 countries in Europe, the Middle East, Asia, Australia and America. We offer a broad range of custom pipe and tube products and services using a worldwide network of stock-keeping branches.

Each day our 2,600 employees apply their specialist knowledge of sourcing, processing, project management, stock planning, distribution and logistics on behalf of customers in almost every conceivable market. Since its foundation in 1924, Van Leeuwen has always been 'more than tubes'. Our logistics network ensures that products and services are available anywhere in the world and customized wherever needed. The combination of global logistics and knowledge of products and customer applications makes Van Leeuwen a leading and specialized company in its markets.

## Van Leeuwen and Benteler Distribution

Van Leeuwen's strategy is to expand and improve its market position in various market segments and countries through acquisitions and autonomous growth. The addition of Benteler Distribution to the Van Leeuwen Pipe and Tube Group end of 2019, provides Van Leeuwen with an extensive distribution network in Europe, creating opportunities to expand Van Leeuwen's range of products, value added services and treatments for its customers.

The scale of the combined companies enables further development of innovative solutions for customers, optimized and specialized stocks with proximity to the customers, and investments in IT-supported customer interfaces and effective distribution.



### Strong partner and specialist

The international network, in combination with the service and experience of local specialists with knowledge of products and customer applications, makes Van Leeuwen a strong partner and specialist with cross-border knowledge and experience.

The company relies on an extensive, international network of suppliers. The geographical spread of the activities of Van Leeuwen creates robustness of the portfolio during times of economic downturn. Long-term continuity will always have priority over short-term profit.

### Extensive range of products and services

We provide a wide range of pipe and tube products and semi-finished products, technological knowledge and knowledge of applications, online applications, such as a certificates portal, and logistics services, including customer-dedicated stocks and mechanical treatments, such as laser and plasma cutting, bending, cutting and angular cutting, shot-blasting and red-leading. We offer technical and logistics expertise, segment-specific stocks and project management, and our extensive knowledge about steel types, ranging from high strength to super duplex.

### Active in almost every conceivable market

We serve cylinder manufacturers and producers in the transportation, automotive, mechanical engineering, agricultural machinery, and lifting and hoisting equipment sectors. We supply builders of steel structures, ships, bridges, stadiums and wind turbines. In the energy market, we serve the mid and downstream industry, such as oil and gas storage facilities, refineries, the petrochemical and chemical industries, gas processing facilities and water companies, as well as the suppliers to these industries. We supply companies involved in the conventional power generation, sustainable energy and hydroelectric power. We supply large pipeline projects for the transport of oil, gas and water. We also supply contractors involved in drilling and production platforms, floating production storage and offloading (FPSO) platforms and operators in the subsea segment.

# Report on 2019

**2019 was a transformational year for the Van Leeuwen Pipe and Tube Group. The acquisition of Benteler Distribution, which was closed at the end of November 2019, will double the company's total sales volume and asset base. This strategic acquisition provides Van Leeuwen access to additional key markets in Europe and contributes to our position as a globally operating leading distributor of pipe and tube materials. The financial results improved as compared to 2018, despite lower economic activity in the industry segment and one-off acquisition cost. Van Leeuwen's turnover increased 25% to € 787 million. The operating result improved almost 26% to € 17 million (2018: € 13.5 million). The net result increased to € 10.1 million (2018: € 9.7 million).**

Excluding the contribution of the acquisition of Benteler Distribution in 2019, Van Leeuwen's turnover increased 19% to € 750 million, the operating result improved to € 18.3 million and the net result increased to € 11.5 million.

## Market conditions and price developments

In line with our expectations, market demand and price developments in 2019 for most key product categories were less favorable than the previous year. In our industry segments, the total tonnage from stock was significantly below the total stock tonnage sold in 2018. The total level of demand in the construction and building segments in Europe was excellent throughout the year, but specifically the demand from customers in the equipment manufacturing segment slowed down towards the end of the year.

At the beginning of the year, business activity in the energy segments was slow, however this improved significantly in the second half of the year. Our worldwide project teams successfully executed large projects in North America, Asia and Europe. At year-end 2019, our project order book was at an equally high level in comparison to year-end 2018.

Due to gradually lower demand and overcapacity at manufacturers, material prices for carbon steel welded and seamless materials decreased throughout the year. The import quotas imposed by the European Union had only limited effect on price levels due to the decrease in overall demand. On the other hand, stainless steel material prices increased throughout the year due to the import restrictions imposed on Asian seamless pipe manufacturers, and long delivery times.

A further consolidation is likely to take place on the European steel market. Some pipe manufacturers are restructuring their operations, reducing capacity, or are trying to combine forces. A number of reputable pipe manufacturers have been put up for sale or are likely to close down in the near future.





## Worldwide trends

### Europe

Most of our European distribution companies showed positive results in 2019, but the total sales from stock were lower than previous year. Market activity during the first half of the year was at a good level but, demand in certain industry segments started to slow down later in the year.

In the Netherlands, Van Leeuwen Zwijndrecht and Van Leeuwen Precision benefited from their strong product portfolio in servicing a diverse customer portfolio. The project teams and export department of Van Leeuwen Zwijndrecht did particularly well and Van Leeuwen Zwijndrecht further strengthened its project capabilities with regard to the supply of large diameter pipes for the pipelines being installed by water companies. Van Leeuwen Stainless, a specialist in the distribution of stainless steel pipes, fittings and flanges, experienced increased distribution volumes throughout the year. Increased demand from food processing, chemical and petrochemical companies, combined with a focus on fast delivery from stock, had a positive effect on sales. Combulex, mainly active in the groundwork, road and construction segment, faced a significant decrease in demand, partly due to a number of environmental measures imposed by the Dutch government. In 2020, we will further integrate the operations of Combulex into the Van Leeuwen Zwijndrecht operations, thus creating a more cost efficient business model.

Our distribution companies in Belgium and France struggled as market demand dropped and material prices decreased. Large OEM's and customers in the fluid power and equipment manufacturing segments reduced their call-offs and changed their order pattern. For some of our companies, export markets either closed or provided only limited access due to sanctions. However, the project office in Paris made a significant contribution to the overall profitability of Van Leeuwen France. This office, part of the Global Project Organization within the Van Leeuwen Pipe and Tube Group, focuses on large oil majors and engineering companies in France, Spain and North Africa.

Ferrostaal Piping Supply, our company in Essen, Germany made a major contribution to the overall result of our companies in Europe. Acquired in early 2018, Ferrostaal Piping Supply focuses on large projects in the chemical and petrochemical segments in Germany, Austria and Central Europe, and also exports to countries outside Europe. Working closely with the other project offices in the Global Project Organization (Zwijndrecht, Paris and Houston), the team in Essen is able to handle complex product specifications and specific project requirements.

Notwithstanding the lack of clarity on Brexit, our company in the United Kingdom performed well in 2019 and significantly increased its total sales.

Van Leeuwen is one of the key distributors in the United Kingdom to customers in the fluid power and equipment manufacturing segments. Their stock range, product expertise and reliable delivery throughout the country are important success factors.

The Van Leeuwen companies in the Czech Republic, Slovakia and Poland showed stable distribution volumes, but the decreasing material prices had a negative effect on the bottom line. However, our customer base in the Czech Republic and Slovakia is still growing and the warehouse location in Vyškov plays a pivotal role in our distribution strategy for Central Europe. We will therefore further invest in warehouse and handling capacity to service an even larger group of customers.

### Pipeline Improvement Initiative (PII) project ExxonMobil

At the end of 2018 the large-scale PII-project was initiated in the United States under contract to ExxonMobil. In 2019, we deployed more than 1,800 trucks for the transport of the pipes to West Texas for the construction of a new pipeline in the Delaware Basin, over 750 kilometers away.

A project of this nature can only succeed when it is very carefully managed and when you have excellent relationships with reliable suppliers, partners and of course with the customer's project team.



## Outside Europe

The companies outside Europe, mainly active in the energy segment, performed well and project volumes boosted total turnover and the total tonnage sold.

Notwithstanding the positive result of the Van Leeuwen companies in the region, the markets in the Middle East did not show a significant upswing in market activity in 2019. Large investments in new oil and gas facilities continued to be at a low level. Towards the end of the year we reduced our stock-keeping facility in Dubai and decided to further streamline our organization. Thanks to a well-stocked orderbook at the end of 2019 and with a lower cost base, we expect the Van Leeuwen companies in Dubai, Abu Dhabi and Saudi Arabia to also achieve a positive result in 2020.

The Van Leeuwen companies in Asia did exceptionally well. Market demand in Singapore may not have been significantly different from previous years, but thanks to our Global Supply Agreement with ExxonMobil we supplied material to a range of projects and for MRO activities. Van Leeuwen Malaysia and Van Leeuwen Thailand further strengthened their market position by signing additional supply contracts with local petrochemical and oil and gas customers. Van Leeuwen Thailand managed to secure a large CAPEX project during the second half of the year, which will further improve its profitability in 2020.

Van Leeuwen Australia had an excellent year, despite difficult market conditions and downward pressure on material prices. From the network of branches in Sydney, Melbourne, Brisbane, Adelaide and Perth, we are able to offer customers a reliable supply of imported pipe material. Early 2019 we decided to further expand our warehouse facility in Sydney to provide a wider product portfolio to our customers. The extra 2,000 m<sup>2</sup> of warehouse space will be used to stock additional quantities of fluid power material and an extra range of carbon steel fittings and flanges.

## Van Leeuwen 40 years in Asia

In 2019 Van Leeuwen Singapore celebrated its 40th anniversary. From a two-man office in 1979, Van Leeuwen Singapore has grown into Van Leeuwen's largest stock-keeping distribution center in the Asia Pacific region. In 2004, at its 25th anniversary, Van Leeuwen Singapore received the Regional Headquarters Award from the Singapore Economic Development Board (EDB). Since then, Van Leeuwen further expanded and strengthened its network in the Asia Pacific region.

Van Leeuwen's Asia-Pacific network comprises thirteen locations in Singapore, China, Thailand, Malaysia, Indonesia and Australia. Van Leeuwen's regional headquarters in Singapore is also part of a global project organization within Van Leeuwen that combines knowledge and expertise of the global project teams in Asia Pacific, North America and Europe. As project management hub for the region, Van Leeuwen Singapore is able to service large, international engineering companies for complex CAPEX projects.



The cooperation between our project office in Houston and the teams of the Global Project Organization in Europe proved extremely beneficial in 2019. Van Leeuwen USA showed excellent results and contributed greatly to the overall result of the Group. The office in Houston focuses primarily on local engineering firms and fabricators for projects in the downstream segment, but is also part of an interdisciplinary team executing large scale pipeline orders for ExxonMobil.

In 2019, Van Leeuwen supplied large quantities of coated pipe material to various locations spread throughout the United States. Based on the Global Supply Agreement with ExxonMobil, Van Leeuwen will furthermore supply material to projects in Canada and the United Kingdom.

## Acquisition of Benteler Distribution

On 31 July 2019, the Van Leeuwen Pipe and Tube Group entered into an agreement to acquire Benteler Distribution, a division of Benteler International AG. Benteler Distribution is an international distribution company offering a full range of carbon and stainless steel tubes and customized services, operating in the mechanical engineering, automotive, energy, construction and ship-building industries. The acquisition closed on receipt of all necessary approvals from relevant regulatory authorities on 29 November 2019, marking a historic step in Van Leeuwen's 95-year history, underlining our ambition to be the leading company in our industry.

This strategic acquisition of Benteler Distribution provides Van Leeuwen access to additional key markets in Europe and contributes to our position as a leading distributor of pipe and tube materials, creating opportunities to expand our range of products, value added services and treatments for our customers. The scale of the combined companies will enable further development of innovative solutions for our customers. It also facilitates optimized and specialized stocks within proximity of our customers and investments in IT supported customer interfaces and effective distribution. With the acquisition of Benteler Distribution, approximately 1,600 employees in 59 locations, including storage facilities, across 24 countries were added to the Van Leeuwen Pipe and Tube Group. This addition significantly expanded Van Leeuwen's global presence, specifically in Germany, Switzerland, Scandinavia and Central Europe.

After closing the transaction at the end of November 2019, we started working on integrating the Benteler Distribution and Van Leeuwen organizations. We welcomed 1,600 new colleagues to our Van Leeuwen family. Their expertise, market knowledge and dedication are of great value to us.

Knowledge and ideas about business, products, solutions for customers, value added services, logistics solutions, project management and international distribution were exchanged between the professionals and teams of both companies. Experts in pipe and tube found each other and engaged in a joint effort to fulfill our internal slogan: making more together.

During 2020 a lot of effort will be devoted to building a single new company. Renaming of Benteler Distribution companies to Van Leeuwen companies and launching the Van Leeuwen brand on different markets and to customers have started. Integration of ICT systems, business processes and organizational structures is progressing.

With the acquisition the company will double its scale and size, creating possibilities to further invest in the development of systems, solutions and infrastructure that will offer our customers an even broader range of pipe and tube products and value added services. We will be a more attractive partner for our suppliers. For our staff and future workforce we will be an employer that offers great opportunities to work in a globally operating company with professional and specialized colleagues.

The 2019 profit and loss account includes Benteler Distribution's income and expenses from the closing date of 29 November 2019 until 31 December 2019.



## Improved result

The Van Leeuwen Pipe and Tube Group's consolidated net sales were € 787 million, an increase of 25% compared to the previous financial year. Out of the total sales, the industry segment contributed 47% (2018: 55%) and the energy segment 53% (2018: 45%). The total tonnage sold as compared to 2018 increased by almost 14%, but sales from stock decreased by more than 3%. Excluding the contribution of Benteler Distribution, the net sales and the total tonnage sold increased by 19% and 9% respectively, while the sales from stock decreased by 12%.

The operating result increased by 26% to € 17 million. This included a negative foreign currency effect of € 0.3 million. The average sales price (and cost) per ton was higher than in 2018. Total expenses increased by € 14.7 million to € 118.4 million. Most of the increase in operating expenses can be attributed to the full year effect of the Ferrostaal Piping Supply acquisition, which closed in May 2018 and the operating, acquisition and integration expenses of the Benteler Distribution companies (€ 10.6 million). In addition, one-off restructuring costs of € 0.5 million were included in the total expenses. In 2018, the one-off costs were € 0.2 million. The operating result was € 17 million, an increase of € 3.5 million compared to the previous year.

The tax charge of € 3.7 million (2018: € 2.2. million) is higher than last year. The 2018 tax charge includes a one-off benefit of € 0.9 million in relation to lower statutory tax rates affecting the deferred tax assets of the Group. The remaining tax increase is the result of the appropriation of results in countries with relatively higher tax rates.

The net result for 2019 was € 10.1 million, an increase of € 0.4 million compared to the previous year. In the 2019 profit and loss account, Benteler Distribution's contribution to the net result constituted a net loss after tax of € 1.4 million. Excluding this impact, the net result would have been € 11.5 million, an increase of € 1.8 million compared to last year.

The operating working capital increased to € 382 million, largely the result of the inventories and net trading working capital that was added as part of the Benteler Distribution acquisition, as well as higher in-transit-stocks for energy projects. Without the stock acquired from Benteler Distribution, the stock on hand decreased as a result of lower stock levels in response to lower sales volumes and shorter supply lead times.

The Benteler Distribution acquisition was recognized in the financial statements in accordance with the purchase accounting method.

As a result, the assets of the Van Leeuwen Pipe and Tube Group more than doubled. Of the acquired assets, inventories and fixed assets represent approximately 65%. Since the purchase consideration paid was below the net asset value, the acquisition resulted in a substantial negative goodwill, which is recorded under provisions.

In connection with the Benteler Distribution acquisition, the capitalization of the company changed. The funding of the acquisition was realized by means of an increase in shareholder equity and by using existing bank credit facilities. The net debt position increased from € 50 million to € 85 million.

The Group's equity increased by € 81 million to € 252 million. As a result of the amended capital structure, the solvency rate decreased to almost 31%. When correcting for the negative goodwill, the solvency would be in excess of 40%. The Van Leeuwen Pipe and Tube Group's cash position and bank facilities are adequate to meet the financing requirements.



## Developments within the organization

### Personnel developments

To achieve our strategic objectives we rely on a large team of professional and motivated employees, a high number with many years of experience and others with a youthful spirit and innovative strength. With their knowledge, experience and dedication our employees enable Van Leeuwen to provide added value in various ways throughout the entire process, from tube and pipe to final construction.

The acquisition of Benteler Distribution has more than doubled the number of employees, and has increased the number of countries in which we operate. Our presence in 33 countries, with 84 branches and 55 different nationalities, illustrates our international scope. The Van Leeuwen Pipe and Tube Group's total workforce currently consists of 2,619 employees. Women comprise 30% of the total workforce, men comprise 70%.

The bond among sister companies and the mutual exchange of knowledge and experience result in a joint effort that reaches beyond the individual operating company. Our organization is proud of the level of experience brought to the table by colleagues who have been part of the Van Leeuwen Pipe and Tube Group for many years.

We continue to invest in a substantive personnel policy focused on training, development and committing and captivating our employees. Apart from its care for customers, Van Leeuwen also demonstrates its corporate social responsibility by supporting various regional and local sports, cultural and charitable projects, and education.

### IT developments

In 2019, we took major steps in the further rollout of our new ERP system S/4 HANA. Key preparations for the Dutch branches in Deventer and Beesd were completed, with implementation to follow in 2020. This expansion represents another important step in the innovation of our European IT backbone. In the meantime further improvements were made in 2019, such as the implementation of barcode scanning at the branches in the United Kingdom and France.

Important steps were also made in the automated processing of orders, deliveries and invoices for customers, suppliers and carriers. These steps respond to the increasing demand by our partners to

exchange data with Van Leeuwen through means of EDI. By settling on standardized solutions we are able to quickly scale up, and the automated processing of data reduces the chance of errors.

Cybersecurity was and continues to be a key area of attention. Unfortunately, throughout the world there are more and more harmful attacks on computers, servers, mobile devices, electronic systems, networks and data. IT security consequently is an important area of attention. There is a constant focus on various security aspects, including anti-virus solutions, screening of incoming e-mail, and monitoring wide area network traffic. In addition, employee awareness is an important component in reducing risks.

An important project in 2020 is the integration of the former Benteler Distribution companies into the Van Leeuwen network. All branches will be migrated and included in the Van Leeuwen standard. This IT integration within Van Leeuwen lays the basis for further cooperation within Europe and beyond.



## Operations

To be able to further expand the services we provide to customers, Van Leeuwen is continuously developing its global network of stock locations, and service and treatment centers. We continuously invest in plant and machinery in support of our value added services. The optimization of stock management systems, customized services and logistics concepts helps us reach our customers faster and with a broader and better product portfolio.

To be able to effectively track developments relating to digitization and Industry 4.0 and to apply these to our logistics processes, we created a team of experts in the areas of operations research, logistics and digitization. This team is constantly busy identifying new possibilities and how these can be integrated into our operations.

A new logistics facility was commissioned at Van Leeuwen Zwijndrecht, the Netherlands, which makes the handling of incoming and outgoing flows far more efficient. A next step is to invest in the further optimization and automation of order processing.

To create space for expanding our product portfolio, as well as increase our dedicated customer inventories, warehouse space is being expanded at various locations throughout the world. An additional 2,000 m<sup>2</sup> warehouse was constructed in Sydney, Australia. This new facility will enable us to significantly expand our fittings and flanges product range. With this facility we will have warehouses in all five major cities in Australia, with a strong hub in Sydney.

## Quality, safety and sustainability

Our customers are confronted with increasingly stricter requirements relating to quality, safety and sustainability. These are areas to which Van Leeuwen devotes constant attention. Every year we set high quality standards for ourselves that are translated into objectives. We regularly monitor progress on the basis of Key Performance Indicators (KPIs) and internal audits. Quality awareness has a long history at Van Leeuwen. We have been working in accordance with the ISO standards for many years.

Benteler Distribution also uses an extensive, professional quality management system. In 2019, the ISO 9001:2015 recertification was successfully completed for 38 branches. In 2020, the ISO 9001:2015 certificates will first be migrated to a single certifying organization (LRQA). The two systems will then be integrated and combined into a single system based on the best practices of the two separate systems. The expansion to include the IATF certification, the quality standard for the automotive sector, in Slovakia demonstrates that the quality management system is adjusted to match the customer's needs.

Safety awareness among Van Leeuwen employees further increased this past year. We use a combination of safety surveillance rounds, life saving rules, toolbox meetings and safety alerts for this purpose. Because of the powerful effect of repetition, we regularly draw attention to the toolbox meetings and life saving rules. To bring training and knowledge to an even higher level, an e-learning pilot was started that is now being rolled out in the first branches. Our health and safety system, which is based on the Occupational Health and Safety Assessment Series standard (OHSAS 18001), and our active safety policy are producing good results.

We are also focusing on our environment. Following the acquisition of Benteler Distribution, we now have ten branches that are ISO 14001 certified. In 2020, with this environmental management standard within our company, we investigate how to further roll out this standard to other branches. We are also working on measures for our daily processes to reduce our impact on the environment. This involves measures such as minimizing the number of kilometers driven, investing in sustainable equipment and reducing energy consumption.

## New facility Kindlimann

An entirely new office and warehouse facility is being constructed for our new company Kindlimann in Switzerland, on an area of 44,000 m<sup>2</sup>. Naturally, the company itself will supply the tubes required for this building. In total over 200 tons of cold-rolled hollow profiles and round tubes of fixed lengths and miters, partially laser-treated.

This warehouse, that will be constructed in the municipality of Tobel-Tägerschen in 2020, has two highly automated 'honeycomb' systems and furthermore includes space for the robotized production of parts for the automotive industry. This new facility enables Kindlimann to operate even better and more efficiently on the market.



## Compliance

We devote a great deal of attention to complying with the increasingly wide-ranging domestic and international regulations. Compliance is a high priority for Van Leeuwen. Laws and regulations, such as competition law, privacy legislation, international sanctions, and import and other constraining measures: all applicable regulations are closely monitored, evaluated and applied within the organization. Internal procedures, training and auditing are key areas for attention in this respect.

Our Code of Conduct clearly sets out our principles relating to the attitude and behavior of our employees. This information is provided and explained to each employee on joining the company. In November 2019, a renewed version of the Code of Conduct was introduced at Van Leeuwen. This Code was also made available to and brought to the attention of the new Benteler Distribution colleagues via the intranet. Last year, no code of conduct incidents were reported to the Code of Conduct Compliance Committee.

## Strategy

Van Leeuwen's strategy is focused on expanding and improving its market position in various market segments and countries through acquisitions and autonomous growth. The addition of Benteler Distribution to the Van Leeuwen Pipe and Tube Group strengthens Van Leeuwen's distribution network in Europe with a broader product range and a larger offer of value added services and treatments for customers.

The integration of Van Leeuwen and Benteler Distribution facilitates the further development of innovative solutions for customers, such as optimized and specialized stocks close to the customer, investments in IT supported customer interfaces and effective distribution solutions.

Over the coming years our attention will be focused on innovative solutions for our customers and on storage, distribution and logistics. In addition to the further optimization of our handling systems in our warehouses and production facilities, our attention especially will focus on the ease of doing business with Van Leeuwen. Key in this respect is the integration of our systems with the systems of our customers and suppliers, for example through the further application of EDI. Optimizing the connection and cooperation among different branches in our network is a focal point in this regard. A strong and integrated network offers our customers even greater proximity and a broader package of products and services.

Comprehensive solutions, including custom treatments according to the customer's wishes, are expected to play an important role in the industry market. In the energy market, our globally operating acquisition and implementation teams are an important means of offering customers our extensive knowledge of procurement, project management, project storage and treatments.



## Evides drinking water project

In 2019, the Evides water company expanded the storage capacity for drinking water production in the southern Netherlands. The expansion was deemed necessary for various reasons, including climate change and water fluctuations. Van Leeuwen Zwijndrecht supplied 297 huge pipes for this Evides Pipeline Project in the Biesbosch region. "This was quite a challenge, especially from a logistics perspective," says Frits Veraa, Commercial Director Van Leeuwen Stainless. The pipes we supplied have a cross-section of 2.14 meters (84 inches), a wall thickness of 22 and 25 mm, are 12 and 17 meters in length, and weigh 21 tons.

The pipes were produced in Spain and transported to the Netherlands, where they were welded together. Next, they were transported on pontoons to the storage reservoirs in the Biesbosch nature conservation area to realize the pipeline here. Frits: "Due to our technical and logistics expertise and our storage sites adjacent to the water, Van Leeuwen was able to meet the customer's specific requirements. In addition, the close working relationships with the customer, the contractor, the carrier and internal colleagues were key in bringing this project to a successful conclusion."

## Outlook

With the addition of the Benteler Distribution activities to our network, the Van Leeuwen Pipe and Tube Group improved its position as a leading global distributor of pipe and tube material. The unrivalled global network of people with knowledge and expertise offers our customers a broad range of products and services. Further optimization of our network and systems will take place in the near future. The family-owned company offers its employees possibilities and opportunities to further develop their skills and expertise, and to deploy their talents on a local basis or a worldwide scale.

In line with developments in the second half of 2019, we expect market circumstances in the industry segments to be less favorable in 2020. No immediate recovery of sales volumes, specifically in Europe, nor significant increases of steel prices are expected. Thanks to our current order book, we are more positive about our activities in the energy segment. The recent oil price developments, however, are of concern and may affect future, large investments in the oil and gas industry towards the end of 2020.

While the COVID-19 pandemic will not influence the 2019 financial statements, the 2020 financial performance of the company will certainly be affected. Expectations have been lowered by the corona virus outbreak, that spread rapidly in the first quarter of 2020. Whereas the effect was initially limited to the Asian region, shortly thereafter the effects also became visible in most of the world and therefore our entire company. It is not possible at this moment to fully quantify the full extent and duration of this unprecedented global event. While it is clear that our financial results in the second and third quarter of 2020 will be negatively impacted, it is not possible at this moment to assess the full impact.

In addition to our risk mitigation measures, such as credit insurance, further measures have been taken with a focus on protecting our people's safety and health and the company's assets, profitability and continuity. Most likely, these measures will not be sufficient to fully offset the negative impact of this global event on our profitability.

We remain positive about the future of the company, however, considering our global presence and asset base and solid financial position. The transformational acquisition in 2019 is a historic event for our company and offers a great number of opportunities for the future. The effects of the COVID-19 crisis will no doubt have serious effects on the pace and scale of the steps forward. However, we rely on the resilience and strong structure of our worldwide company and first and foremost on the creativity, dedication and the fighting spirit of our management and employees.

Zwijndrecht, the Netherlands, 23 April 2020

Management Board  
P.L. Rietberg (Chairman)  
J.M. Sassen





## Consolidated profit and loss account

(amounts x 1,000 Euro)

	2019	2018
<b>Net sales</b>	787,669	629,527
Miscellaneous income	-	1,654
Cost of sales	-652,312	-513,947
<b>Gross margin on sales</b>	<b>135,357</b>	117,234
Personnel expenses	-78,098	-68,532
Depreciation and amortization	-4,779	-4,502
Other expenses	-35,477	-30,652
<b>Total expenses</b>	<b>-118,354</b>	-103,686
<b>Operating result</b>	<b>17,003</b>	13,548
Interest income	273	52
Interest charges	-3,623	-1,647
<b>Net financial income and expenses</b>	<b>-3,350</b>	-1,595
<b>Result from ordinary activities before tax</b>	<b>13,653</b>	11,953
Tax on result from ordinary activities	-3,664	-2,244
Result from participating interests	75	-
<b>Net result after taxes</b>	<b>10,064</b>	9,709

- Operational results of Benteler Distribution included from the acquisition date (29 November 2019) onwards.
- Higher operational expenses as an effect of Benteler Distribution operational expenses, as well as full year effect of Ferrostaal Piping Supply.
- Net profit excluding negative impact of Benteler Distribution acquisition € 11.5 million.

## Consolidated balance sheet

(before appropriation of profit, amounts x 1,000 Euro)

Assets	31-12-2019	31-12-2018	Liabilities	31-12-2019	31-12-2018
<b>Fixed assets</b>			<b>Group equity</b>	<b>252,078</b>	<b>170,976</b>
Intangible fixed assets	3,451	2,703	<b>Provisions</b>		
<b>Tangible fixed assets</b>			Pensions	67,603	9,432
Land and buildings	77,782	20,656	Deferred taxes	11,628	3,121
Plant and machinery	34,089	4,736	Negative goodwill	81,079	
Assets under construction	21,849	-	Other provisions	14,872	11,929
Other fixed assets	8,619	3,195	<b>Total provisions</b>	<b>175,182</b>	<b>24,482</b>
	<b>142,339</b>	<b>28,587</b>	<b>Long term liabilities</b>	<b>11,883</b>	<b>11,000</b>
<b>Financial fixed assets</b>	<b>11,270</b>	<b>-</b>	<b>Current liabilities</b>		
<b>Total fixed assets</b>	<b>157,060</b>	<b>31,290</b>	Debts to credit institutions	135,778	62,530
<b>Current assets</b>			Trade accounts payable and trade credits	180,733	88,065
Inventories	335,527	167,121	Taxes and social security	18,149	11,629
<b>Receivables</b>			Accrued liabilities	26,262	16,947
Trade accounts receivable	227,006	127,535	Other liabilities	17,256	3,797
Tax receivable	10,335	8,932	<b>Total current liabilities</b>	<b>378,178</b>	<b>182,968</b>
Other receivables	17,785	23,422			
Prepayments and accrued income	8,127	7,753			
<b>Total receivables</b>	<b>263,253</b>	<b>167,642</b>			
<b>Cash</b>	<b>61,481</b>	<b>23,373</b>			
<b>Total current assets</b>	<b>660,261</b>	<b>358,136</b>			
<b>Total assets</b>	<b>817,321</b>	<b>389,426</b>	<b>Total Group equity and liabilities</b>	<b>817,321</b>	<b>389,426</b>

- The total assets doubled following the Benteler Distribution acquisition.
- Capital structure amended via an increase of Group Equity by way of capital injection and higher use of existing debt facilities.
- Solvency and liquidity position of the company remain strong. The negative goodwill realized in the Benteler Distribution transaction will be released as future profits, further bolstering the company's financial ratio's.

## Milestones 2019

Van Leeuwen Zwijndrecht and Beesd teams receive a Supplier Reward Letter from ExxonMobil for their excellent performance.

1 February 2019



First shipment of huge pipes arrives for the Evides Biesbosch water storage project.

26 February 2019



Van Leeuwen Zwijndrecht books a large order for a turnaround project of BP Refineries in Rotterdam.

4 March 2019



15 April 2019

Van Leeuwen Zwijndrecht supplies materials for 36 new traffic sign gantries.



23 May 2019

Celebration of Van Leeuwen's 40 years presence in Asia.

## Milestones 2019

For the second time Van Leeuwen organizes the European Beach Volleyball Tournament.

15 June 2019



11 December 2019

The largest project in Van Leeuwen Thailand's history is booked with SPCC, a joint venture between Saipem and CTCI.

In Zwijndrecht, the Netherlands the new logistics facility 'Swinpoort' is officially opened.

1 November 2019



December 2019

The new warehouse in Sydney, Australia is put into operation.

In Brussels, Belgium the new fully-automatic KASTotec FC4 sawing machine is put into operation at Wauters.

21 November



2019

Throughout the year deliveries are made for the ExxonMobil PII project.

## Acquisition Benteler Distribution



In 2019, the Van Leeuwen Pipe and Tube Group acquired Benteler Distribution, a division of Benteler International AG with an annual turnover of about 750 million Euro (2018).

This strategic acquisition provides Van Leeuwen access to additional key markets in Europe, and contributes to improving its position as a leading distributor of pipe and tube materials in Europe.



31 July 2019

Van Leeuwen signs the agreement to acquire Benteler Distribution.



29 November 2019

Van Leeuwen successfully completes the acquisition of Benteler Distribution.



2 and 3 December 2019

European management of Van Leeuwen and Benteler Distribution get acquainted during the Together Days in Zwijndrecht, the Netherlands.



December 2019

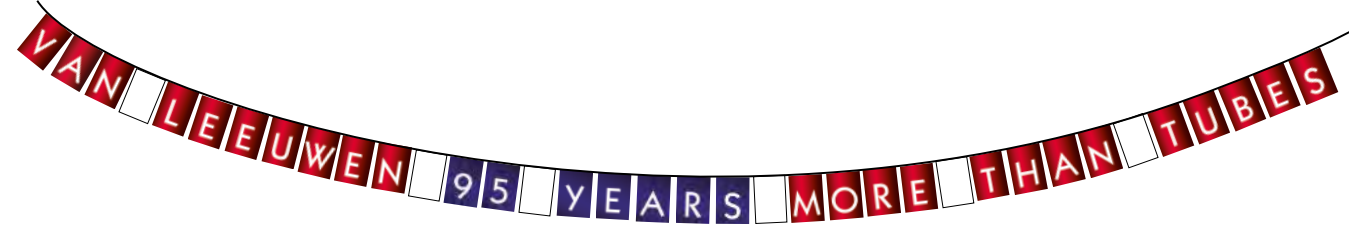
Early December, 'Making More Together' Onboarding Sessions are held at all locations of Benteler Distribution and Van Leeuwen worldwide. Employees are further informed about two great companies joining forces.



12 December 2019

Van Leeuwen wins the M&A Award Best Deal Mid-Market for its acquisition of Benteler Distribution.

# Van Leeuwen 95 years



In 2019, Van Leeuwen celebrated its 95th anniversary. This was commemorated in several ways. Van Leeuwen organized events for customers in the Netherlands, for instance a demo day in Ulft and a Van Leeuwen Race Experience in Zandvoort.

All employees worldwide received a party package with streamers, balloons, hats and confetti to decorate their own location, and for a photo and film contest. On November 8, a staff party was held in the warehouse of Zwijndrecht. The founding day, November 12, has been declared Day of the Steel Tube.

24 May 2019



For its customers Van Leeuwen organizes the Van Leeuwen Race Experience on Circuit Zandvoort's racetrack.

8 November 2019



Van Leeuwen celebrates its 95th anniversary with a party in Zwijndrecht, the Netherlands.

8 November 2019



At the celebration of the 95th anniversary of Van Leeuwen, a bust of Mr. Clarinus Rietberg (1927-2018), former chairman of the Board of Directors, is unveiled by his grandchildren at Van Leeuwen's headquarters. The bust was made by artist Kees Verkade (1941).



12 November 2019

The photo contest with streamers, balloons, hats and confetti yields creative results. The winners are announced on 12 November, Van Leeuwen's founding day.

‘The investments in standardizing processes have resulted in a significant efficiency improvement.’

### Van Leeuwen Germany

The beating heart of the logistics chain of Benteler Distribution Deutschland, since mid-April 2020 known as Van Leeuwen Deutschland GmbH & Co. KG, is the large highest automated shelf system in its central warehouse in Duisburg. The biggest benefit of having Benteler form part of the Van Leeuwen group is that customers now have access to a much larger product portfolio. For example, any products that are not available in Duisburg can quickly be supplied by other companies within the Group.

#### Thorsten Müller, Managing Director Van Leeuwen Germany:

‘We invested heavily in our logistics capabilities in recent years. We acquired new machines and increased order picking speeds, as well as the quality of our treatments. The investments in standardizing processes have resulted in a significant efficiency improvement. We see a 100 percent error-free production and delivery process as our vision, and by learning every day we continue to approach this goal.’

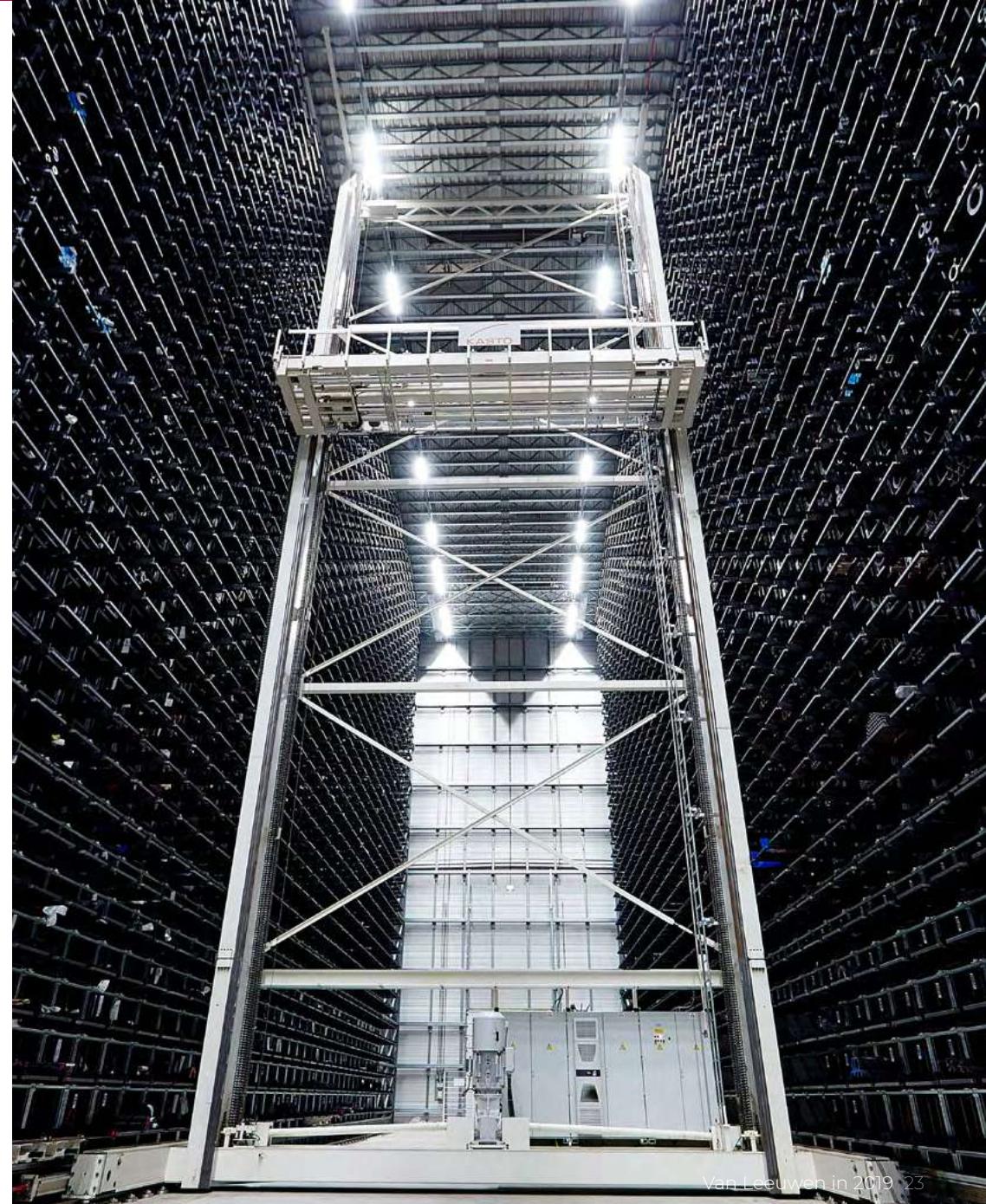
#### Andreas Schmidt, Managing Director Van Leeuwen Germany:

‘We look after the entire supply chain. We acquire the pipes from Italy and they are treated in the Czech Republic under our auspices: cutting, bending, coating and packaging. Next, we look after the transport to the customer in Germany. We therefore assume responsibility for the entire chain and ensure that the customer receives the load just-in-time. This way we more than realize the slogan *more than tubes!*’

#### Van Leeuwen Press Fitting System (PreFis)

##### Kevin Haase, Sales Director Van Leeuwen Germany:

‘PreFis is a metallic sealing tube connection system suitable for high pressure applications. Today we are concentrating on high pressure water mist (HPWM) fire-fighting systems. But PreFis can also be used in other markets, such as oil and gas, chemistry or the food industry. In 90 percent of incidents, fires are still controlled applying low pressure systems. Only 10 percent involves the use of high pressure. PreFis is the future tube connecting system of fire fighting.’



## Van Leeuwen United Kingdom

Van Leeuwen Limited and Benteler Distribution Limited collectively make up Van Leeuwen United Kingdom since the end of April 2020. Van Leeuwen United Kingdom currently has nine branches spread across Great Britain and Ireland, as a result of which we are even closer to the customer. Furthermore this has made Van Leeuwen United Kingdom a market leader in hydraulic pipelines, chrome-plated bars, hydraulic cylinder tubes and mechanical tubes, with a leading market position in pipes, fittings and flanges for the petrochemical industry.

### Bob Heath, Managing Director Van Leeuwen United Kingdom:

'I have worked in the industry market for a long time and Van Leeuwen always was one of our biggest competitors. All of a sudden we now are working side by side. Everyone within the company is very positive about the two companies joining forces. There is a great deal of mutual respect and everyone sees the benefits. I believe that the employees of 'the old' Van Leeuwen are a bit more entrepreneurial and are already used to having more freedom for making their own decisions. This is refreshing and inspiring. Together we have more insight into the markets we serve and we have more financial clout to invest in new segments.'

### Kris Bowling, Managing Director Van Leeuwen United Kingdom:

'Although Van Leeuwen Limited and Benteler Distribution Limited operated in the same industrial markets, we did not have many customers in common due to our specific product ranges. To each of these customers, who had account managers from the separate entities due to the merger, we submitted a proposal indicating who we thought should continue to be their main point of contact moving forward. Our customers responded very positively to this initiative. Together we are more versatile. We are better able to respond to changing markets and customer needs. Together we are stronger.'

'Together we are more versatile. We are better able to respond to changing markets and customer needs.'





## Kindlimann, Switzerland

With the acquisition of Benteler Distribution, Kindlimann also became part of Van Leeuwen. This leading Swiss steel service provider supplies numerous custom-made tube solutions for customers in the construction, machine building, automotive and chemical industries. The company offers many different types of tube processing, such as cutting, heat and surface treatments, galvanization, laser cutting and coatings.

### Pirmin Helbling, Managing Director of Kindlimann:

'The integration of Van Leeuwen and Benteler Distribution and the resulting increase in scale are creating new business opportunities throughout the world. Van Leeuwen is number one in the projects business, while Benteler Distribution is strong in tube processing. By sharing and exploiting one another's knowledge, combining purchasing knowledge and volume, and better geographic coverage, we are able to serve customers even better.'

### Roger Gähler, Managing Director of Kindlimann:

'In 2019, Kindlimann was involved in various projects, including the construction of THE CIRCLE. With a surface area of 180,000 m<sup>2</sup> it is the largest project in Switzerland. For the construction of this Center, located at Zürich Airport, with various facilities such as office space, hotels, hospitals, shopping centers, restaurants and banks, Kindlimann supplied tubes and tube components for the energy supply and heat and cold energy systems throughout the entire Center.'

### Thomas Kiessner, Head of Automotive Kindlimann:

'Over the past ten years, our company has evolved into a niche supplier in the automotive industry. We do not keep any standard stocks for this sector, but, together with the customer, look for the best custom-made solution for each project. Kindlimann offers a 100 percent delivery guarantee, stable, safe and customer-oriented processes, a zero-error strategy and the highest quality standards relating to purchasing, sales, work planning, production and logistics.'

'Van Leeuwen is number one in the projects business, while Benteler Distribution is strong in tube processing.'



## Heléns, Sweden

With the acquisition of Benteler Distribution, the Swedish family business Heléns Rör also became part of Van Leeuwen. The almost 100-year-old company Heléns is a strong player in the steel tube and bar distribution in Scandinavia. The company has sales offices in Scandinavia and the Baltic States. With ThyssenKrupp, Heléns has a joint venture in Finland (Polarputki).

Customers in the mechanical and automotive industries collectively represent approximately 55 percent of its sales. In addition, Heléns operates in the process segment of the energy market. The company supplies for projects for pulp and paper, mining, chemical industries and power plants, amongst others. The company also supplies products for the construction and furniture industries.

### Eva Täljegård, Regional Director Heléns:

'Heléns and Van Leeuwen have a lot in common. We too are a company with a long history and a great deal of knowledge of products and logistics. Furthermore, we are also known for our perseverance and entrepreneurship. Joining Van Leeuwen strengthens our already strong international network in our efforts to create optimal and efficient solutions for all our customers. Furthermore, Van Leeuwen is very strong in managing international projects. In turn, we have a great deal of knowledge and experience concerning the pulp and paper industry. By combining our knowledge and strengths, we will be able to do more projects together.'

### Emil Nilsson, Strategic Business Development Manager at Heléns:

Emil Nilsson, Strategic Business Development Manager at Heléns, explains that the partnership with Volvo provides an excellent overview of what a partnership means at Heléns. 'We have been working closely together with Volvo for 25 years, and are involved by the customer from the start of the drawing process. We supply a total of approximately 250 components/modules to Volvo. Because every component is custom-made, effective cooperation with suppliers is essential. We invest a great deal in this as well.'



'We have been working closely together with Volvo for 25 years, and are involved by the customer from the start of the drawing process.'

### Van Leeuwen Asia

Van Leeuwen's Asia-Pacific network includes thirteen branches in Singapore, China, Thailand, Malaysia, Indonesia and Australia. With stock locations in Singapore, Malaysia (Kulai), Thailand (Bangkok and Chonburi), Indonesia (Jakarta) and Australia (Sydney, Melbourne, Adelaide, Perth and Brisbane), Van Leeuwen supplies a broad range of products to many customers in various energy segments. Van Leeuwen Southeast Asia has had a successful year. Especially the branches in Malaysia and Thailand achieved excellent results in 2019.

**Ruud Langeveld, Regional Managing Director, Van Leeuwen Southeast Asia:**

'Our business especially revolves around excellent relationships and strong partnerships with customers and suppliers. This was clearly evident in the projects we acquired in 2019, such as the CRISP Project in Singapore for an ExxonMobil contractor. This supply chain management project of the highest order included the organization and storage, management and just-in-time delivery of approximately 10,000 tons of PFF materials sourced from more than 25 different suppliers.

Another great project was an order for the Wheatstone LNG project in Northwest Australia. The Wheatstone contractor placed an order for approximately six kilometers of polypropylene coated pipes for the transport of corrosive substances. The Van Leeuwen Australia colleagues had an excellent relation with the customer and the logistical knowledge to be able to supply the tubes. Van Leeuwen Singapore provided the quality control and project management to the supplier. This way, through excellent cooperation, Van Leeuwen was able to offer the best of our in-house capabilities and competencies.'

**Fenti Kertasari, Managing Director Van Leeuwen Distribution Indonesia:**

'I am convinced that Van Leeuwen Distribution Indonesia can make a valuable contribution to the trade and services of Van Leeuwen in Southeast Asia. We have a strong local network, extensive specialist knowledge and a highly committed and driven team. Where necessary, we make – worldwide – use of one another's expertise. Colleagues all work the same way at Van Leeuwen. With confidence and pleasure I am therefore looking forward to our continued cooperation in the future.'

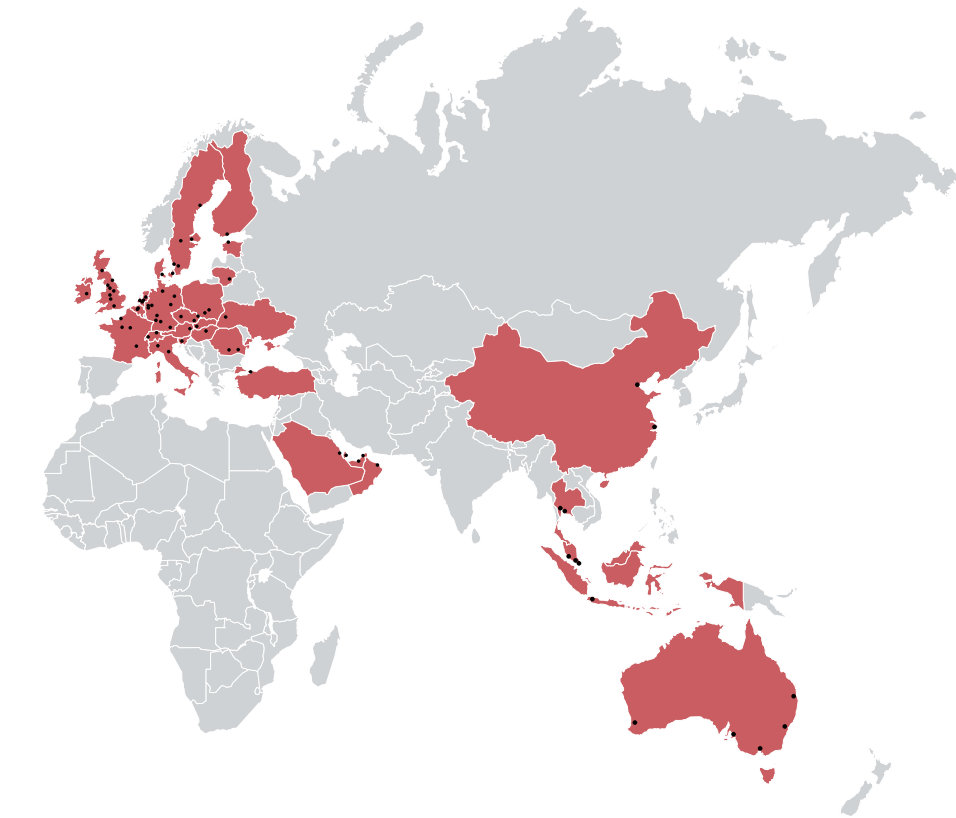


'Through excellent cooperation between colleagues from Australia and Singapore, Van Leeuwen offered the best of our in-house capabilities and competencies.'



**North America**

Canada  
United States



**Europe**

The Netherlands  
Belgium  
Germany  
Austria  
France  
United Kingdom  
Ireland  
Denmark  
Finland  
Sweden  
Estonia  
Lithuania  
Italy  
Switzerland  
Poland  
Romania  
Czech Republic  
Slovenia  
Slovakia  
Hungary  
Ukraine  
Turkey

**Middle East**

United Arab Emirates  
Qatar  
Saudi Arabia  
Oman

**Asia/Australia**

Singapore  
Malaysia  
Thailand  
Indonesia  
China  
Australia

Countries	<b>33</b>
Offices and warehouses	<b>84</b>
Available storage area	<b>760,000 m<sup>2</sup></b>
Different items in stock	<b>200,000</b>
Employees	<b>2,619</b> (M 70%, F 30%)
Nationalities	<b>55</b>



*From left to right: Stefan Dijkers, Torsten Beer, Maureen van Engelen, Peter Rietberg, Hans Weerstra, Joop Sassen.*

### Supervisory Board

**J.H.R. Kretzers, Chairman**  
**J.C. Breen**  
**T.J.G. Collot d'Escury**  
**K.P. den Hartogh**  
**R.J. Lamé, Chairman Audit Committee**  
**C.C.Th. Rietberg**

### Management Board and Executive Board

**P.L. Rietberg, Chairman of the Management Board**  
Strategy, long-term policy, growth and acquisitions; Legal; Corporate Communications

**J.M. Sassen, Member of the Management Board and CEO**  
Nordics, Germany, Switzerland and Australia;  
Commercial Excellence

**S.E. Dijkers, Member of the Executive Board and CFO**  
Finance, IT and Compliance

**M.A.L.W.J. van Engelen, Member of the Executive Board**  
The Netherlands; Corporate HR and Organization

**T.O. Beer, Member of the Executive Board**  
Central and Eastern Europe, United Kingdom and Italy;  
Supply Chain, Operations, Production and QSEH

**J.F. Weerstra, Member of the Executive Board**  
Belgium, France, Asia, Middle East, North America and Turkey;  
Global Project Organization and Procurement

Corporate film



Online version



[www.vanleeuwen-report.com](http://www.vanleeuwen-report.com)



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More than tubes.

International Network

Distribution Expertise

Worldwide Stocks

Customized Services

Global Sourcing

Project Management