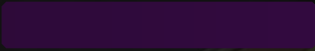


Strategic consulting for ferrous materials markets: Case study – Procurement & Risk Management



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.



The challenge faced

Reducing carbon steel procurement costs for an international construction, utilities and transportation company.

Fastmarkets consultants were hired by an international construction, utilities and transportation company to reduce costs and manage risks associated with procurement. The organization sourced an array of carbon steel products with an annual procurement spend of US\$450m per year.

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

Purchasing

The client needed accurate market knowledge to navigate volatility and time its purchasing decisions to maximize its competitive advantage.

Contracting

They needed a trusted, independent source of price data that would strengthen supplier negotiations to forge better long-term relationships.

Budget planning

The client wanted to move away from budgeting based on the previous year's prices and inflation as this misrepresented actual prices in volatile markets.

Fastmarkets consulting solutions

Fastmarkets' specialism in steel prices, forecasting and analytics meant we were the natural choice to partner and advise the client. Our consultants were able to develop an integrated cost modeling process to benefit all aspects of their purchasing processes in carbon steels.

- We used a structured, data analytical approach to avoid blockages and reduce confrontations with suppliers. **We re-organized the client's pricing contracts to use correct price benchmarks**, which would bring considerable savings.
- We used our extensive, independent price data and should cost models to **help the client successfully negotiate with their suppliers**.
- Our pricing data reflected underlying macro-economic drivers and market specifics, providing the client with **accurate steel price forecasts to improve planning processes** and help them set more realistic budgets.
- Applying data driver analytics to all divisions and **stakeholders enabled proper measurement of the client's buying performance** and allowed purchasing efficiency to be related to market realities.



Client outcomes

Our client was able to access unique and proprietary market data and insights from Fastmarkets, ultimately reducing procurement overheads and raising profitability (2-3% annually).



Improved pricing insights

After better understanding their suppliers' processes and cost drivers, our client was able to quantify how and why their carbon steel prices changed.



Greater supplier knowledge

Our client gained more knowledge on quantifying steel supplier input costs, as well as how to calculate and forecast price changes.



Optimized purchasing decisions

Fastmarkets consultants offered the client regular insights on optimal purchase timings, supported by independent data-driven reasoning.



Strategic negotiations

With access to deeper data analytics, our client was able to make better and quicker supplier negotiations using fewer resources.

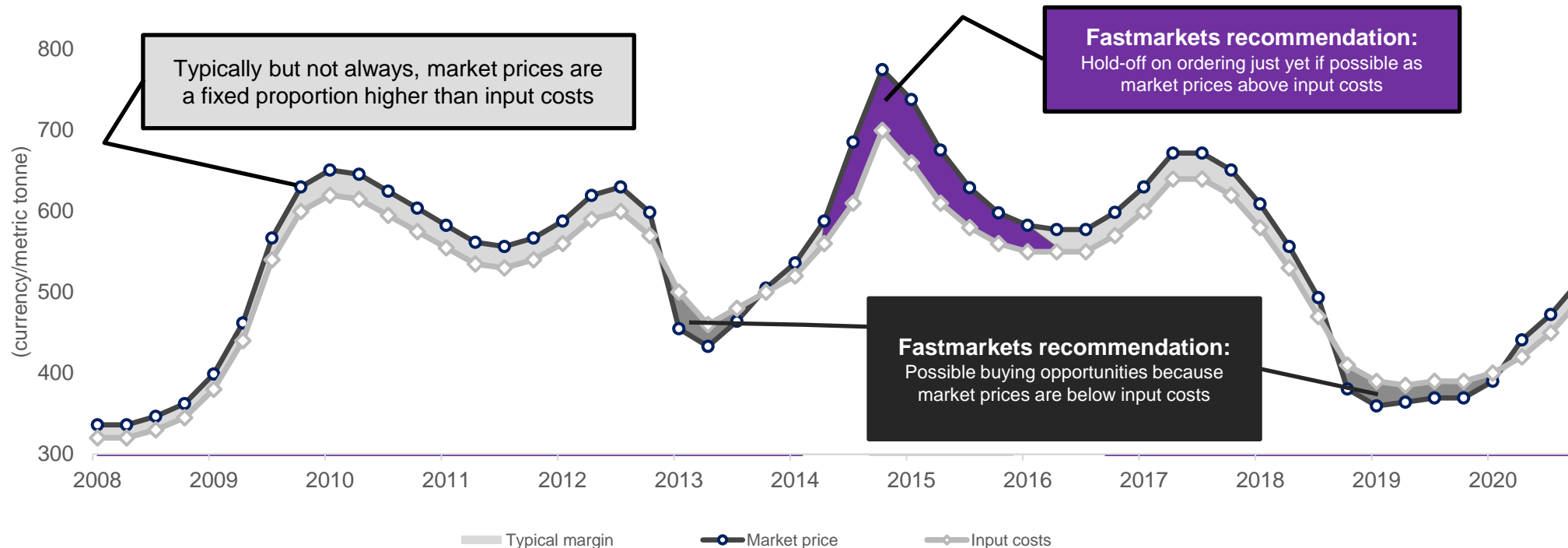
Our insights



Fastmarkets consultants offered the client regular market insights and consultant support to indicate the optimal timing to make steel purchases.

Understanding input costs can bring significant benefits, especially when commodity prices are becoming increasingly volatile. Fastmarkets consultants regularly support clients with independent, data-driven reasoning to facilitate steel purchases. This provides our clients who purchase steel with the confidence to best time ordering their inventory to maximize trading margins

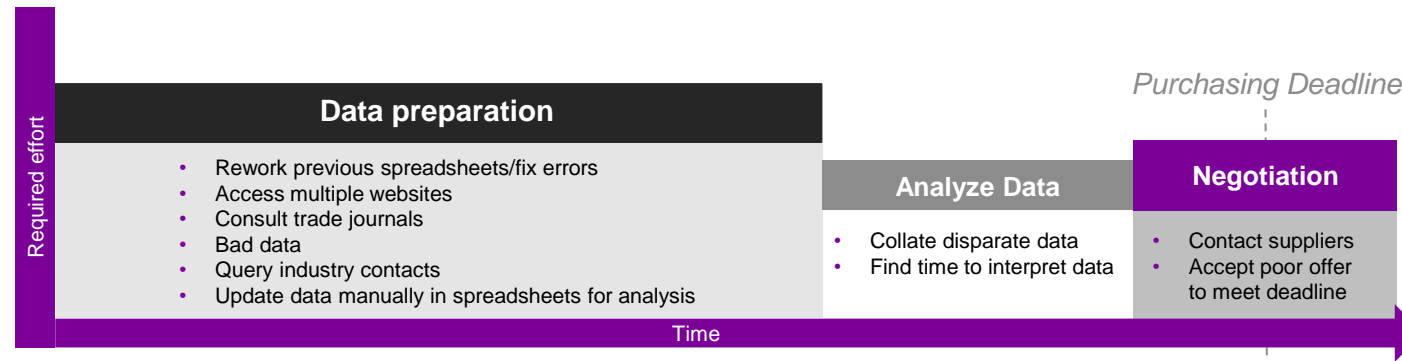
Illustrative steel production costs and price



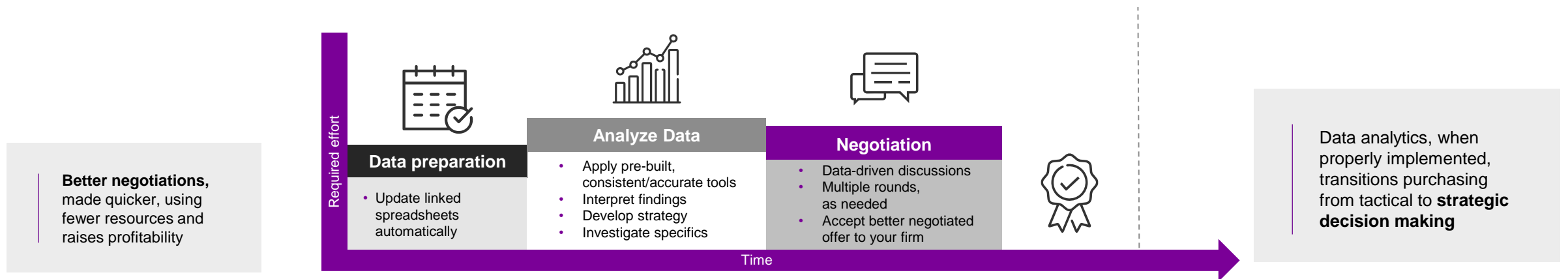
How Fastmarkets aids client commodity purchasing decisions

Integrating market intelligence from Fastmarkets brought our client timely insights when negotiating with its suppliers - reducing overheads, increasing insights and raising profitability (2-3% annually).

Suboptimal Scenario: Without utilizing our data and advisory services when commodity purchasing:



Optimal Scenario: Applying commodity procurement advisory services from Fastmarkets in supplier negotiations:



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.