

METALS CONSULTING INTERNATIONAL LIMITED

Independent Consulting Services
to the International
Metals Industry



November 2017

OUR SERVICES

Metals Consulting International Limited (MCI) offers clients independent, professional consulting services relating to the metals industries. 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 metal sector in Central & Eastern Europe, the Middle East & Africa;
- 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 worldwide.

OUR EXPERIENCE

During the course of the last 20 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 Western, Central and Eastern Europe, Middle East, Africa, North America and Asia. MCI's Consultants have significant industry experience from assignments in most regions of the world.

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 & 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: Blast furnace performance improvement

Objective: Improvement BF coal injection rates from ~100kg/thm to medium-term target injection rate of 200kg/thm

Client: Turkish steelmaker

Country: Turkey

Assignment duration: 12 months

Outputs: Periodic 5-day site visits to assess BF performance and PCI status, including also management and operator discussions / preparation of next steps / short term improvement targets

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

RECENT ASSIGNMENTS (contd)

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

Project description: Due diligence assessment, Erdemir works

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 & other improvement initiatives; incorporation of aggregate uplifts into plan; definition of next steps and PIP responsibilities

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 written report describing steel market, stockholder sector, key players, trends, customer lists

RECENT ASSIGNMENTS (contd)

Project description: Welded tube plant – DCF valuation
Objective: Market, technical and financial appraisal of a steel tube plant in Kuwait
Client: Middle Eastern bank
Country: GCC focus
Assignment duration: 2 months (completion December 2014)
Outputs: ~75 page written report and financial model

Project description: Middle East market study
Objective: Demand appraisal for steel products across eight different Middle East countries to establish domestic and export potential for a steel industry investor in the region.
Client: Middle Eastern investor
Country: Middle East focus
Assignment duration: 2 months [completion July 2013]
Outputs: Market appraisals concerning total steel demand with segmentations into flat, long and tube products and further subdivisions; with steel demand forecasts to year 2020.

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 domestic & 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 established African firm 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

RECENT ASSIGNMENTS (contd)

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

Project description: Due diligence evaluation of pipe mill investment plans for a privately-owned steelmaker

Objective: Market, technical, financial & strategic appraisal for a potential investor

Client: Major European Bank

Country: Turkey

Assignment duration: 2 months (completion Q1 2011)

Outputs: Written report with financial model

Project description: Expert witness – steel market prices

Objective: Preparation of an independent opinion [relating to alleged steel cargo damage in transit] of the sound market value of a steel shipment

Client: Leading maritime law firm

Country: Europe

Assignment duration: Two weeks (completion October 2012)

Outputs: Written report encompassing the results of a detailed valuation analysis, supplemented by independent steel price data. Process also involved expert meetings and the preparation of a memorandum of agreement with the opposing party's expert witness.

Project description: Performance improvement

Objective: Review of key performance indicators [KPIs] for South American steel melting- casting-rolling business, with preparation of a performance diagnosis and recommendations for performance improvement.

Client: Confidential

Country: Latin America

Assignment duration: 1 month (completion November 2012)

Outputs: Written report describing typical steel company KPIs by process stage; reviewing client KPI data; and setting out the expert diagnosis together with recommendations for improvement (and management understanding).

RECENT ASSIGNMENTS (contd)

Project description: Reinforcing bar mill pre-feasibility study
Objective: Market, technical and financial pre-feasibility appraisal for investor wishing to enter the African steel market.

Client: Private investor

Country: Angola

Assignment duration: 2 months (completion May 2012)

Outputs: ~90 page written report including financial model

Project description: Steel market studies

Objective: Market scoping studies in West Africa

Client: Private investor

Country: Benin, Ghana, Senegal

Assignment duration: 1 month (completion August 2013)

Outputs: ~20 page written report

Project description: Steel pipe plant – due diligence

Objective: Market & technical due diligence for a large diameter pipe plant located in Arab Gulf states region

Client: Middle Eastern bank

Country: GCC / Iran / Iraq market focus

Assignment duration: 2 months (completion December 2013)

Outputs: ~60 page written report and financial model

Project description: Greenfield steel plant concept development

Objective: Preparation of market & technical positioning report & financial description for new integrated steel mill in East Africa (COMESA region), with implementation plan

Client: African Government

Country: Confidential

Assignment duration: 3 months (completion May 2014)

Outputs: ~100 page written report and financial model

Project description: Pre-inception study – integrated steel plant

Objective: Preparation of feasibility study for investment in a multi-million tonne greenfield iron and steel works in Ethiopia

Client: UK Government / Government of Ethiopia

Country: Ethiopia

Assignment duration: 18 months (completion July 2017)

Outputs: Several 100-200 page written reports & financial models

RECENT ASSIGNMENTS (contd)

Project description: Review of steel plant rehabilitation plan
Objective: Market, technical and financial feasibility review of rehabilitation programme for integrated steel plant.

Client: Steel plant CEO

Country: Egypt

Assignment duration: 2 months (completion November 2017)

Outputs: ~50 page written report including financial model

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 specialises in modernisation and restructuring of the metals industry in Europe, the Middle East and Africa. 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. 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:

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