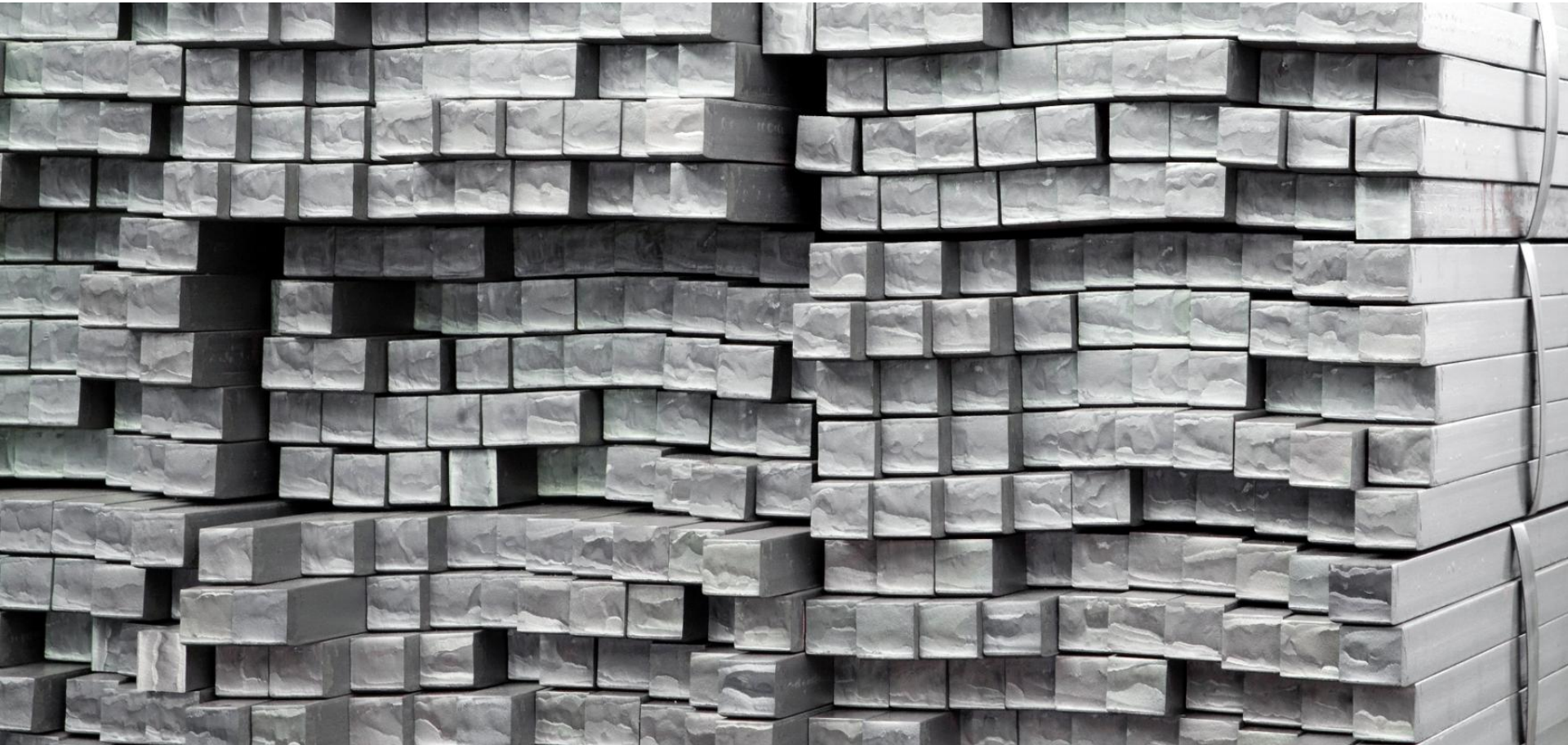


Steel Long Products Market 70th IREPAS Meeting



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Barcelona
March 31st, 2014

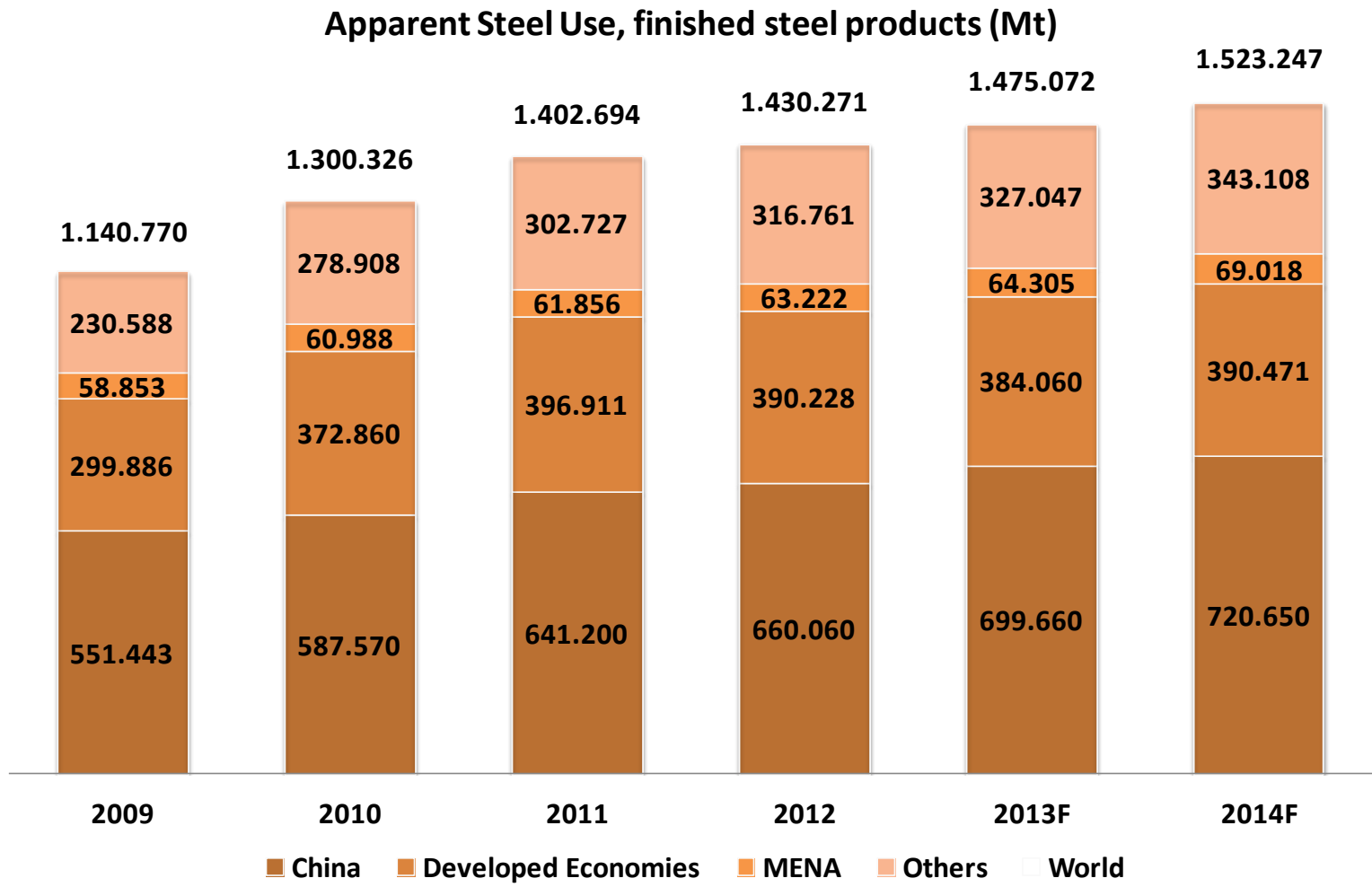
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- ✓ Global urbanization expected to reach 59.9% by 2030, being 52.1% in 2011, and population living in urban areas is projected to gain 1.35 billion, passing from 3.63 billion in 2011 to 4.98 billion in 2030.
- ✓ Global Construction expected to rise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

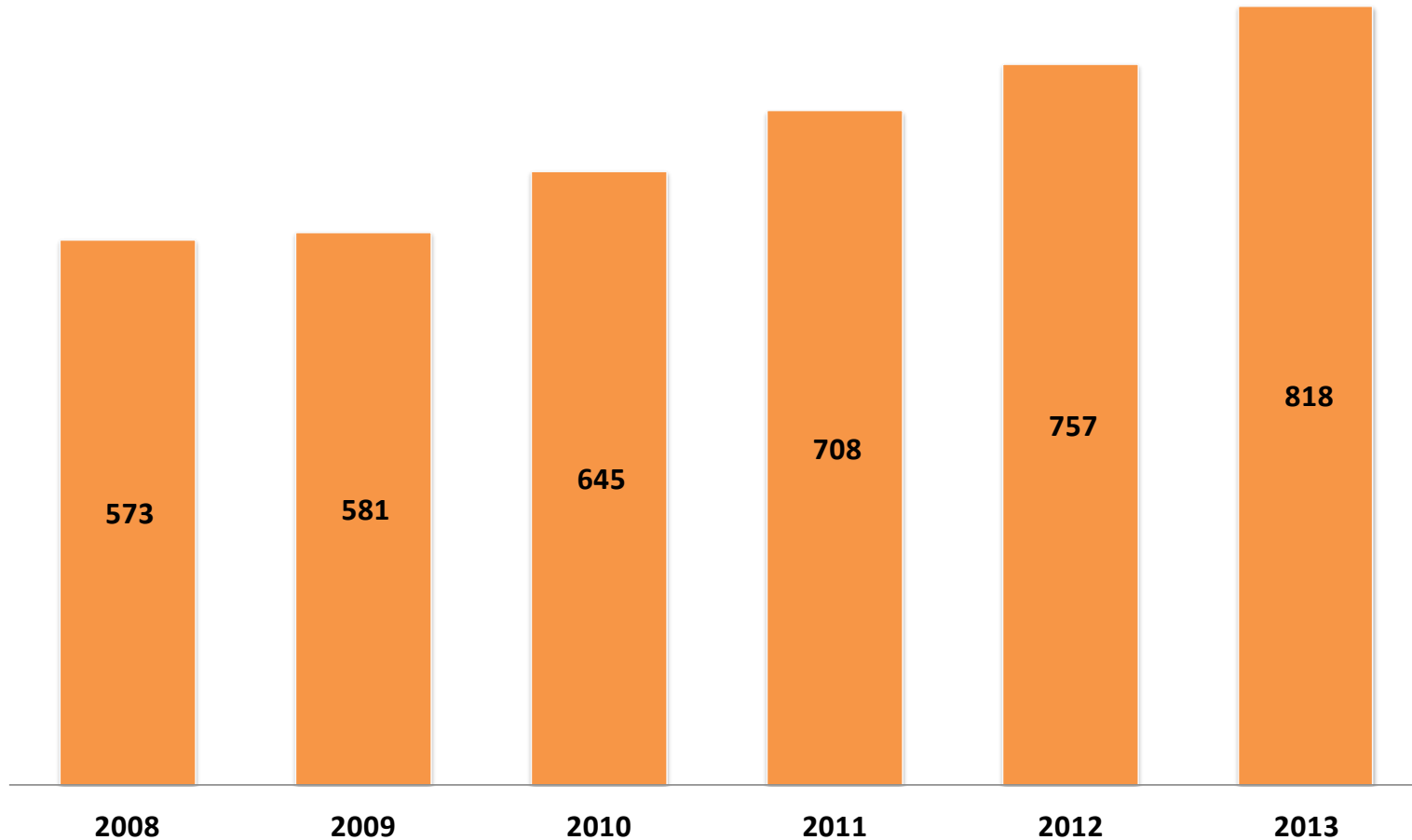
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Global steel consumption growth of 3,1% in 2013, confirming sustained growth since 2009. Expected growth in 2014 of 3,3%



Source: worldsteel

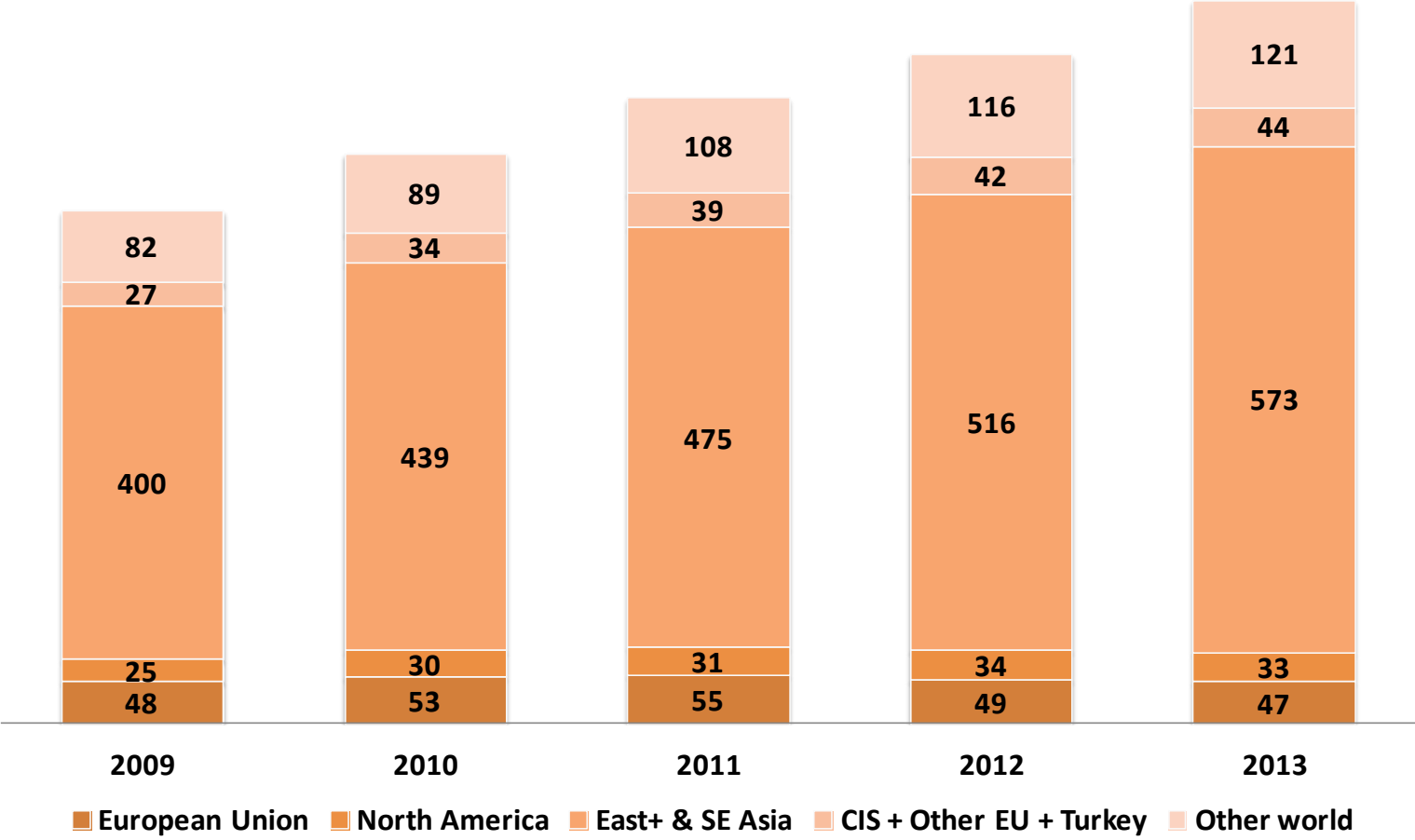
Long products consumption growing faster, with 8,1% annual growth in 2013, and already at 143% of pre-crisis levels (2007-2008)



Long Products Consumption, by Region (Mt)

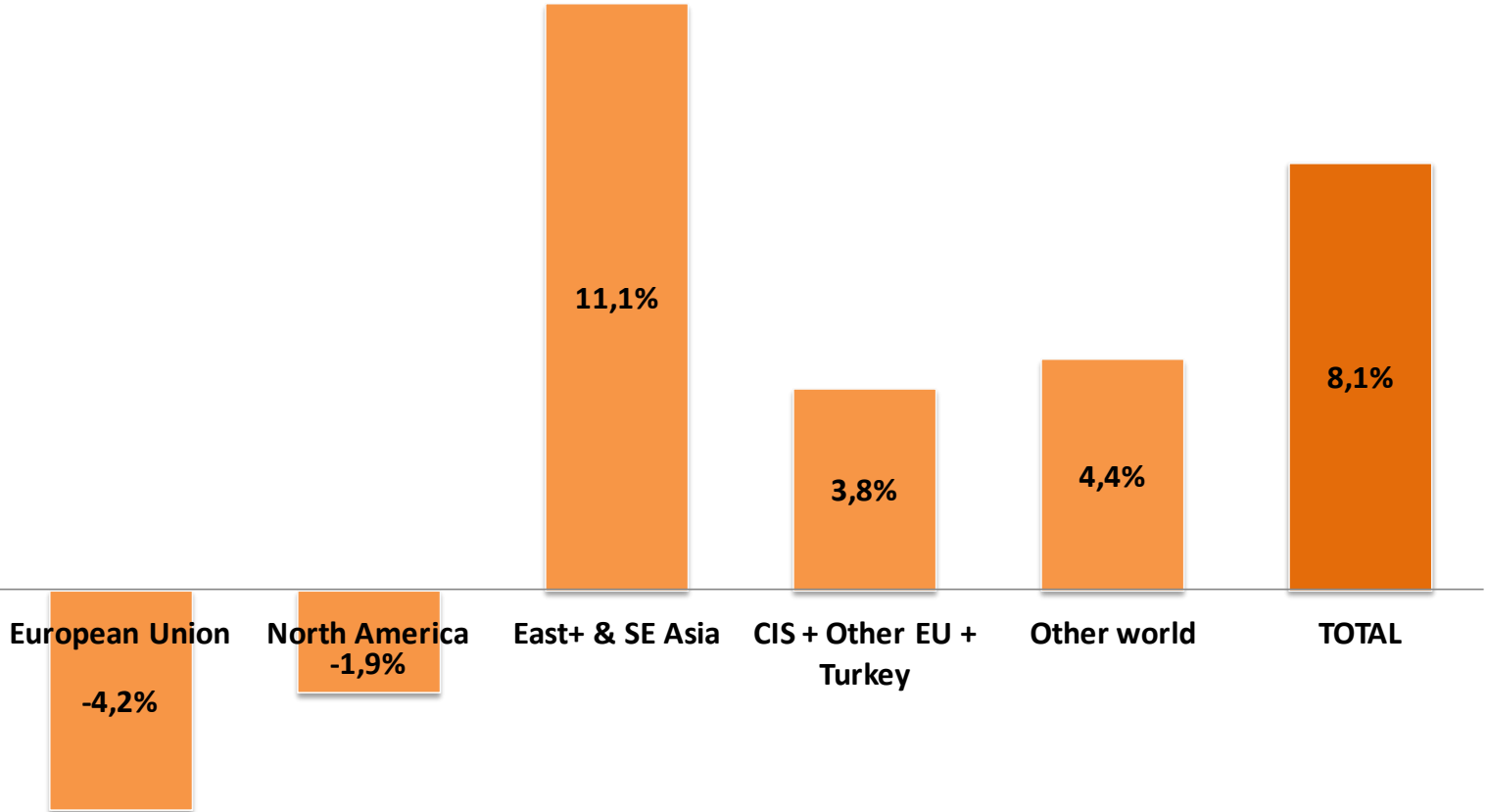


Asian markets clearly driving global consumption in the last years, accounting for 70% of total longs consumption



Source: Estimation

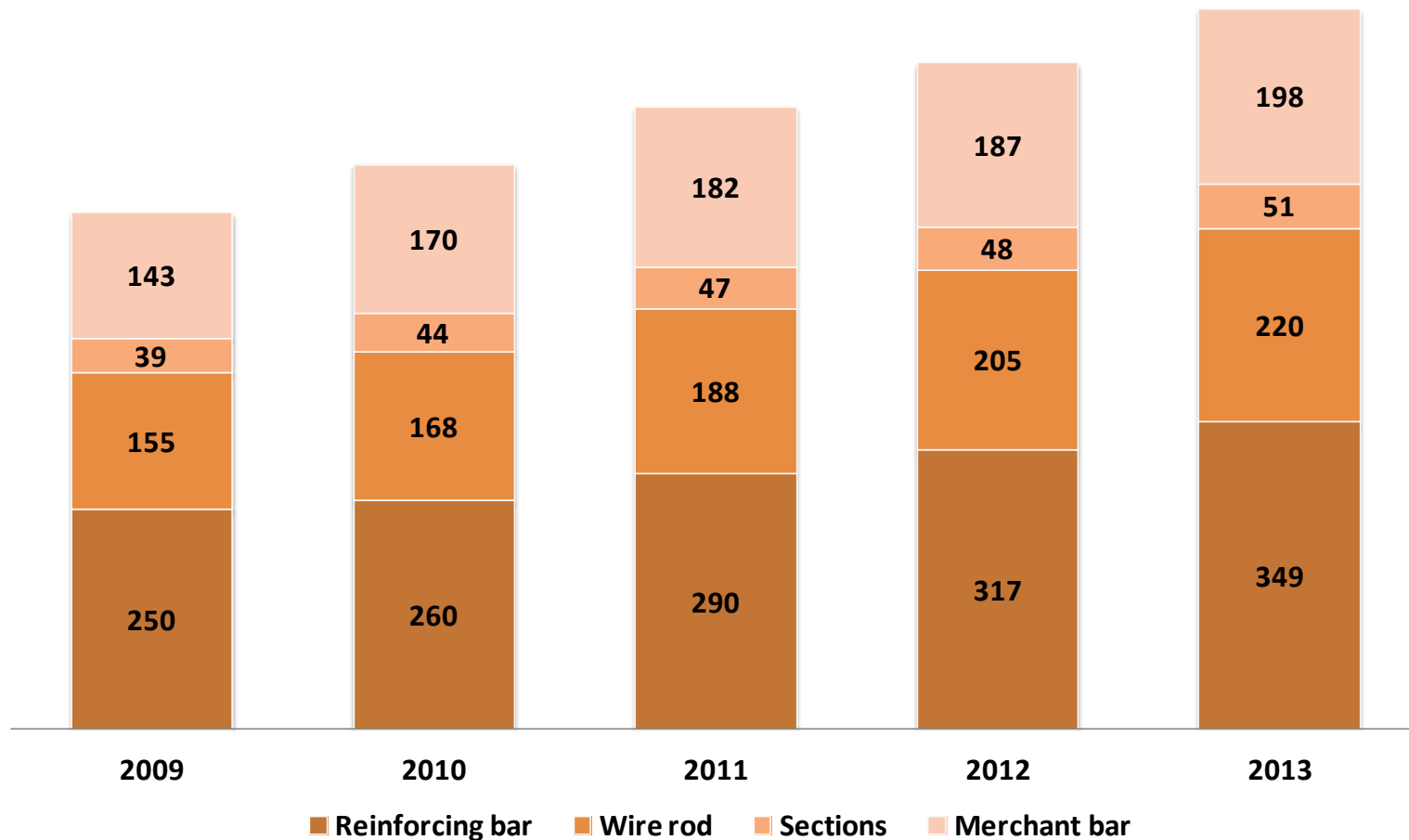
Overall 8,1% global growth with significant differences among regions, and worse than expected in some –EU and North America



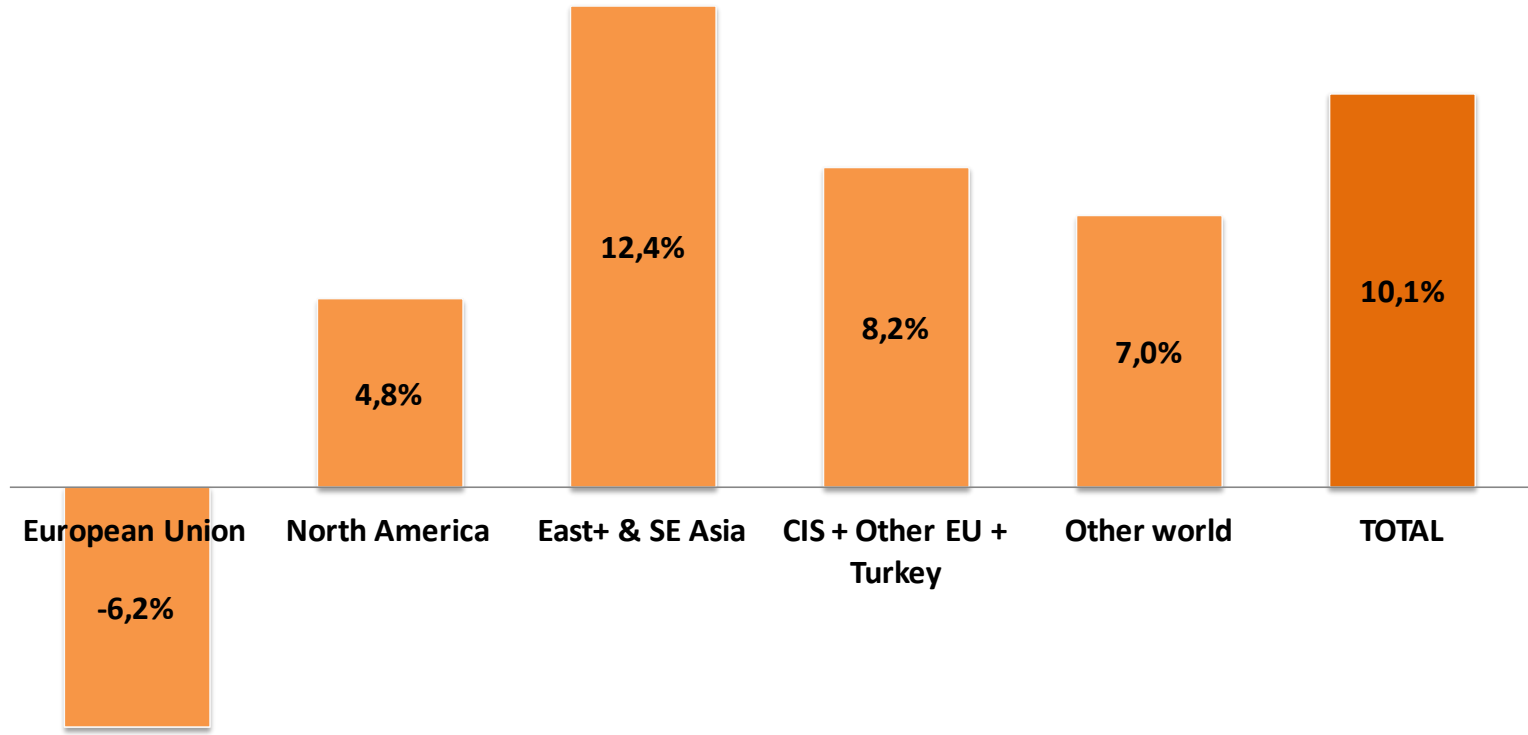
Source: Estimation

Long Products Consumption, by Product (Mt)

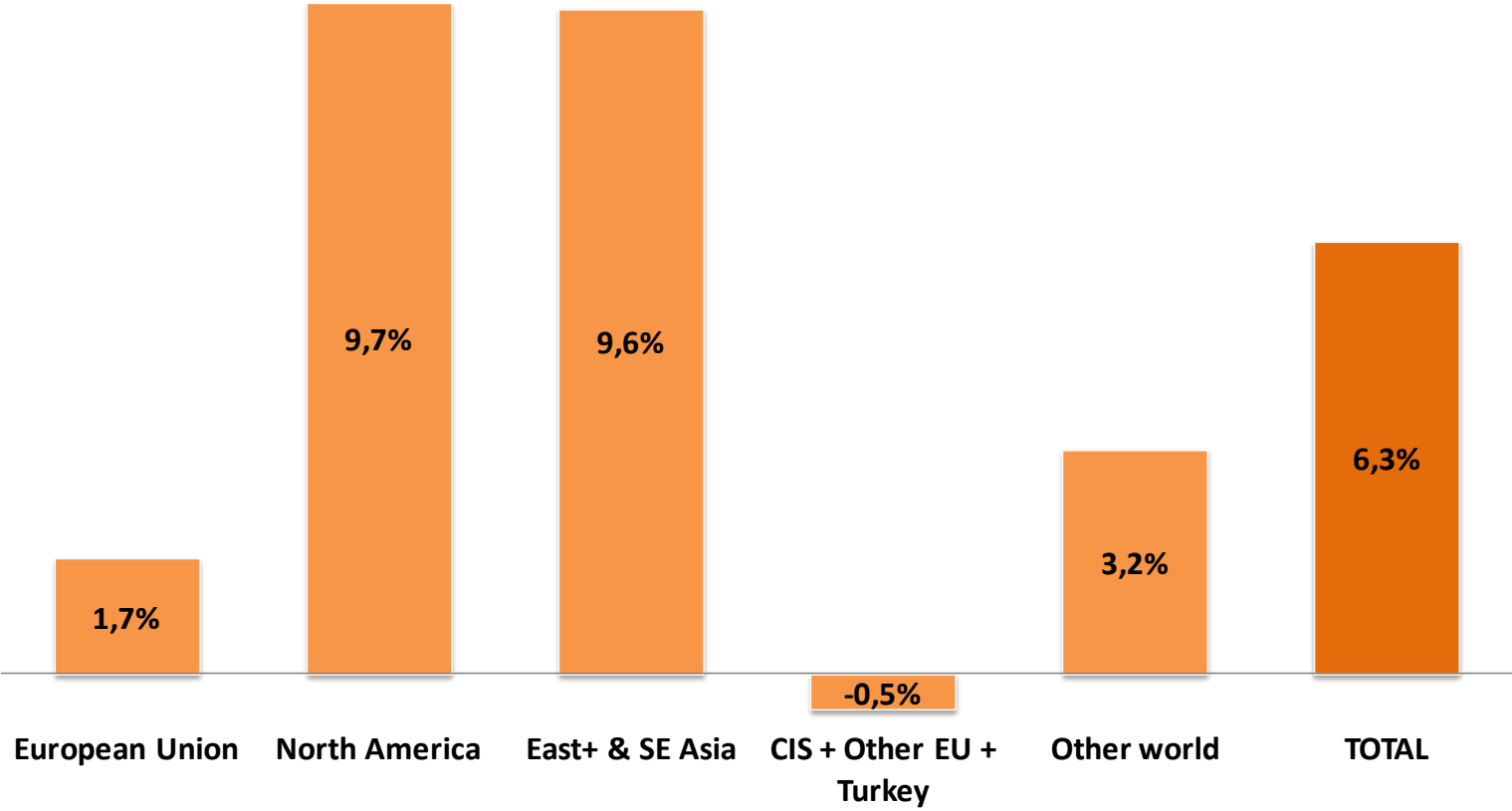
The trend of change in the product mix remains reasonably stable, with reinforcing bars gaining market share and accounting for 43% of total longs consumption in 2013, while wire rod accounted for 27%, merchant bars for 24%, and sections for 6%



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

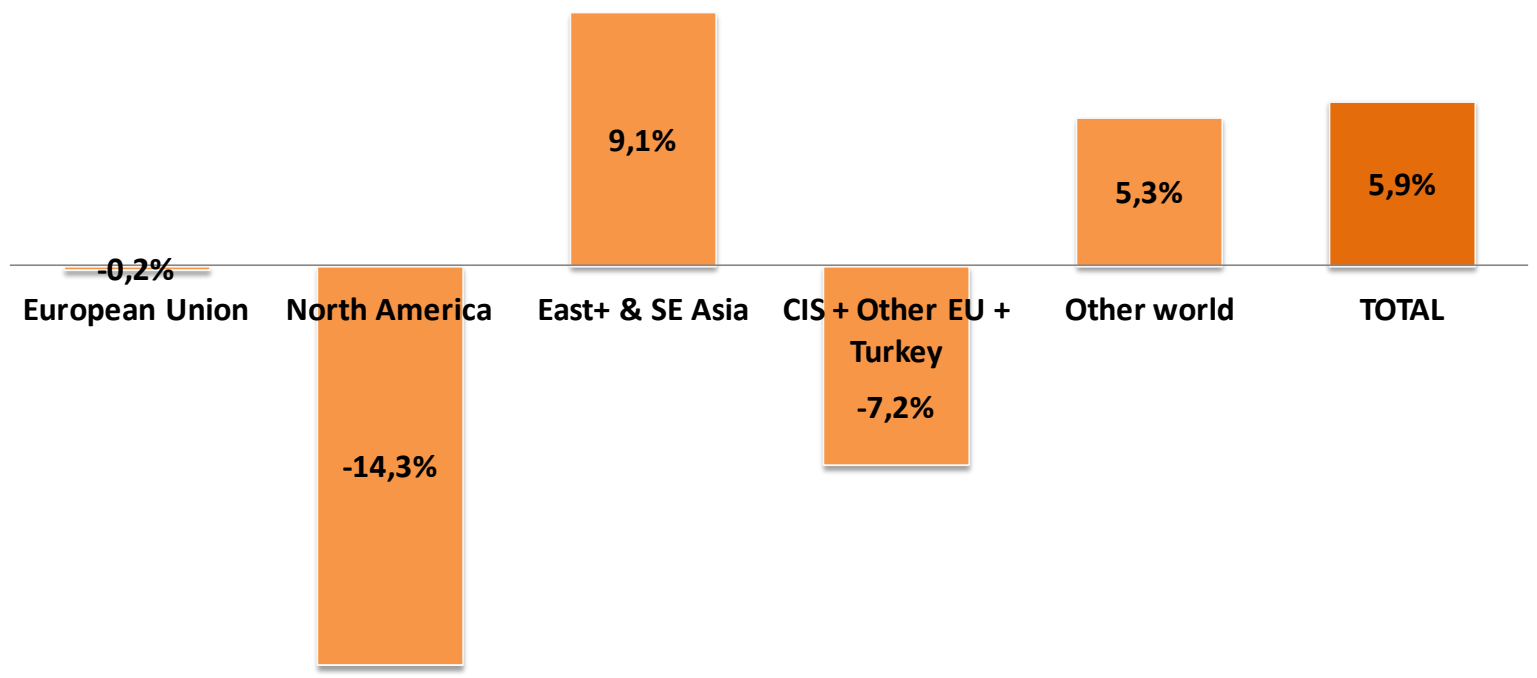


Significant growth in Asian countries, North America, particularly in the USA, and also in Turkey

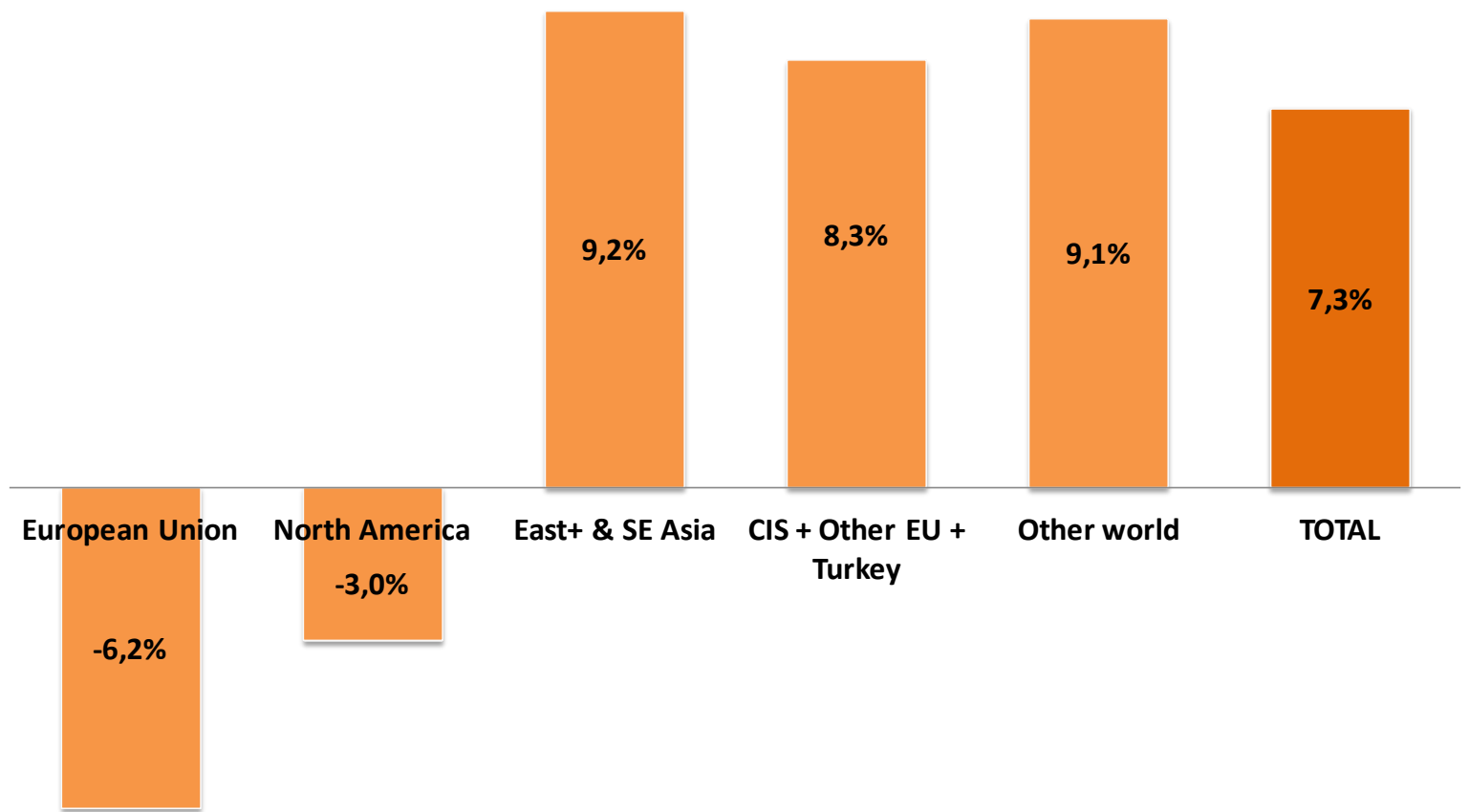


Source: Estimation

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

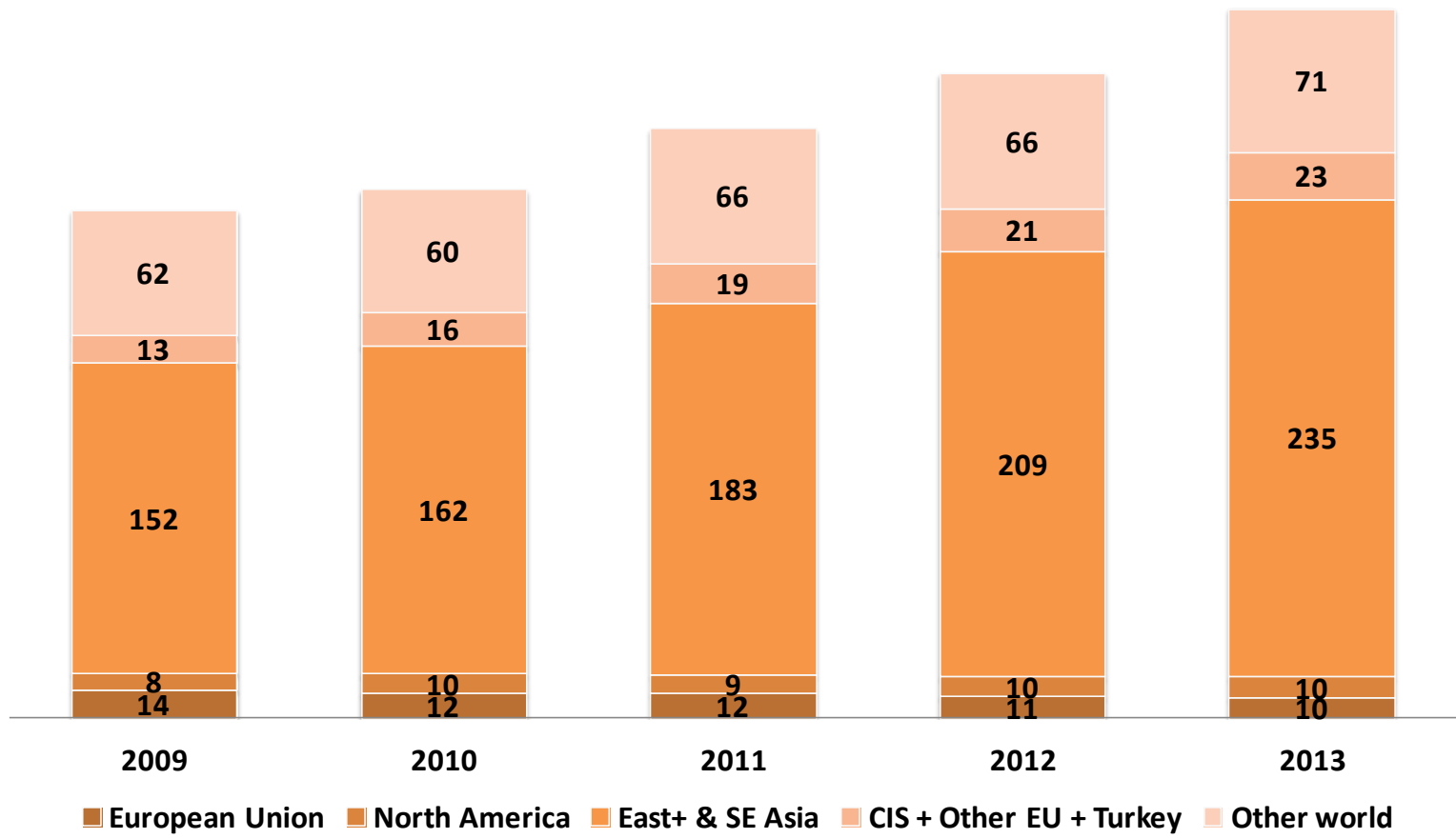


European Union, Mexico and Canada have seen significant drop in consumption, while other regions, such as Africa, have had noticeable growth



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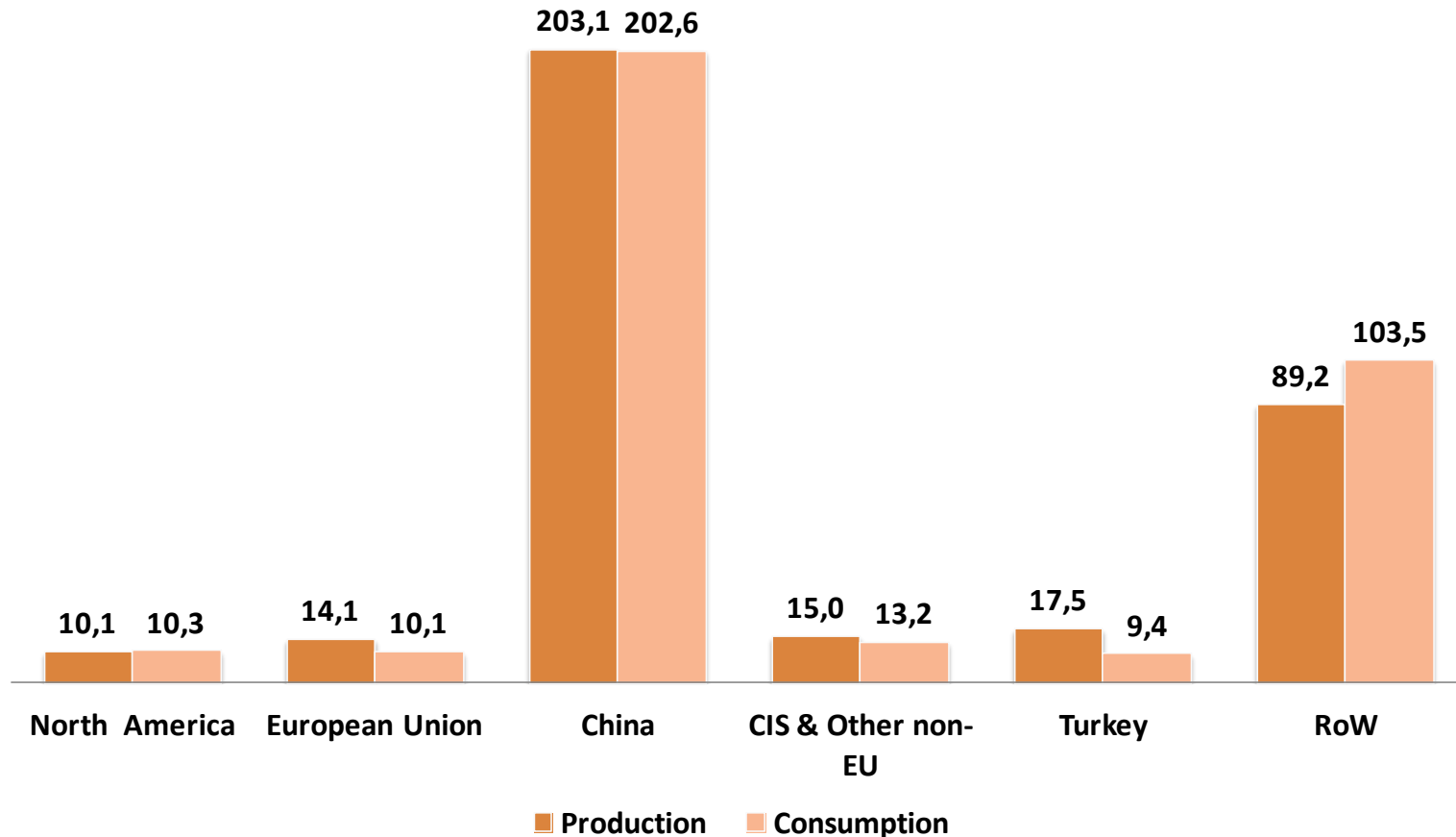
Developing economies driving global reinforcing bars consumption, with China accounting for 57% of total consumption



Source: Estimation

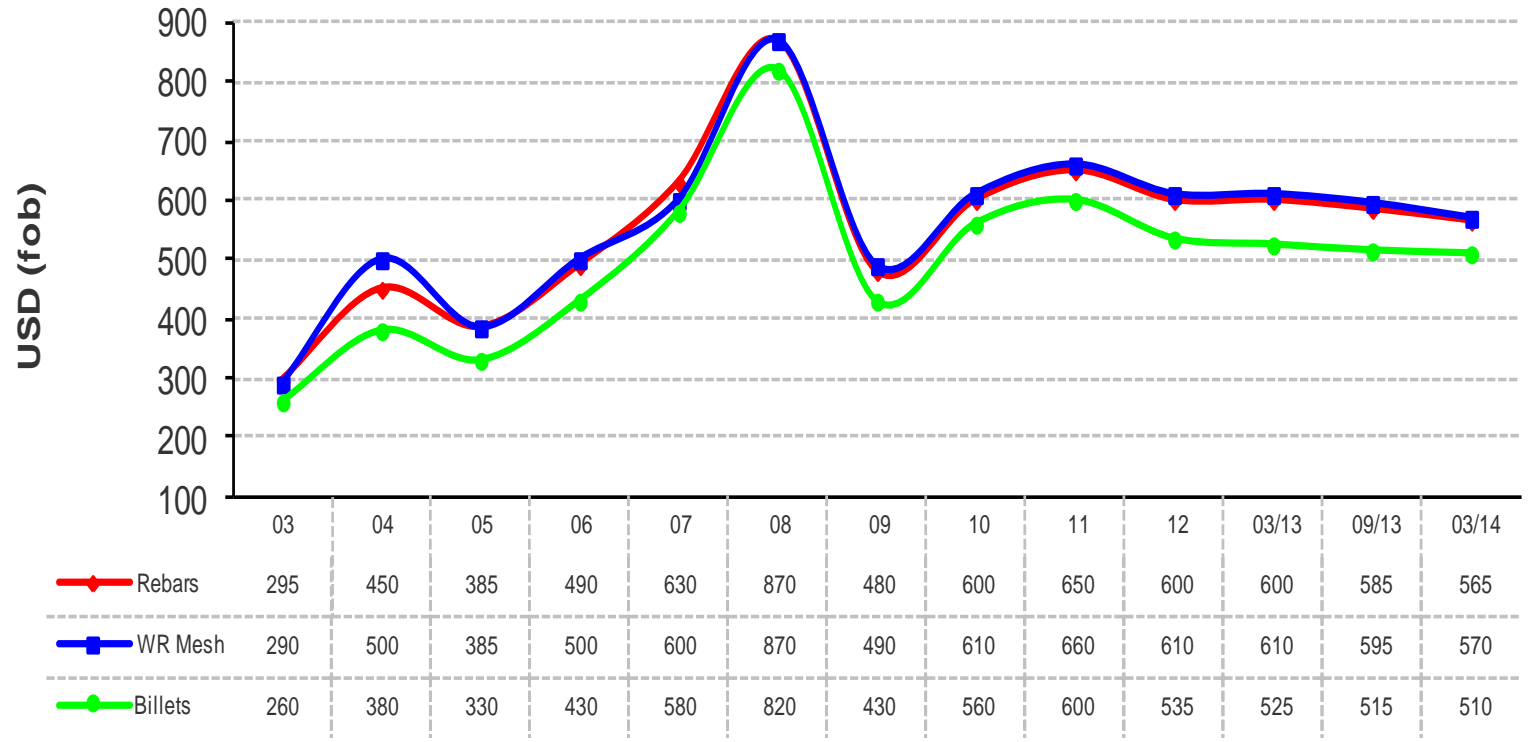
Rebars consumption vs production per area 2012

Having a reasonably balanced regional supply and demand should remain a priority for reinforcing bar producers

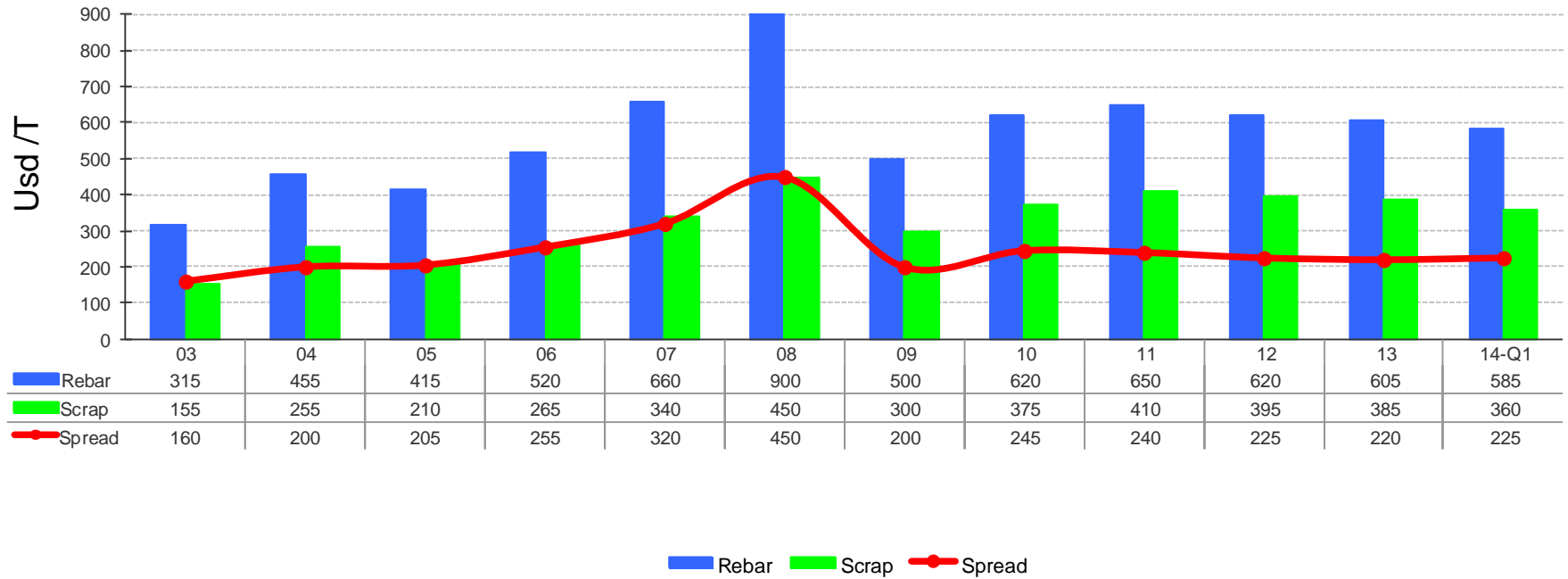


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Slight trend downwards in the latest months, paired with tightening price differentials due to a relatively stronger raw materials



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



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- ✓ 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 !