

SMARTER PERSPECTIVE: INDUSTRIAL ACQUISITIONS

Successful Execution of Steel and Non-Ferrous Plant Closures Require a True Turnkey Buyer/Partner

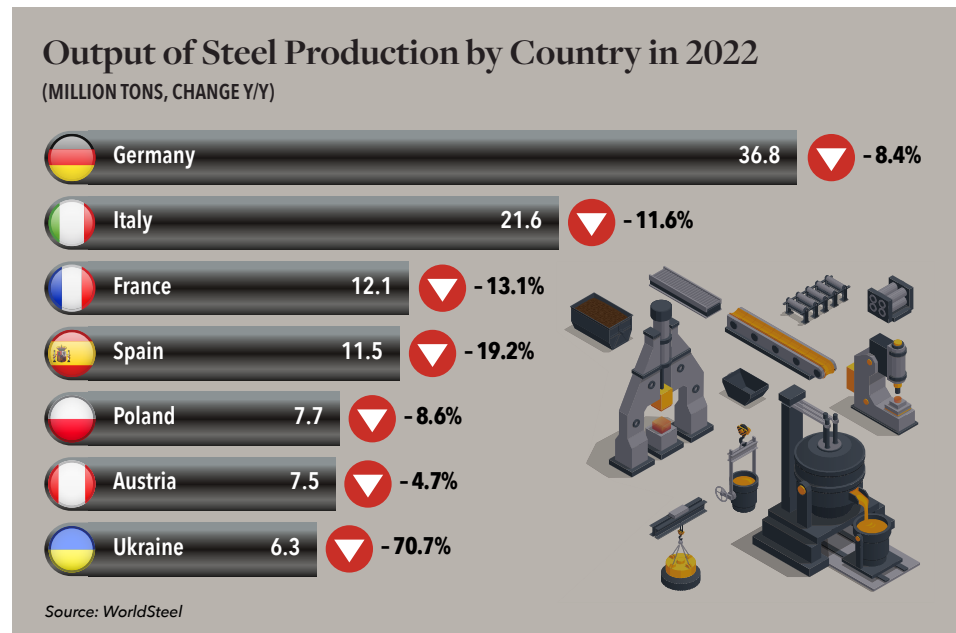
By Robert Bouland

In this article we discuss how high energy costs have been forcing steel makers to cut output across Europe, threatening mass plant shutdowns and placing the viability of steelmaking – which contributes tens of billions of euros to the region – at significant risk.

Elevated energy costs have forced steel makers across Europe to cut output. Some producers report that recent monthly energy costs to power their facilities have amounted to nearly as much as what they previously paid to do so over the course of an entire year. These developments are concerning on numerous levels, particularly given that the sector employs more than 300,000 workers and contributes tens of billions of euros to the region’s economy annually.

A number of emergency measures and policy options have been proposed to alleviate the burden of high energy prices for those across the steel industry, as well as for a range of other businesses, public services and consumers. Practical solutions, however, have been slow in coming.

The European Union (EU) steel sector produces more than 150 million metric tons of steel annually at approximately 500 sites. But EU steel demand is now anticipated to dip 3% in 2023, according to the European Steel Association



(Eurofer). If that occurs, it would be the fourth decline to take place over the past five years. And while total steel imports dropped by 28% in Q1 of 2023 as compared to the same period in the previous year, the share of imports when compared to consumption was 22%, which is considered high in relation to historical trends.

This is due in part to the fact that producers in some other regions enjoy a competitive market advantage because they are not subject to the restrictive, environmentally-focused policies and thresholds that EU industrials face.

Some also had continued their energy relationships with Russia after the start of the war in Ukraine, until such time as they were able to find other sources.

As a result of these and other events, a number of high profile plants across the Steel and Non-Ferrous Industries have shuttered over the course of the last two years. Because of our experience and reputation across the region, Hilco Industrial Acquisitions (HIA) has been selected as a buyer and/or turnkey partner by the owners/operators of many of these facilities including those detailed on the next page.



DONGKUK STEEL (KOREA PLANT)
Korean Producer of Heavy Plate for the Shipbuilding Industry

Situation: Dongkuk Closed its Rolling Mill, featuring a capacity of 2 Mn Ton/Year

HIA Role: HIA was initially appointed by Dongkuk to sell the heavy plate mill's equipment piecemeal and was later contracted to sell the complete mill on a turnkey basis. A Korean/Chinese consortium purchased the mill's assets and shipped them to China.



POSCO SS VINA (VIETNAM PLANT)
Korean Steel Producer

Situation: Terms of the Yamato Steel (Japanese company) investment in Posco's 5 year old Vietnam plant, required closure of Posco's 500.000 Ton/Year DANIELI Rebar Mill, with its future use exclusively for production of products other than rebar.

HIA Role: HIA purchased the rebar mill from Posco, providing the company with liquidity, and then sold the mill to a Mexican Buyer for FOB Shipment. HIA subcontracted the dismantling, packing and loading of the mill's industrial assets to two distinct parties, with the effort completed one year after the sale's conclusion.



THYSSENKRUPP STEEL (GERMANY PLANT)
European Steel Producer

Situation: Thyssenkrupp closed its Heavy Plate Mill in Duisburg, Germany after first trying to sell to another operator.

HIA Role: HIA purchased the mill from Thyssenkrupp, subcontracted asbestos removal from the older furnaces and sold the Mill to an Asian buyer. Dismantling of 30,000 tons of equipment is currently underway with shipping scheduled.



HELLENIC HALYVOURGIA (GREECE PLANT)
Greek Steel Producer

Situation: Hellenic Halyvourgia closed down its Mini-Steel Mill near Athens, which produced 400.000 Ton/Year Rebar and Wire.

HIA Role: HIA purchased the mill, providing Hellenic Halyvourgia with liquidity, and identified a buyer in the Middle East. HIA subcontracted the mills dismantling to a crew of more than 100 and coordinated the shipping of all assets to the buyer.



VALLOUREC (GERMANY PLANT)
French Seamless Pipe Producer

Situation: Vallourec is closing down its two large Seamless Pipe Production Plants in Dusseldorf (site size: 100Ha/247 Acres) and Mulheim, Germany (site size: 38 Ha/94 Acres) at the end of 2023.

HIA Role: Vallourec appointed HIA to sell the Machinery & Equipment and manage the complete project including: dismantling, packing and loading. HIA's selected to execute the effort was due in large part to our reputation for successfully managing projects involving complex health, safety and environmental concerns.



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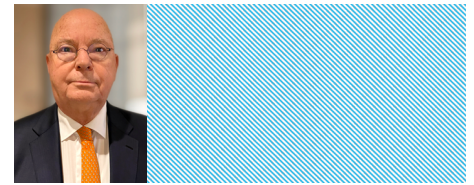


Over the past 24 months, HIA has sold almost 100,000 tons of equipment. In January 2023 HIA achieved dual ISO Certification (ISO 9001 and ISO 45001), thereby ensuring essential Quality and Safety delivery for our clients.

Our experienced project management and sales teams have handled highly diverse and complex engagements in many different industries and markets around the world, leveraging a proprietary database to track and benchmark the sale price of machinery and equipment across virtually every industry and sector. HIA both invests our own capital to acquire assets upfront and project manages deals directly,

with a focus on private treaty sales to industry-specific end users vs. auctions to sell acquired assets.

Having bought and sold thousands of plant assets around the world we already know your industry, speak your language and understand your challenges. This serves to ensure accuracy, efficiency and delivery of maximum monetization value for you and your organization. If your company or a company within your investment portfolio is currently involved in steps toward a Steel or Non-Ferrous plant closure, or is embarking on any other type of transaction involving disposition of industrial plants or their assets, we encourage you to reach out to our team to discuss how we can assist. We are here to help.



**ROBERT BOULAND IS MANAGING
PARTNER AT HILCO INDUSTRIAL
ACQUISITIONS BV**

Robert joined Hilco in 2014 to launch Hilco Industrial Acquisitions as a Joint-Venture between his previous company CBI and U.S.-based Hilco Industrial. Prior to his work at Hilco, he owned a number of companies active in Industrial Asset Sales in the Netherlands, UK, Germany, Switzerland and USA. Robert got his start nearly 50 years ago by selling used machinery for Werkspoor (Amsterdam) which had reorganized after merging with Stork. After that he organized hundreds of sales for a variety of well-known public companies closing production facilities throughout Europe. In 1979 he acquired a 50% share in PMC, at that time one of the largest used machinery dealers in the USA.

From 1994 to 1996 Robert served as the President of the EAMTM, a European Association of Machinery Merchants. In 2000, Robert sold his business to DoveBid and assumed the role of President for DoveBid Europe. In 2003 he launched CBI (Core Business Industries) BV where he continued building his experience by buying and selling many closed down plants throughout Europe, including the sale of a complete steel mill to a company in the Middle East, the liquidation of assets for GM Holden in Melbourne Australia, and the sale of Excell in Singapore to a Chinese investor. Contact Robert at +31 20 470 0989 or RBouland@hilcoglobal.com