

Due Diligence of a Logistics Operator in the Mining Industry



The mining industry is the backbone of Mongolia's economy. Mongolia has extensive deposits of natural resources, including coal, copper, gold amongst others. Significant foreign direct investment has transformed the country's economy from traditional agriculture and herding to an export orientation. Today exports account for more than 50% of the GDP, with the mining industry being the driver for economic growth.

Due diligence of a logistics operator

A major Mongolian logistics service provider, active in the export of mining products, applied to the EBRD for funding its truck and trailer fleet expansion. As part of the loan application process, EBRD asked TransCare to carry out a due diligence of the logistics company. TransCare assessed the suitability of the company's investment package and ability to meet its financial projections. TransCare visited the company headquarters, central warehouse, trucking workshop as well as the transport operations in the Gobi desert.

Investment program review and loan application recommendation

Assisted by an expert in the Russian mining logistics industry, TransCare reviewed and adjusted the investment program. The assessment covered recommended vehicle types (both trucks and trailers) and numbers as well as CAPEX and risk mitigation in collaboration with the logistics operators' management.

TransCare adjusted the corresponding financial model and provided a clear recommendation for EBRD's loan application decision, including options to secure the loan package. The due diligence was completed within 6 weeks.

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Our Services

- Mining logistics market analysis
- Business field analysis, including customer base, operations and competition
- Contract review (clients, subcontractors and other suppliers)
- Qualitative fleet assessment, including international KPI benchmarks
- Operational efficiency review, including IT support systems
- Strategy review and SWOT analysis
- Investment program assessment and financial model review
- Identification of business risks and advice for mitigation
- Final recommendation about the loan application decision