

Operational Due Diligence of two Celsa EAF Steel Plants in the UK and Norway

Steel Hub technical consultancy supported a private investment firm in acquiring two steel plants with a combined annual production capacity of almost ~2 million tons, equipping the client with critical insights to support the acquisition negotiations.

“Steel Hub has delivered some of the best pieces of work that I have experienced during my >20 years in top management consulting and private equity”

Petr Šlechta, Vice President M&A and Business Development Sev.en Global Investment

~2 million Tons
Annual output



Melt Shop	Rolling Mill	Additional areas
Scrap yards	Billet hot charging & Reheating furnaces	Melt-Shop and Rolling Mill automation
EAF & Ladle Furnaces	Rolling mill common mill & Finishing mill	Energy consumption & Production cost
Continuous Casting	Bar finishing lines and sections	Utilisation and production delays

A special thanks to Jan Kravacek from Seven GI, Michel Bourge, Senior Metallurgist & Melt Shop Process Optimisation Expert; Simon Wright, Senior Rolling Mill Process Optimisation Expert; Andrea Fiorino, Automation & Steel Auxiliary Plant Expert; and Giordano Rota, who oversees plant cost controlling.

OUR STORY

Seven Global Investments is a private investment firm that was considering the acquisition of two steel plants located in the UK and Norway. The Czech company (in the following: 7GI) tasked the Steel Hub team with conducting an operational due diligence project that entails evaluating the technical condition and operational performance of two steel plants previously owned by the Spanish based steel producer Celsa.

Steel Hub's expert team, with over 20-30 years of experience in steel plant operations, conducted an in-depth analysis of the plants' melt shop operations, rolling mills, automation systems and ancillary facilities, including a review of all present and future digitalisation projects.



CELSA UK AND NORDIC PLANTS WERE VISITED



- Port and Scrap Yard
- Melt Shop (SMS)
- Rolling Mill (Rod and Section)
- Automation & Digitalisation

Our objectives included:

- Validate the seller's claims about the steel plants technical condition and performance
- Identify any major investment requirements ("red flags") the seller had not yet made transparent
- Review the feasibility of future growth and capacity expansion plans
- Develop ideas for plant performance improvement for value capture by the future owner

"The Steel Hub team demonstrated outstanding agility and responsiveness to our requests and project needs. [...] We were impressed by the Steel Hub team's profound steel industry expertise."

Jan Kraváček, Senior Associate, Sev.en Global Investments

HOW WE HELPED OUR CLIENT

Steel Hub began by reviewing initial technical specifications and performance data provided by the seller, developing preliminary hypotheses to guide our on-site investigations. Within a week, we deployed a specialised team on-site, completing a thorough inspection of the steel plants each located in different locations, namely, Norway and UK.

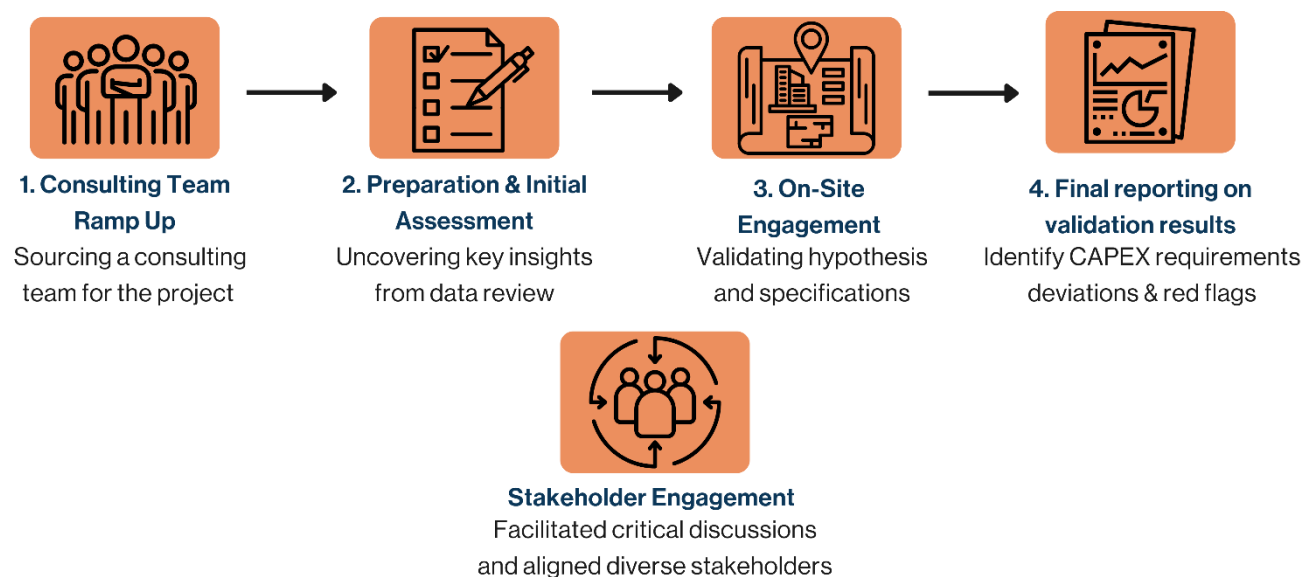


Figure illustrating Steel Hub approach

During the on-site validation process we:

- Evaluated plants' technical setups against the seller's claims
- Reviewed ongoing operations to identify risks and opportunities for future improvement
- Estimated CAPEX requirements for over 5 years

The project took place within complex charged environments, with multiple stakeholders involved, yet Steel Hub successfully fostered cooperative working relationships with the plant management and operating teams.

Our findings were compiled into a detailed report, supporting the client throughout the bidding process. The leadership team delivered insights during two board presentations, raising critical questions to clarify uncertainties and strengthen the acquisition strategy.

VALUE DELIVERED TO OUR CLIENT

The due diligence initiative enabled the client to:

- **Validate technical claims** related to performance, equipment condition, and system integrity across both sites – including scrapyard inventory, melt shop, rolling mill, and auxiliary plant areas – providing a clear understanding of technical risks.
- Developed **scenario models** demonstrating the sensitivity of projected production growth to critical investments.
- **Uncover high-risk “red flags”**, including deviations in production metrics, outdated automation systems, environmental permitting constraints, and SAP transition challenges – potential risks to operational stability and scalability.
- Identified **critical investment** areas, to support the calculation of the acquisition value required to sustain current operations, growth projection and advance the decarbonisation strategy.

CONCLUSION

Our findings directly impacted our client's negotiation strategy. We made potential investment requirements in the two plants transparent, enabling our client to incorporate them into their bid and make an informed decision on the technical aspects of the two acquisitions.

With these actionable recommendations, the client was well-equipped to make an informed decision on the technical aspects of the acquisition. Ultimately, the client's deal was successfully progressed into the negotiation process.

[Celsa Sells Steel Mills to Sev.en GI – Reuters](#)

CLIENT TESTIMONIALS

“Steel Hub has delivered some of the best pieces of work that I have experienced during my >20 years in top management consulting and private equity. Throughout the project, we were impressed with both the competence of Steel Hub’s technical specialists as well as the Steel Hub leadership’s exceptional ability to meet and exceed our project requirements. In their reports and our consultations, Steel Hub managed to not only carve out the quantitative implications for adjusting our valuation models but also made the underlying technical considerations transparent and easily accessible. We look forward to rehiring Steel Hub in the future”.

Petr Šlechta, Vice President M&A and Business Development Sev.en Global Investments

“From start to finish, Steel Hub served us as a partner at eye level. The Steel Hub team demonstrated outstanding agility and responsiveness to our requests and project needs. Steel Hub’s role in setting up the plant visit agendas was pivotal, and their participation in several plant board meetings proved invaluable in gathering critical information from the seller that informed us of our bidding strategy. We were impressed by the Steel Hub team’s profound steel industry expertise and appreciated the collaborative spirit throughout the project. We will gladly build on Steel Hub’s expertise to enhance the performance of the steel plants in our portfolio”.

Jan Kraváček, Senior Associate Sev.en Global Investments

What is an operational due diligence?

Clients considering the acquisition of a steel plant require independent validation of the seller's operational and performance claims. This validation is especially critical during the pre-acquisition phase, when assessing the plant's technical, operational, financial, and legal standing.

Steel Hub offers comprehensive in-house capabilities to deliver detailed technical analyses and objective assessments of a plant's overall operational health. Our expert team provides potential buyers with strategic insights into production performance, equipment condition, product mix optimisation, and capital expenditure (CAPEX) requirements.

What is your need?

Our value creation support doesn't end with due diligence – it continues beyond the closing.

Contact us today at info@steelhub.com or visit our website www.steelhub.com to discuss your needs and explore how we can support your goals.



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For more information, please contact: info@steelhub.com