



ANDUSTRY *news*

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A FINE START TO 2015

First of all, I would like to wish you all another fantastic year! And next, of course, a special welcome to our new colleagues from Nedstaal. I am proud that from now on you're part of Andus Group. Which is why the focus of this Andustry news is entirely on this great company.

When the opportunity arose to begin discussions on the possible relaunch of Nedstaal, we seized it with both hands. It is a company that fits in perfectly with the group strategy: the company operates at the top end of a professional niche market, and supplies 'old-fashioned', honest technology. A great Dutch manufacturing industry. Continuity is the group's main priority here. We achieve this with a well-balanced spread of companies, sectors and geographical sales areas. With Nedstaal in the group – a company that supplies a cyclical product and with its main focus on exports – we were able to implement this strategy further.

Following the acquisition of Nedstaal, Andus Group is again experiencing considerable growth. Turnover has risen by over 40%, from €240 to €340 millions, while the number of permanent employees has gone up from about 900 to 1,100. But I would like to assure everyone that our growth is very responsible, carries no risk to the continuity of the group, and is very manageable. In this respect, the takeover of HSM and Gouda

Refractories were bigger steps, since Andus Group as a whole was smaller at that time. Nedstaal is a fantastic company, and I'm proud to announce that, under the inspiring leadership of interim managing director Wiebe van den Elshout, the company has already moved into profit within a few months.

Apart from the economic circumstances, there was another problem at Nedstaal. The company intended to start processing scrap metal containing asbestos as a raw material. This met with major protest from the inhabitants of Alblasterdam and its vicinity. As Andus Group we immediately put a stop to this agitation. Asbestos does not fit in with our ethos of Corporate Social Responsibility, however safe the processing method might be. Andus Group is doing all it can to minimise pollution of the environment and surrounding area, and we will not compromise on this.

Lastly, I would like to draw your attention to a change in the group. For some time we have been looking at the divisional structure

of Andus Group. With the acquisition of Nedstaal we decided to take a firm decision on this. From now on, we will be working in three divisions: Manufacturing, Services & Maintenance, and Contracting. This new structure will enable us to focus on our core activities, and is shown diagrammatically elsewhere in this Andustry news.

Enjoy reading!

Tom van Rijn
CEO



THE WAY FORWARD BASED ON CUTTING-EDGE TECHNOLOGY

Wiebe van den Elshout, member of the board of Andus Group, is not likely to forget the last quarter of 2014 quickly. From one moment to the next he would find himself in Alblasserdam instead of Vianen. A decision had to be made immediately as to whether Andus Group would relaunch the company Nedstaal. Then, as interim director, he restructured the company. He gives us an impression of what this was like ...

“When you're faced with something like this, the adrenalin starts to flow. You're responsible for hundreds of jobs, people and families. You know you have to act really fast, as customers aren't prepared to wait for weeks. Yet at the same time, you don't want to take any irresponsible risks for Andus Group. We had to make Nedstaal profitable.”

Clear picture

“A number of processes then kick into action at the same time. Firstly, you need to get an idea of the company and the market.

Is the company's existence really justified? You look at whether it fits in with the group. And yes, you study the causes behind financial problems, and whether you can eliminate them. It was already quite clear that Nedstaal fitted perfectly with Andus Group, and that it had an excellent product with high added value on the market. In short: a good market position, so we could be sure that its customers would remain loyal. It has a positive culture and employs true specialists. But market conditions have been difficult in recent years; the company had failed to make the necessary adjustments. Its costs were too high. And if you make a loss for four years, at some point things will grind to a halt.”

Good prospects

“Once you have identified that Nedstaal has sufficient potential, you then have to look at possible cost savings. Efficiency might be improved in a number of areas. For example, because Andus Group is able to support its subsidiaries with its own specialists,

it is possible to make savings on the costs of outside consultants. Examples of this are human resources policy and communications, legal matters, HSE policy, etc. The permanent workforce was also reduced and new, more competitive terms of employment were agreed with the staff. All other contracts (lease, suppliers, etc.) were cancelled, which meant we were able to make better agreements for the future. With all these cost savings and by keeping our customers, in our opinion Nedstaal could be made profitable again very quickly.

Trust

“You then have to negotiate directly with the main stakeholders. For example, if your supply of raw materials or energy stops, you can't produce any more. Finally we managed to convince all the parties that Nedstaal could have a good relaunch under the Andus Group flag. Everyone really put their shoulder to the wheel, showed understanding and gave their full cooperation. The trust during this hectic period was fantastic. In this

way, over an extremely short period we were able to make the relaunch successful and were in full production again within two weeks!”

Development and investment

“Nedstaal is now a healthy company. By keeping tight control of costs over the past months, we're ready to move forward. And the outlook is good too, and will only get better because the market picks up again. Over the coming period, we intend to invest in maintaining and improving our quality and quantity and the facilities we offer, so that we can respond even better to our customers' requirements. An example here is the supply of even higher-grade steel. The technology department is to be expanded further and will have an important role in our future plans. We've also made initial contacts with universities in Netherlands, Belgium and India. Technology will play an even more central role at the new Nedstaal.”



NEDSTAAL PROFILE



Nedstaal processes scrap metal into high-grade steel. Steel with alloys up to 18% is cast in ingots or rolled into blooms and billets in a variety of sizes. Ingots are supplied in weights from 1 tonne to 35 tonnes, and in square, rectangular, angular or round shapes. Based on the quality requirements set by the customer, Nedstaal produces custom-made products. There is also a hot transport option. By keeping the heat in the steel during shipping, the customer can

make substantial time and energy savings.

Nedstaal produces 150,000 tonnes of steel every year. That's over 6,000 trucks! This high-grade steel is used as a raw material for forges, steel-wire producers and other steel processors throughout Europe. Steel is used in every market with high standards in the fields of sustainability and safety, such as the rail, aviation, energy, oil and gas, mining and automotive

industries. Nedstaal steel is also an important raw material in (mechanical) engineering. Crankshafts, bearing assemblies, motors - they are all made of Nedstaal steel.

The company has around 250 employees with about 20% of these working flexibly. The furnaces operate five days a week, 24 hours a day. Nedstaal has a turnover of approximately €100 millions.

THE IMPORTANCE OF MANUFACTURING INDUSTRY



Nedstaal in Alblasserdam is a special company. Nedstaal and Tata Steel in IJmuiden are the only remaining steel plants in Netherlands. The company is characterised by its small scale and flexible production, and by the fact that the raw material for steel production is not iron ore, but entirely scrap metal. This makes Nedstaal a classic example of a cradle-to-cradle company.

Since it was set up in 1938, the steel producer Nedstaal has been part of

basic industry in the Netherlands. Pure manufacturing industry that is important for our country. It is true that the industry was hit hard during the recession of 2009, but since then there was a clear recovery. In four out of the last five years the industry has grown more quickly than the economy as a whole. Most of Nedstaal's products are exported to Germany, Italy and France, which again emphasises its economic importance. Nedstaal was included in the Manufacturing Industry Management Team Top 100.

NEDSTAAL: ROSY FUTURE

Immediately after the discussions between the trustee and Andus Group, a start was made with the relaunch of Nedstaal and – without no certainty as yet – the sales department remained in post to continue providing customers with as much information as possible. Sales managers Robert Donsen and Johan Taekema talk about this important period and the future.

“Our customers have trusted us for years. We have an important relationship with one another since, when all's said and done, their production depends on the supply of our steel. Supply was interrupted very briefly, but we had built up an excellent reputation in the area of fast delivery times and delivery reliability. But Wiebe van den Elshout was quite clear right from the start: he would do all in his power to get production up-and-running again as quickly as possible; he asked us to remain available to reassure customers. It all turned out fine, certainly after we actually made this high-flying relaunch.”

Enthusiastic about Andus Group

“As a result of this we won back the trust of all our customers, which is of course tremendous. Everyone was amazed that we were in full production again after two weeks. Only a few customers experienced minimal delays with delivery times. Added to this, our customers are enthusiastic that Nedstaal is now owned by Andus

Group. An industrial group that knows a thing or two about the manufacturing industry. This is seen as very positive, because it might have been an investment company that stepped in, which isn't always the best guarantee of continuity. The fact that Andus Group is independent, and financially strong, is also seen as a big advantage.”

Strengths

“In short: our customers are very satisfied, and so are we. We can now continue to expand Nedstaal, because it's a great company with plenty of potential. There is a real market for our high-grade steel and the way in which we work. The strength of the company lies in its economies of scale and the flexibility of our production. The larger steel producers tackled tough market conditions through economies of scale. This means their output is based entirely upon large sales volumes of standard quality. Consequently they have long delivery times. Nedstaal, however, produces relatively small batches of about 30 – 35 tonnes, with delivery

times of only 2 - 4 weeks. This means our customers don't need to hold much stock themselves, which in turn reduces their costs. But that's not all. We're also very flexible. If as a customer you order, for example, a batch of 30 tonnes of blooms, you can also order three different sizes within that batch. Not many producers can deliver this.”

Close collaboration

“So we're looking forward to a positive future. We're full of energy and are aiming to expand our customer base. In Eastern Europe, for example. There is certainly a demand for steel of the quality we supply, even if these countries are themselves renowned for their steel production. In addition, we want to collaborate more closely with our existing customers, deliver even more added value. Examples are product-development and fine-tuning the quality, so that our steel is optimally suited to further processing at the customer. That's what we mean by custom-made!”



Johan Taekema



Robert Donsen

FANTASTIC: MOLTEN STEEL

Bankruptcy is always a traumatic event for employees at any company. Suddenly they are robbed of all certainty. Adriaan Eijkelenboom, forger at the steel factory, and André Sprangers, non-destructive researcher in Nedstaal's rolling mill, can now talk about this at first-hand. But you can see straightaway that they are sitting at the table with smiles on their faces ...

“The bankruptcy came to us as a total shock. We thought things were going better than ever. There was stacks of work, we even had to work overtime to deliver everything on time. And then suddenly you read on the internet that a deferral of payment has been applied for. Two days later the company is bankrupt and the UWV (body implementing employee insurance schemes) is your new boss. Really strange.” The future looked particularly bleak for Adrian: “What can you do? We've got an eight-month-old baby now, and at the time I had two houses, as my old house was still up for sale. Yes, you're bound to be worried.”

Great news

“What was actually just as strange,

a week later we found ourselves at the works again to be told there would be a relaunch. We could have jumped for joy, it was so great to get this good news. Of course, it's difficult as you had to say goodbye to a number of colleagues, but 200 of us have had the good fortune of keeping our jobs. Otherwise we would all have been out on the street. And of course it's great that we still have this company. Such a great production process. I love the molten steel, the fire and the power - it's all so physical.” André adds here: “And what we do is still really important. A lot of people don't think about this immediately, but if we don't do our job properly, a vital part of a car or aircraft could fail without warning. I think of that



as I take each block of steel from production for ultrasonic testing to check that it meets the required quality. Yes, we have a 100% check here.”

Positive future

“We are going to move things forward again, we're all right

behind Nedstaal. And you can already see things are running better than previously. The mood is good and we're taken seriously. You can see the new management is open to us, and that they listen to us. All improvements are welcome. So yes, everything will be fine for Nedstaal - we're convinced of that.”

THE ANDUS DIVISIONS

As from 1 December 2014, the structure of Andus Group divisions is as follows:

Manufacturing

FIB Industries

Process equipment, burners and (cellar) beer systems

Gouda Refractories

Refractory linings

Nedstaal Special Steel

High-grade steel

Van Voorden Castings

Industrial castings, ship propellers and blades

Services & Maintenance

Gouda Feuerfest Deutschland GmbH

Sales office for refractory linings

Gouda Vuurvast Belgium

Supply and installation of refractory linings

Gouda Vuurvast Services

Supply and installation of refractory linings

ISS Projects

Staff deployment for construction and refractory projects

Lengkeek Staalbouw

Maintenance-oriented contractor for steel construction

Van Voorden Maritime

Repair of ship propellers

Contracting

Armada Janse

Illuminated advertising and objects, advertising posts and signposts

Armada Mobility

Street furniture and information systems for public transport

Armada Rail

Components for the rail infrastructure market

HSM Offshore

Multidisciplinary projects for the offshore oil and gas industries

HSM Steel Structures

Bridges and sluices

RijnDijk Construction

Multidisciplinary (steel)construction projects

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