

CASE STUDY

Operational Due Diligence of two Celsa EAF Steel Plants in the UK and Norway



SITUATION

A private investment firm planned to acquire two Celsa EAF steel plants in the UK and Norway, with a combined output of ~2 million tons. They needed an independent operational due diligence to validate seller claims and identify hidden technical or financial risks.

APPROACH

Steel Hub deployed a specialist team to evaluate the technical condition and performance of both plants. On-site inspections covered melt shops, rolling mills, automation, and cost structures. The team identified critical investment needs, validated claims, and assessed future growth feasibility.

RESULTS

Steel Hub's findings revealed key risks, outdated systems, and CAPEX needs, shaping the client's bid strategy. Actionable insights empowered the investor to negotiate confidently, progressing the acquisition deal while accounting for future performance and decarbonisation potential.

STEEL HUB SERVICE PORTFOLIO

STEEL ADVISORY

- Process Intelligence
- Product Range Expansion
- Operational CAPEX Support

PERFORMANCE IMPROVEMENT

- Performance Diagnostics
- Production Process Optimisation
- Defects Troubleshooting and Solutions
- Change Management for Operational Transformation

DUE DILIGENCE

- Operational Due Diligence
- Commercial Due Diligence

Situation

Sev.en Global Investments is a private investment firm that was considering the acquisition of two steel plants located in the UK and Norway. The Czech company (in the following: 7GI) tasked the Steel Hub team with conducting an operational due diligence project that entails evaluating the technical condition and operational performance of two steel plants previously owned by the Spanish based steel producer Celsa.

Steel Hub's expert team, with over 20-30 years of experience in steel plant operations, conducted an in-depth analysis of the plants' melt shop operations, rolling mills, automation systems and ancillary facilities, including a review of all present and future digitalisation projects.



CELSA UK AND NORDIC PLANTS WERE VISITED



- Port and Scrap Yard
- Melt Shop (SMS)
- Rolling Mill (Rod and Section)
- Automation & Digitalisation

Our objectives included:

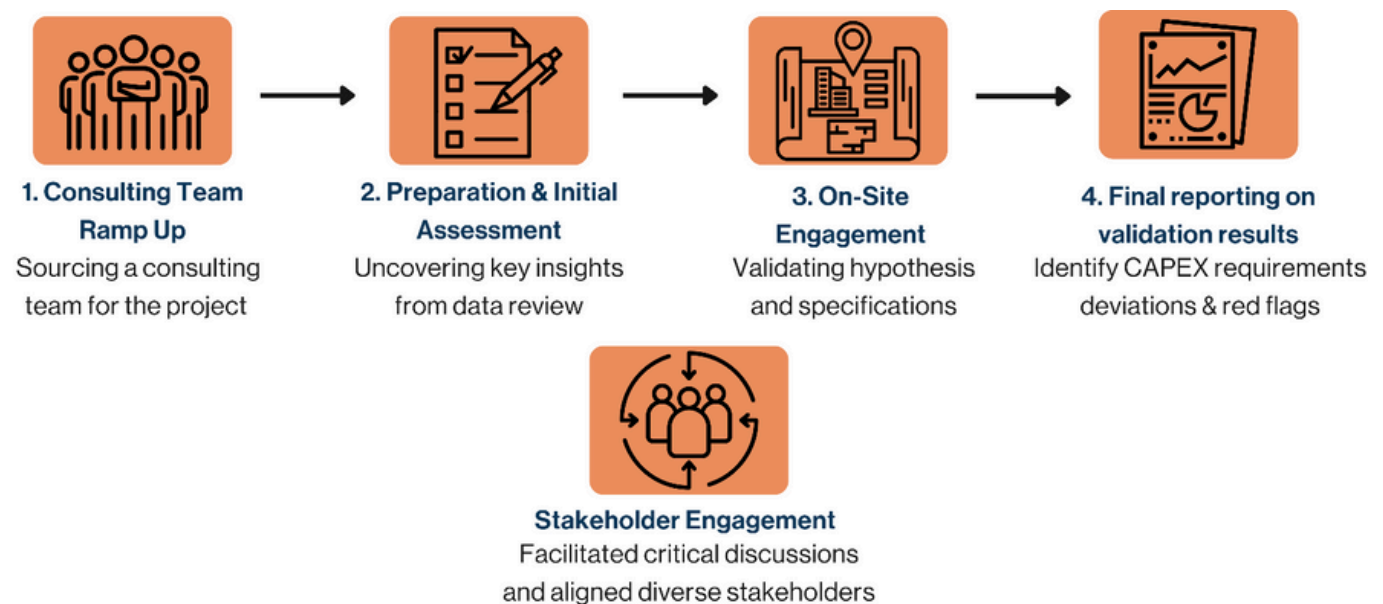
- Validate the seller's claims about the steel plants technical condition and performance
- Identify any major investment requirements ("red flags") the seller had not yet made transparent
- Review the feasibility of future growth and capacity expansion plans
- Develop ideas for plant performance improvement for value capture by the future owner

The Steel Hub team demonstrated outstanding agility and responsiveness to our requests and project needs. [...] We were impressed by the Steel Hub team's profound steel industry expertise."

Jan Kraváček, Senior Associate, Sev.en Global Investments

How we helped our client

Steel Hub began by reviewing initial technical specifications and performance data provided by the seller, developing preliminary hypotheses to guide our on-site investigations. Within a week, we deployed a specialised team on-site, completing a thorough inspection of the steel plants each located in different locations, namely, Norway and UK.



During the on-site validation process we:

- Evaluated plants' technical setups against the seller's claims
- Reviewed ongoing operations to identify risks and opportunities for future improvement
- Estimated CAPEX requirements for over 5 years

The project took place within complex charged environments, with multiple stakeholders involved, yet Steel Hub successfully fostered cooperative working relationships with the plant management and operating teams. Our findings were compiled into a detailed report, supporting the client throughout the bidding process. The leadership team delivered insights during two board presentations, raising critical questions to clarify uncertainties and strengthen the acquisition strategy.

Value delivered to our client

The due diligence initiative enabled the client to:

- Validate technical claims related to performance, equipment condition, and system integrity across both sites—including scrapyard inventory, melt shop, rolling mill, and auxiliary plant areas—providing a clear understanding of technical risks.
- Developed scenario models demonstrating the sensitivity of projected production growth to critical investments.
- Uncover high-risk “red flags”, including deviations in production metrics, outdated automation systems, environmental permitting constraints, and SAP transition challenges—potential risks to operational stability and scalability.
- Identified critical investment areas, to support the calculation of the acquisition value required to sustain current operations, growth projection and advance the decarbonisation strategy.

Conclusion

Our findings directly impacted our client’s negotiation strategy. We made potential investment requirements in the two plants transparent, enabling our client to incorporate them into their bid and make an informed decision on the technical aspects of the two acquisitions.

With these actionable recommendations, the client was well-equipped to make an informed decision on the technical aspects of the acquisition. Ultimately, the client’s deal was successfully executed. [Celsa Sells Steel Mills to Seven GI – Reuters](#)

CLIENT TESTIMONIALS

“Steel Hub has delivered some of the best pieces of work that I have experienced during my >20 years in top management consulting and private equity. Throughout the project, we were impressed with both the competence of Steel Hub’s technical specialists as well as the Steel Hub leadership’s exceptional ability to meet and exceed our project requirements. In their reports and our consultations, Steel Hub managed to not only carve out the quantitative implications for adjusting our valuation models but also made the underlying technical considerations transparent and easily accessible. We look forward to rehiring Steel Hub in the future”.

Petr Šlechta, Vice President M&A and Business Development
Sev.en Global Investments

“From start to finish, Steel Hub served us as a partner at eye level. The Steel Hub team demonstrated outstanding agility and responsiveness to our requests and project needs. Steel Hub’s role in setting up the plant visit agendas was pivotal, and their participation in several plant board meetings proved invaluable in gathering critical information from the seller that informed us of our bidding strategy. We were impressed by the Steel Hub team’s profound steel industry expertise and appreciated the collaborative spirit throughout the project. We will gladly build on Steel Hub’s expertise to enhance the performance of the steel plants in our portfolio”.

Jan Kraváček, Senior Associate
Sev.en Global Investments