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Construction sector overview

✓ Global urbanization expected to reach 59.9% by 2030, being 52.1% in 2011, and population living in urban areas is projected to gain 1.35 billion, passing from 3.63 billion in 2011 to 4.98 billion in 2030.

✓ Global Construction expected to rise by $6.3 trillion or over 70% to $15 trillion by 2025 compared to $8.7 trillion in 2012, with almost 60% of all global growth in construction will be in just three countries: China, India and the United States, while western Europe will remain 5% smaller by 2025 than the 2007 peak

✓ Global growth in construction spending close to 5% in 2014 and 2015, with cautious recovery in EU – construction activity in EU is forecast to rise 1.5% in 2014 and by close to 2.5% in 2015

Sources: UN, Global Construction Perspectives, Oxford Economics, IHS, and Eurofer
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• **Steel and long products consumption**
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Global steel consumption growth of 3.1% in 2013, confirming sustained growth since 2009. Expected growth in 2014 of 3.3%.

<table>
<thead>
<tr>
<th>Year</th>
<th>China</th>
<th>Developed Economies</th>
<th>MENA</th>
<th>Others</th>
<th>World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1.140.770</td>
<td>230.588</td>
<td>58.853</td>
<td>299.886</td>
<td>551.443</td>
</tr>
<tr>
<td>2010</td>
<td>1.300.326</td>
<td>278.908</td>
<td>60.988</td>
<td>372.860</td>
<td>587.570</td>
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<tr>
<td>2011</td>
<td>1.402.694</td>
<td>302.727</td>
<td>61.856</td>
<td>396.911</td>
<td>641.200</td>
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<tr>
<td>2012</td>
<td>1.430.271</td>
<td>316.761</td>
<td>63.222</td>
<td>390.228</td>
<td>660.060</td>
</tr>
<tr>
<td>2013F</td>
<td>1.475.072</td>
<td>327.047</td>
<td>64.305</td>
<td>384.060</td>
<td>699.660</td>
</tr>
<tr>
<td>2014F</td>
<td>1.523.247</td>
<td>343.108</td>
<td>69.018</td>
<td>390.471</td>
<td>720.650</td>
</tr>
</tbody>
</table>

Source: worldsteel
Global Long Products Consumption (Mt)

Long products consumption growing faster, with 8.1% annual growth in 2013, and already at 143% of pre-crisis levels (2007-2008)

Source: Estimation
Asian markets clearly driving global consumption in the last years, accounting for 70% of total longs consumption.
Overall 8.1% global growth with significant differences among regions, and worse than expected in some – EU and North America.
The trend of change in the product mix remains reasonably stable, with reinforcing bars gaining market share and accounting for 43% of total longs consumption in 2013, while wire rod accounted for 27%, merchant bars for 24%, and sections for 6%.
Impressive overall 10.1% annual growth, with significant strength in the majority of the regions and with European Union heavily influenced by severe declines in consumption in Spain, Portugal and Italy.

Source: Estimation
Significant growth in Asian countries, North America, particularly in the USA, and also in Turkey.

Source: Estimation
Great differences among regions, with reasonable overall growth influenced by performance in Asian countries. Noticeable sharp decrease in USA and CIS.

Source: Estimation
European Union, Mexico and Canada have seen significant drop in consumption, while other regions, such as Africa, have had noticeable growth.

Source: Estimation
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Developing economies driving global reinforcing bars consumption, with China accounting for 57% of total consumption.

Source: Estimation
Having a reasonably balanced regional supply and demand should remain a priority for reinforcing bar producers.
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Reinforcing bars, wire rod and billet FOB price

Slight trend downwards in the latest months, paired with tightening price differentials due to a relatively stronger raw materials.

<table>
<thead>
<tr>
<th>Year/Period</th>
<th>Rebars (USD)</th>
<th>WR Mesh (USD)</th>
<th>Billets (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>295</td>
<td>290</td>
<td>260</td>
</tr>
<tr>
<td>2004</td>
<td>450</td>
<td>500</td>
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</tr>
<tr>
<td>2005</td>
<td>385</td>
<td>385</td>
<td>330</td>
</tr>
<tr>
<td>2006</td>
<td>490</td>
<td>500</td>
<td>430</td>
</tr>
<tr>
<td>2007</td>
<td>630</td>
<td>600</td>
<td>580</td>
</tr>
<tr>
<td>2008</td>
<td>870</td>
<td>870</td>
<td>820</td>
</tr>
<tr>
<td>2009</td>
<td>480</td>
<td>490</td>
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</tr>
<tr>
<td>2012</td>
<td>600</td>
<td>610</td>
<td>535</td>
</tr>
<tr>
<td>03/2013</td>
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<td>09/2013</td>
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<td>515</td>
</tr>
<tr>
<td>03/2014</td>
<td>565</td>
<td>570</td>
<td>510</td>
</tr>
</tbody>
</table>

Source: Estimation
Reinforcing bars CFR price and spread

Continuation of downward trend in prices with very tight margins not matching global demand growth

Source: Estimation
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Summary & Outlook

✓ 2013 ended with significant global growth in longs consumption, although worse than expected for some regions

✓ 2014 expected to maintain the global growth trend in consumption, including cautious recovery in EU construction sector and strengthening of USA growth driven by housing market

✓ Long term fundamentals for longs remain solid, with emerging economies expected to continue to drive longs demand, to support their urbanization and economic development, and with China growth softening perceived as major risk for global consumption growth

✓ Margins for longs still in a thigh situation, with balancing supply and demand in markets fundamental, and having production capacity growing faster than demand a major challenge
Thank you for your attention!