GLOBAL MARKET SITUATION
64 TH IREPAS MEETING

Hong Kong
April 2011

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Celsa International Commercial Director
CELSA GROUP
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Macroeconomic situation
The Two-speed recovery is set to continue. In advanced economies, signs are increasing that private consumption is starting to recover. 2011 growth projection has been revised upwards ¼% relative to October 2010 as signs in US are very positive and in EU area, the strong performance of German economy is offsetting a troubled periphery.

The consensus on the effects of the devastating tsunami in Japan indicate that the economy big hit will be short term and activity will receive a boost from reconstruction activity.

In emerging economies growth is expected to remain buoyant. Its strength will be well supported by domestic demand, and continuous capital inflows.

Most developing countries, particularly in sub-Saharan countries, are also growing strongly.

The economic impact of Arab political turmoil and its effect on oil price looks limited. It is estimated on a 0.2% of world GDP max.

Rising global demand for commodities prices will push prices higher and fuel inflation in some emerging prices.

Financial conditions are expected generally to remain stable or improve this year. Financial stresses, however, are expected to remain elevated in the periphery of the Euro Area.

Downside risk to the recovery not to be underestimated. The Urgent requirements need to be in place, like taking actions to overcome the financial troubles in the euro area, policies to repair and reform financial systems in advanced economies and also policies to facilitate external rebalancing in key emerging economies.
### MACRO ECONOMICS INDICATORS

% change on year ago

<table>
<thead>
<tr>
<th></th>
<th>Gross domestic Product Q42010</th>
<th>2011 f</th>
<th>2012f</th>
<th>Current Industrial Production</th>
<th>Consumer Price current 2011 f</th>
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<td>1,3</td>
<td>2,5</td>
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<td>13,5</td>
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<td>2,3</td>
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<td>3,6</td>
<td>4,9</td>
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IMF Economic Report, Oxford economic reports
Contribution to World GDP
(Percentage change on preceding year 1995-2012)

Source: IMF, World Economic Outlook, January 2011 Update
World GDP
(Percentage change on preceding year)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(f)</th>
<th>2012(f)</th>
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<td>3.4</td>
<td>3.9</td>
<td>5.2</td>
<td>3</td>
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<td>5</td>
<td>4.4</td>
<td>4.5</td>
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Source: IMF, World Economic Outlook, January 2011 Update
Steel and long products consumption situation
### Steel consumption situation

#### World finished steel consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL</th>
<th>World excl. Bric</th>
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<th>China</th>
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<td>2000</td>
<td>845</td>
<td>630</td>
<td>77</td>
<td>138</td>
</tr>
<tr>
<td>2005</td>
<td>1.030</td>
<td>614</td>
<td>89</td>
<td>328</td>
</tr>
<tr>
<td>2006</td>
<td>1.121</td>
<td>663</td>
<td>100</td>
<td>357</td>
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<tr>
<td>2007</td>
<td>1.198</td>
<td>682</td>
<td>118</td>
<td>398</td>
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<tr>
<td>2008</td>
<td>1.207</td>
<td>653</td>
<td>111</td>
<td>443</td>
</tr>
<tr>
<td>2009</td>
<td>1.125</td>
<td>484</td>
<td>99</td>
<td>542</td>
</tr>
<tr>
<td>2010f</td>
<td>1.271</td>
<td>576</td>
<td>117</td>
<td>578</td>
</tr>
<tr>
<td>2011f</td>
<td>1.338</td>
<td>609</td>
<td>131</td>
<td>598</td>
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- **8% y-o-y**
- **-7.2%**
- **10.7%**
- **5.2%**
Long products market
Worldwide long products consumption evolution

Source: Estimation
Long products market

World long products consumption per area

Source: Estimation
## Long products market

### World long products consumption by areas – 2010 VS 2009

<table>
<thead>
<tr>
<th>Region</th>
<th>% Change</th>
<th>2010</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIS</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other World</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E &amp; SE Asia</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total World</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Legend:
- North America
- CIS
- Europe
- Other World
- E & SE Asia
- Total World

<table>
<thead>
<tr>
<th>% Change</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20%</td>
<td>26%</td>
<td>9.4%</td>
<td>37%</td>
<td>10%</td>
</tr>
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</table>
Long products market
World consumption evolution per product

Source: Estimation
Long products market

World consumption by product – 2010 VS 2009

<table>
<thead>
<tr>
<th>Section</th>
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<tr>
<td>Sections</td>
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<tr>
<td>Merchant bars</td>
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</tr>
<tr>
<td>Wire Rod</td>
<td>11%</td>
</tr>
<tr>
<td>Rebars</td>
<td>9%</td>
</tr>
<tr>
<td>Long Products</td>
<td>11%</td>
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Long products market
World consumption by product – 2010 VS 2009

SECTIONS

- CIS: 48%
- North America: 23%
- Europe: 7%
- Other World: 25%
- E & SE Asia: 4%
- Total World: 13%
Long products market
World consumption by product – 2010 VS 2009

MERCHANT BARS

North America: 27%
CIS & Turkey: 18%
Other World: 19%
Europe: 25%
E & SE Asia: 18%
Total World: 19%
Long products market
World consumption by product – 2010 VS 2009

REBARS

<table>
<thead>
<tr>
<th>Region</th>
<th>2010 Consumption</th>
<th>2009 Consumption</th>
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</thead>
<tbody>
<tr>
<td>North America</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>CIS &amp; Turkey</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Europe</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Other World</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>E &amp; SE Asia</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Total World</td>
<td>7%</td>
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Long products market
World consumption by product – 2010 VS 2009

WIRE ROD

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>CIS &amp; Turkey</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Other World</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>E &amp; SE Asia</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Total World</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>
Long products market
E&SE Asia consumption by product – 2010 VS 2009

SECTIONS

-1%
19%
-6%
56%
11%
4%
-10%
-5%
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%
50%
55%
60%
65%
70%

JAPAN
SOUTH KOREA
CHINA
-6%
TAIWAN
ASEAN
4%
total E& SE ASIA
Long products market
E&SE Asia consumption by product – 2010 VS 2009

MERCHANT BARS

- JAPAN: 45%
- SOUTHERN KOREA: 26%
- CHINA: 16%
- TAIWAN: 64%
- ASEAN: 16%
- TOTAL E&SE ASIA: -18%
Long products market
E&SE Asia consumption by product – 2010 VS 2009

REBARS

-9%
6%
27%
15%
5%
-1%
-10%
-5%
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%
50%
55%
60%
65%
70%

JAPAN
-1%
SOUTH KOREA
-9%
CHINA
6%
TAIWAN
27%
ASEAN
15%
total E& SE ASIA
5%
Long products market
E&SE Asia consumption by product – 2010 VS 2009

WIRE ROD

- Japan: 29%
- South Korea: 31%
- China: 8%
- Taiwan: 47%
- ASEAN: 15%
- Total E&SE Asia: 11%
Rebars market
Rebars market

World rebar consumption per area

Source: Estimation
Rebars market

Distribution of consumption per area over the years

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Europe</th>
<th>CIS</th>
<th>Other World</th>
<th>East &amp; SE Asia</th>
</tr>
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<tbody>
<tr>
<td>1992</td>
<td>9%</td>
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<td>7%</td>
<td>18%</td>
<td>48%</td>
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<td>2008</td>
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<td>4%</td>
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<td>55%</td>
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<td>2009</td>
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<tr>
<td>2010</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>23%</td>
<td>60%</td>
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Source: Estimation
Rebars market

Source: Estimation
Rebars market
World rebar consumption vs. production in 2010

Source: Estimation
International price situation
International price situation
International rebars market (C&F in $/ton)

Source: IREPAS
International price situation

International rebars market (spread vs. rebars price in %)

Source: IREPAS
06 Outlook
Outlook for the nearest future

✓ Global economic recovery is gathering pace. Long products demand will stay consistent although political unrest in N Africa and M East is not helping in Mediterranean markets. N America market is accelerating and Latin America, Africa and SE Asia will stay strong. Reconstruction in Japan will create extra demand in Asia. Europe as a whole still stays as the slowest market although North and NE is performing much better and being the engine for South and S West.

✓ Scrap price show higher lows in a long term uptrend, due to restricted availability and strong hands holders. Purchases from relevant buyers could lift the price in coming weeks. Mills will be under pressure to widen their margins both ways.

✓ Mills located in slowest areas are monitoring regional markets in order to maintain levels of production in accordance with demand. Margins are still under pressure an improved profitability is required.

CONCLUSION:
DEMAND FOR STEEL LONG PRODUCTS IS NOW CONSISTENT AND GLOBALLY IMPROVING.
LONG TERM PRICE OF STEEL LONG PRODUCTS IS IN UPTREND.
Thank you for your attention