

Strategic consulting for aluminium markets:

Case study – Aluminium Scrap Sourcing Strategy and Secondary Aluminium Market Feasibility Study

Fastmarkets consulting
Independent market intelligence and advisory

About Fastmarkets consulting

Fastmarkets is committed to providing the world's leading independent consulting service across commodities markets, supplying unique, actionable insights backed by definitive sources of reliable, first-hand market data.

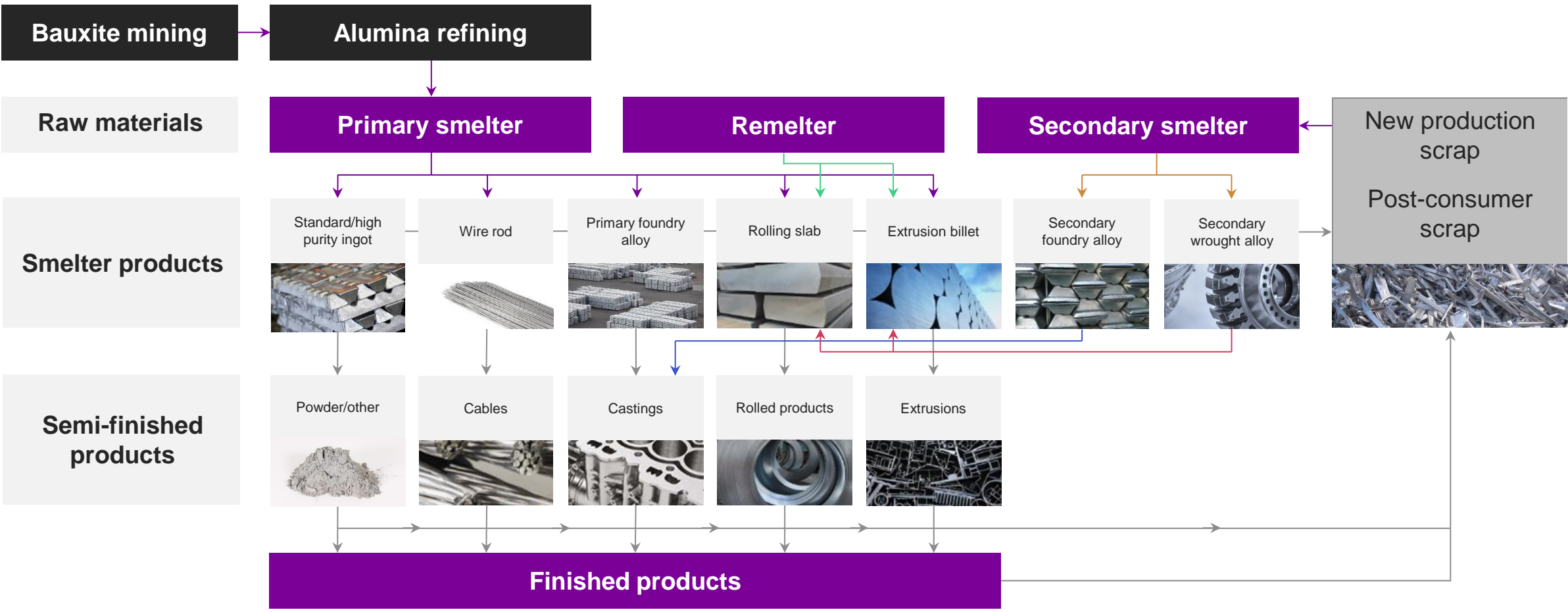
Our global consulting experts can validate or challenge the viability of your investment projects while maximizing their value. We specialize in sourcing hard-to-find information and delivering tailored solutions to support your strategic decision-making.



Consulting across the value chain



Fastmarkets consultants have helped clients across the aluminium supply chain maximize the value and viability of their projects.



Backdrop to the client's challenge and approach to Fastmarkets



Aluminium: Industry Trends & Tail Winds

1 The drive towards increasing recycled aluminium share in global markets

- New opportunities for downstream manufacturers of aluminium Value-Added-products, flat rolled products, extrusion profiles and castings are opening up in different regions of the world. Light weighting and recyclability are two key factors that will drive the demand for aluminium in the coming decades.
- On the extrusion side, global demand for green buildings will see growth as the pressure mounts on energy conservation and reduction of the carbon footprint of buildings. EVs are expected to accelerate the demand for aluminium extrusions, as its usage is significant in battery housing and various body structures. Solar, electrical & electronics application are also expected to grow well.
- Low-carbon premiums and price differentials for aluminium Value-Added-Products will be one of a variety of mechanisms used to try to pass on some of these costs onto end-users towards the decarbonisation phase.
- Understanding the potential level and drivers of low-carbon premiums and various trade policies e.g. CBAM to the aluminium sector will be pivotal going forward. This will be for both new ventures, and especially sponsors, but also existing market participants in order to fight to stay relevant and retain market share.
- Capturing 'fair-market' value will be critical on the part of aluminium players right across the supply chain

Solutions Fastmarkets provides to leading primary and secondary producers looking to invest into secondary aluminium production capacity

- Strategic market intelligence to best guide new long-term investments to capture and capitalize on low-carbon and recycled content materials
- Access robust market transaction data and price forecasts for the feedstock and end-products
- Understand the impact of competitor supply trends by end-use product and scrap grade, ESG policy initiatives, new technology drivers, etc.





The client challenge

Establishing an independent and globally recognised market consultant to Mandated Lead Arrangers (“MLA’s”) for debt financing purposes and go-to-market strategy design and product mix optimisation

Fastmarkets consultants were approached by a **leading global aluminium operation looking to secure favorable debt financing for the purpose of their development of a new large-scale secondary aluminium smelting facility and casthouse project.**

When undertaking this project, our consultants had to work to a variety of client requirements, including:

Sales strategy optimization

The organization required independent **recommendations as to their go-to-market strategy** from a market and pricing perspective **specific to their product mix**. This also included exploring the best strategy for procuring target feedstocks available.

Securing debt finance

They needed a **highly trusted and reliable market feasibility study to secure debt finance**. The client needed financial evaluation covering indicative capital expenditure (Capex), operational costs, and potential government incentives available.

Growth opportunities

To help **identify future organic and acquisition growth opportunities**, the client required a deep-dive analysis into global customers/suppliers, logistics partners and potential M&A targets.

Fastmarkets consulting solutions

Within a challenging and ever-evolving aluminium product market, Fastmarkets consultants were able to advise the client and its finance lenders as to how best to operate, plan and estimate the generation of new and postconsumer scrap by each scrap grade.

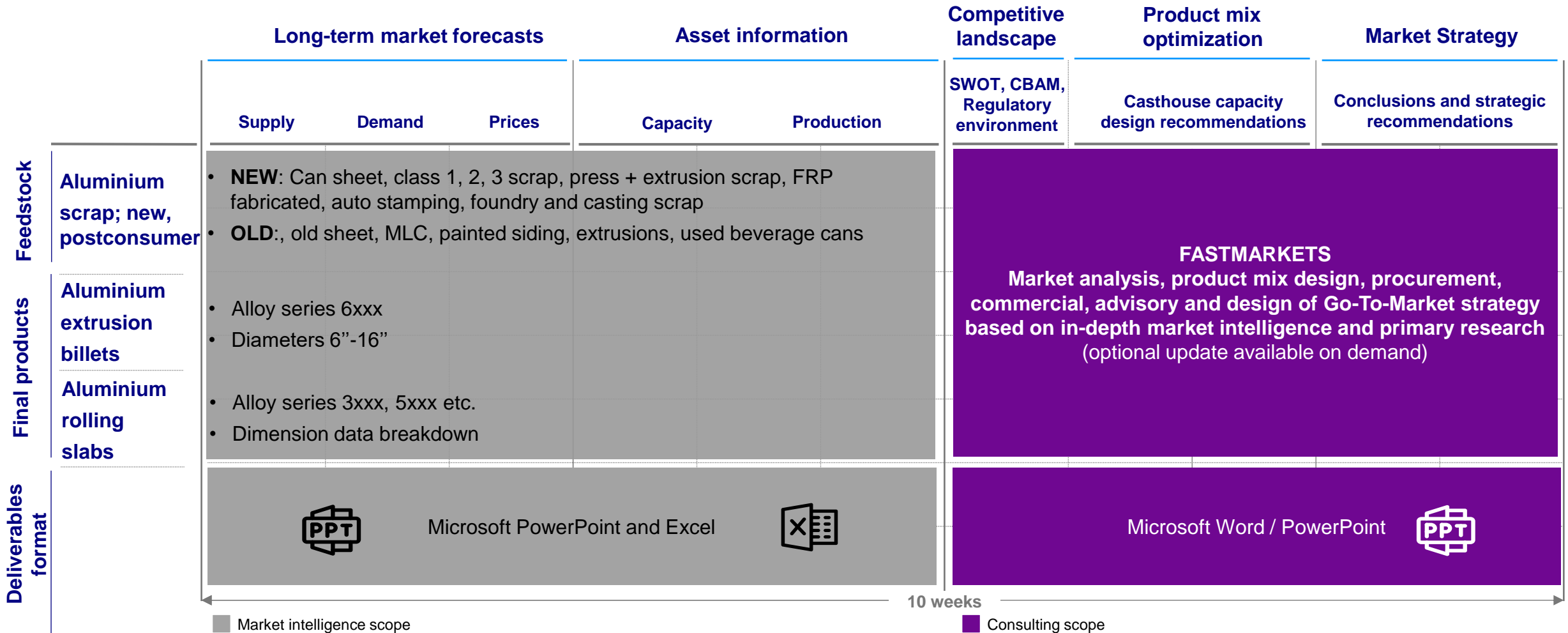
- We assigned a team of experienced market consultants to work on the in-depth analysis of generation of OLD postconsumer and NEW scrap from the production in client's target sourcing geographies.
- We applied our proprietary six-step research process, involving extensive primary research techniques supplemented by our in-house proprietary databases and forecasting models.
- This enabled us to gather detailed market intelligence on the availability of each scrap grade and pricing information for both feedstock and end products in key sourcing target markets over the course of the ten-week project.



Scope of work summary delivered



Fastmarkets provided end-to-end solutions; in-depth market intelligence, thorough analysis, product mix optimization, procurement, commercial and market advisory services



Client outcomes

After identifying key insights on the client's target markets, Fastmarkets consultants delivered a comprehensive strategic market assessment to the complete satisfaction of the MLA's



Insight-backed investment confidence

Our market feasibility study defined the availability of the scrap as feedstock and potential sales volumes for aluminium VAPs and semis from secondary origin and revenues for the Client, which positively **assisted the bank and investment consortium in their investment and financing decisions.**



Opportunities in low-carbon aluminum

Fastmarkets **identified and provided needed clarity on the developing trends and key drivers in the secondary aluminium sphere**, as the client and its consortium of financial lenders sought to position themselves at the forefront of this movement.



Providing a competitive advantage

Fastmarkets provided a comprehensive assessment of how and where best the client could source and **negotiate appropriate scrap volumes with key strategic suppliers, as well as recognising fair market value of their product mix.**



Independent project due-diligence

Fastmarkets was able to independently **validate the Project providing informed decision-making support, guiding the selection of the optimal product mix and target customer strategies**, as well as suitable technology partnerships essential for a successful investment in recycled aluminium markets.

Client testimonials



We have provided consultancy services for a vast range of global brands from across the aluminium value chain.



“Fastmarkets led a special due-diligence project whose work and analysis was significantly **more comprehensive than other recognized market research firms** we have worked with in the past.”

Global Project and Corporate Finance



“Fastmarkets is fantastic and has **helped my understanding of this industry massively.**”

Raw Material Manager



“**Fastmarkets demonstrated outstanding knowledge** of the market, a great deal of flexibility and the ability to tailor their approach consistently with the needs of the final client in the Middle East towards their product diversification and restructuring goals.”

Managing Director and Partner



“I would **highly recommend your services** to anyone when requiring market strategy guidance.”

Vice President



“Your work has provided us with by far the most thorough independent analysis on this region currently available anywhere.”

Senior Procurement Executive



“Having worked with Fastmarkets I can attest that **they provided a detailed and thorough analysis** that greatly helped in making fact-based decisions.”

Chief Marketing Officer

Thank you

All Commodities enquiries:

Brian Levich (UK-based)

Consultancy and Special Projects Director

blevich@fastmarkets.com

+44 (0) 208 135 5214

Brian covers the global commodities sector in detail having written numerous reports, studies, and papers and conducted extensive consultancy and market research projects over the past 25 years at Fastmarkets.

Brian speaks English and Russian.

Josko Kandido MBA (UK-based)

Consultancy Manager

josko.kandido@fastmarkets.com

+44 (0) 208 135 5375

Josko brings extensive cross-industry expertise in commercial and market consulting, spanning aluminum, steel, and battery raw materials. Previously, he served as a Sales Manager in hot rolling aluminum mills in Croatia and Italy. His experience extends to Russia, where he managed procurement for major Oil and Gas projects like the ESPO pipeline and Yamal LNG.

Josko holds an MBA from IE Business School, Madrid, and is fluent in English, Croatian, Russian, and Italian.