

METALS CONSULTING INTERNATIONAL LIMITED

Independent Consulting Services
to the Central & East European
Metals Industry



January 2010

OUR SERVICES

Metals Consulting International Limited (MCI) offers clients independent, professional consulting services relating to the metals industries in Central & Eastern Europe. The advisory or support services include:

- **MCI's core services:** Assistance with due-diligence, privatisation, restructuring, modernisation, strategy formulation, business planning, performance turnaround and profit improvement.
- **MCI additional services:** Assistance with partner search, acquisition appraisal, forecasting, metals market studies, staff training, and executive search and selection.

To provide these services, MCI's Consultants and Associates draw upon:

- A long-standing history of working in the Central & East European metals sector;
- Hands-on experience in strategy, and in work on market, technical, environmental, and financial issues;
- A contact network that spans most of the metals industry in Central & Eastern Europe, including Poland, the Czech & Slovak Republics and Hungary in particular.

OUR EXPERIENCE

During the course of the last 15 years MCI's consulting professionals have worked for a wide range of clients including national Governments, Government bodies, the European Commission, the World Bank, the EBRD, private sector banks, actual and potential metals company buyers and sellers, and metals companies themselves.

This work has centred on steel and metals businesses in Bulgaria, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, Turkey and the former Yugoslavia. MCI's Consultants also have significant industry experience from assignments in Western Europe, North & South America, Africa and Asia-Pacific.

RECENT ASSIGNMENTS

MCI Consultants' recent metals advisory experience includes professional involvement in the following assignments ...

Project description: Special steels market study

Objective: Polish special steel market understanding and elaboration of low risk market entry route

Client: Medium-sized steel processor

Country: Czech Republic

Assignment duration: 1 month

Outputs: Assessment of market size, segmentation, identification of key customers and customer locations. Description of target market, of preferred market entry approach, and review of profit opportunity

Project description: Facility restructuring

Objective: Preparation of permanent hot rolling mill closure plan for subsequent appraisal by European Commission

Client: Metals re-roller

Country: Czech Republic

Assignment duration: 2 months

Outputs: Formulation of permanent mill closure plan including timeframe, next steps and responsibilities. Appraisal of social, market and financial impacts of mill closure. Submission of finalised plan to European Commission authorities

Project description: Metals industry privatisation

Objective: Preparation of business plan for European Commission

Client: Major EAF steelmaker (heavy plate)

Country: Poland

Assignment duration: 3 months (completion January 2005)

Outputs: Elaboration of commercial strategy leading to medium-term business viability, and preparation of acceptable associated financial forecasts for the European Commission

Project description: Preparation for EU Membership

Objective: Preparation of National Steel Restructuring Programmes and Company Business Plans in compliance with Accession Protocols

Client: European Commission

Country: Assignments undertaken in several EU Candidate States

Assignment duration: Each ~4-6 months

Outputs: Typically, plans assessing metals company strategy, market, technical, environmental and financial issues and showing medium-term return to business viability; proportionality of historic State Aid; and detailing potential capacity closures

RECENT ASSIGNMENTS (contd)

Project description: Due diligence assessment, Erdemir steelworks
Objective: Preparation of market, technical and environmental pre-privatisation due diligence report including business valuation for Turkey's leading flat product steelworks (Erdemir; also Isdemir)
Client: Private Turkish client
Country: Turkey
Assignment duration: ~2 months (completion October 2005)
Outputs: Full written report plus financial projections

Project description: Metals Business Performance Improvement
Objective: Preparation of profit improvement plan (PIP) showing potential for superior medium-term financial performance
Client: Medium-sized downstream subsidiary of one of the world's largest metals companies
Country: European Union
Assignment duration: 2 months
Outputs: Compilation of first in a series of quarterly 'Profit Improvement Programme' reports assessing potential profit uplifts associated with energy, utilities, yield, manpower, mix, purchasing, pricing, bad-debt reduction, general modernisation and other improvement initiatives; incorporation of aggregate uplifts into plan; definition of next steps and responsibilities for PIP achievement

Project description: Modernisation feasibility study
Objective: Market, technical, environmental and financial feasibility study for major up- and downstream modernisation of leading European steelmaker (covering melt shop modernisation, hot rolling, pickling plant and other downstream investment)
Client: Oesterreichische Kontrollbank (OEKB) / Citigroup
Country: Ukraine
Assignment duration: 3 month (completion September 2006)
Outputs: Detailed ~200 page English-language written report; detailed financial model (P&L, balance sheet, cash flow)

Project description: Service Centre Investment strategy
Objective: Review of steel distribution channels for flat / long / tube products by domestic and foreign owned service centres including stockholder / SSC sector industry structure, # of players, average size, location, specialisation, plus appraisal of investment / consolidation trends and definition of the investment opportunity
Client: West European client [merchant bar]
Country: Central Europe
Assignment duration: 1 month (completion September 2007)
Outputs: ~50 page English-language written report describing the steel market, the steel stockholder sector, profiles of key players, trends, customer lists; plus recommended entry strategy

RECENT ASSIGNMENTS (contd)

Project description: Plate mill feasibility study

Objective: Market study / justification, as part of a broader feasibility appraisal, concerning a heavy plate mill investment [for large diameter pipe production] in the CIS.

Client: West European client [a leading bank]

Country: Within former Soviet Union

Assignment duration: > 18 months

Outputs: Market appraisals concerning future plate and large diameter pipe consumption, including 'bottom up' assessments of steel demand arising from investment in major domestic and trans-national gas pipeline projects

Project description: Steel rolling mill feasibility study

Objective: Market, technical and financial due diligence of steel rolling mill investment for an established steel producer in Africa, wishing to integrate vertically.

Client: Leading international bank

Country: Nigeria

Assignment duration: 2 months (completion March 2007)

Outputs: ~60 page written report including spreadsheet financial model and PowerPoint slide show of main findings

Project description: Investment feasibility study [due diligence]

Objective: Preparation of feasibility study for investment and turnaround and pre due-diligence report on a European group involved in scrap collection and steel manufacturing

Client: Medium-sized private equity fund management firm

Country: Europe

Assignment duration: 1 month (completion April 2006)

Outputs: Slide presentation of the main technical observations to the steel company; followed by written report detailing the main strategic, market and technical issues to the client

MCI will be pleased to discuss the issues surrounding any of these assignments with you further. We will also be glad to propose consulting support for your own firm according to your present business needs

OUR MANAGEMENT

MCI is led by Dr Andrzej M Kotas, Managing Director. Andrzej, age 52, specialises in privatisation and restructuring of the metals industry in Central & Eastern Europe. His experience in this area was gained in the early 1990s working for Beddows & Company and later for Hatch Associates.

During his career Andrzej, who speaks fluent Polish, has led many different consultant teams working on both national and corporate industry restructuring programmes, principally in Central Europe.

Andrzej is a Fellow of the Institute of Business Consulting [IBC] and a Fellow of the Institute of Materials, Minerals and Mining [IOM³]. He is also a well-known conference speaker and frequent commentator in the international business press (Financial Times, Warsaw Business Journal, Metal Bulletin, Steel Week, Sky News) on issues to do with the Central and East European metals industry. In 2002 Andrzej founded the steel industry news and information portal www.steelonthenet.com.



Andrzej M Kotas
Managing Director

OUR CONSULTANTS

MCI has a network of metals industry professionals across Central & Eastern Europe who specialise in **market, technical, environmental & financial** steel sector appraisals, and who:

- are in close touch with the industry, including key producers, academics, Government representatives and Trade Associations;
- monitor metals industry developments for MCI;
- represent MCI where necessary;
- assist with our consulting assignments, especially when a local presence is required.

MCI additionally works with a network of independent West European Consultants, typically experts from the major metals consultancies who now work as freelance advisers and join MCI for specific projects as necessary. This gives MCI the advantage of flexibility without the encumbrance of high fixed costs – key benefits that we pass on to our clients in the form of daily fee rates that are significantly less than the consulting norm.

ABOUT MCI

Metals Consulting International Limited was founded in 2003. The business is incorporated under the 1985 Companies Act as a Limited Company registered in England and Wales and is privately owned.

Metals Consulting International Limited is a member of the Institute of Business Consulting, where our steel consulting unit is a recognised practice.


FURTHER INFORMATION

To request copies of client testimonials, for further information and assistance, or for an initial no-obligation discussion please contact:

Andrzej M Kotas, Managing Director
Metals Consulting International Limited
22 Nesta Road
Woodford Green
Essex IG8 9RG
United Kingdom

☎ +44 (0) 208-504-2805 ☎

☎ +44 (0) 775-149-0885 ☎

 amkotas

Email: MCI@steelonthenet.com