

Strategic consulting for ferrous materials markets: Case study – Green Steel 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.



Backdrop to the client's challenge and approach to Fastmarkets



Steel: Industry Trends & Tail Winds

1 The steel industry's path to decarbonization



- Around US\$2trillion is expected to be required to fund the global steel industry drive towards decarbonisation.
- Much market uncertainty exists on the future and precise definition of 'green hydrogen' technology. Huge investments are being allocated to access affordable renewable energy.
- Scrap quality and volume availability will be limited out to 2035. Global steel demand growth and shifts in steelmaking technology towards H2-DRI-EAF and scrap-based EAF steel production will also mean further upward pricing pressure on other metalics, such as DRI/HBI and merchant pig iron.
- Green steel premia, and associated pricing premia for steel raw materials, will be one of a variety of mechanisms used to try to pass on some of these costs onto steel end-users towards the decarbonisation phase. The automobile sector will be one of the biggest demand creators/influencers for low carbon emission/green steel.
- Understanding the potential level and drivers of green premiums to the steel and steel raw material markets will be pivotal going forward. This will be for both new ventures, and especially sponsors, but also existing steelmakers as to fight to stay relevant and retain market share.
- The technical know-how of DRI making, relationship with technology suppliers and EPC players, robust balance sheet, integration from mines to metals, supply of renewable energy and strong market intelligence will be the critical success factors for any new green steel project

Solutions Fastmarkets could offer:

- Strategic market intelligence to best guide new long-term investments to capture transition opportunities
- Access multi-origin procurement visibility & ESG compliant price intelligence (premiums or standalone)
- Carbon inclusive delivered pricing
- Access company/plant operation ESG and operating/total cost benchmarking data



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 optimisation

Fastmarkets consultants were approached by a **leading global steel operation looking to secure favorable debt financing for the purpose of their development of a new hydrogen-based green flat steel product facility project**, with associated steel raw material procurement support.

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 green steel. This also included exploring the best strategy for procuring target feedstocks available, particularly high-grade iron ore.

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.

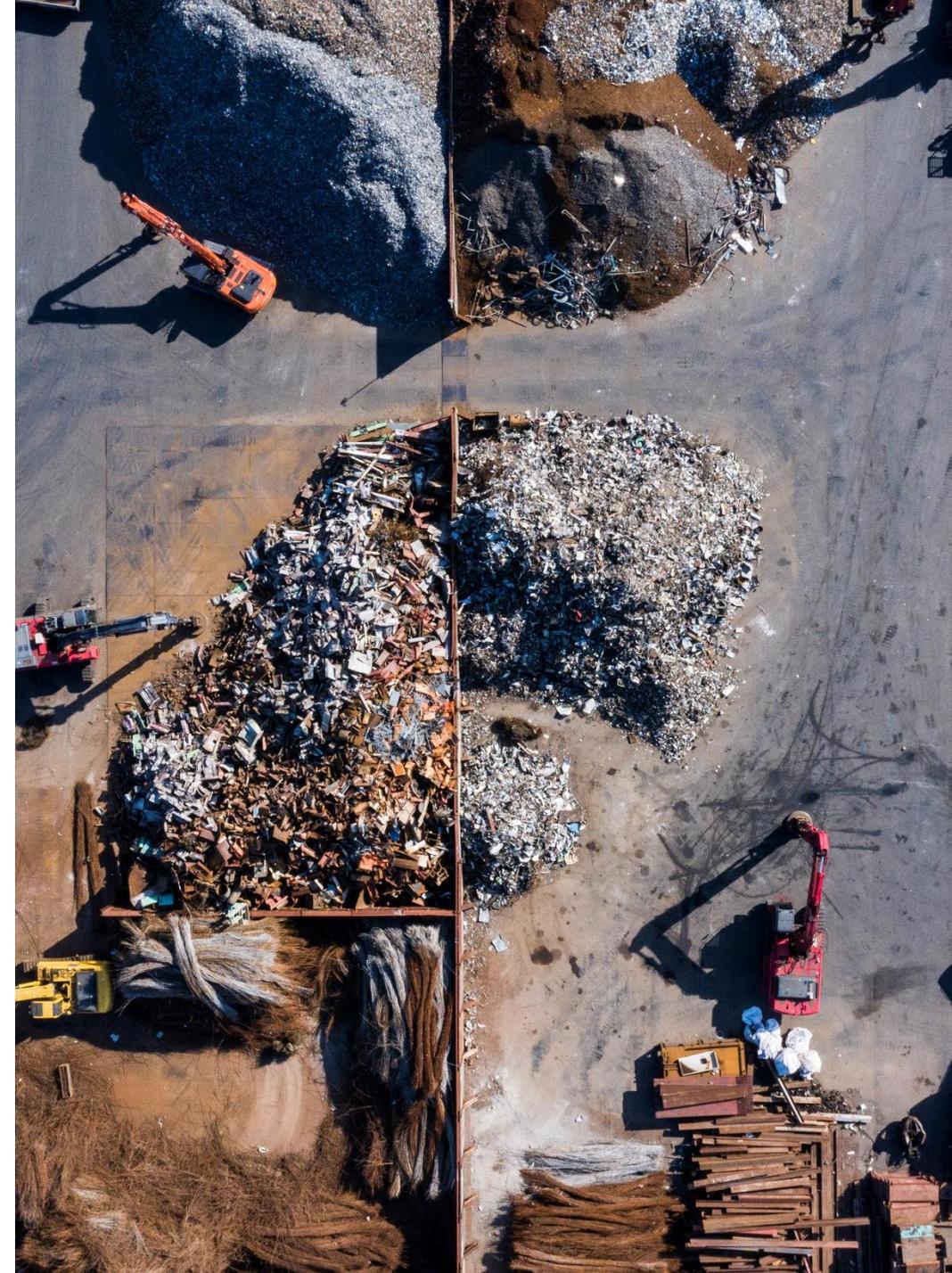
Growth opportunities

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

Fastmarkets consulting solutions

Within a challenging and ever-evolving steel and steel raw materials product market, Fastmarkets consultants were able to advise the client and its finance lenders as to how best to operate and anticipate rapidly changing pricing developments.

- We assigned two teams of experienced market and technical consultants to work in parallel: one team focused on the off-take agreement; one team conducted the strategic review and market feasibility study.
- 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 customer demand and pricing information in key target markets over the course of the twelve-week project.



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 decisions

Our market feasibility study defined the green steel market size and potential sales volumes and revenues for the Client, which positively **assisted the bank and investment consortium in their investment and financing decisions.**



Current and future regulatory factors

We qualitatively assessed the potential market impact under various scenarios from EU trade policies. We showed that some EU mills would blend their slab supply with imports to meet green targets. **Asian companies exporting downstream steel products such as HRC to the EU would also import green slabs to strengthen their respective green credentials favourably against CBAM related penalties.**



Strategic option advisory

Fastmarkets provided a comprehensive assessment of how the Middle East, with solar/wind advantages, and a favourable geographic location to best serve European steel end-user customers, **posed some of the best opportunities as a first-wave go-to-market strategy.**



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 green steel markets.

Client testimonials



We have provided consultancy services for a vast range of global brands from across the ferrous 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



“We had the privilege of working with **Fastmarkets working to tight deadlines** on our recent project to provide an in-depth independent look at our market dynamics and price forecasts.”

Head of Strategy Development



“A fantastic, reliable and highly credible partner for my division.”

Strategic Marketing Director

Thank you

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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.

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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.