

Sale of the production plant EXCON Steel a.s.

PRODUCTION PLANT BASIC INFO



as of 6 February 2015

The document is intended solely for the purpose of gaining basic overview of the production plant and in no way substitutes Due Dilligence or any other independent source of reliable information.

Location

Hradec Kralove, Kampelikova 758/4

(the company's official address is: Praha 9, Sokolovska 187)

History

1869 První česká akciová strojirna was founded, producer of sugar factories and steam boilers

1921 the company acquired by Skoda group, one of the largest conglomerates in the central Europe

1950 separation from Skoda, since 1953 new name: ZVU

1997 partition of ZVU, the plant operates under name ZVU Chemie

1999 ZVU Chemie a.s. acquired by Böhler HDT

2002 bankruptcy

2003 plant acquired by design and engineering company EXCON a.s., renamed to EXCON Steel a.s.

July 2014 insolvency announced

January 2015 bankruptcy

Production programme

The company has produced equipment for the chemical industry, the petrochemical industry, the power industry and handles projects concerned with the environment as well as manufacturing special steel constructions. Key products are:

- Pressure vessels
- Tubular exchangers
- Columns
- Reactors
- Boilers for waste heat - utilisation boilers
- Boiler collars
- Tubular collars of all types and designs
- HP urea apparatus - strippers, condensers and washing machines
- Coolers
- Absorbers and adsorbers
- Condensing units
- Special steel constructions

Due to company's insolvency and uncertainty resulting from the situation the company focuses mainly on short-term projects - steel constructions manufacturing and sub-contracting work for other manufactures.

In the past years the company generated annual revenues of approx. 16 - 18 EUR mln. with headcount of nearly 300 FTE.

In case of early takeover of the plant it seems possible to re-establish business relations with key customers from pre-insolvency era (e.g. Borsig, Alstom, Areva, Total, Frames Processes, Tecnicas Reunidas, DS/SM, Akron, Naftan a others). The company has a good reputation amongs chemical and petrochemical corporations in Russian Federation and other post- soviet republics.

Production facility and machinery

The plant's premises compose of the following parts:

- outdoor fenced material store
- production hall nearly 30 ths. sq.m divided in 6+1+1 segment, where following facilities are located:
 - incoming material storage
 - material preparation (rolling, cutting)
 - machining
 - welding
 - assembly and paint shop

Each segment is equipped with necessary manipulation devices - no less than 2 cranes with various capacity (min.5 tons each, max. 63 ton in assembly hall). The plant is connected to public railway network.

- 2 admin buildings
 - old: changing rooms, dining room a archive
 - new: company headquarters, product development and design, technology dep., sales, quality management and NDE
- accredited laboratory

(detailed information about premises and key machinery is attached)

Certificates

The company is a holder of the following certificates:

- EN ISO 9001 (validity 03/2015, re-certification scheduled 03/2015)
- EN 1090-2 (validity 03/2015, re-certification scheduled 03/2015)
- EN ISO 3834-2 (validity 03/2016)
- EN ISO 17025 - laboratory (validity 02/2018)
- AD 2000 – Merkblatt HPO/TRD 201 (validity 08/2016)

- qualified defectoscopy personnel (radiography, ultrasonic, magnetic, capillary tests, visual) - certified in accordance with EN and ASME
- welding processes (steel, titan) incl.qualified personnel - certifikováno certified in accordance with EN and ASME
- certified welding supervisors

The company was a certified manufacturer in accordance with ASME, certification lapsed 11/2014, renewal is subject to an audit.

Personnel

The plant currently operates in limited mode with main purpose to retain employees till the plant is acquired by a new owner. It currently It employs approx.150 FTE plus necessary subcontractors.

- Functions fully operable:
 - technology and production planning
 - purchase and material logistics
 - productions
 - quality management (incl.defectoscopy and laboratory)
 - HR and payroll, bookkeeping, ICT support
 - biulding and machinery maintenance

- Functions to be enhanced
 - sales and project management
(currently one sales manager, one project manager and external sales representative)

- Functions to be re-established
 - management: CEO/plant manager, CFO/controller, chief accountant
(currently supported by insolvency administrator team)
 - product development and design

Systems

The company uses the following systems:

- Sub-licensed from EXCON a.s. (mother group):
 - EPass - accounting, stores, manufacturing, invoices, finance and other basic functions
 - ALEX - workflow (P/O and invoices approval), reporting
 - IDEA - payroll

- Own license
 - PESS (tailor made solution) - production planning, certificates schedule
 - technical sw: CAD/CAM, technical calculations

All ICT systems are operated in own hardware.

Appendices:

- Production plant scheme (in Czech)
- List of workshops incl.machinery
- Sample leaflets of production machinery
 - Plate bending machine
 - Machining centre
 - Welding machine
 - Nondestructive examination
 - Laboratory equipment