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## Indiana ports provide help in a bid to sell idle GalvPro

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By Scott Robertson

PITTSBURGH -- Parties interested in selling GalvPro LP, the former Weirton Steel Corp.-Corus Group Plc hot-dip galvanizing joint venture based in Jeffersonville, Ind., are getting some unexpected assistance these days.

The Ports of Indiana, specifically the Clark Maritime Center on the Ohio River in Jeffersonville, where GalvPro is located, has joined an effort being led by E&E Corp., Lehigh Valley, Pa., and Locker & Associates, New York, to sell the idled plant.

"There are businesses here (at the Clark Maritime Center) that are complementary to GalvPro," said Michael O'Connor, port director of the center. "We believe there are businesses out there who could gain a competitive edge by acquiring GalvPro, partly because of the complementary businesses that already are here."

Those businesses include Eagle Steel Co., a steel processor, among several other transportation-related businesses.

The Clark Maritime Center, opened in 1985, contains a 10-company steel campus and offers companies savings in the areas of transportation and processing costs by moving products from one steel company to another within the port. Its tenants provide steel processing services, including cutting and pickling, galvanizing, fabricating, rolling, stamping, slitting and warehousing and distribution via rail, truck or low barge.

The Ports of Indiana also include a port at Burns Harbor, Ind., and the Southwinds Maritime Centre, a river port located near Evansville.

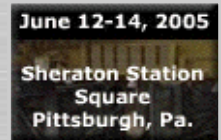
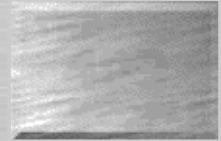
GalvPro got started in 1997 as a joint venture of Weirton and Corus. It began production of light-gauge, hot-dip galvanized steel, mostly for residential construction use, in December 1999. It closed four months later when Weirton and Corus, citing weak steel market conditions, opted to idle the plant. They engaged a third party to sell the facility, but GalvPro entered Chapter 11 bankruptcy protection in August 2001.

Both Weirton, based in Weirton, W.Va., and London-based Corus since have effectively walked away from the facility, leaving E&E and Locker, a pair of steel consulting firms, to try to find a buyer on behalf of ING Capital, New York, which took over the GalvPro assets in bankruptcy.

Barry Rhody, managing director of E&E Corp., said the facility was built for about \$63 million.

"But we are realistic," Rhody said. "We don't expect to get \$63 million for it. Conditions are getting better. We have realistic expectations for the price, but that does not include giving it away," he said.

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Information about the plant and its capabilities was sent to prospective buyers in late September 2001, but market conditions in the aftermath of the Sept. 11 terrorist attacks made it difficult for many to consider an acquisition. The plant was mothballed at that time, with a skeleton crew of staff kept on board to keep the equipment ready in the event of a sale.

That condition was maintained for about a year. About four months ago, Rhody and others interested in selling the plant began an active push to find a buyer. Earlier this year, the steel market was buzzing over rumors of a possible deal involving GalvPro (AMM, Sept. 2).

"We've had interest from several groups and we have had a number get involved in the due diligence process," Rhody said. "The published spread (of price between cold-rolled and hot-dip galvanized sheet) is about \$50 per ton in our favor, and we use full-hard product, which is about another \$50 per ton in our favor. Those are good numbers for us. We're encouraged by what we have seen in terms of interest lately."

**Michael Locker, principal with Locker & Associates**, said the ability to use light-gauge material and the relative newness of the plant should make it an attractive asset.

"It's a question of people seeing the downstream mix advantages of GalvPro," Locker said. "You are talking about the use of ultra-thin, light-gauge material. It certainly could be a profitable plant."

O'Connor said he hopes a potential buyer sees things the same way. He is hopeful of having a new tenant for the port that results in job creation and revenue growth.

"If it works out right, it can bring jobs and revenue to this area," O'Connor said. "We're looking for a buyer who can operate it successfully and bring in jobs."

Rhody said the contribution of the Ports of Indiana has been invaluable to his group's efforts.

"We had a group come in that was looking at the property and looking at about 26 acres," Rhody said. "They (O'Connor and the Ports) put together a plan that would have given them access to about 150 acres. A lot of groups might give lip service to something like this to try to attract the business. But they have gone the extra mile to build interest and help us find a buyer."

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