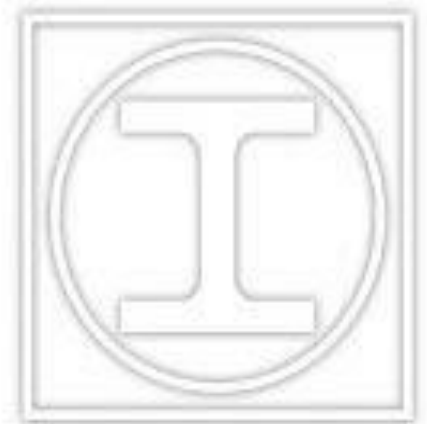


SIDMA S.A.
S T E E L P R O D U C T S



Hands-on Business Finance October 2016





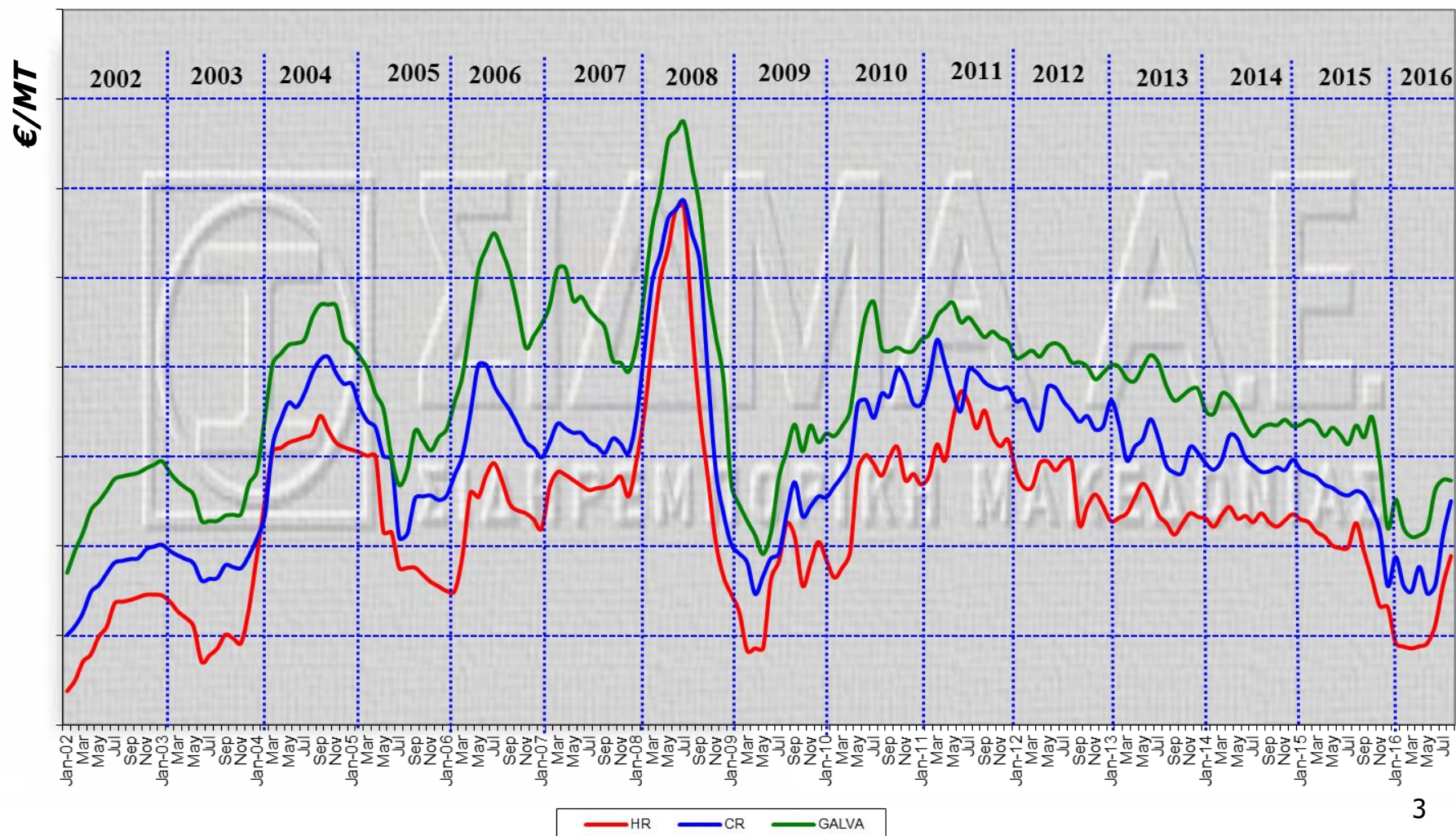
Agenda:

1. Steel Market Characteristics
2. Risk Management
3. Crisis Management



SIDMA S.A.
STEEL PRODUCTS

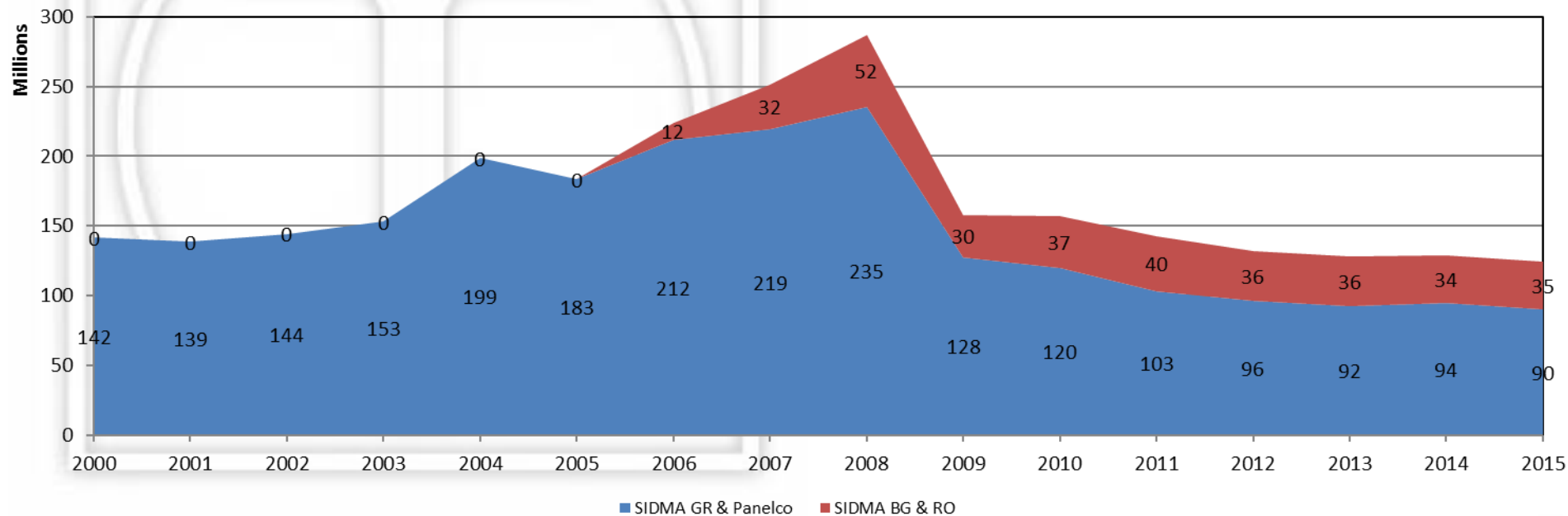
Steel Prices Fluctuations



Turnover Evolution



- SIDMA SA was severely hit by the crisis;
- More than 50% of sales reduction.



Risk Management

- ✓ Effective risk management is central to SIDMA's survival and sustainability.
- ✓ Sources of risk:

Source

Client Default

Market Cyclicalities

Market Leadership challenge

Liquidity

Enough funds to weather the storm

Action

Credit Insurance
68% receivables is presently covered

Keep low inventories
Long term relationship with suppliers

Broad sales network
Diversified customer base
Focus on sales volume in order to
maintain high purchasing power

Improve DSO and DIO

Keep adequate cash reserves

Crisis Management 2009 - 2015

CAPEX

Limit CAPEX

Invest only to improve
Production processes
i.e. Bar Code

COSTS

Cut Costs/ Operational Restructuring

45% Cost reduction
compared to 2008 or
€ 7 million.

DEBT / LIQUIDITY

Reduce Working Capital (WC) needs

DSOs reduced
from 155 in 2007 to
80 in 2015 resulting in
€ 25,6 million less WC

BUSINESS PORTFOLIO

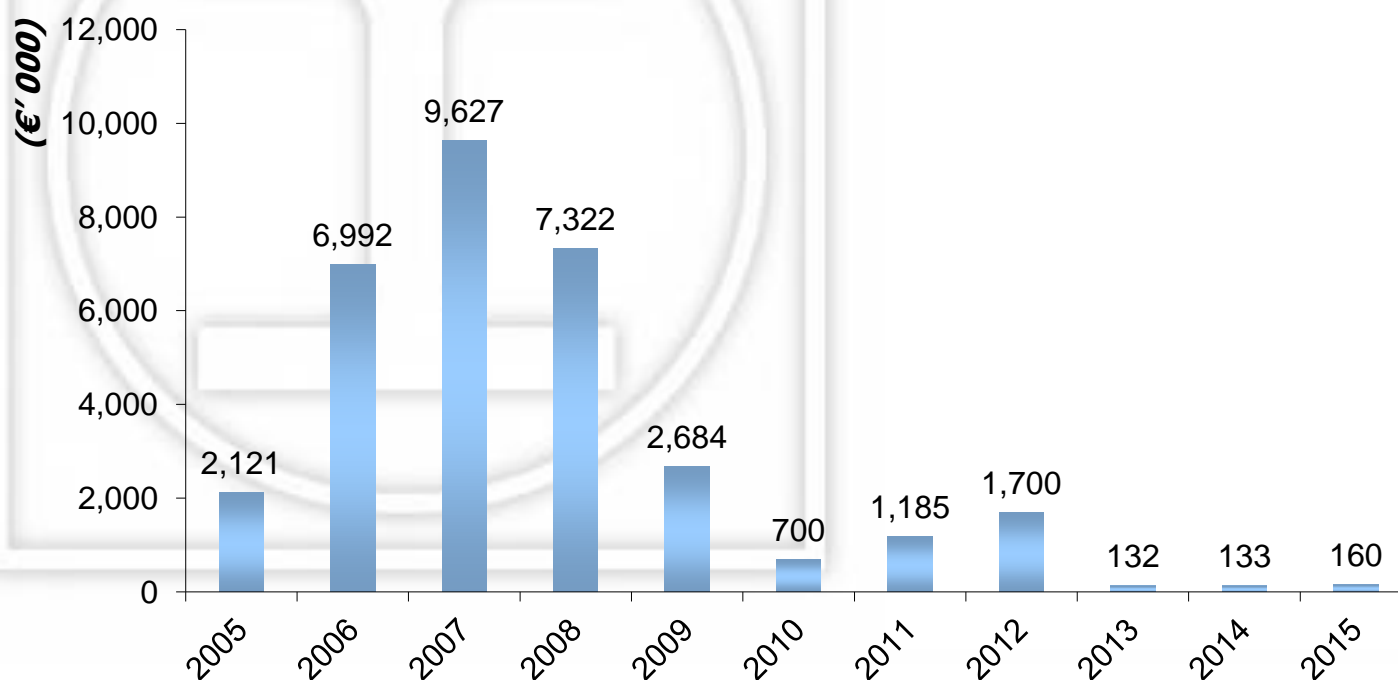
Adapt Product & Service Portfolio

Remove products
with increased WC needs
and low Marginal
Contribution

INCREASED TIME & EFFORT

CAPEX Reduction

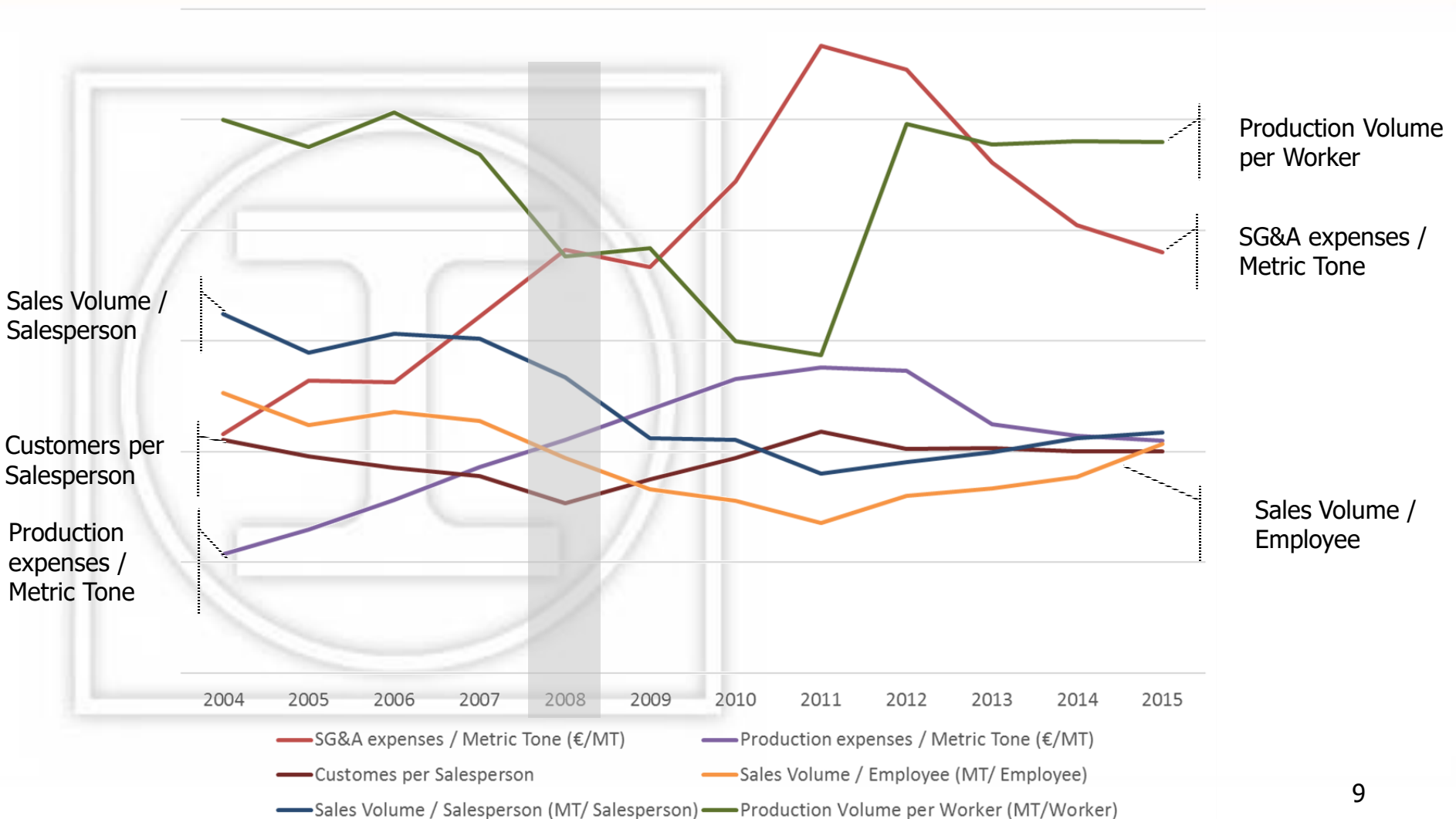
- Minimum Capital EXpenditures during the last 3 years so that company's operations ran smoothly.



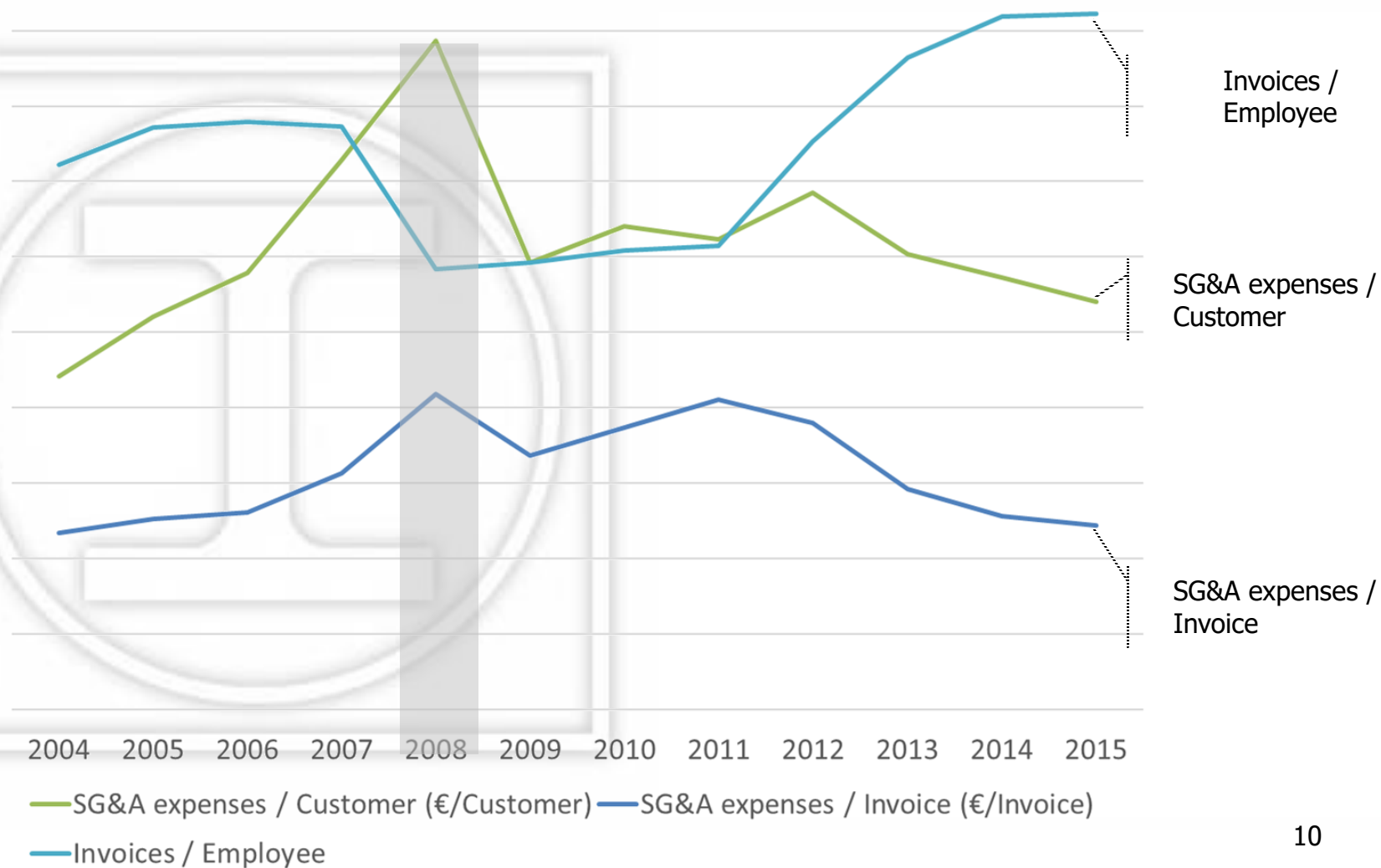
KPI based Cost Reduction

- SG&A expenses / Invoice (€/Invoice)
- SG&A expenses / Metric Tone (€/MT)
- SG&A expenses / Customer (€/Customer)
- Production expenses / Metric Tone (€/MT)
- Invoices / Employee (MT/ Employee)
- Sales Volume / Employee (MT/ Salesperson)
- Sales Volume / Salesperson (MT/ Worker)
- Customers per Salesperson
- Production Volume per Worker

KPI Evolution



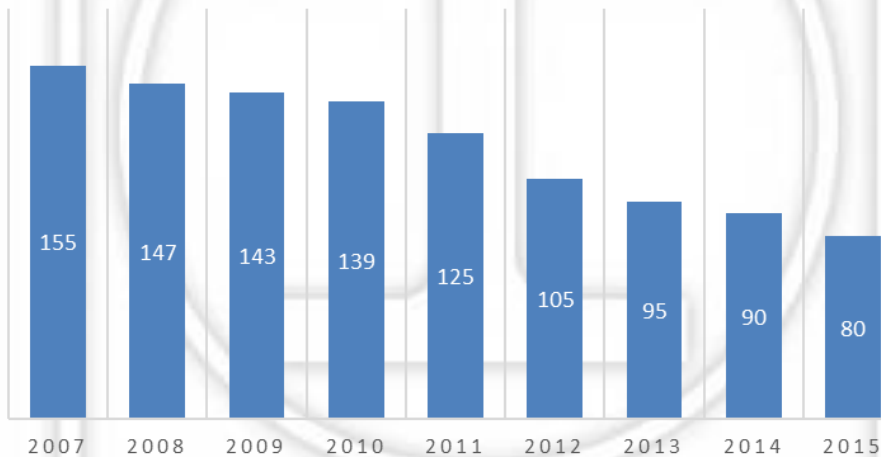
KPI Evolution



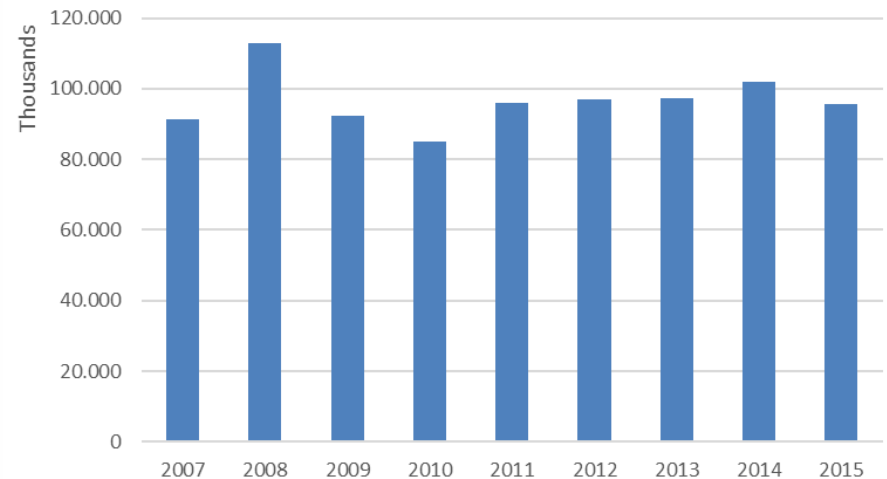
DEBT/LIQUIDITY management

We Needed Cash.... We Looked Inside our Company.

DSO EVOLUTION



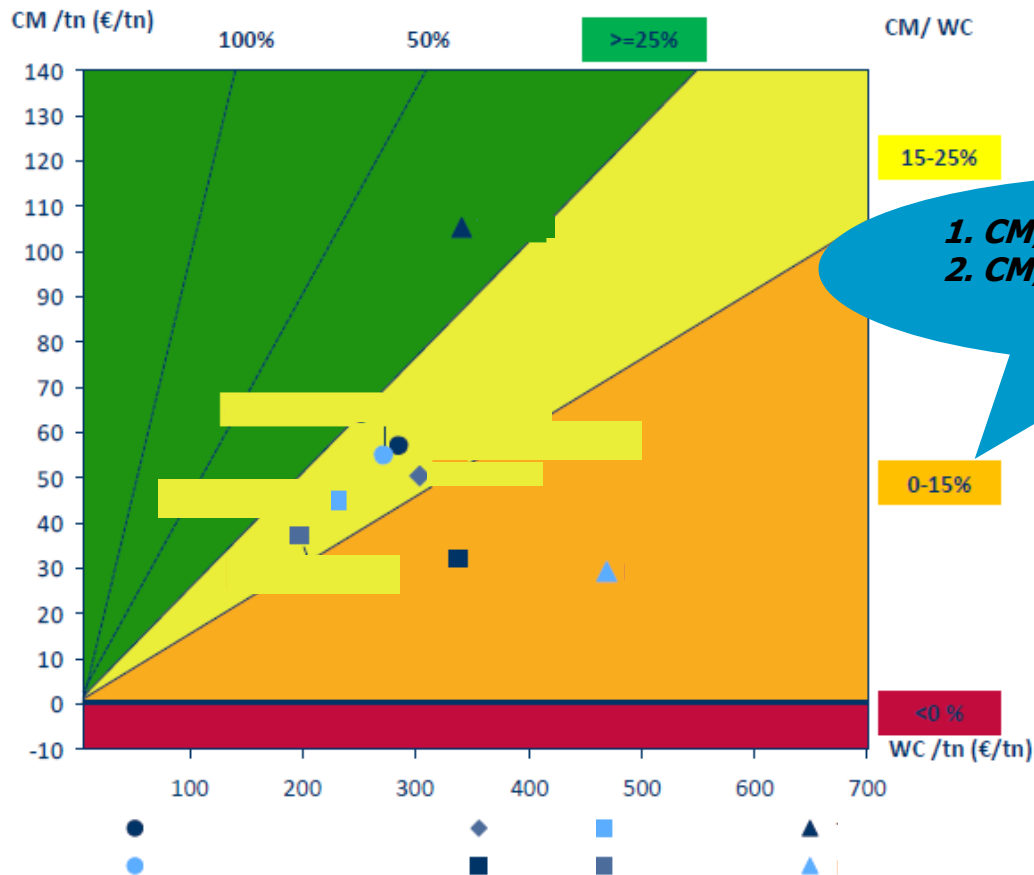
Net Debt evolution



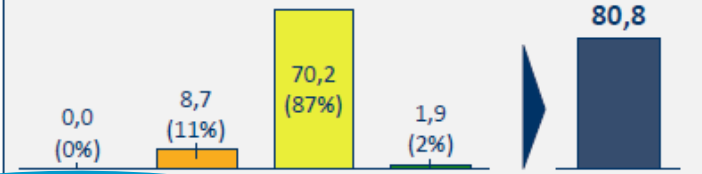
More than € 25 million of capital reduction

Monitoring Business Portfolio

Each bullet represents a product segment

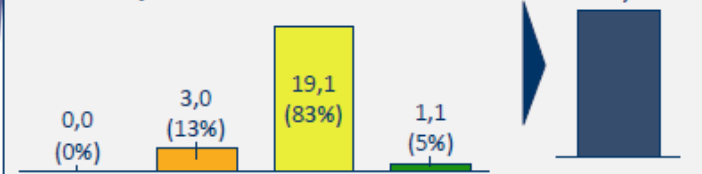


Sales per segment
kMT (annualized) and % of total

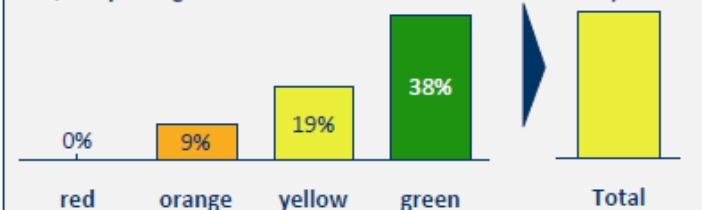


1. $CM/WC > \text{Cost of Capital}$
2. $CM/WC > \text{Replacement Cost of Capital}$

Working Capital per segment
m€ and % of total



CM/WC per segment





Thank You
For
Your Attention!

Any Questions?