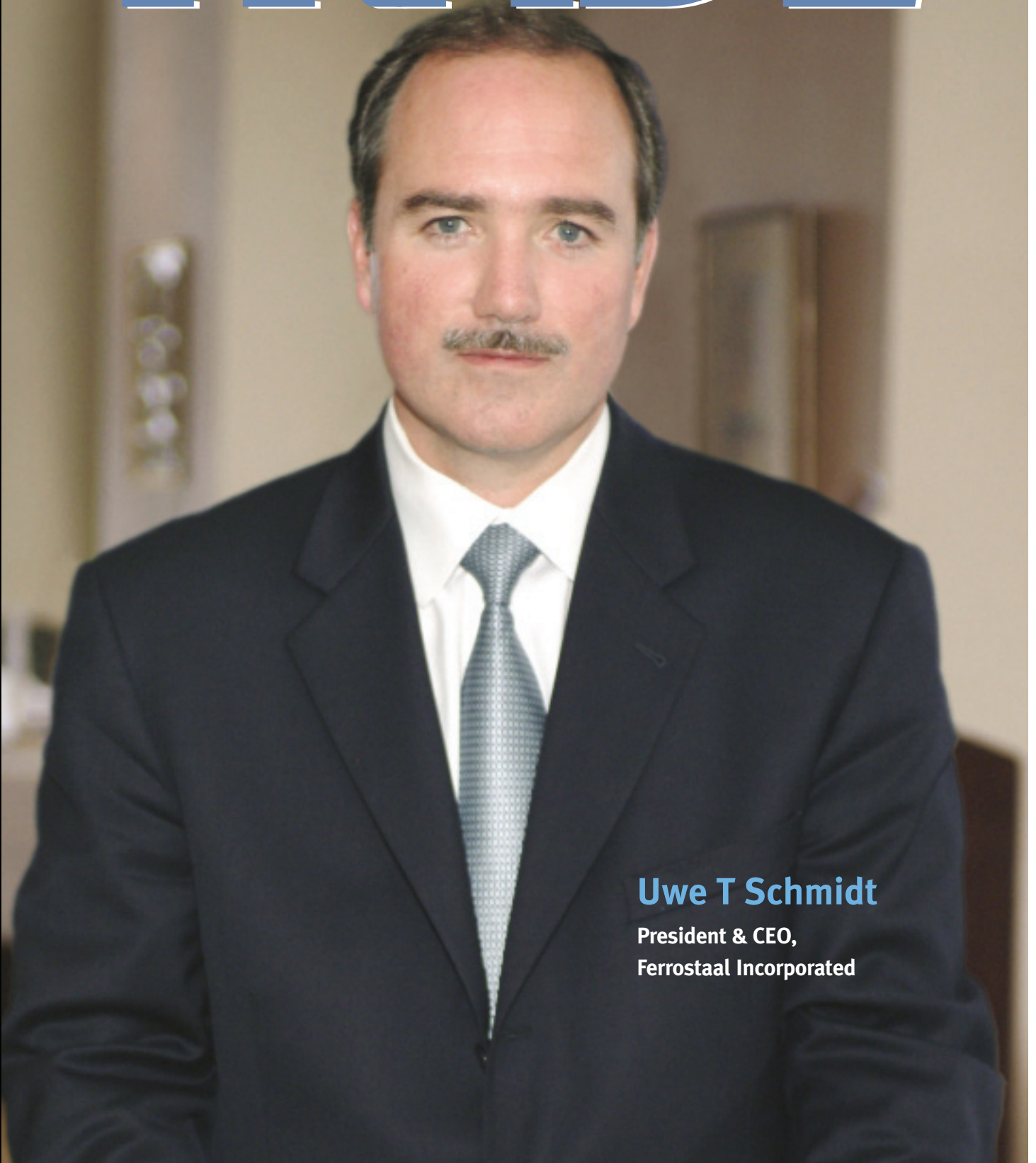




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TRADE



Uwe T Schmidt

President & CEO,
Ferrostaal Incorporated

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Cover Story

What began over 80 years ago as a small but respected trading company in Holland, has become one of the world's leading integrated, international providers of planning and procurement, construction management, equipment supply and marketing for the steel, chemical, petrochemicals, metals and aluminum industries.

Ferrostaal

Turning ideas into reality

The company is Ferrostaal AG, part of the \$18.5 billion (USD) MAN Group, a global powerhouse of heavy industry involved in the manufacturing of trucks, printing systems, steel mills, industrial facilities, Diesel engines and other capital goods. The MAN Group itself dates back to 1758, when "St. Antony" iron works commenced operation as the first heavy-industry enterprise in the Ruhr region of Germany. When most companies talk about their years in business, MAN talks about its centuries.

Ferrostaal is a name well known to both corporations and governments for its ability to manage the highly complex tasks and relationships associated with construction of major manufacturing facilities. Today this company has over 60 offices in 55 countries, and over 6,500 employees worldwide. Corporate headquarters for Ferrostaal AG are in Essen, Germany.

The MAN Ferrostaal Group of companies in the United States has over 1500 employees and accounts



for \$1.4 billion (USD) in sales, of which Ferrostaal Incorporated is the largest component. Ferrostaal Incorporated has chosen Chicago as its home base of operations. The choice of Chicago as its hub is a confirmation of the importance of this city to the international business community.

The President and CEO of Ferrostaal Incorporated,

Uwe T. Schmidt, successor to Wilfried von Bulow, states, "Although Ferrostaal Incorporated is proud of its German heritage and is active throughout the world, it has chosen to be at home in the American Heartland. The Midwest is the single largest steel producing and consuming region in the world, and Ferrostaal Incorporated is committed to be an active part of this critical industry." From this base of operations, Ferrostaal Incorporated oversees 17

Ferrostaal is a global powerhouse in steel marketing and distribution, facility financing and building, shipping and ship building, and construction management.

locations throughout the United States, Canada, Mexico and Puerto Rico.

Providing supply chain solutions that are greater than the sum of its parts.

Like many advanced, integrated companies, Ferrostaal is divided into operating divisions that focus on specific aspects within a core vision. To understand the function of each division, it is helpful to first have a sense of the total vision.

Ferrostaal is focused on the movement of raw materials through the manufacturing process, and then into the marketplace. That said, they do not manufacture the end products

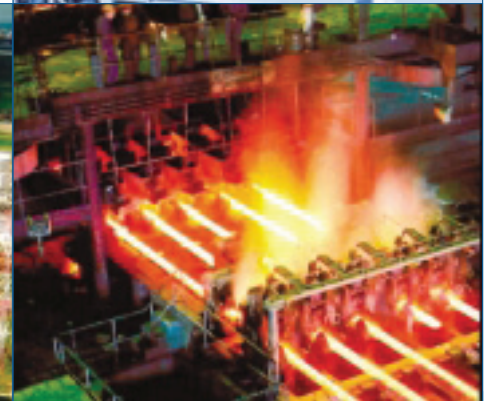
transportation for moving the product of the manufacturing facility to market, the marketing of the product and the financial transactions back to the manufacturer — and you'll see Ferrostaal's presence at every stage.

Building from the ground up.

Ferrostaal's Facility Construction and Contracting division is comprised of all the services provided when Ferrostaal acts as a general contractor or as a consortium partner within the framework of planning, financing, supply, assembly and commissioning of industrial plants. Ferrostaal's long-standing experience in the field of project engineering,



Ferrostaal provided turnkey project management from financing to assembly for this methanol plant in Trinidad.



themselves. Instead, they are the providers of virtually all aspects of the infrastructure that enables the manufacturer to make and sell its products.

Look at the continuum of a process – from the mining of a raw material to its delivery to a manufacturing facility, the building of the manufacturing facility itself, the machines and equipment used in the facility, the logistics and means of

planning and handling of large-scale projects as well as its flexible handling of international financing matters are of crucial importance.

“Ferrostaal is one of the world's leading industrial facility builders,” says Wilfried von Bulow, vice chairman. “Our major expertise is in building plants for developing countries in Latin America, Africa, the Caribbean, CIS countries,

Ferrostaal has built steel mills in Brazil, Argentina, Mexico, Venezuela, Peru and Indonesia, such as this steel casting plant.



Indonesia, China and others.”

“Large scale industrial plants are built of numerous components, which are usually not manufactured by just one com-

pany,” explains von Bulow. “So

you need someone like our group, who assumes the overall responsibility as the general contractor to make happen what has been promised. We put the entire package together for our customers.”



The main focus of Ferrostaal’s Facility Construction and Contracting division is on the steel, chemical, petrochemical and aluminum industries. Being independent from specific manufacturers, Ferrostaal is in the position to apply technologies and processes that best suit the specific needs of its clients.

For instance, in Trinidad and Tobago, Ferrostaal has built

three colossal methanol plants. As the general contractor, Ferrostaal supervised the entire project from financing to assembly. These plants produce 10% of the global requirement for methanol, a basic chemical that’s much sought after on the world market. A fourth methanol plant, which will be the world’s biggest, is currently in the planning stages.

The company recently passed acceptance tests on the Di-Isopropyl-Ether (DIPE) plant they constructed in Chile. Subsequently, Ferrostaal has been retained for the delivery of two sulfur recovery plants belonging to the Chilean state-owned oil and gas company ENAP.

The assembly work for the aluminum smelter ALSCON in Ikot Abasi, Nigeria was carried out according to Ferrostaal’s expert plan.

Ferrostaal is involved with the shipbuilding and construction company Vietnam Shipyards Industry Corporation, Hanoi, for the man-

agement, engineering and supervision of the realization of a new heavy plate mill facility near the harbor of Cai Lan in Vietnam.

Building steel mills around the world is another Ferrostaal activity – with a portfolio of steel mills built in Brazil, Argentina, Mexico, Venezuela, Peru and Indonesia. But, Ferrostaal’s involvement doesn’t end when they hand over the keys to the new owner of the facility. “Many times we take products from these mills we’ve helped to build and market them throughout the world,” Uwe Schmidt explains.

Structural integrity.

The business focus of Ferrostaal’s DSD Group, which has its headquarters in

We put the entire package together for our customers

Ferrostaal’s DSD Group supplied the largest composite steel bridge to the Saar-Lor-Lux area.

Saarlouis, is on structural steel engineering, bridge construction, hydraulic steelwork, turnkey construction, electrical engineering, water treatment facilities, balance of plant (BOP) for power plants, conveyor systems as well as industrial assemblies. They are also active in open-cast mining and materials handling technology

“There is tremendous value in our ability to integrate the structural engineering expertise of our DSD Group whenever we are involved in industrial facility construction,” says Uwe Schmidt. “At the same time, the DSD Group is a world-class operation in its own right, that is retained by corporations and governments for critical construction and structural engineering projects.”

For example, Ferrostaal’s DSD Group is responsible for the reconstruction of the Slobda Bridge across the Danube in Novisad, Serbia, which had been destroyed in 1999.

The Ministry of Irrigation and Water Resources of Khartoum, Sudan has retained the DSD Group for the rehabilitation of the bottom outlet openings of the Roseires Dam. Here, the steel lining of the bottom outlet channels will have to be replaced and the sliding gates will be rehabilitated and adjusted.

The Luxembourgian company PROFILARBED S.A. has given DSD Group the task of the turnkey assembly of a new tandem mill in Belval, Luxembourg. The performance

package includes the complete assembly, planning and delivery of electric equipment as well as the planning, delivery and commission of the water resources facility.

Renowned for building impressive steel structures, the DSD Group built the world’s biggest hangar doors as part of a blimp aerodrome in Brandenburg, Germany.

We offer long-standing trading experience in steel products of any kind.

From single machines to complete systems.

Ferrostaal’s Industrial Equipment and Systems division is responsible for the worldwide distribution and maintenance of individual machines, components and systems. This includes distributing single-unit machines, components and systems, primarily for printing, packaging, plastics, rubber processing and textile industries throughout the world.

Uwe T Schmidt
President & CEO, Ferrostaal Incorporated

Uwe T. Schmidt has demonstrated throughout his distinguished career the unique ability to evaluate market environments and then to design and implement plans that achieve his market vision. He has over 16 years of experience at the highest levels of international commodity and resource trading and financing, with particular emphasis in the steel and related products industries. Throughout his career he has often acted as a “corporate ambassador” to establish company credibility in new markets. A well-traveled and culturally-seasoned, multi-lingual business professional, Mr. Schmidt’s global assignments have included building relationships and uncovering opportunities in the United States, Australia, China, Hong Kong, Korea, Taiwan,



Singapore, Malaysia, the Philippines, Chile, Mexico and Canada.

Mr. Schmidt was recently appointed to the steering committee of the Mid America Committee of the Chicago Council on Foreign Relations. He currently serves on the Advisory Boards of three international corporations. Mr. Schmidt joined Ferrostaal in 2001 as Chief Operating Officer. He succeeded Wilfried von Bulow as President & CEO of Ferrostaal Incorporated in 2002.



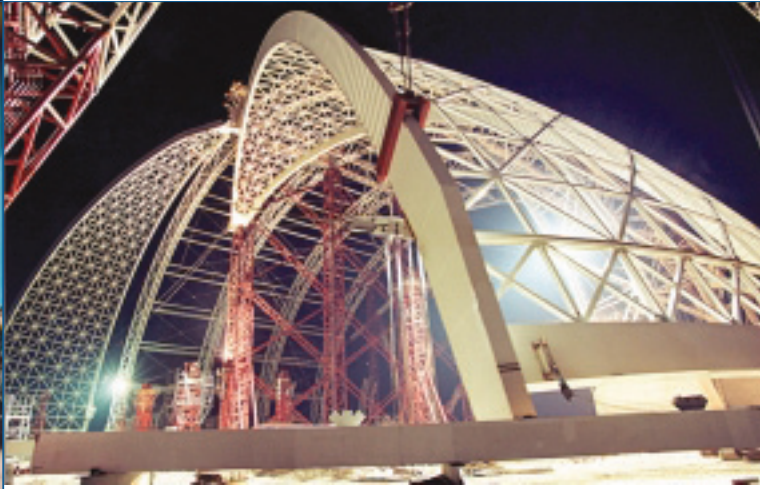
In addition, all services relating to infrastructure and transport systems are included in this division. The supply of merchant and naval vessels, nautical equipment and operations within the German Naval Group is another key business area managed by this division.

built at an Egyptian shipyard, providing a lifting capacity of 40 tonne for the Suez Canal Authority.

A 1,100 TEU container vessel that had been manufactured in Romania and an 8,000 tdw tanker for chemicals were supplied to a German customer.



Ferrostaal's Industrial Equipment and Systems division delivered 8 electric locomotives with a weight of 130 metric tons each to transport ore in Chilean copper mines.



Ferrostaal's DSD Group is known throughout the world for its capabilities in structural steel engineering. This cargo hanger is the largest self-supporting structural steel building in the world.

Recently, Ferrostaal's Industrial Equipment and Systems division delivered 89 MAN bus chassis to Mexico. The completion of these bus chassis to luxury touring buses was carried out at the Spanish-Mexican bus builder Irizar in Queretaro, Mexico under the supervision of trained technicians of Ferrostaal Mexico.

A total of eight electric locomotives were delivered to the Chilean copper mining company Codelco División El Teniente. The locomotives, with a weight of 130 metric tons each are powering trains that transport copper ore from the underground loading bins to the processing plants.

The group recently delivered a floating crane that had been

The value added in supplying this equipment includes finding a financing solution that meets each customer's needs. "In many cases we supply our customers equipment based upon long-term financing and/or leasing arrangements," explains Uwe Schmidt. "Ferrostaal is a company that possesses both strong capital resources and a financing department equipped with all the relevant experience and expertise."

Local to Global.

"We are one of the world's leading independent steel marketing organizations and Ferrostaal is an intimate, yet independent commercial partner of steel producers and cus-





tomers throughout the world," says Schmidt. "We offer long-standing trading experience in steel products of any kind."

Ferrostaal procures and markets steel supply chain products from semi-finished products to all grades of flat products, long products, wire rod and wire products, including special steel and non-ferrous metals.

Ferrostaal's global network also means it can supply key raw materials and help its customers arrange offset agreements, financing, and shipping – all from a single source.

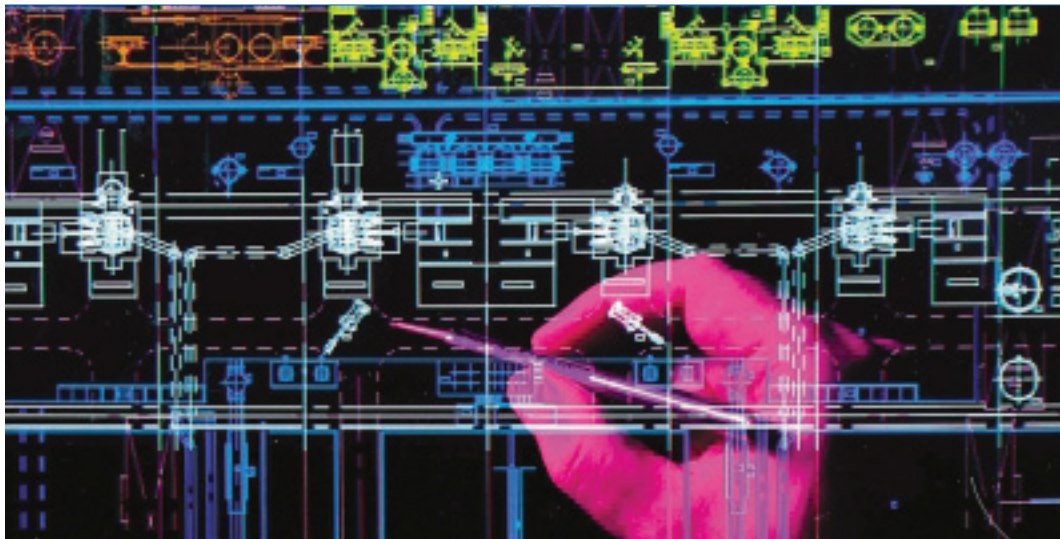
The global reach and

local market players. The credibility that comes from being "on the ground" in local markets gives Ferrostaal an edge when it comes to recognizing opportunities quickly, as they emerge. "Our most valued asset is our people," says Schmidt. "Having an American workforce with a multi-national background is important to us. We have always believed, and will continue to invest in positioning local people in local markets."

For Ferrostaal, trading means much more than purchasing here and selling there. They believe in providing both suppliers and customers with up-

Our success is based on our reliability, trustworthiness, flexibility, and above all, our performance

Ferrostaal engineering design departments utilize the latest CAD technology to plan and coordinate the building of industrial facilities



resources of Ferrostaal give it a commanding perspective of the world steel market. This perspective, in turn, delivers flexibility in its trading activities. With offices in more than 55 countries, Ferrostaal's local people are face-to-face with

to-the-minute market information. They are experts at understanding the differences between cultures. And, they are adept at handling all facets of international commercial transactions. What's more, Ferrostaal is able to provide the



Ferrostaal is involved in managing steel distribution centers throughout the world, to meet JIT requirements.



Wilfried von Bulow
Vice Chairman, Ferrostaal Incorporated

Wilfried von Bulow joined Ferrostaal AG in Germany in 1962. From 1964 until 1981 he served in various top management positions, representing Ferrostaal in Colombia, Chile and Argentina. In 1981 he became Executive Vice President of Ferrostaal Metals Corporation in San Francisco, California, and was named President & CEO of Ferrostaal Incorporated in 1988. He was named Vice Chairman in 2002. Mr. Von Bülow is a founding



member of the American Institute for International Steel (AIIS), Washington, D.C., and presently serves as its Chairman.

With the trend for manufacturing companies to reduce their inventories, Ferrostaal sees an excellent niche opportunity. “We can work with our customers and help them streamline their work in process flow,” explains Schmidt, noting the cost-effectiveness factor for customers, who, together with Ferrostaal, can jointly identify and implement material management process efficiencies. “This allows them to manufacture their products much more effectively, thereby saving costs and ultimately being able to offer their goods and services more competitively to their own customers.”

You'll find Ferrostaal involved at virtually every stage of moving steel to market



clear objectivity of a neutral partner. They are not in competition with either the buyers or sellers, and it is this independence that makes Ferrostaal unique.

Ferrostaal currently offers a full spectrum of logistics and administrative services. Their shipping specialists, stationed around the globe, manage an average annual volume of more than 3.5 million metric tons of steel products through the logistics supply chain. “We seek to create win-win situations throughout the supply chain – for both the suppliers and the customers,” Schmidt says. “Our success is based on our reliability, trustworthiness, flexibility, and above all, our performance.”

We are able to provide solutions that fit our customers' needs thereby turning their ideas into reality

Ferrostaal expects its foray into logistical services to be an area offering remarkable growth through the near future. “For example, the steel industry requires a multitude of products, such as coal, iron ore, scrap and other materials – all of which Ferrostaal is able to supply, and if needed on a JIT basis,” Schmidt says. “Through innovative offset arrangements we can offer not only the raw materials, but also the technology and equipment to produce steel. We are also capable of managing WIP and A/R financing, not to mention assistance in marketing the mills finished products via our network of 17 sales offices in North America, or globally throughout our worldwide organization.”

“We plan to become more involved in providing supply-chain material management services to our customers,” says Schmidt. “Allowing manufacturing companies to focus their energy on making the product while outsourcing strategic raw material procurement, logistics, certain sales, A/R and credit functions on an open-book basis creates efficiency. Our logistics group in Europe alone supplies in excess of 11 billion

Euros of parts and components to key industry players like Ford and GM on a just-in-sequence basis,” Schmidt adds. “In order to be competitive, we and our business partners need to focus on what we do best and what creates the greatest value to our organization, while avoiding, where possible, redundant operations and/or duplicate functions.”

tation as a world leader. “We will maintain our leadership role by offering our customers tailor-made solutions,” concludes Uwe Schmidt. “Through the strength of our organization and through our customized marketing capabilities, we are able to provide solutions that fit our customers’ needs thereby turning their ideas into reality.”

Ferrostaal Incorporated Organization in North America



Ferrostaal’s clear vision of the future.

Ferrostaal brings with it all the experience and resources of what is arguably the world’s most integrated company in terms of addressing the specific needs of the world’s heavy industry. And, Ferrostaal’s commitment to independence means that all of their customers benefit from their neutrality and objectivity.

Ferrostaal is clearly positioned to build upon its repu-

Contact
<p>Jonathan Fackelmayer Assistant to the President and CEO Ferrostaal Incorporated One Lincoln Centre, Suite 840 Oakbrook Terrace, IL 60181 630.458.5900 (phone) 630.953.1356 (fax) jfackelmayer@ferrostaal.com www.ferrostaal.com</p>

