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# INVESTMENTS AND APPLICATION OF HIGHEST BUSINESS STANDARDS ARE THE KEY OF OUR SUCCESS

■ Euronickel Industries brought positive values and new perspectives to nickel production in the past three years. What are the results achieved in the past three years, since 2019, when the company was established?

We have had years full of challenges, uncertain market, restructuring, growth, raising of standards. In many ways, this industry is very specific; the market is unpredictable and requires the company to have sufficient resources and to wisely manage its finances in order to survive in such a constellation. But, in this company, all of us have great experience, we know the topic inside out, and we know exactly how to make an assessment.

Let me give you an example, in 2017 the nickel production of our company was about 7 thousand tons, and now in 2021, it is almost 20 thousand tons. This shows a great difference which is the result of dedicated work, excellent selection of partners, and good reputation in the nickel market. Our product, nickel in the form of ferronickel, is intended for the largest steel producers in Europe, Asia, and America. Thus, in the first year, 2019, we became the fourth largest exporter in the country and the ninth company by value in revenue in the country with 169.5 million euros, and already in 2020 our revenues further increased up to 190 million euros. And these values are constantly increasing.

■ Euronickel Industries, after proving to be the only successfully implemented reorganization, went above and beyond to quickly establish itself as a large, fast-paced international company. What contributed to such rapid growth and development?

Investments are key in the development of any company, even more so of a company operating in the metal industry sector. As of now, around 120 million euros have been invested. Over 15 million euros have been invested in the restart of the second furnace which means a significant increase of the ferronickel production.

During COVID last year we made a further investment of 5 million euros in the reconstruction of the set of lepol-grate and the first rotary kiln, as well as further means for purchase of new equipment and other auxiliary machines. In two years alone we invested 30 million euros in the production process. There is no progress without investments, which would put the production on the verge of profitability, which puts into question both the competitiveness and the survival of the company. At the time of the takeover of the company, there was technology in which there were no investments for years and that was our greatest challenge, bring the factory to a competitive level in the international market. The investments I mentioned and the adequate management are also part of the strategy for both our subsidiaries: Nova Engineering – intended for project engineering in the metal industry given there is a great need of constant monitoring of innovations in this segment, and also the uniqueness of the machine-fitting services they offer which are deficient in the entire region, and Nova Refractory, which produces refractory materials necessary for the production process of Euronickel, but also breaks into new markets locally and internationally. In essence, our industry is complex and any change must be carefully monitored, in order to keep up with the changes. This is the case of Euronickel Industries, we have the highest standards, the best technology, and continuous investments, all contributing to such growth.

■ **A large part of your operation makes the partnership with local companies, to what degree and to which level is this partnership and what Euronickel Industries values the most from it?**

We have a large number of suppliers and associates. Our domestic suppliers' base is made out of over 1000 companies. These are small, medium, and large companies which make most of their profits by working with us and strictly speaking their operation directly depends on ours. A good example would be the dump truck drivers, who started and continue to exist thanks to Euronickel. In fact, the greatest contribution to the domestic economy is this added value that we create. It is important to us to keep partner relationships, to confirm that this cooperation is

advantageous for both parties and this is a part of the added value. Referring to the example with the dump truck drivers, these are literally additional 200 jobs we create. And I let me remind you how difficult it was to regain the trust, as the disappointment of the bankruptcy procedure was great for all parties, and the liquidity of numerous companies was threatened as well. And it is more than clear, you have worked for years, but someone did not pay. Some people had mortgages on apartments, on houses to grow their business, and they could not pay their loans. We were in a situation to slowly begin to build trust, to make a clean start. It is not easy to listen to the personal stories of great burdens, however now we build long-term partner relationships with all suppliers. This is why one cannot perceive Euronickel as a company of 1000 employees, as in reality it is a driving force of economy. Alongside the significant part in the GDP, Euronickel is a driving force of the economic flows of the country by engaging a large number of suppliers which grow and develop as companies alongside us.

■ **Working in a specific industry on the global markets implies the application of high standards - technologically productive and environmental, is and if so what is applied from this in our country? How much of your work is subject to these standards and regulations?**

The entire production of Euronickel Industries is exported to international markets. In addition to our legal obligations, and strategic and ethical commitments, as an exporter we are subjected to numerous criteria that we need to fulfil in order to be able to place our product abroad, as well as to meet legal and social norms towards the environment and the community in which we work. In this regard, Euronickel is certified with ISO 9001, the international quality standard, ISO 14001, environmental standard, and ISO 45001 for Occupational Health and Safety. Our products, nickel in the form of ferronickel, iron, and converter slag are have REACH certification for product safety, without which we cannot export to European countries. We are also one of the rare large companies that have A – Integrated Environmental Permit. Adding to all these legal, but also additional obligations that we undertake for responsible and sustainable development, our customers, who are prominent international

conglomerates, have strict rules about who they accept as a supplier, and make detailed analyses of the potential supplier, from protection of human rights to protection of the environment. The fact that we have fulfilled our clients' conditions is the greatest proof of the level we have achieved. To illustrate, we have strict internal procedures for quality control of the raw materials, processes, etc. which is of great importance to us from several aspects. For example, the better raw materials we use, the better are the norms, production costs, system efficiency, and the final product. To lay it down simply, one takes out what they feed to the furnace, and our high quality nickel is our ambassador around the world. Throughout my career, I had the opportunity and privilege to visit, and even work, in other nickel producers, from Canada to Indonesia, and without modesty I can say that Euronickel is a standout company from this kind and almost perfect "machine" for ferronickel production. We have standards that are on top of the industry and we apply them.

■ With almost 1000 employees, Euronickel Industries is one of the largest employers in the country, you have kept all employees from before the bankruptcy and you are constantly looking for new ones. Do you face a lack of specifically profiled staff and what is being done in that field??

There is a shortage of workers throughout the country which is mainly due to the migration of a large number of people, mainly young ones, to the western countries, resulting in shortage of staff. We are witnessing a decreasing number of pupils and students in the technical sciences field, as the social studies are more appealing to the youth, and if one goes to technical sciences they choose the information technologies, to the detriment of classical technical sciences. Considering this imbalance, it is generally difficult to find new workers, although I would say that Euronickel is still the exception as we offer attractive employment packages, which makes us one of the more preferred employers. Furthermore, we invest in the technical

*"In only three years, Euronickel topped the list of largest companies, most successful exporters, most preferred employers..."*



secondary schools and faculties, where the youth can be introduced to the production process and the development opportunities in such company. Euronickel is a company where the average net salary during this 2021 is 600 euros in denar counter value, and is one of the highest in the country in this type of industry, which is why we are a desirable company, where young people especially from the Kavadarci region they want to work because they see that as the company grows, so do the opportunities. In addition to the payment segment, we take care of the overall working conditions of the employees, and in that regard we have constant communication with the Workers' Union where all issues are resolved and ways are found to constantly improve the situation with employees who have a number of benefits. As a result of that communication, we recently signed a collective agreement with the Workers' Union defining additional rights and benefits for employees. The most important thing is that we see this company as our home, we live from it, and we want to succeed because 1000 families and almost 4000 families of our suppliers depend on it. In fact, the people are the most important part of the entire process, the most valuable capital investment. They are the basis of our success. Together we have achieved so much during the past three years, we work and hope for greater successes in the future.

■ **The strategy and operations in general of Euronickel Industries include a great deal of social engagement and responsible practices, and local communities have a high place on this agenda. In which parts do you mostly locate your help and social responsibility?**

As per our strategic commitment and conviction, we are part of the community in which we work, we receive from the community and we need to give back. Therefore we are proactive in this field and ourselves create programmes where we can help and we believe we can help. We have mentioned the collaboration with the technical secondary schools by providing apprenticeships, which is our contribution to education, and we provide scholarships for the metallurgy students as well. We managed to remain consistent in the sport by continuing the support of the local basketball club "Euronickel

2005" which last season reached the second position at national level. The basketball runner up is part of many international competitions and it is a local and national basketball pride.

Sometimes the help arises from the current needs. Last year, facing the COVID crises, we constantly donated in the area of healthcare. We determined the problems and helped the healthcare system via donations to better handle the crisis. The COVID pandemic showed that the economy takes responsible part in the country and is able to respond to the needs timely and appropriately. We had a series of activities in the village of Vozarci, where we invest to improve the conditions in the school, but we also invest a lot in the part for better condition of the vulnerable groups, such as children with special needs and those who are at social risk.

We work with and support a number of events and manifestations that are held for many years in this region because we are a mark of this region and we must mark our social action, but also to be an example for others, to express how important integration in society is for mutual success.

■ **Alongside the responsibility towards the community, equal attention is paid to the environmental awareness, how much and what is invested in the protection of the community and does that mean changes in the production procedures?**

Fulfilling the environmental standards are competitive necessity for us, and not just following the standards or meeting a norm prescribed by the state. Although we have A – Integrated Environmental Permit, with our activities we have double control because we want to ensure that our impact on the environment is minimal. When one works in the heavy industry sector, unfortunately by default one gets the epithet of a pollutant, but the continuous monitoring in the factory and the environment show that investing in high technology gives adequate results, so I will without reservation say that we actually have a much better quality of air, water, and soil than many populated areas. The proactive approach to the environment is even more important than the reactive approach with filter technologies, so we have the technology to use alternative biofuels as a substitute for conventional fossil fuels and



energy sources. This process is of important for us as we preserve the natural resources, and reduce the emissions to a minimum, making them far below the maximum limit values. Also, for the near future, we have big development plans in the area of renewable energy sources. However, even when using conventional fuels such as fuel oil, the combustion technology is most important. One cannot compare a household that uses fuel oil for heating where the fuel is burned at low and unsuitable temperatures and a factory with combustion temperatures of 1000°C, where there is complete combustion. Also, contrary to the general belief, as I mentioned before, the quality of the raw materials we use is extremely important for us, because better quality raw materials mean a more efficient and economical process, and of course a better quality product. That is why, although we have no legal obligation, we constantly control the quality of fuel oil and other raw materials from our suppliers with our own analysis, as well as control analysis in accredited laboratories. Thus we are certain that we have immaculate process by meeting all environmental standards. Furthermore, using alternative fuels which are far better option environmentally and cheaper energy sources, gives opportunity to preserve the natural resources for sustainable development of the company.

■ The example of how Feni Industries went bankrupt and through the reorganization became today's Euronickel Industries is atypical and unique in many ways, which sets it apart for a rarely successful and fast bankruptcy procedure. What led to and how did you get to your current status? Is there a model that can be applied to other companies?

I am no bankruptcy expert to determine whether our case can apply for other companies, but I can say that we are the first case of such a complex problem to be positively solved. Still, to achieve such success one needs to have a strong investor that has the knowledge and the resources to manage such factory. The case of the bankruptcy was no easy task as it required an initial investment of over 80 million euros to cover Feni's old debts and to be able to restart production. There was the problem of the inactivity of the furnace for many months which put into question the restart of the production process as well. On one side were the workers who did not get paid, who did not have firewood for which they paid through the Workers' Union and the money disappeared somewhere, who were under terrible financial pressure, and on the other side all the suppliers who did not trust that something would be fixed and who were also threatened with collapse due to uncollected receivables.

The national banking system was also under serious threat due to the great debts to the national banks. All these debts were paid by our investors, and the company was saved, along with the numerous employees and thousands of companies. This was followed by a long process of establishing trust, of restarting production in conditions when the price of nickel on world stock exchanges was not favourable. Yet, our perseverance, our diligent planning, and of course our experience led us to a completely different situation after three years. There is no magical solution for all bankruptcies, but if one has financial means and a clear plan, the success is certain. In this industry one needs to have finances even when things do not do well on the market, they need the support, and we have showed that we are

On one hand there are environmental taxes, and on the other we do not have access to alternative fuels. Equal conditions for all on the market with clear and fast procedures and a stable legal system is another prerequisite. Any investor would want a business environment where the rules of the game are clear and can be followed, not rushed and unsustainable legal solutions that discourage both existing and potential investors. The support from the institutions is another essential element for the investors. The companies cannot realise their development programmes, nor efficiently solve their ongoing problems without the proper support from the institutions.

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here when the profit increases, and when there is none. We have showed that we are stable partners, transparent to the public, with clear objective to be a regional example of successful and responsible company.

■ Considering what you do, both with domestic and foreign companies, what kind of business climate is needed in Macedonia for the growth and development of companies? What is needed to encourage investment in development?

The business climate is made of all participants to the market. It is a variable category that depends on the events globally and locally. North Macedonia is a country that has strong Macedonian and foreign companies with great potential such as Euronickel. The road infrastructure has been improved, but there is still much to be achieved in the railway infrastructure, energy infrastructure, etc. and this is extremely important for the competitiveness of the companies - exporters at the international level. The gasification is another economically-environmental problem.

■ Operating in global markets, supporting the local economy, large number of employees, socially responsible and conscious company, what is the actual significance of Euronickel Industries to the employees, the community, and the country?

Quite impactful. The operation of Euronickel Industry has a direct part of the gross domestic product with over 2%, which is an exceptional number for a single subject. We employ and engage many individuals and companies that depend exclusively on the company's successful operation. As a completely export oriented company with a product with great added value, which is the greatest contribution to the domestic economy, with our operation and the results we achieve we contribute to and influence the economic indicators at the state level. In only three years we managed to top the list of largest companies, most successful exporters, most preferred employers, largest and most regular taxpayers, and all of this in reality is one of the biggest and most important parts of the economy and the society. ■