

Strategies for Asset Optimization

*EquipNet turns around chemical plant demolition project
from million-dollar loss to million-dollar gain*

Challenge

A leading global specialty chemical manufacturer needed to demolish a plant in North Carolina which had been idled due to a project cancellation. The plant consisted of late-model synthesis and granulation equipment which had only been briefly used for production.

The company had obtained initial demolition estimates and projected a net cost of \$1.3 to \$1.8 million. Realizing that there was potential value in the facility's assets, the company engaged EquipNet to develop a profit-maximizing disposition strategy.



EquipNet's Solution

Based on a comprehensive evaluation of demolition and disposition options, EquipNet developed and executed a strategy that achieved the optimal balance between minimizing costs and maximizing returns. As a result, the client was able to turn around the project from a projected million-dollar loss to over a million-dollar gain.

Key aspects of this strategy included:

- ✓ Development of a comprehensive inventory plan to market all asset classes, including complete systems, premium assets, commodity assets, low value/spares and scrap.
- ✓ Project management of contractor selection, including vendor identification and qualification, development of bid documents and management of competitive bid process.
- ✓ Evaluation of baseline pricing from equipment dealers, by conducting competitive bidding for complete facility and comparing vs. expected market returns.
- ✓ Internal redeployment campaign including rollout of EquipNet's ARMS – Asset Redeployment Management Software – to provide an internal marketplace for transfer requests from all client facilities.
- ✓ Marketing and negotiated sales through EquipNet's MarketPlace (www.EquipNet.com) and chemical sales team, to maximize sale price through sales to end users.
- ✓ Final clearance of residual equipment and scrap as project deadline approached.

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Results

By developing and executing a comprehensive strategy which balanced project costs and revenues, EquipNet enabled our client to turn a projected million-dollar loss into over a million-dollar gain.

The Numbers

Initial Expectation

Demolition cost (1,300,000)

Actual Results

Revenues

Net sales benefit 1,308,870

Net redeployment benefit 357,000

Total net benefits 1,665,870

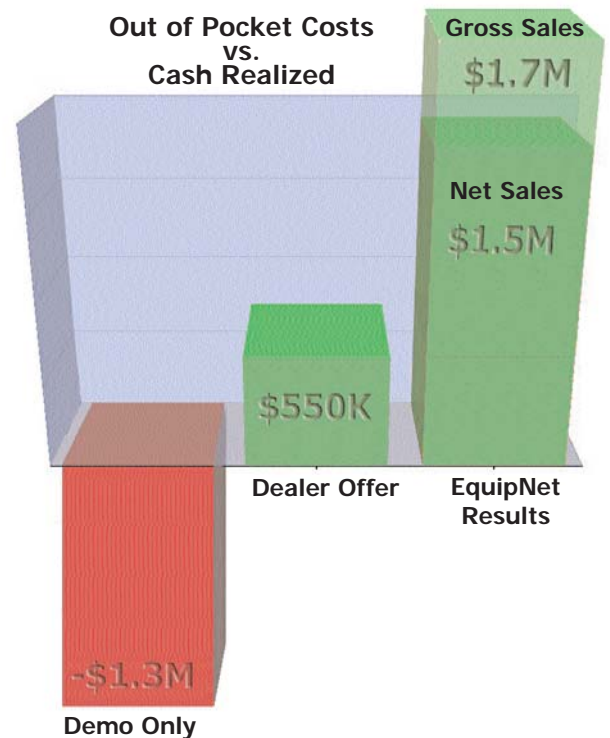
Costs

Demolition costs (620,000)

Less scrap material credit 250,000

Total net costs (370,000)

Total net benefit to client \$1,295,870 (to date)



End User Buyers

A distinct difference between EquipNet and other disposition service providers is our ability to accurately identify and target specific buyer audiences for a each group of equipment being sold.

85%

EquipNet's unique combination of strengths enable us to deliver exceptional marketing results:

- in-depth chemical expertise allows us to understand the equipment and its potential buyers
- our position as the preeminent marketplace for chemical equipment gives us unsurpassed buyer access and the industry's most comprehensive buyer database
- our proprietary cutting-edge marketing technologies enables us to efficiently reach potential buyers and ensure they are aware of the equipment's availability

In this project, EquipNet's targeted marketing enabled us to sell 85% of the equipment to end user buyers, of which more than half was sold as complete systems.

