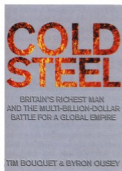


# Behind the scenes of a thrilling takeover

This account of Mittal's successful tilt at Europe's champion steelmaker gripped Bob Jones, but it's the victor's version



## Cold Steel: Britain's richest man and the multi-billion dollar battle for a global empire

Tim Bouquet and Byron Ousey

Little, Brown £20.00

The steel industry has come a long way in 20 years. In the late '80s, when Lakshmi Mittal was starting to expand beyond his original base in Indonesia, most of the global steel industry lay in state hands. In 1989, he signed a contract to manage an ailing steel plant in Trinidad that the local government saw as a liability. The contract stipulated that he could buy the plant if he made a success of it. He brought in Indian managers, slashed costs and raised output.

Mittal and the industry at large embarked on a buying spree. The culmination (so far) of the consolidation process in steelmaking was the takeover in 2006 of Arcelor by Mittal Steel. These firms were the number one and two in the world by volume of output. Today, the combined ArcelorMittal is nearly three and a half times larger than its nearest rival. It's the world's first 100-million-tonne steelmaker and

first to be worth more than \$50bn.

Tim Bouquet and Byron Ousey have written an account of the takeover in the style of a thriller. *Cold Steel* describes the often brutal and chaotic five-month battle between Mittal and Arcelor. The combatants are described as though starring in a fictional work of industrial espionage.

Both authors have a background in journalism, Bouquet on the *Reader's Digest*, Ousey as a financial journalist who switched to PR. The Luxembourg government, which reaped big dividend payments from its stake in Arcelor, was one of Ousey's clients, and this helps the book, which is particularly good on the paranoia that the bid caused in Arcelor's Luxembourg HQ. Neither writer is a steel expert, which makes their achievement in creating this detailed yet gripping account commendable.

Mittal's bid faced complex hurdles. Approval was needed from seven different regulators, which gave Arcelor's management leeway to vacillate. Project Olympus, the Mittal codename for the bid, had 111 participants, including the external advisers on the Mittal side. The authors list 53 interviewees from both sides in their acknowledgments. And those are just the ones who agreed to be named.

Arcelor's management, according to the book, had feared a hostile approach from Mittal before the bid was launched in January 2006. Yet it came as a surprise to the steel industry. No-one thought the Mittals (Lakshmi and his son Aditya) had the money for such a move – and they didn't. The bid came in an awkward mixture of cash and Mittal Steel shares, whose illiquidity raised doubts about the bid's value.

The first scoop in *Cold Steel* comes when the authors reveal that Arcelor chief executive Guy Dollé was catastrophically ill-advised on a crucial legal point. He believed

any hostile bid for Arcelor would have to be all-cash. He was enraged when two fellow board members found this wasn't true.

To his credit, Dollé seems to have co-operated with the authors, but they have not gone easy on him. The Frenchman mishandled the first few days of Arcelor's defence. He raised hackles by describing Arcelor's higher-quality output as perfume to Mittal Steel's *eau de cologne*, and then caused outrage by calling Mittal's bid 'monkey money'. As a result, the government of India, where Mittal does not make any steel, turned up the volume on Mittal's behalf.

Arcelor's management wrongly expected support from European governments. The result of difficult mergers between the steel champions of Spain, France and Luxembourg, Arcelor had emerged as a European champion. Surely an outsider would not be allowed to get his hands on such a prize?

But under EU law, shareholders have the right to decide the fate of their companies. Arcelor's shareholders, including steel financier Romain Zaleski, who had been brought in to help defend Arcelor, chose Mittal, the best manager in the industry over the past 20 years.

The book's main fault is that it is clearly written with the support of the Mittals. Nicola Davidson, head of communications at Mittal Steel and now ArcelorMittal, receives the authors' most fulsome acknowledgment. So some elements of the account should be treated with care. The Mittals are portrayed as victims of a leak, but they may have fanned rumours of their bid to have an excuse to launch it.

There are one or two slip-ups. It was not CVRD that Tata beat to buy Corus; it was fellow-Brazilian CSN. But this is a minor quibble.

Bob Jones is steel editor of *Metal Bulletin* magazine