

Working for the future of Scotland



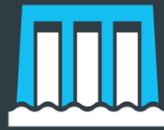
GFG Alliance
www.gfgalliance.com



GFG Alliance's position in Scotland



We now employ **c.400 direct employees** across **6 different sites**



One of the largest owners, developers and operators of **Scottish hydropower stations** and the only investor in **tidal stream technology**



GFG continues to **grow in Scotland**



Invested **>£500m to date**



Scotland's only producer of steel and aluminium

This report is prepared for GFG Alliance's Scottish stakeholders. These might be our GFG family of employees, partners at Scottish Government or the local communities in which we operate.

This report (Working for the future of Scotland) has been prepared by the GFG Alliance and, whilst reasonable care has been used in its preparation, any forecast information or hypothetical examples may vary materially from actual results. Any information about the GFG Alliance should not be regarded as complete but only as background information as at the date of the Report. No information in the Report (including forecast financial information, forward looking statements and hypothetical examples) should be relied upon or regarded as investment advice or a recommendation.

All investments involve risk and if you choose to act on any information contained in the Report you do so at your own risk and with no reliance on the GFG Alliance and you should consider the appropriateness of the information and seek independent financial advice. Past performance is not a reliable indication of future performance.

The GFG Alliance businesses in Scotland



Scotland is at the heart of the GFG Alliance's global story. Our commitment to honouring the rich heritage of Scottish industry is unwavering and we are proud of everything we have achieved so far.

Our vision for Scotland has been built upon combining industrial growth with renewable energy, coupled with downstream engineering, which we believe will deliver a sustainable future.

We are proud to have invested over £0.5 billion in Scottish assets since 2016 and have created over 50 new permanent direct jobs in Scotland.

Our core value of sustainability, whether that be economic, environmental or social, has driven our approach so far. Within this report, we lay out some of the great work that has already been done and the next steps for our businesses.

I remain certain that the opportunities that lie ahead of us to deliver on this future can go much further. I am truly excited to work closely with you to unlock this potential.

Sanjeev Gupta
Executive Chairman, GFG Alliance



Liberty Steel Dalzell
Liberty Steel Clydebridge
Liberty British Aluminium



SIMEC Atlantis Resources
SIMEC Lochaber Power
SIMEC Green Highland Renewables



JAHAMA Highland Estates



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01 /

Liberty Steel Dalzell and Liberty Steel Clydebridge

“ *Steelmaking has a long and proud tradition in Motherwell and across Lanarkshire. Liberty has been a key partner in forging a future for steel here and I’m hopeful working with them will ensure it continues long into the future.* ”

Marion Fellows, Member of Parliament for Motherwell and Wishaw



Business overview

Liberty Steel Dalzell and Liberty Steel Clydebridge, both manufacturers and producers of steel plate, joined the GFG Alliance in April 2016. The sites were previously closed by Tata in December 2015 amid the steel industry crisis. Despite continued difficult UK market conditions and following significant financial support from GFG, market share and sales are both increasing and the sites are entering the second phase of their commercial strategy.

Performance	2016 – 17	2017 – 18	2018 – 19
Volume (kt)	13	82	74
Turnover (£m)	7	43	42
EBITDA (£m)	(1.2)	(3.2)	(2.4)
Investment (£m)	20.4	8.8	7.8
Headcount (No.)	138	187	145

Highlights

- Major work has been done to evolve the customer profile. Significant progress has been made in improving productivity and the plant is now at break-even. We are optimistic for the future, having re-set the cost base and secured the future of the business.
- In addition to reclaiming a large share of the UK plate market, Dalzell has also expanded its exports to markets such as Germany, France, Belgium, the Netherlands and Ireland.
- Increased intergroup coordination with Dalzell now servicing the Liberty Steel Pipe site in Hartlepool (5kt 2018, 15kt 2019).

Future plans

- Liberty are exploring options to build a new wind tower manufacturing business at the Clydebridge site.
- The business will utilise wind tower manufacturing equipment that was acquired from Mabey Bridge in 2016.
- The specialised manufacturing equipment has now been relocated to Liberty Steel Clydebridge.
- Clydebridge location ideal to support the expected growth in onshore wind.
- Refurbishment and equipment installation will take 12 months from final sanction to proceed.
- Clydebridge site under consideration for other alternative uses also.



02 / Liberty British Aluminium

“GFG are a shining example of what can be achieved when a business shows commitment and support to the local communities in which it operates. Their vision strives for a greener and more viable future for industry in Fort William and I am truly optimistic of what can be achieved going forward.”

Rt Hon Ian Blackford, Member of Parliament for Ross, Skye and Lochaber



Business overview

The GFG Alliance announced in December 2016 the £330m acquisition of the hydroelectric station and aluminium smelter at Fort William. The acquisition also included the neighbouring hydro-power plant at Kinlochleven and over 100,000 acres of estate land which hosts the associated water catchment area and dam complex. The GFG Alliance is proud to be the custodian of the estate lands at the foothills of Ben Nevis, Britain’s highest mountain. In addition to the 188 FTE jobs that were saved during the acquisition, under GFG ownership, this has been increased by 26% to 237 roles.

Performance	3 Months to March 17	2017 – 18	2018 – 19
Volume (kt)	11.2	45.3	47.7
Turnover (£m)	19.1	81.1	80.5
EBITDA (£m)	-0.5	4.1	-6.7
Investment (£m)	15.3	7.5	9.1
Headcount (No.)	84	103	105

Highlights

- Significant investment has been made to upgrade and refurbish existing Lochaber facilities including further improvements to Fume Treatment plant, TAC metal treatment, unloading facility, upgrades to anodes, and ongoing work to refurbish compressors.
- Project engineering feasibility studies are underway on key equipment that requires upgrading; enhancing the fume treatment plant and the cranes in the pot room are the priority projects.
- The site has benefited from the expansion of Liberty Aluminium into Europe with the acquisition of Aluminium Dunkerque from Rio Tinto. This offers significant upside for Liberty British Aluminium in terms of shared expertise, greater market share, purchasing power and close cooperation on technical / production best practice.



Liberty British Aluminium and SIMEC Lochaber Power

Future plans

Project ACE:
£120m investment to build a new alloy wheel factory next to and to be fed by Lochaber smelter



- Plant to have a capacity of 2m wheels per year once fully operational.
- Circa 350 new direct jobs created once at full output.

Progress to date

- All the tenders for a 2 million capacity plant are complete for the main process packages and support for the new facility from suppliers has been excellent.
- Engagement with UK vehicle manufacturers is ongoing whilst continuing to monitor Brexit volatility and UK automotive sector uncertainty.
- Conditional Planning Permission obtained from The Highland Council (THC).
- The requirements of conditional planning are being worked through by the project team.
- New project office block is now fully occupied with a wheels exhibition on display to promote and assist vendor discussions.
- Construction Scotland Innovation Centre (CSIC) engaged to review the increased housing requirements for the local area following completion.
- Fort William is the largest town in the UK without mains gas so holding active discussions around building a terminal on the west coast of Scotland which would improve security and simplify supply – significant with the Scottish Clean Growth Strategy pushing consumers towards gas.



Engagement in the community

GFG initiated what has been described as the most extensive community engagement project ever carried out in Scotland. This work is ongoing and we are engaged with dozens of community and local groups on a daily basis.

Examples of donations include:



A grant to a local primary school to allow them to continue their community gardening project to keep Fort William blooming in the Spring and throughout the year.



Sponsorship of Lochaber High School to allow them to facilitate the Easter study club for high school pupils ahead of their exams.

The Liberty British Aluminium engineering department have been heavily involved in supporting Lochaber High School in their project for the Engineering Education Scheme done through the Engineering Development Trust.

The business attended various events to promote our apprenticeship programme and to give an insight into the opportunities available at Liberty Aluminium.

A donation was made this quarter to Inverloch Primary school to allow them to buy extra books and material for the dyslexic children they have in the school. This was important as without this money the children would not be given the extra help they needed.

03 / SIMEC

“ We are delighted to see renewable power is at the heart of GFG Alliance’s industrial programme in Scotland and look forward to working in partnership with them to ensure a long-term, stable and sustainable power source for industry.

Hugh McNeal, CEO of Renewable UK



Business overview

In 2016, SIMEC acquired the hydro assets from Rio Tinto to deliver green power for industry in order to ensure a sustainable business and platform for growth. SIMEC has carried out extensive works on its energy generation portfolio and has spent and expects to commit significant capital to future energy projects.

SIMEC’s hydro and wind projects aim to increase power generation across the estate by circa 180MW, nearly tripling the existing combined 100MW at Lochaber and Kinlochleven, and will involve a capital programme of circa £160m by the time it is completed.

Performance	3 Months to March 17	2017 – 18	2018 – 19
Volume (GWh)	191	737.8	683.6
Turnover (£m)	8.4	35.3	34.3
EBITDA (£m)	6.6	20.1	10.6
Investment (£m)	0.9	10.3	14.6
Headcount (No.)	76	95	100

Highlights

- An upgrade of the Kinlochleven hydro plant with a capital works programme is underway which is expected to increase baseload volume by 20% with a potential 35% increase during peak period.
- Developed the Glenshero wind farm project through to the planning phase, as well as initiated and developed eight new hydro energy projects, of which six were submitted for a planning decision. Construction works on three to four of these projects are expected to commence shortly.
- Installed the leading edge biodiesel generation plants at the Lochaber site to provide on demand and backup power generation for the smelter in times where the grid is unable to supply enough power.
- Undertaken surveys of the Lochaber tunnel infrastructure and Lochaber and Kinlochleven hydrology in order to maximise hydro potential.
- SIMEC also acquired the assets and experienced team within Green Highland Renewables. The transaction has strengthened the hydro power generation capabilities within SIMEC greatly.

Liberty British Aluminium and SIMEC Lochaber Power

Future plans

Glenshero wind farm

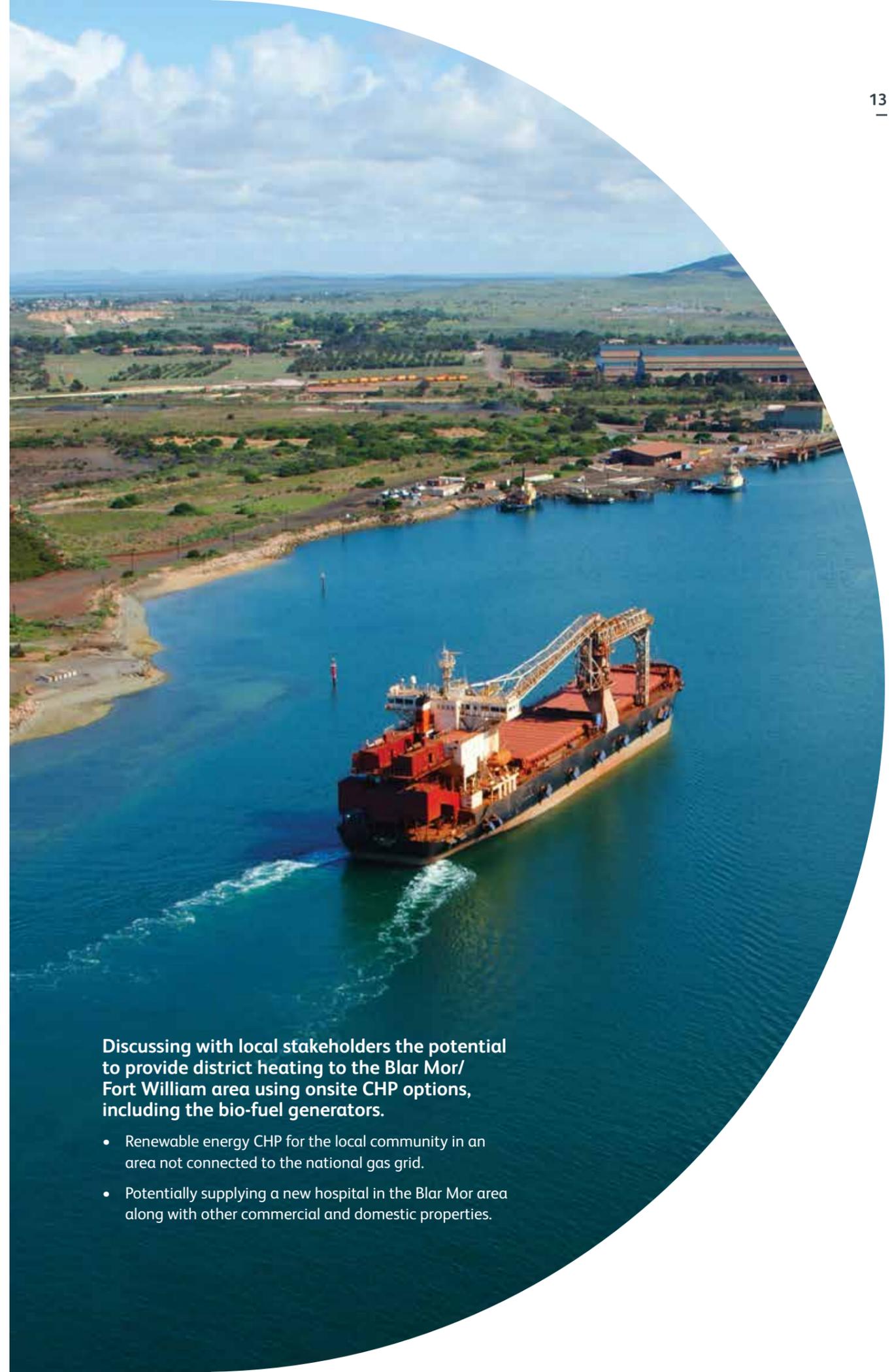


- An £158m investment delivering c.168MW of energy from 39 turbines.
- Local community response has been broadly positive and we are holding active discussions around a shared ownership commitment. SIMEC also expect to provide a community fund for local cheap power.
- Exploring options for steel to be rolled at Liberty's Dalzell plant in Motherwell and fabricated at a new neighbouring wind turbine tower manufacturing facility.

Investment programme in local hydro power



- 4 new small hydro stations being progressed at Lochaber and Kinlochleven.
- Power generation from hydro sources up to c.128MW.
- Reviewing options to deploy a biomass CHP plant at the smelter site which would provide additional heat and power for on-site processes and also potentially the local community.



Discussing with local stakeholders the potential to provide district heating to the Blar Mor/ Fort William area using onsite CHP options, including the bio-fuel generators.

- Renewable energy CHP for the local community in an area not connected to the national gas grid.
- Potentially supplying a new hospital in the Blar Mor area along with other commercial and domestic properties.

04 / SIMEC Atlantis Energy

“ Our partnership with the GFG Alliance has been transformational, allowing us to accelerate the growth and diversification of our business. I look forward to continuing to work in partnership with GFG to deliver on our shared vision to turn SIMEC-Atlantis into a major new force in the Scottish renewable energy sector.

Tim Cornelius,
CEO of SIMEC-Atlantis Energy.



Business overview

SIMEC-Atlantis Energy is a global developer of renewable and sustainable energy projects with more than 1,000 MW of power projects in various stages of development. SIMEC owns 49.9% of SIMEC-Atlantis.

SIMEC Atlantis Resources is listed on the London Stock Exchange’s AIM, which has made SIMEC Atlantis Energy the first member of GFG’s worldwide energy, metals and industrials group to be listed on public markets.

Current available capacity of **632 megawatt** or enough power to light

1/3
of all UK homes



Performance for Meygen Project – Phase 1A	2015 – 17	2018	YTD Jun-19
Electricity production (GWh)	3.1	7.4	7.0
Investment (£m)	59.7	5.3	0.6
Revenue (£m)	0.8	2.1	1.8

Highlights

- The MeyGen project is currently the largest planned tidal stream project in the world, and is the only commercial multi-turbine array to have commenced construction.
- The MeyGen offshore lease currently permits up to 398MW of tidal stream capacity to be installed within the site. While presently MeyGen only has grid capacity for up to 252MW, the site is capable of supporting the full project buildout.
- Other leading projects such as the Sound of Islay, Ness of Ducansby, Brough Ness and the Mull of Galloway are also being led by SIMEC-Atlantis.
- ScottishPower Renewables and DEME Concessions announced recently they have agreed to become co-investors in these projects – a show of support for the businesses work in Scotland.
- Announced in September 2019 that it is in talks with one of the world’s largest data centre operators to build a facility powered by underwater tidal turbines by 2021. The centre will be the first commercial-scale facility in the world to use entirely green energy.

05 /

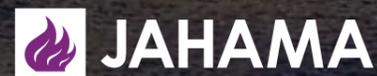
JAHAMA Highland Estates

“ Since the takeover in 2016, Nevis Range has enjoyed a positive and consultative relationship with JAHAMA Highland Estates. We are working with a genuine partner that makes the needs of our business and future development plans a matter of priority. Working alongside JAHAMA we are confident that our commercial activities will continue to grow and that we will be part of a vibrant forward thinking estate. ”

Chris O'Brien, Chief Executive Office, Nevis Range Development Company

“ JAHAMA is awakening a sleeping giant ”

Harrison Rural.



Business overview

The GFG Alliance acquired over 100,000 acres of land in December 2016 along with the aluminium smelter and hydro-power plants from Rio Tinto. The estate provides the water catchment for the hydro schemes, including the foothills of Ben Nevis, Britain’s highest mountain.

JAHAMA are responsible for managing the land surrounding the smelter and hydropower plants, and are working to combine traditional rural activities with sustainable industrial activities, while also engaging closely with local communities. The holistic approach to land management aims to protect and improve all aspects of the natural environment, including a variety of habitats and water quality and quantity.

Highlights

- Housing and employment – renovation and improvement to staff accommodation is underway with plans for additional residential accommodation. Active discussions are being held with the Highland Council regarding the Glen Nevis Park extension with both living and work units being considered.
- Forestry and agriculture – Creagan Breaca forestry plantation has seen 90k trees planted and the Leven Regeneration Project was the winner of the Scottish Finest Woods Awards at the Royal Highland Show. New grazings have been created with plans to start a new sheep hill flock, with new amenity and riparian plantings being designed.
- Natural Environment – Peatland actions plans are in progress, chicks have been provided for the South of Scotland Golden Eagle Project and a salmon research programme is underway with the River Lochy association. Habitat monitoring and environmental surveys have been extended across the estates, with the successful application of the Wildlife Estates Scotland Initiative, a unique estate based environmental scheme that is being developed.



Estates

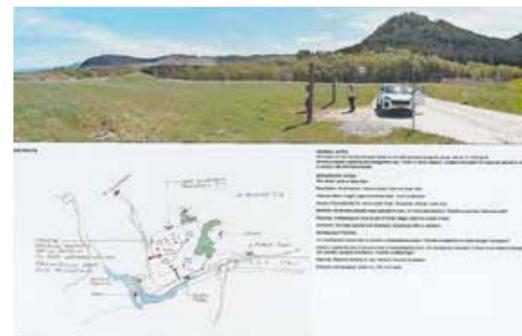
Highlights



- Different types of housing being considered.
- Affordable, retirement and staff accommodation types being discussed with local communities.
- Design Guide to set standards for local vernacular and environmental building standards.
- Community projects on the estates include: numerous marathons and running competitions, the Scottish Enduro Series, new zipwire in planning stages, new powerboat training area and the creation of the Kinlochleven Joint Working Group.
- Tourism and leisure – plans for new holiday accommodation being designed, wildlife and history tours are being considered and plans are progressing for a power station exhibition centre.

Future plans for JAHAMA in Scotland:

- JAHAMA announced in September 2019 its intention to develop and own a hotel in the East of Glasgow, to be named the Clydebridge Hotel.
- The development will have 100 bedrooms, a restaurant and a state of the art fitness club. This project will deliver 50 jobs and further indirect jobs in the local community.
- Research shows there is a growing demand for high-end hospitality opportunities, particularly off the back of East Glasgow benefitting from the three world class sports facilities created for the 2014 Commonwealth Games: Glasgow Green Hockey Centre, Sir Chris Hoy Velodrome and the Emirate Arena.
- JAHAMA are also looking at a wider development programme for the site, including office space and storage units.



Engagement in the community

£250,000 spent or committed to local charities and good causes.

- Kinlochleven Zipwire Project
- Working projects with Nevis Landscape Partnership
- Island Parks Sports Facilities
- DMBinS Mountain Biking Highland Cluster Project
- Sponsorship for Fort William Cinema
- Sponsorship of the Balliemore Shinty Cup



Kinlochleven Zipwire Project



Re-useable water bottles for local school



Nevis Landscape Partnership



South Lochaber Thistle Football strip sponsor

Smelter and Hydro Contributions to Economy



Employee number up from **188 to 237** including project team in preparation for downstream operations.



Increased intake and retention of apprentices



£21.6m spent with Scottish suppliers

£750k paid in business rates



£2.2m spent with local suppliers for SKP



£5.6m paid to the Scottish Government

£24.6m paid in salaries



£2.7m paid in pension contributions



50 jobs created in Wheels / Hydro Project Management and Smelter



£5.2m paid in business rates for SKP

06 /
Shand

“ I’ve worked with Shand Cycles for over 3 years now and have always been overwhelmed by the great support they have provided to me personally as well as endurance cycling. Thank you Shand for creating my world record beating bike and helping me raise the profile of Scotland and Scottish cycling worldwide!

Jenny Graham
Guinness World Record Holder
& Endurance Cyclist

”

shand 

Business overview

Shand is a bespoke bicycle manufacturer based in Livingston that designs and hand builds bikes in Scotland.

The business joined the GFG Alliance in 2017, and sells its bikes across the UK and the world. Today more than 35 % of all bikes and frames are exported predominantly to the USA, Germany and Sweden.

Performance	2017 - 2018	2018 - 2019	2019 - 2020
Volume	66	189	378
Sales Value (£m)	0.2	0.4	0.8
Investment (£m)	0.3	0.3	0.4
Headcount (No.)	8	7	10

Highlights

- Shand has increased the workforce by 25% this year alone by extending and multi-skilling junior team and welcoming more senior team members to focus on production efficiency and customer service. The business is looking to add to the team again this year.
- Shand is very proud that Scotswoman Jenny Graham, now a Guinness Book of Records holder as the fastest woman to cycle around the world unsupported, completed her attempt on a Shand bike. Jenny, who’s from Inverness, is also creating a film about her journey for the Kendal Adventure Festival in November this year which Shand are sponsoring.
- As an investor in Scottish athletes, Shand is also sponsoring Jenny Tough, another resident of Scotland, who recently completed one of the most physically challenging cycling events - the Silk Road Mountain Race. She competed unsupported in this single stage race through the mountains of Kyrgystan on a Shand bike.



Pedal to the metal. Always.

Since October 2017, Shand has continued to build and extend its range of steel bicycles designed in Scotland.

The company now offers road and mountain bikes to complement its adventure cycle range. It also recently launched a new commuter bike, the Shand Leveret, at the UK's biggest bike show in the NEC Birmingham.

Shand continue to invest in the local community and is proud to support and have a presence at Scottish cycling events. In April this year, a team from GFG Alliance took part in the Loch Ness Etape where Shand exhibited its latest range of bikes alongside our free bike servicing hub.

The business will continue to sponsor the Fort William Down Hill World Cup which takes place every year in May or June in the Highlands.

It is also working with the local community in Fort William to support the development of a new bike park.



07 /

GFG Foundation

“ 2019 marked a successful first year of support from GFG. We are delighted to be one of their partner institutions, sharing in their vision to help young people reach their full potential.

Glasgow Caledonian University Foundation



GFG Foundation in Scotland

Discovering and developing potential

Schools



Supporting 400 Cadets in 9 Schools in Cambuslang, Fort William and Motherwell

Glasgow Caledonian University



Gift of £60,000 to support 12 scholars between 2018 and 2025

University of Strathclyde



Gift of £40,000 to support 8 scholars between 2018 and 2025

Arkwright Scholars



Supporting three Arkwright Scholars at Hutchenson's Grammar School, Glasgow, and Mary Erskine School, Edinburgh.

Business Links



Mentor support from GFG Alliance businesses in Lochaber and Motherwell

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