



THOMAS CONCRETE GROUP

HANS

KARLANDER

CHIEF EXECUTIVE OFFICER

With more than 60 years of history, Thomas Concrete Group has a strong focus on environmental responsibility. The company, still owned by the Thomas family, operates in the US, Germany, Sweden, Poland and Norway.

Hans Karlander, CEO of Thomas Concrete Group, gave an exclusive interview to CemWeek Magazine to discuss topics such as the company's main economic challenges, new markets and new plants, as well as its sustainability practices

Q: Thomas Concrete Group is a company with more than 60 years of market. Nowadays, how do you describe the role and the main focus of the group?

A: We are a family-owned international Group doing business in a very competitive and cyclical market. Hence, we need to be better than the large global stock market companies mainly focusing on their raw material business and seeing ready-mix concrete as a channel. We also need to be better than the small local ready-mix companies that we compete with. In short, we have to be as efficient and professional as the large and as flexible and entrepreneurial as the small.

Firstly, we are working hard on improving our profitability so that we can continue reinvesting in e.g. plants, trucks, people, repairs and maintenance. Reinvestments that we were not able to do during the very challenging years, after the financial crisis in 2008.

Secondly, we are building one team and one Group, supporting and inspiring each other and learning from each other. We believe we are better off for the future if we stick together and make sure that we continue to run and serve our customers locally but make use of the competence, financial robustness and sharing costs between plants, regions and countries. We look upon ourselves as team Thomas.

Thirdly, we are investing a lot of time and efforts in building a stronger customer focus in the entire organization. We are a non-integrated Group, and independent from the raw material suppliers

and independent from the contracting companies. Hence, we need to be great in customer service and in communicating our product offer.

Q: During the last two years, sales have increased by over 50 percent. What is the secret of Thomas Concrete to have grown so fast?

A: There are no secrets

“ I believe we have highly competent and knowledgeable people in team Thomas ”

Our vision is to be perceived as the best in our industry. Every day we have to earn our customers' faith and earn the reputation of us being the concrete specialists.

Our main focus in the group can be divided in three areas;





really. During many years, we have had a long-term perspective to our business and we are carefully investing in areas we believe are important to the Group for the future. All of us in the company have an ambition to every day serve customers in the best way possible. We have high-quality products and reliable services, and I think that our customers see and appreciate that we are a very committed team.

“ **The construction market in Sweden is relatively strong right now** ”

I believe we have highly competent and knowledgeable people in team Thomas and there is a lot of passion and engagement in what we do. This is very important for any company that wants to be successful, independent of size. You know, sometimes

the simple things of business can be forgotten if companies grow from being a small little shop around the corner to being a large global stock market company. Regardless of size, you will have to think long term, have engaged people and satisfied customers.

We are on an inspiring journey of developing our Group for the future. Many and very good activities have been done during the last few years and today we are acting in a more modern way. In spring 2015, we launched a brand development project. Today we have the same name and brand identity in all our companies. This has given an internal injection of energy and boost, to continue moving forward and developing our way of doing business.

At the same time, we have to be humble and admit that the construction market is significantly better today than a few years ago. The combination of a growing market and the very many improvements done and ongoing is a good blend.

Q: How do you describe the ready-mixed concrete market in Sweden?

A: Generally the ready-mix market in Sweden has been dominated by one of the big global raw-material companies also running ready-mix and the two largest contractors that also have their own ready-mix company. We are the only independent company that is of the same size as they are. Compared to other countries, there are also very few suppliers of cement in Sweden. So it is easy to conclude that our company has a challenging industrial position. We compete with our main supplier and at the same time we compete with two of our biggest customers. So for us there is no option, we have to be perceived as the best in our industry.

The construction market in Sweden is relatively strong right now. The residential sector has grown and also infrastructure projects are substantially more frequent than a couple of years ago. However, the competition in the ready-mix concrete market is tough and the margins are fragile.

Sustainability and environmental aspects are high up on the agenda in Sweden, as in most countries around the world. We as an industry have to take a bigger



responsibility and improve our way of working in order to become more environmentally friendly. But it also means that the concrete companies in Sweden need to be better in explaining the advantages of e.g. ready-mixed and pre-casted concrete vs wood. I would say that concrete is widely sustainable. It is a proven and natural, beautiful and creative material. Concrete absorbs CO2, it is 100% recyclable, strong and durable and it is locally produced. On top of that, it does not burn and it does not mold. I think the political direction and media coverage in Sweden today do not give a relevant and fully true picture of what ready-mix concrete actually stands for. In residential construction every material should be used for its own merits, not because of political decisions or political guidance based upon questionable facts.

Q: Thomas Concrete Group operates a total of 147 plants and is the largest independent supplier of ready-mixed concrete in its

markets. Most of the group's plants are located in Europe, so what are the expectations for the European market?

A: Well, Europe is a big and complex market. Whereas many countries in southern Europe were hit badly in the financial crisis in 2008, the northern countries have been in quite good shape the last few years. Therefore, the construction market has been very different from south to north.

“ I would say that concrete is widely sustainable ”

The political arena in many of the European countries has changed a lot during the last few years. Brexit has caused many concerns and the results of several national elections have been a surprise to many. However, I believe that the European economy, despite the difficulties, is on the right way and also most statistics show this. Actually, for our company, I am more concerned about what happens outside Europe and what the implications this might have on the overall European market, since much of the European business is linked to export. In the near future, we expect our business in Sweden, Germany and Norway to develop in a relatively positive way. But unfortunately we forecast that our business in Poland will continue to struggle also during the autumn.

Q: In 2015, Thomas Concrete Group acquired assets of Coastal Concrete in an American company and in 2016 purchased three more concrete plants in North and South Carolina. How did operations in the US fit strategically into the company?

A: We have been in the US since 1985 and the overall strategy is the same today as it was at that point. As a family-owned Group we believe it's good to be in two continents in order to split opportunities and risks. From a risk point of view, maybe it was more important a few years ago since the world nowadays is tighter together and market development is more linked. Still, we strongly believe it is a strategic advantage to be in the USA and Europe.

The acquisitions made recently in the USA have all been natural bolt on plants, expanding our rings that we already serve. So it gives us a greater possibility to serve our customers in the south east. We have our main office and most administration in Atlanta for the USA market and by growing our size and volumes we increase efficiency and can reduce our costs per yard further.

I hope that our customers in the USA perceive us as a local American company and with the robustness and competence of an international Group.

Q: Sustainability is an increasingly relevant concern for the industry. Several articles mention that the ecological characteristics of concrete make it a construction material of choice for that purpose. As a company in the sector, how does sustainability fit into your vision?

A: Sustainability is and has been important to

Thomas Concrete Group since a long time. Safety and health of everyone in team Thomas is crucial. It goes without saying that, since the company was established in 1955, we have shown great care for the people in the team and what is commonly known as human rights. As a Swedish Group, this is something we take for granted, but also realize that we have to continue to nurture and work towards.



The environmental aspects of sustainability are clearly part of our strategy



The environmental aspects of sustainability are clearly part of our strategy. Our internal mission statement is “to be the closest to our customers and together actively contribute to building a sustainable society”. I think this says very clearly what we see as our task.

We continuously develop our product offer to become more environmentally friendly. In the USA, we are e.g. offering our customers “Thomagreen”, a unique ready-mixed product produced with CarbonCure

technology. By the end of 2016, over 1000 tons of CO2 had been prevented from affecting the environment with the help of Thomagreen. In Sweden, we e.g. launched a unique pre-casted product for double walls “Thomas Miljöstomme” (Thomas environmental frame) with 30% lower CO2 effects compared to ordinary pre-casted walls.

We are continuously working to reduce our use of fresh water and fossil fuel. In several regions we let our drivers take lessons in eco-driving. Every day we strive hard to recycle concrete residues and waste water in order to gain a circular economy on our raw materials.

So for us, sustainability is not only about our vision but rather how, step by step, we can become better and help our customers improve. Showing that we care, for us people and for the environment, is crucial.

Q: What are the main expectations that Thomas Concrete Group has for the industry in North America?

A: Our expectations are high. As most players in the American construction industry we had very tough times during several years, after the massive downturn in 2008. The market is now much stronger and volumes are growing. During the tough years we did not have the possibility to invest enough in e.g. people, plants and trucks. But we decided to stay in the market and make the best out of the situation.

Now, it is imperative that we use the fruits of the recovering market to reinvest and build for the future. Internally, we are talking about responsible growth and making us, as a team, stronger than ever before, so that we are prepared when the market potentially gets softer. It is unfortunately not a question of if, but when, the next downturn comes. But right now the construction industry and ready-mix market in the USA look very positive and the forecasts are promising. 

