

CASE STUDY

Implementing Vertical Business Integration

THE CLIENT:

An Asian metals and mining company, with projects underway globally

This metals and mining company provides mining equipment and engineering services to the industry and was actively looking to diversify its geographic and product mix over the long run. This involved expanding its upstream footprint through the acquisition of quality mining assets outside the Asia-Pacific region.

USERS:

The business development team

The company's initial international investment experience was not positive, however, and the business development team expressed numerous concerns about not having available data and analytical tools. This included: a lack of dynamic information on the evolving operating environments of overseas countries, difficulty in screening for quality assets on a global scale, and the extensive time required to undertake peer investment comparisons. These shortcomings were constraining the team's ability to meet the demands of senior management and shareholders to expand more rapidly on the international front.



Pain Points

Not having access to broad and deep information on cost curves for metals, third-party cost assessments, corporate exploration trends, and M&A activity in the mining space globally left the business development team challenged to make optimal decisions for the firm. The team wanted to find a reputable third-party source of mining industry/project-level data and analytical tools that could offer a comprehensive view of global activity, including detailed company financials and information on transactions. The team reached out to S&P Global Market Intelligence (“Market Intelligence”) to learn more about the firm’s offering.

The business development team was challenged to make optimal decisions for the firm without access to broad and deep metals and mining information.



The Solution

Market Intelligence discussed a robust solution, including details on worldwide exploration, development, and production, plus mine cost analysis, acquisition trends, and commodity market forecasts. This would enable the business development team to identify potential opportunities, conduct comprehensive fundamental valuations on specific companies, and benchmark global mining assets to help determine the fair value of projects for possible investment. The solution would provide:



Detailed commodity coverage for cobalt, copper, gold, iron ore, lead, lithium, metallurgical coal, molybdenum, nickel, palladium, platinum, rhodium, silver, uranium, and zinc.



Individual mine models that are updated twice a year by internal mining analysts and are aggregated to present regional and global perspectives. The models include information on:

- Ore mined, open pit
- Ore mined, underground
- Type of open pit and underground mining
- Ore processed
- Type of ore processing
- Capital expenditure on sustaining a mine
- Capital expenditure on building a mine
- Location by country and region



The ability to track mining assets from exploration through to feasibility, development, and production, including information on:

- Stage of development
- Owner of the asset
- Location
- Sub-contractors working on the project
- Mine and processing type
- Expected size of the mine (ore processing and production)
- Owner contacts
- Owner financial performance



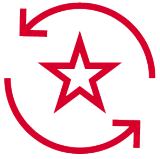
Company financial data to evaluate the performance of peers based on:

- Revenue
- Profit
- Regional footprint
- Trading multiples



Supplementary data, such as:

- Market and asset-specific news
- Exploration budgets
- Regional macroeconomic forecasts
- Commodity forecasts



Key Benefits

Members of the business development team felt this solution would enable them to make better decisions about potential business opportunities related to specific mining companies and projects to help meet the corporate goal of geographic and product diversification. In particular, the team valued the ability to:

- **Stay ahead of the changing mining landscape with confidence and efficiency** with the combination of deep mining sector data, research, analytics, and mining news in one complete package.
- **Easily locate initial targets** for investment strategies.
- **Evaluate the viability of assets for acquisition** by analyzing financial data and historical and forward-looking cash flows.
- **Elevate their understanding of mine production cost drivers** with benchmarks of global cost curves.
- **Gather insights on the competitive landscape** and assess company performance against peer groups.

To learn more about our data management service for the mining sector, visit spglobal.com/metals-and-mining

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