



German steel traders CCC Steel and Ferrostaal to merge January 1

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The merger of the worldwide steel trading activities of German traders CCC Steel of Hamburg, and MAN Ferrostaal of Essen, was formally announced by Ferrostaal November 16 after weeks of rumors linking the two companies. The merger, still subject to approval from the German Monopolies Commission, is expected to go ahead as planned on January 1, 2008.

The new company, to be called Coutinho & Ferrostaal, will be owned equally by Germany's MPC Munchmeyer Petersen, Mexican industrial group Grupo Villacero and MAN Ferrostaal, each of which will own one-third of the company. MAN Ferrostaal is a 100% subsidiary of MAN AG, a leading German public limited company.

The new company, which will have 320 employees worldwide at 56 locations in 34 countries, anticipates sales amounting to Eur2.1 billion (\$x.x billion) in 2008, trading just under 5 million mt, the company said. The central locations in Hamburg, Houston and Essen will be retained; no reductions in personnel are planned.

"We made every effort because we knew from the outset that Ferrostaal Metals and CCC are two steel trading companies which complement each other perfectly," said John Benjamin Schroeder, spokesman of the management board of CCC Steel and joint partner at MPC Munchmeyer Petersen.

"There are very few overlaps, the business philosophy of the trading players is identical, and we see excellent opportunities to realize growth together."

Uwe Schmidt, member of the management board of MAN Ferrostaal and chairman and CEO of the **Ferrostaal metals group**, described the merger of the two companies as a natural consequence of the continuing consolidation in the steel production sector, adding: "We must meet our partners on the supplier side, who are becoming larger and stronger, as an equal partner, otherwise there is a danger that in future we will not be strong enough to play our role in this business in the required scope. The merger with CCC could serve as a role model in the market."

For Villacero, the transaction moves the company a step closer to "realizing our strategic goal of expanding our core business and our worldwide steel trading activities and to facing up effectively to the challenges of consolidation and globalization on the steel markets," said Israel Gutierrez, head of the company's strategy and international business segments.

"The merger of CCC Steel and Ferrostaal Metals is a decisive step towards enhancing our competitive position in the global environment," he added. --Francis Browne, francis_browne@platts.com