



In a first of its kind initiative for the metals industry, Stalcor is introducing a **CUSTOMER LOYALTY PROGRAM**, which includes a 14% customer shareholding in Stalcor and an entitlement to receive dividends declared by the company

The new face of Stalcor

Stalcor is back. It has emerged from the melting pot of KMG as a bright face in the stainless steel industry.

Stainless Steel and Aluminium Corporation (Stalcor) was established in 1973 and after 38 years in the industry, the company is going back to its roots. It has been reborn with a fresh new face and a reinvigorated new brand.

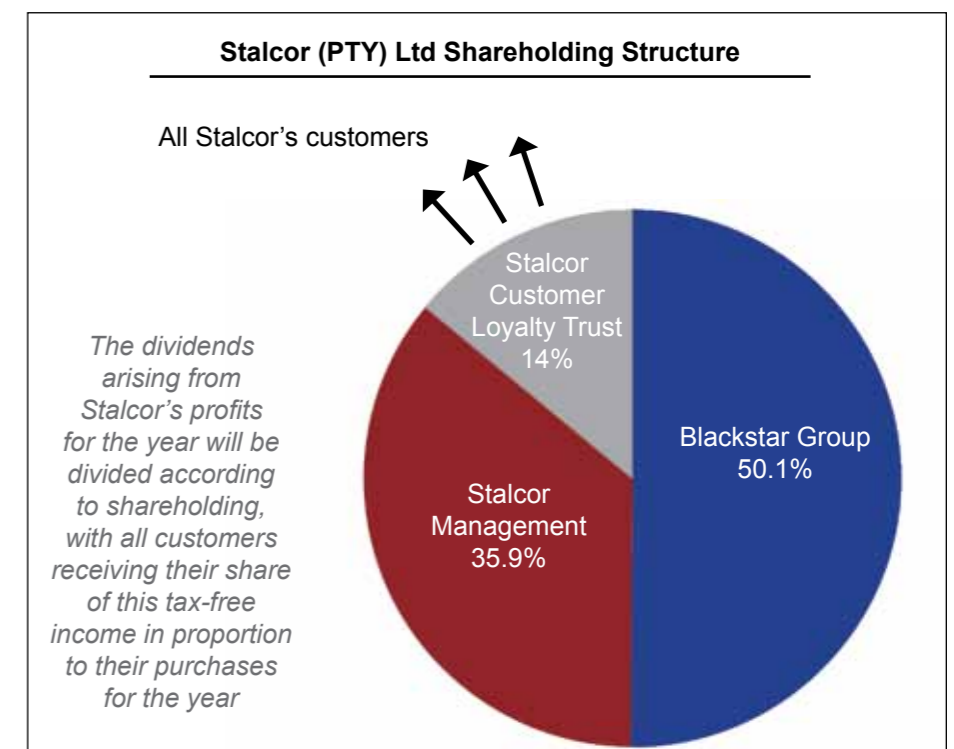
Stalcor has, since its inception, been an independent entrepreneurial stockist and distributor concentrating on stainless steel and aluminium. Over the years, this prestigious business has been owned by JSE-listed companies, Malbak Limited and Dorbyl Limited.

In 2002, Stalcor and Baldwins Steel were acquired by a management consortium and formed part of Kulungile Metals Group. In 2007, Kulungile Metals Group was sold to KMG Steel Services Centres (KMG), a company controlled by Blackstar Group.

The group grew successfully for the next two years, acquiring Global Roofing Solutions, the owners of Brownbuilt Metal Sections, HH Robertson, Country Roofing and Helm Engineering.

Then in 2009, the aftershock of the 2008 global financial crisis began in South Africa. "Although in part this was alleviated by the infrastructure spend from the FIFA World Cup Soccer, it was felt throughout the steel, construction and manufacturing industries," says Chris Ransome, the newly appointed chairman of Stalcor.

The Stalcor business adapted and resized in accordance with market conditions. "Survival during this period was an achievement in itself," says Ransome. "And now we are returning



Stalcor to its former glory."

KMG's shareholders, Blackstar, have implemented proactive and far reaching restructuring strategies to revitalise the company. The operations of Baldwins Steel have been merged with those of Robor; and Global Roofing Solutions has been unbundled to become a standalone subsidiary of Blackstar, which has recently dual-listed on the JSE Securities Exchange.

A leaner and more focused Stalcor is poised for a 'make-over'. "The company is now ideally positioned to grow on an affordable, sustainable and disciplined basis," says Ransome.

Restructuring includes a major rebranding to re-establish Stalcor as a leading supplier in stainless steel.

"Stalcor is a R600 million turnover per year business," says Ransome. "And this enviable position is where we are starting our growth initiative from."

Blackstar and management have recently injected fresh capital into Stalcor with management taking up a significant equity stake in the business while Blackstar retains control of the company. "These capital injections are a real vote of confidence," says Ransome. "The shareholding proves that both Blackstar and the management of this company remain 100% committed to the success of the business."

The company, which has been an official local distributor for Columbus Stainless since 1994, has recently strengthened its ties with the local mill.



Stalcor, which has four branches across the country, has driven improvements across the board

Columbus has re-affirmed and committed its on-going support to the new Stalcor.

Columbus's Charles Cammell says: "Columbus Stainless is encouraged by the strategic focus of Stalcor. It's shareholders, investors and staff have certainly demonstrated tenacity and we look forward to forging a bond with the 'new' Stalcor for the benefit of the entire domestic market. A strong local mill aligned distribution sector enhances the stainless steel offering to end-users and should continue to provide a stimulus for local conversion and job creation."

Stalcor, which has four branches nationally, is also relocating its Durban branch from Pinetown in the first quarter of 2012. "The company is growing in line with market and customer demands," says Ransome. "The relocation of the Durban branch highlights the requirements of the market and Stalcor's belief that dynamic innovation is the best solution."

Stalcor's most exciting initiative

is the launching of a "first of its kind" customer loyalty incentive in the metals industry. Stalcor is busy implementing programs that include a 14% shareholding in the company for the benefit of Stalcor customers. This will allow them to share in the all benefits of being a shareholder coupled with an entitlement to receive dividends declared by the company.

This Customer Loyalty Shareholding is housed in a special purpose trust whereby all its beneficiaries are Stalcor's clients. At the end of the financial year 14% of Stalcor's dividends are paid to the trust, which then allocates this tax-free income to customers in proportion to their sales for the year.

Chris Ransome and Gordon Odgers, an independent non-executive director of Stalcor, both saw the benefits of a similar project in the automotive aftermarket industry.

"A loyalty-based customer share-

holding initiative is reflective of the close relationship that exists between the company and its customers and has proven to generate considerable revenue growth and profitability," says Ransome. "It is a very effective and transparent tool for continually building customer-base and a truly innovative way to reward your loyal clients."

As Stalcor's brightness is forged, with it comes a refinement of its vision as a customer-centric stockist and distributor. Its "can do, will do, must do" attitude, makes it an essential contributor to its customers' success. It believes in sharing its triumphs with its loyal customers and ensuring staff feel proud and invigorated to be part of the Stalcor family. Suppliers view Stalcor as a highly valued and reliable route to market.

"This is only the beginning," says Ransome with a glimmer in his eye. "Staff are invigorated and more exciting developments and innovations are on the cards."

Strategy includes hiring the best and brightest

Stalcor's management team (below) is made up of Chris Ransome, Paul Miot, Willem Fourie, Craig du Plessis and Judy Coppin. Andrew Bonamour, the chief executive of Blackstar, is a non-executive director, as is Blackstar director William Marshall-Smith. Gordon Odgers, the previous managing director of Midas, joins as an independent non-executive director to oversee the Stalcor Customer Loyalty Trust.



Chairman Chris Ransome

Chris has been closely associated with Stalcor since 2002, when he led the buyout of Stalcor and Baldwins from Dorbyl. A Chartered Accountant (SA), Chris was the chairman of both Midas and DCD-Dorbyl from 2002 to 2009 and Global Roofing Solutions from 2003 to 2008. Over the past 12 years Chris has acquired shareholdings in various sizeable businesses and infused them with his entrepreneurial flair, innovation and enthusiasm yet maintaining high levels of accountability. "Generally, business is not complicated ... its about doing the basics well, demonstrating high levels of excitement about your customers and products while maintaining administrative disciplines," explains Ransome.



Managing Director Paul Miot

Paul joins the company with a private equity background. He is the former managing director of an international electronic components company. Paul, a Chartered Accountant (SA) with an MBA from London Business School, is a businessman with vast hands-on experience. Paul jumped at the opportunity of participating in the Stalcor business which he believes "is well positioned to take advantage of opportunities in the market".



Commercial Director Willem Fourie

Willem is the previous general manager of KMG and has been in the business for the past 16 years. He has a wealth of financial and managerial experience and his background is in carbon steel. He is now proudly involved with Stalcor, the 38 year market leader in stainless steel and aluminium. "I like things to happen quickly and to the book," says Willem.

Stalcor's independent media and strategy advisor Michael Louw

Michael has previous experience helping manage the KMG brand back in 2002. He comes back to Stalcor as an independent consultant to help with the branding, marketing and strategy of the company.

"The Stalcor brand has always been associated with quality products and outstanding customer service, these are just two of the character traits that will ensure the future growth for the revitalised company."



Sales and Marketing Director Craig du Plessis

Craig has been in the steel industry for the past 10 years and with Stalcor for the past seven. "I have always enjoyed a sales orientated environment and more recently making strides in our marketing strategy. I am a proud member of a 38-year-old brand and extremely grateful to our customers who have supported Stalcor."



Customer and Supplier Credit Director Judy Coppin

Judy Coppin has been employed in the steel industry for 32 years and has been actively involved in credit management for 21 of those. "I enjoy all aspects of credit and am look forward to making a positive contribution to a "new" Stalcor, which together with our clients will go from strength to strength in the market."