



## TEASER – On Going Concern of the Debtor VÍTKOVICE HEAVY MACHINERY a.s.

### Introduction

The company GAUTE, a.s. was entrusted with the organization of the selection procedure of the sale of the plant of the Debtor in the framework of the insolvency proceeding of the Debtor VÍTKOVICE HEAVY MACHINERY a.s. (hereinafter also referred to as the “VHM”), with the seat Ruská 2887/101, 703 00 Ostrava, company Id. No. 25877950 maintained by the Regional Court in Ostrava under the file reference KSOS 37 INS 6664/2020

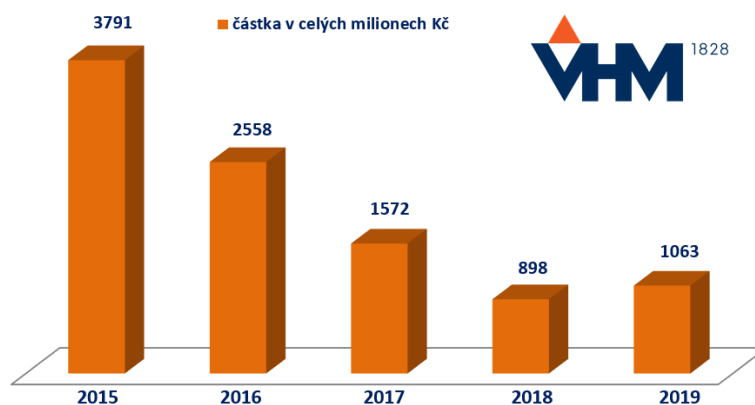
### Introduction of the plant of the Debtor

The Debtor is a traditional Czech industrial company established in 1828. The principal line of business of the Debtor is a metallurgical and machinery production, manufacture of steel structures and equipment for power engineering, chemical industry, metallurgy, and maritime industry. The Debtor's production is mostly piece-like, unique. The Debtor delivered its production all around the world. From organizational and technological points of view, the plant of the Debtor is divided into the cost centers (cost center - NS) - NS 320 – Steel works NS 330 – Foundry, NS 340 – Forge, tempering, NS 350 – Rim shop, NS 370 – Heavy mechanics

### Products

- forging ingots weighing up to 190 tons
- slab ingots weighing up to 38 tons
- round ingots weighing up to 23 tons
- molten steel for own foundry
- shafts, turbines and blades for power engineering industry, in particular nuclear, wind and hydroelectric power stations
- forged disks, bottoms, casings and other parts of nuclear reactors
- crankshafts, rudder holders and other parts of motors and propulsion systems of ships
- products for steel and forging industry

### Company revenues 2015 – 2019



### Important completed orders

Casting - project of ship azipods for ABB, parts of hydraulic presses for SMS Meer,

Forging - we can find components produced by VHM in nuclear power plants all around the world, such as the Russian power plant Balakovo nuclear power plant, Rostov nuclear power plant, Kalinin nuclear power plant, Paks nuclear power plant in Hungary, Belene in Bulgaria, Lovisia in Finland, Czech nuclear power plants Temelín and Dukovany, Slovak power plants Jaslovské Bohunice and Mochovce as well as power plants in China (Tianwan nuclear power plant) and India (Kudankulam nuclear power plant). Besides, forgings produced by VHM can also be found in the ship diesel engines

Assembled units - refurbishment of turbines of hydroelectric power stations of the company Energo Pro

Heavy presses - the world largest presses 12,000-16,000 t; locality: China, Korea; client SMS Meer

Special projects – bodies of the magnet and ring of the largest particle accelerator for the Russian JINR (Joint Institute for Nuclear Research) in Dubno, parts of moving rails of the lifting bridge Kattwyk in Germany (German government, Eiffage)

### Important clients:



## Real estate

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The part of the insolvent estate includes 2 large production areas in Ostrava, located on three various cadastral areas. The main area is located on the cadastral area Vítkovice and cadastral area Zábřeh-VŽ with the total area of 354,392 m<sup>2</sup>, useful area ca. 196,958 m<sup>2</sup>. In addition, the premises of the forge in the cadastral area Kunčice nad Ostravicí with total the area of 160,426 m<sup>2</sup>, useful area ca. 44,829 m<sup>2</sup> is included in the debtor's assets.

## Machinery equipment

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hydraulic presses up to 1,600 t, smelting furnace to the capacity of 76 tons of casting, annealing furnaces, heating furnaces, car type furnaces, pot furnaces, CNC lathes of all sizes, milling machines, carousel lathes, special machines, bridge cranes, metal cranes, blasters, moll apparatuses, saws, cutting machines, QKK manipulator, grinding and cleaning machines and many others.

## Employees

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As of 1.11.2020, the Debtor employs 250 persons in the employment relationship, 6 persons based on the agreement to perform work activity and 6 persons based on the agreement to complete job. In addition, 1 member of the board of directors, 6 persons on maternity leave and 3 persons in the post of trade union official.

## Transaction structure and time schedule

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The sale of the on going concern from the insolvent estate in the framework of the bankruptcy to the debtor's assets in harmony with the provision § 289 and § 290 et seq. of the Insolvency Act and § 2175 et seq. of the Civil Code. The Sale outside of an auction acc. to § 286 (1) (c)

### 1st round - qualification

2.12.2020 12:00 a.m. - opening the registration for the bidders, opening the DATA ROOM, publication of NDA

5.1.2021 – DATA ROOM closing

6.1.2021 10:00 a.m. – End of 1st round – closing the registration for the bidders in the selection procedure

### 2nd round – bids

6.1.2021 10:00 a.m. – 4:00 p.m. – possibility to file bids after compliance with terms and conditions of the registration electronically at <https://www.verejnedrazby.cz/A5700>, minimum bid price CZK 400,000,000

6.1.2021 4:30 p.m.– announcing the highest bid for the 2nd round + notice on advancement or non-advancement to the 3rd round

### 3. round – final auction

7.1.2021 10:00 a.m. – 4:00 p.m. Final round in the form of auction for 5 highest bids from the second round. The auction takes place at the address <https://www.verejnedrazby.cz/A5701/>

25.2.2021 - term of repayment of purchase price to the account of the insolvent estate

26.2.2021 - term of conclusion of an agreement on the plant transfer

12.1.2021 – deadline for the notification of the consent with the results of the auction by the Creditor's committee

### Conditions for the participation in the selection procedure:

1. Signature and delivery of NDA + fee of CZK 150,000 – on the basis of the signature of NDA and fee payment granted an entry to the DATA ROOM
2. Bond deposit in the amount of CZK 50,000,000
3. Signature and delivery of an agreement on bond deposit

### Selection procedure parameters

- form - three-round on-line selection procedure, third round as an on-line auction
- fee for the entry to the DATA ROOM in the amount of **CZK 150,000**
- minimum asking price – **CZK 400,000,000**
- market value of the plant as shown in the expert opinion No. R44262/20 – **CZK 1,112,850,000**
- bond for participation in the selection procedure in the amount of **CZK 50,000,000**
- bids in the 2nd round filed only electronically in the system [www.verejnedrazby.cz/A5700](http://www.verejnedrazby.cz/A5700)
- third round as an auction at [www.verejnedrazby.cz/A5701](http://www.verejnedrazby.cz/A5701)
- minimum bid increment in the final round organized as an auction in the amount of **CZK 1,000,000**
- the plant is sold and handed-over “as is” (caveat emptor) within the meaning of § 1918 of the Civil Code

### Important references

Expert opinion available at: <https://isir.justice.cz/isir/doc/dokument.PDF?id=45075099>

Web presentation of the Debtor: <https://vhm.company/>

Company profile PDF: [https://vhm.company/data/filecache/07/VHM\\_Profil-spolecnosti\\_2019.pdf](https://vhm.company/data/filecache/07/VHM_Profil-spolecnosti_2019.pdf)

Selection process 1st and 2nd round: [www.verejnedrazby.cz/A5700](http://www.verejnedrazby.cz/A5700)

Selection process 3rd round as an on-line auction: [www.verejnedrazby.cz/A5701](http://www.verejnedrazby.cz/A5701)

Insolvency register of the Debtor available at:

[https://isir.justice.cz/isir/ueu/evidence\\_upadcu\\_detail.do?id=9F9CC3AC0A7D11ECE05333F21FAC4BFE](https://isir.justice.cz/isir/ueu/evidence_upadcu_detail.do?id=9F9CC3AC0A7D11ECE05333F21FAC4BFE)

### AUCTION ORGANIZATOR + CONTACT PERSON

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The company GAUTE, a.s. has prepared this summary on the basis of publicly available information, information provided by the company VÍTKOVICE HEAVY MACHINERY a.s. or insolvency practitioner of the Debtor.

The only purpose of this document is to support the recipient in his decision-making whether he wishes to continue in further investigation into the sales of the plant. The purpose of this summary is not to serve as a basis for investment decision and does not constitute any bid, invitation or recommendation of sale. At the same time, neither this summary nor any other publicly available information constitute any agreement or imply any creation of such agreement.