

Stomana Industry

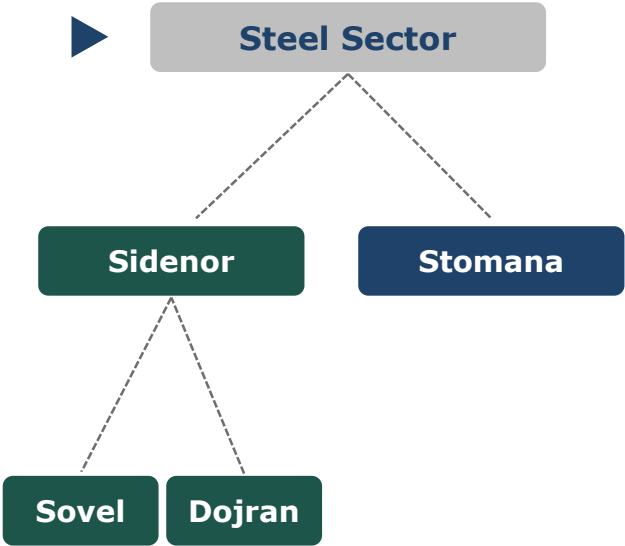
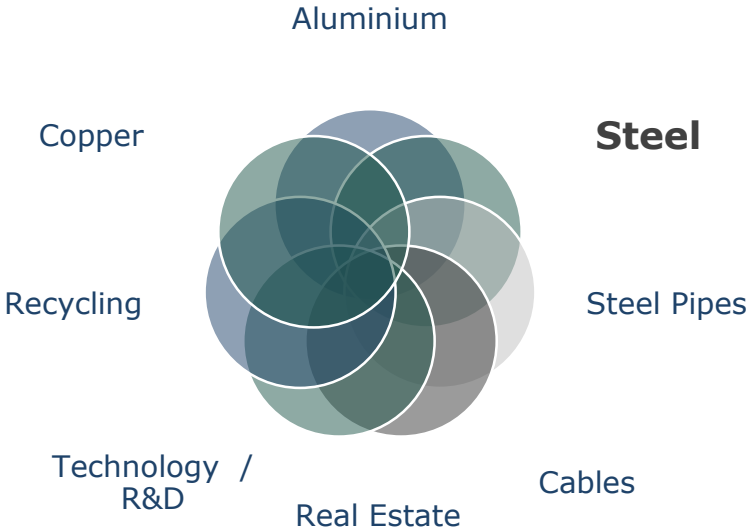
Company Presentation

Agenda

- 1 Operations**
- 2 Strategy**
- 3 Financial Performance**
- 4 5Y Business Plan**

Introduction

VIOHALCO



Bulgaria Highlights (VIOHALCO)

7
Industrial
Plants

Plants:

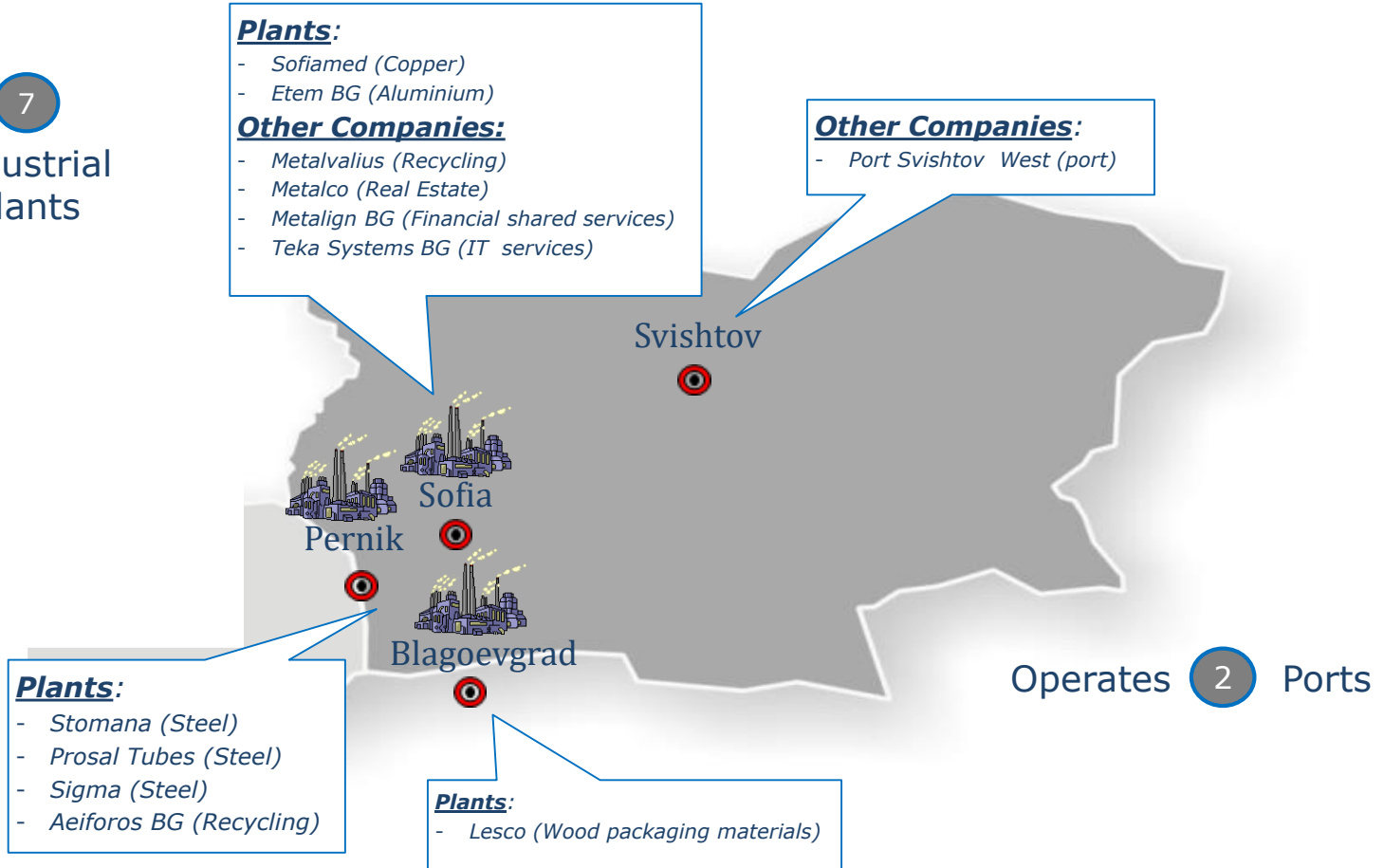
- Sofiamed (Copper)
- Etem BG (Aluminium)

Other Companies:

- Metalvalius (Recycling)
- Metalco (Real Estate)
- Metalign BG (Financial shared services)
- Teka Systems BG (IT services)

Other Companies:

- Port Svishtov West (port)



The company



Main markets:
Central Europe, Balkans,
US, MENA

Wide range of Products

Rebar, quarto plates,
special bar quality,
Merchant bars,
grinding balls, special
profiles

Capacity



Meltshop
1.400.000 Tn/year

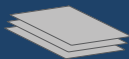
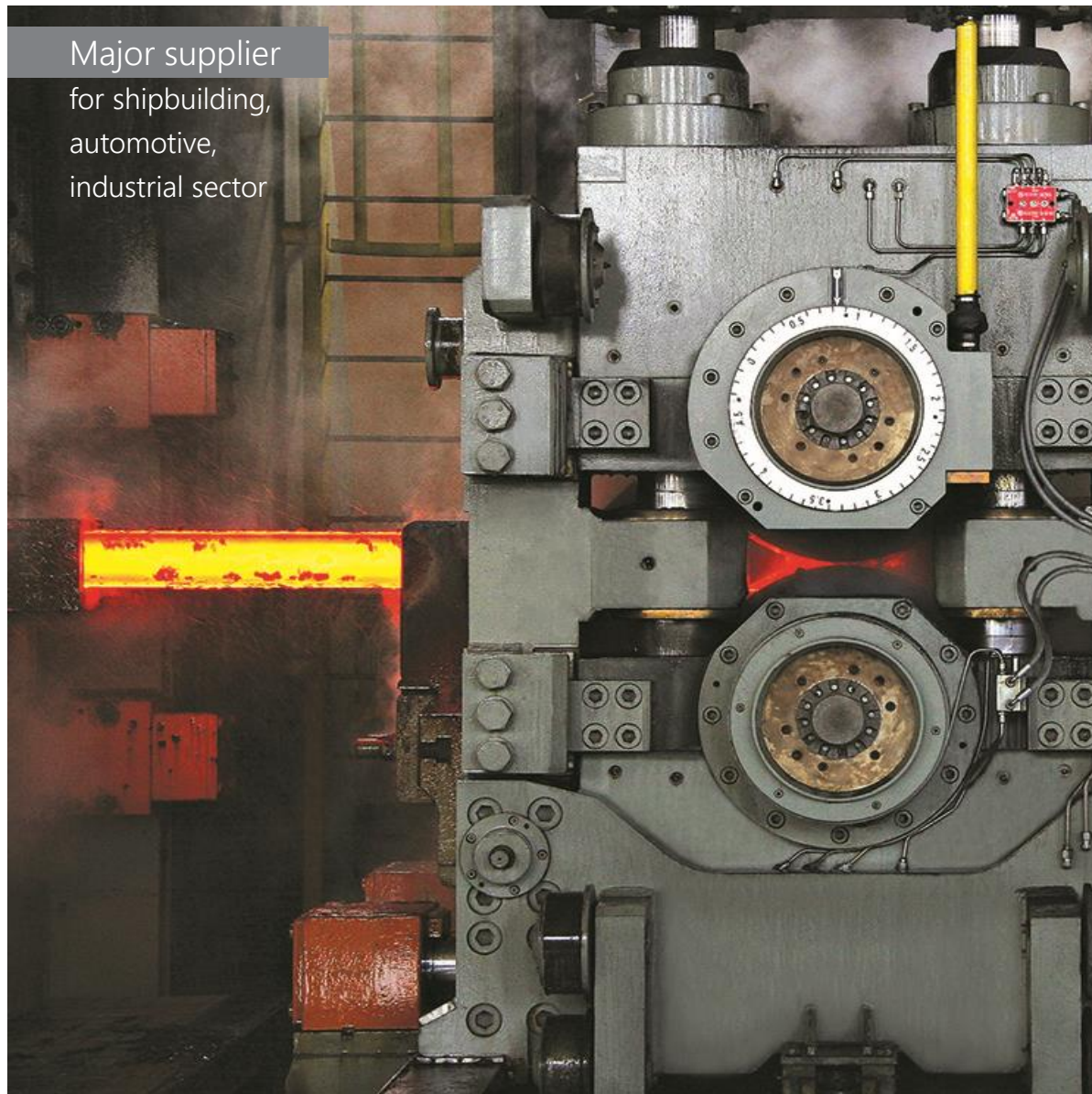


Plate mill
350.000 Tn/year

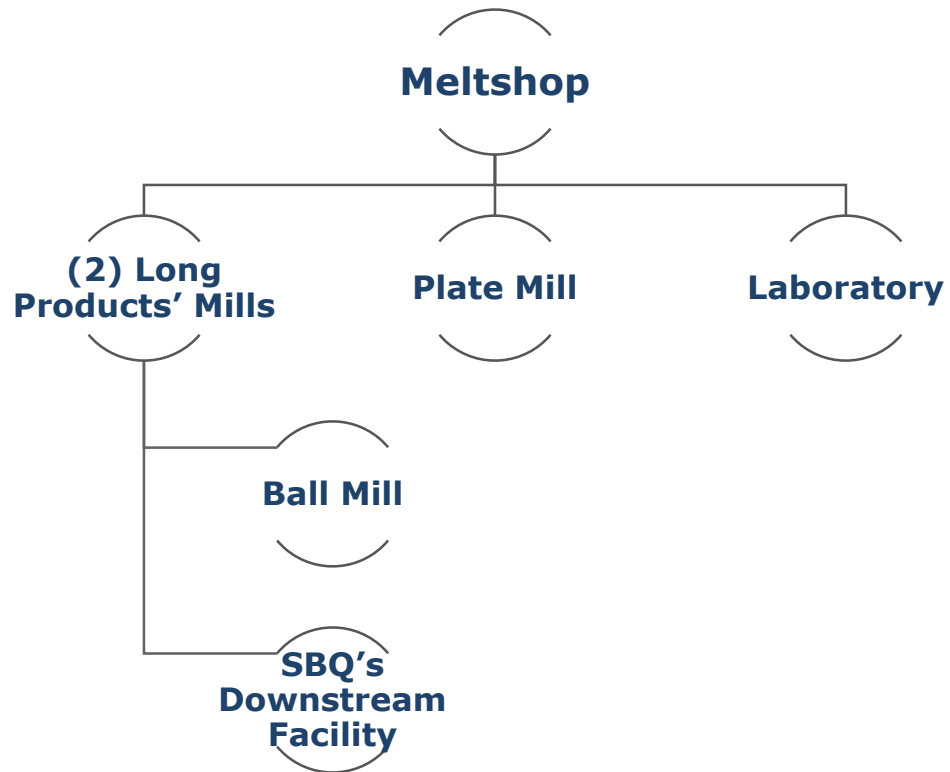


Long products mill
900.000 Tn/year

Major supplier
for shipbuilding,
automotive,
industrial sector



The Plant



MELTSHOP

- 2 EAFs (120MT)
 - *6m diameter each*
- 2 LFs
- 1 VD station
 - *Dry mechanical pumps*
- 1 4-strand billet / bloom caster
- 1 single strand slab caster
- 1 billet conditioning line (shot-blasting, grinding)



ROLLING MILLS

- **New Rolling Mill**

- Reheating Furnace (120 t/h)
- 18-stand rolling mill (no finishing blocks)
- Rebars $\Phi 8\text{mm}$ to $\Phi 32\text{mm}$ (max speed 15m/sec)
- Rounds $\Phi 22\text{mm}$ to $\Phi 90\text{mm}$

- **Old Rolling Mill**

- Reheating Furnaces (2x20 t/h)
- 5-stand rolling mill
- Merchant Bars (Angles, UPN)
- Flats
- Rounds



PLATE MILL

- Reheating Furnace (60 t/h)
- One 4-high reversing mill
(2.100t separating force)
- Shears, trimming equipment,
cooling beds
- Plates
 - Width (1.25-2.5m)
 - Thick (7-60mm)
 - Length (4-12m)



SBQ DOWNSTREAM FACILITIES

- 3 Peeling lines
- 3 Bar straightening & inspection lines
- Rounds $\Phi 20\text{mm}$ to $\Phi 120\text{mm}$
- NDT line
- Packing line



BALL MILL

- Hot-rolled steel balls for grinding
- Products' range: 40mm to 120mm
- Assisting in the extraction process for many metals such as gold, copper, lead, zinc, nickel, tin and silver



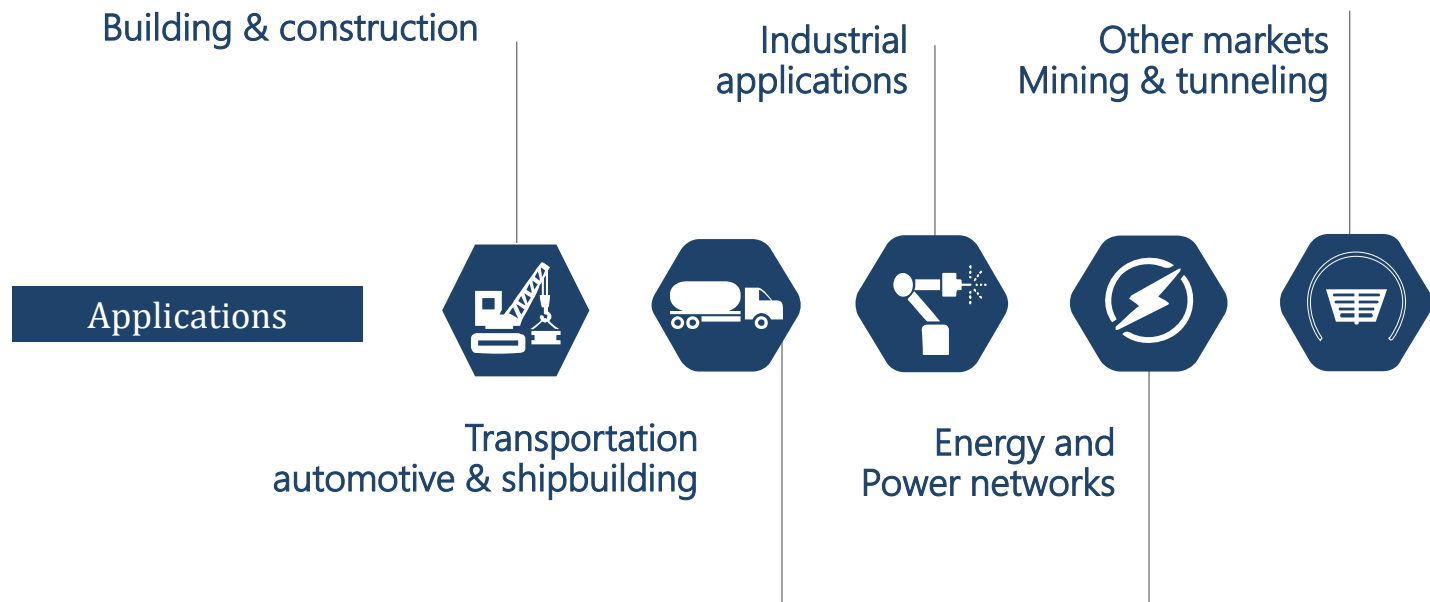
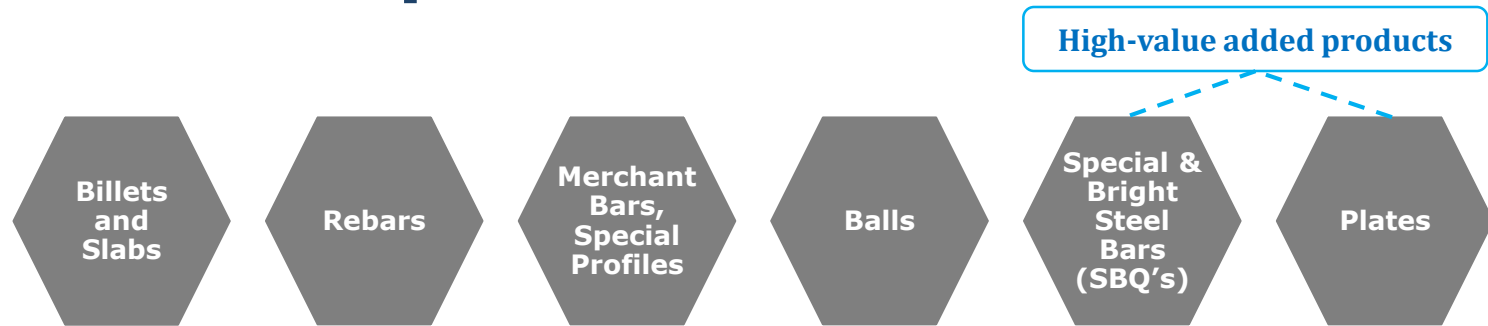
LABORATORY

- Chemical Analysis
 - Analytical chemistry
 - Gas analysis
- Mechanical Testing
 - Tensile Strength test
 - Impact test
 - Hardness and Hardenability tests
- Metallographic Testing
 - Macro etching test
 - Sulfur print test
 - Grain size test
 - Cleanliness test



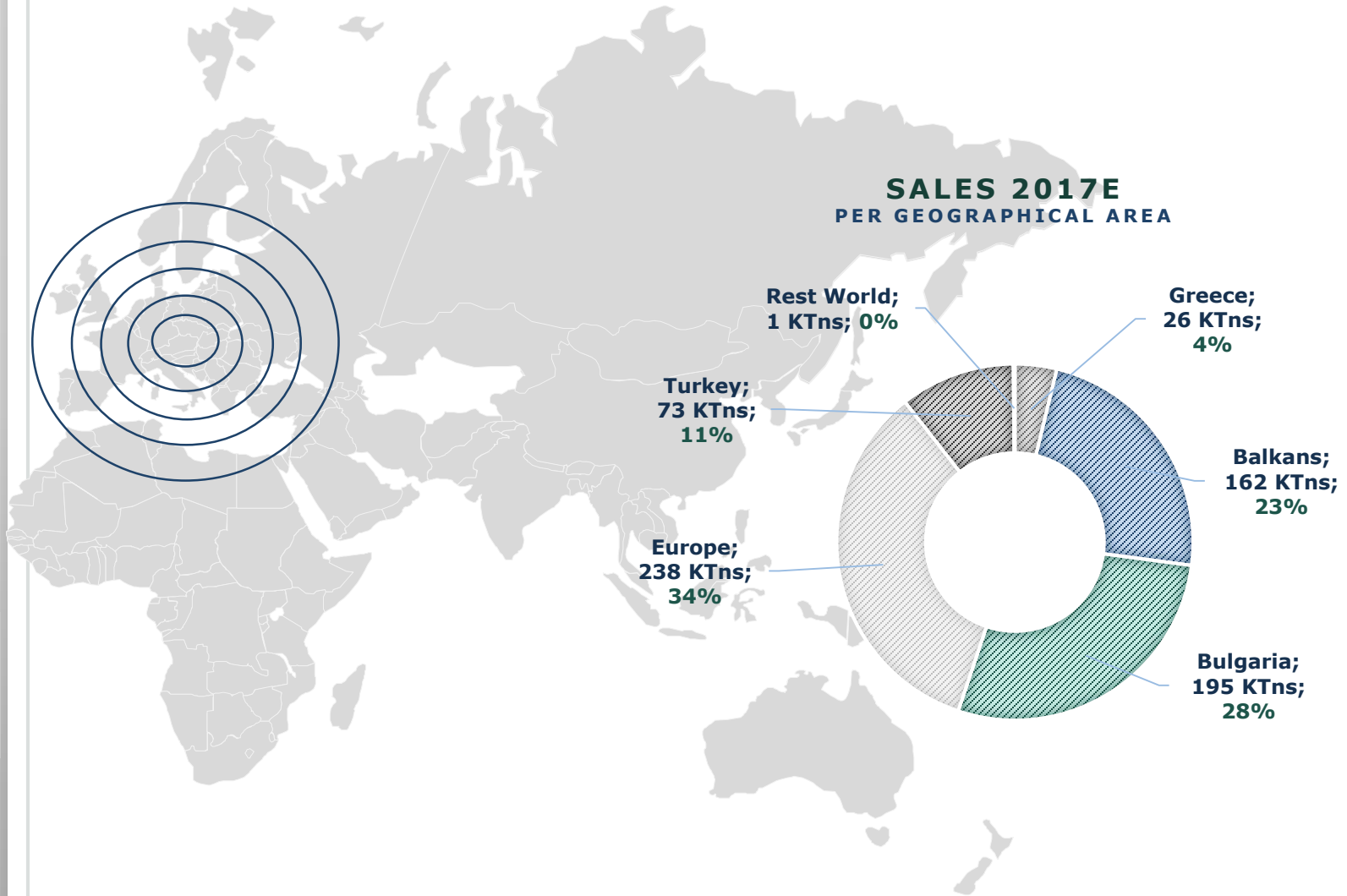


Product portfolio



Sales activity

SALES 2017E
PER GEOGRAPHICAL AREA



Strategy

- ▶ Diversified Product Portfolio
- ▶ Continuous improvement of steel's quality
- ▶ Focus on cost reduction and efficient use of resources
- ▶ Priority on service
- ▶ Health & Safety / Environment



Vision
**Become a leading
Steel Manufacturer
in Europe!**



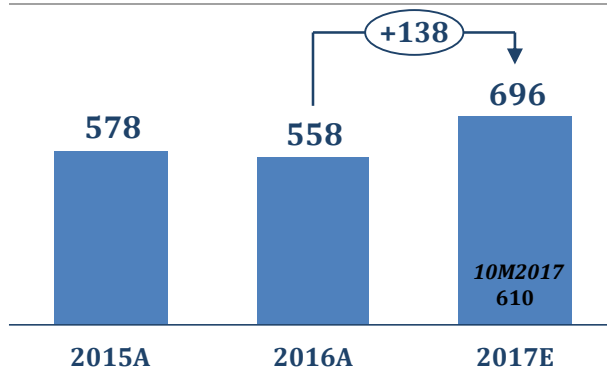
Key Strategic Actions

- ▶ **Completion of the SBQ Investment Plant**
 - Vacuum Degasser
 - Billet conditioning line
 - New Rolling Mill upgrade to achieve higher productivity in SBQ's
 - New MRP software for improved planning procedures and logistics
- ▶ **Technical alliance with Daido Steel**
- ▶ **Plants' utilization rate @ 82% (65% in 2016)**
- ▶ **Production of value-added steel grades**
- ▶ **Bulgarian Rebar Market**
 - Maintain leading share of 65% in Bulgaria
- ▶ **Scrap Market**
 - Maintain leading position in the local scrap market @ 60% and penetrate the regional scrap market

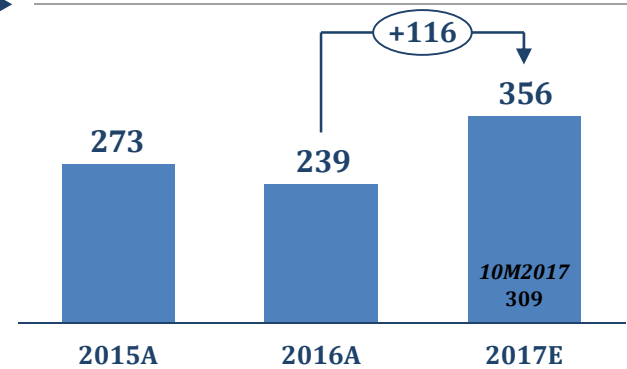


Key figures

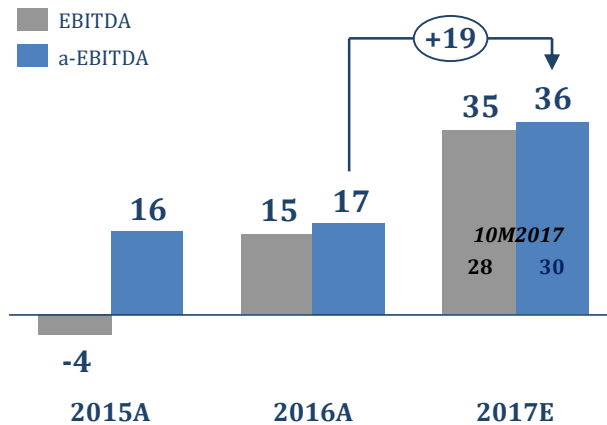
Sales Quantity (in Ktons)



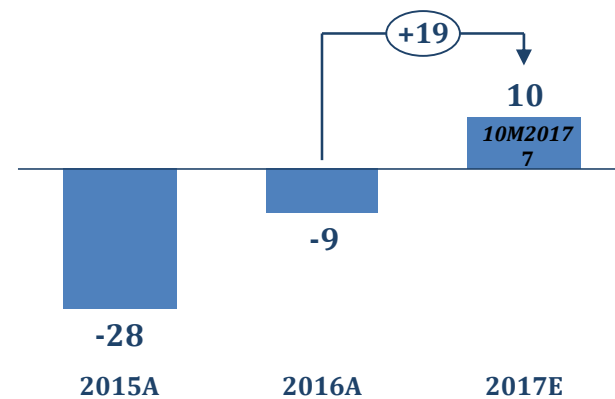
Turnover (in m€)



EBITDA / a-EBITDA (in m€)

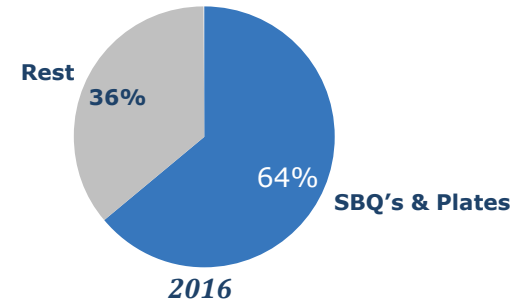
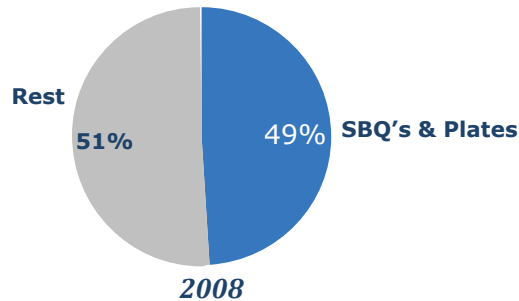
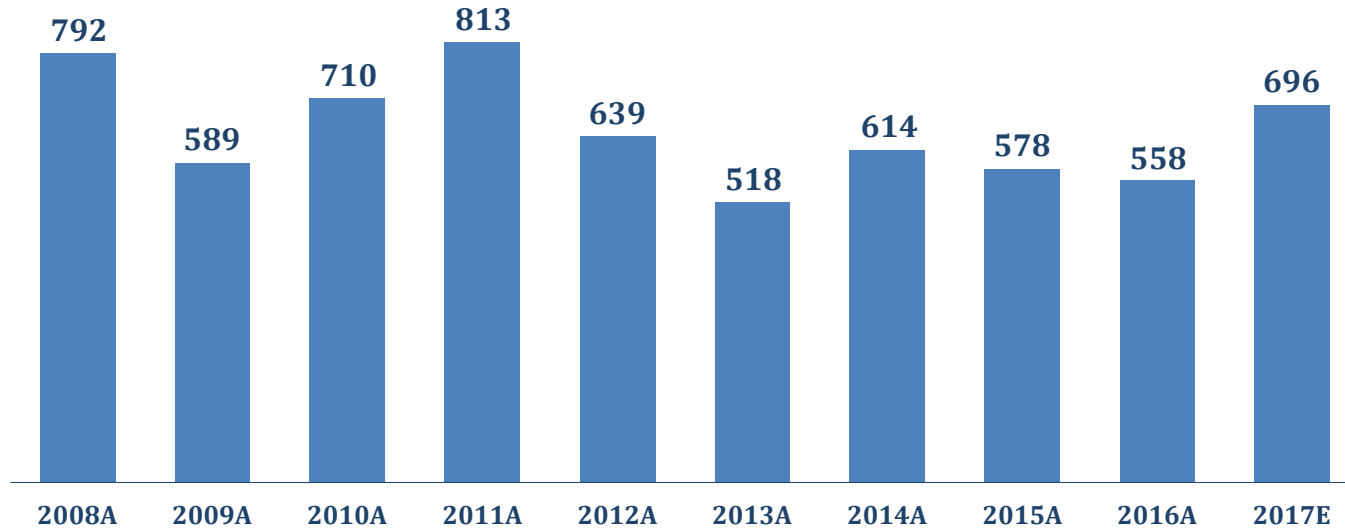


EBT (in m€)

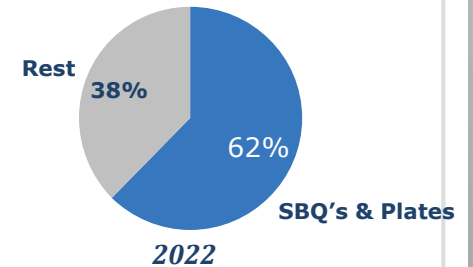
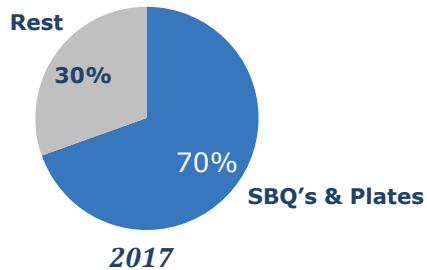
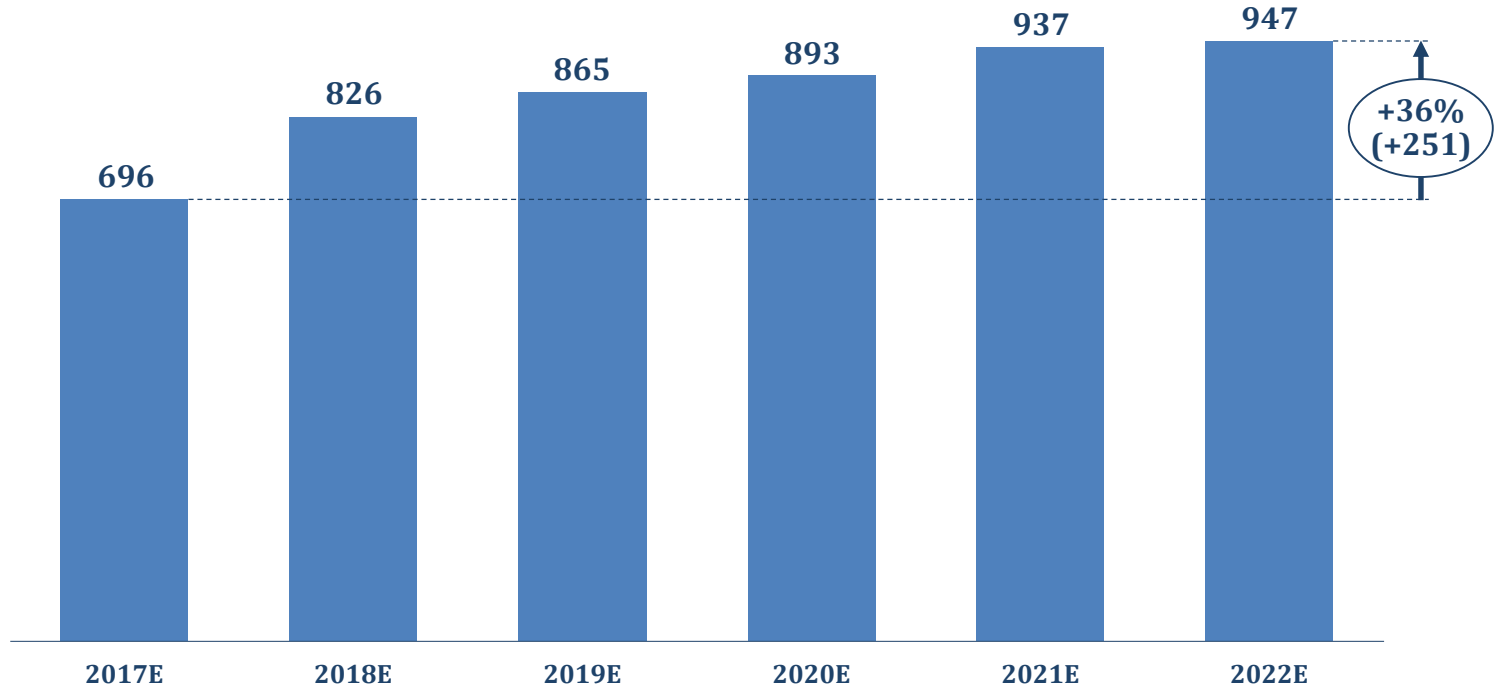


Sales Quantity

Historical Figures*



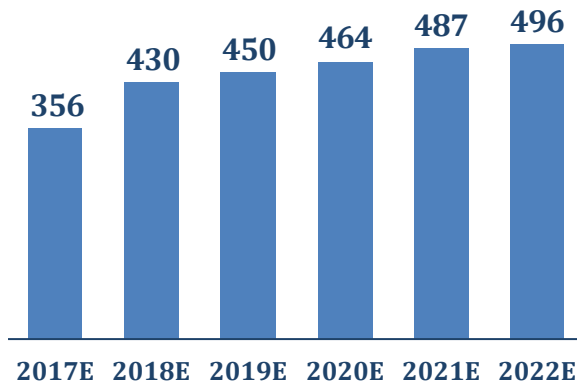
Sales Quantity Evolution*



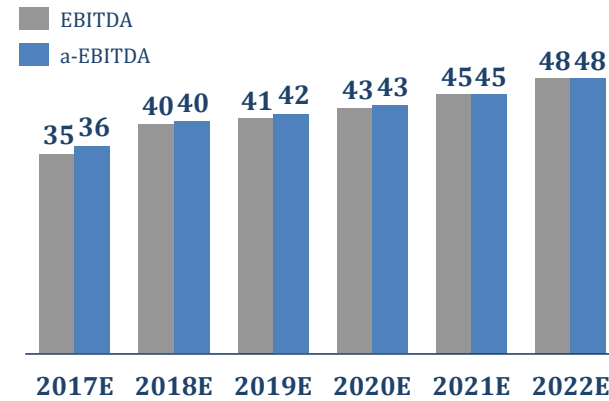
5Y Outlook (1/2)

2017^E-2022^E

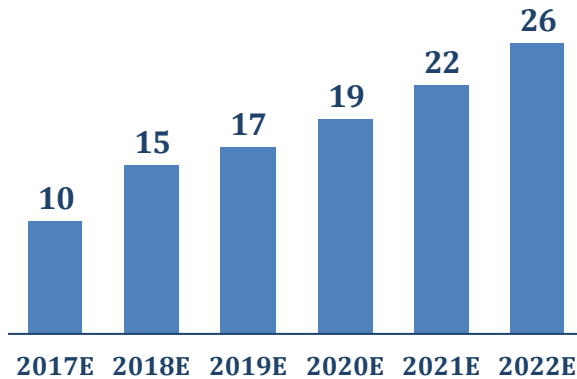
▶ Revenue (in m€)



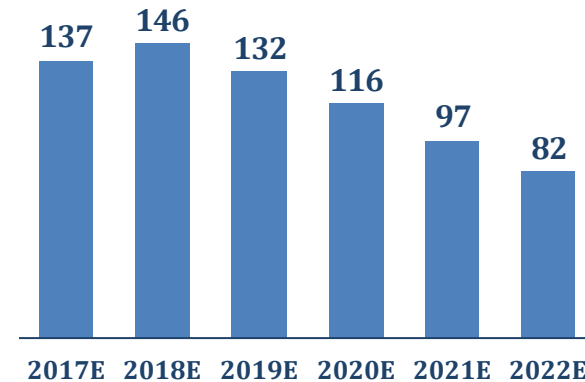
▶ EBITDA / a-EBITDA (in m€)



▶ EBT (in m€)



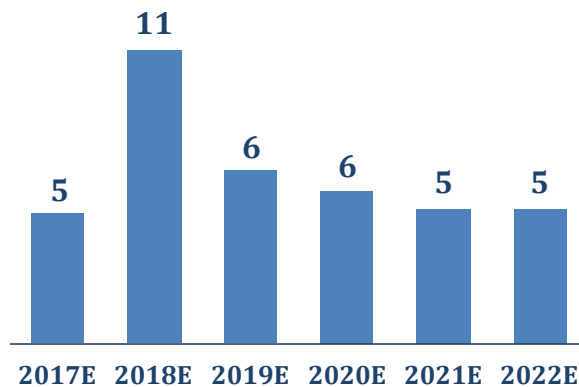
▶ Net Debt (in m€)



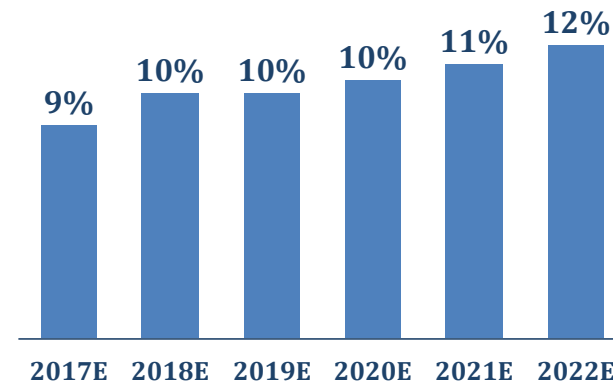
5Y Outlook (2/2)

2017^E-2022^E

CAPEX (in m€)

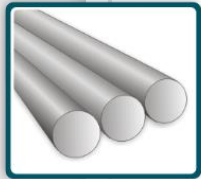


ROCE



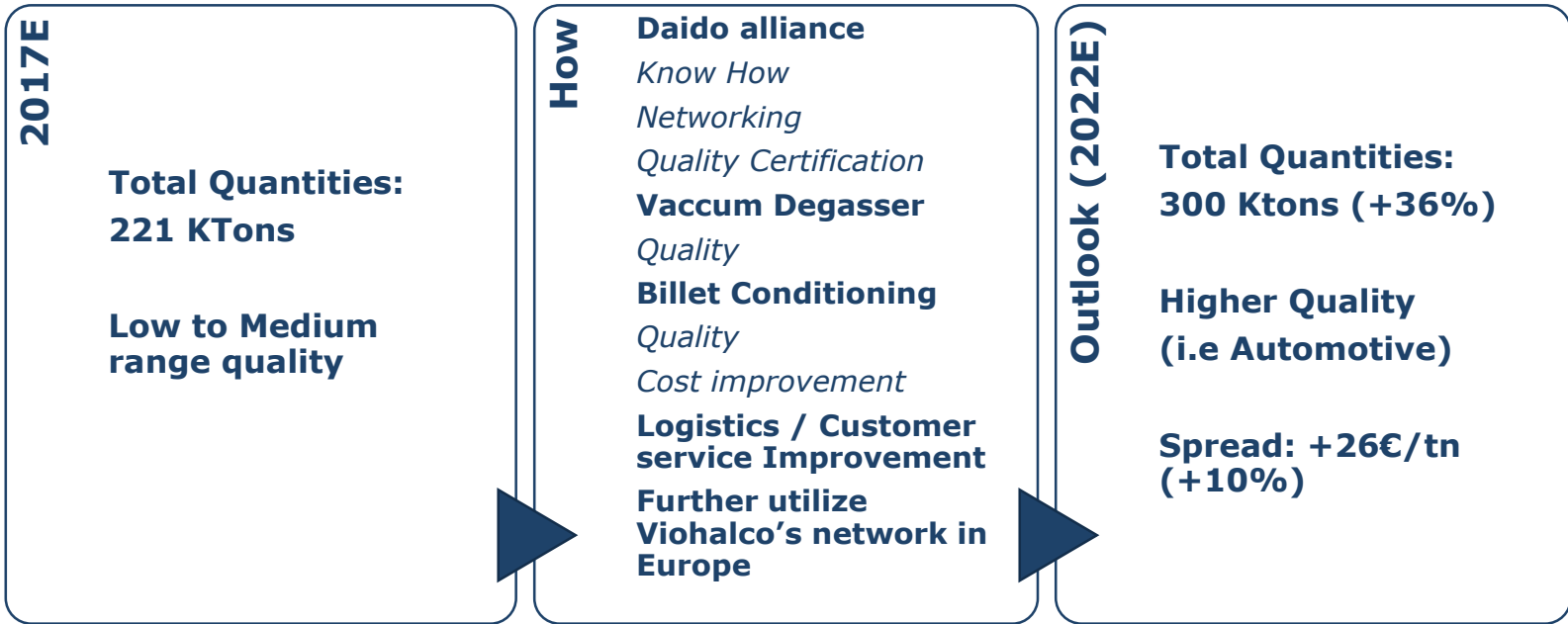
Major Strategic Investments 2018-2022*

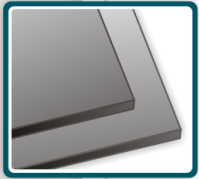
- ▷ Completion of "Thermal Treatment" - installation of the 1st Quenching and Tempering line in order to produce Q&T grades of SBQ's (**€4m**)
- ▷ Installation of a 2nd Quenching and Tempering line - beginning 2019 (**€4m**)
- ▷ Completion of "Inspection Line and Straightening" to increase production of SBQ's (**€2m**)
- ▷ Improvement of suction capacity in the Meltshop (**€2m**)



BARS OF CIRCULAR CROSS-SECTION

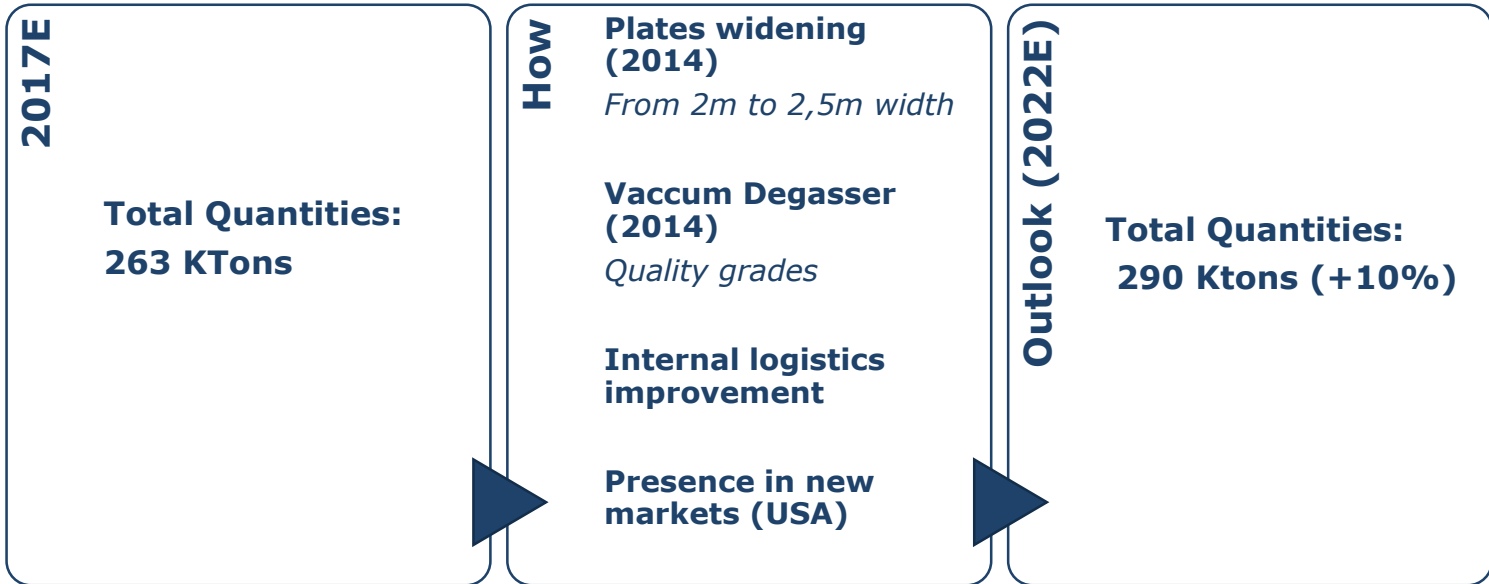
SBQ's Growth





HOT ROLLED PLATES

Plates Growth



THANK YOU!