

OUTLOOK ON MAJOR ECONOMIES AND STEEL MARKETS



EUROMetal

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IN EU-27, 2009 GDP FORECASTS HAVE AGAIN BEEN REVISED TO LOWER LEVELS 2010 FORECAST IS FOR A VERY SLIGHT ECONOMIC RECOVERY

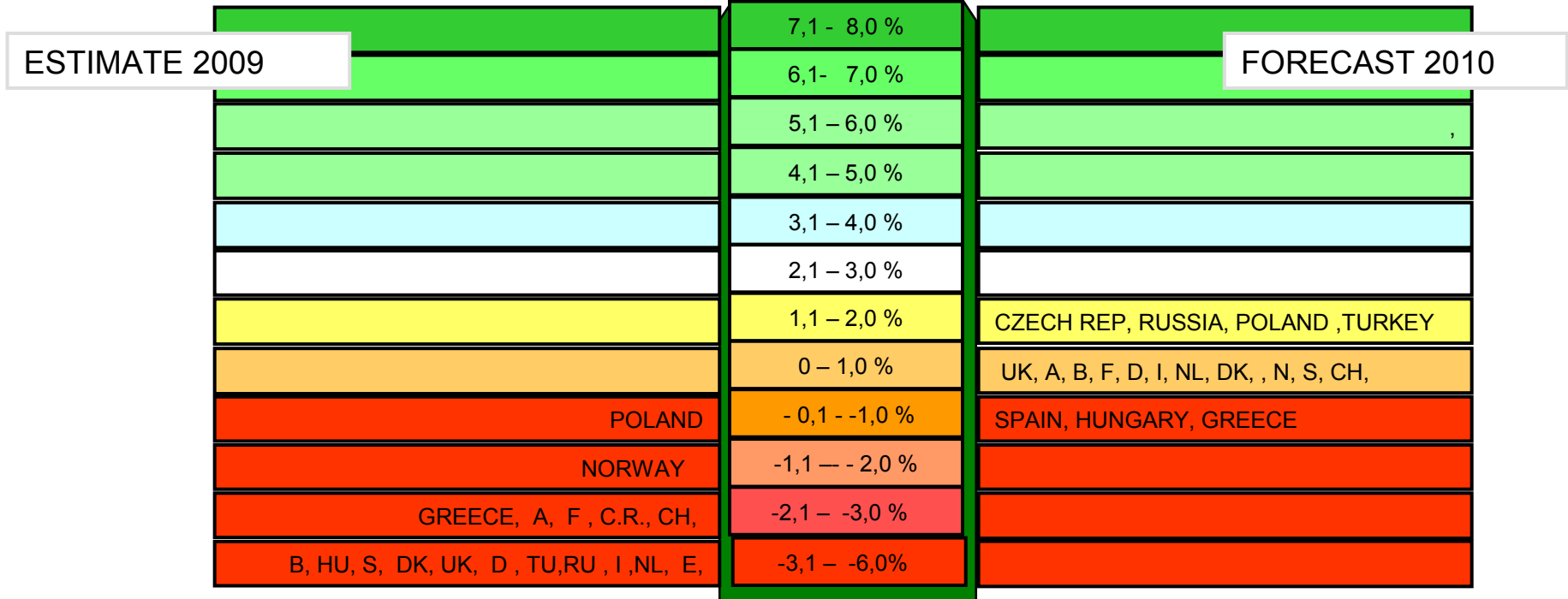
WORLD RANKING:

1. CHINA	6,5 %
2. INDIA	5,5 %
3. EGYPT	4,0 %
4. INDONESIA	2,4%

WORLD RANKING:

1. CHINA	7,3 %
2. INDIA	6,4 %
3. EGYPT	3,8 %
4. SAUDI ARABIA	3,1 %
5. INDONESIA	3,1 %
6. SOUTH AFRICA	3,1 %

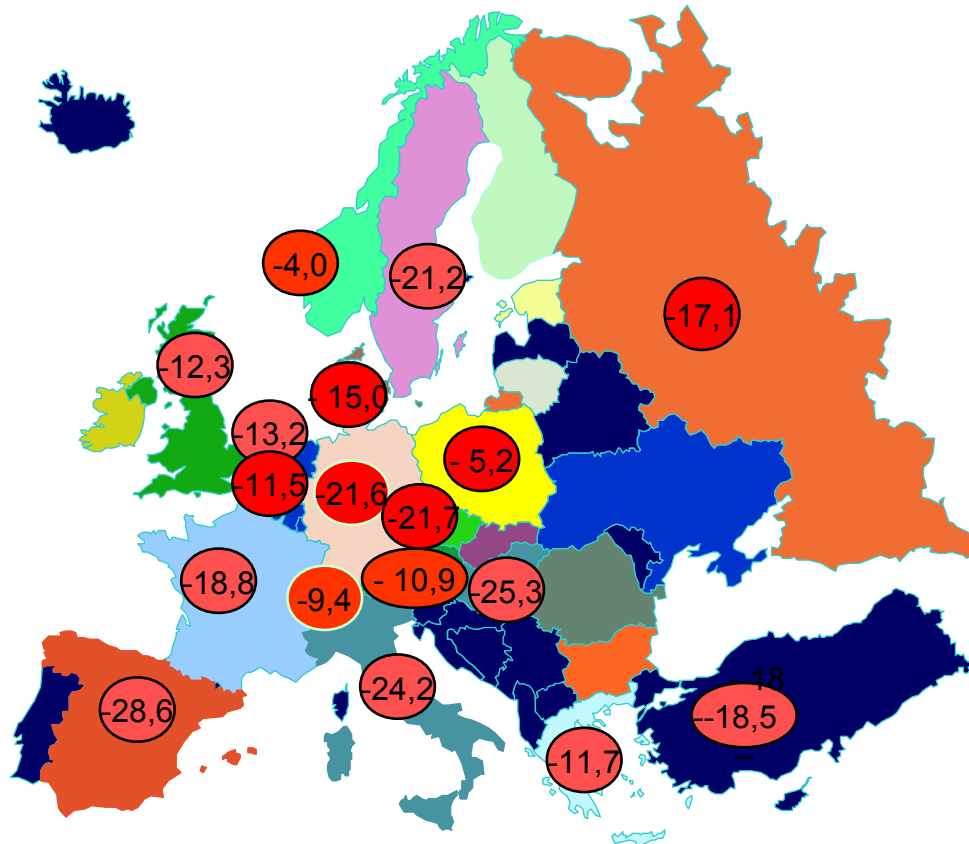
FORECAST
GDP GROWTH
AVERAGE ANNUAL
% INCREASE



CHINA AND INDIA CONFIRM AS UNCONTESTED GDP CHAMPIONS.
EURO ZONE: - 4,1 % IN 2009; + 0,5 % IN 2010

IN APRIL 2009, EUROPEAN MANUFACTURING CONTINUED TO COLLAPSE BY - 22 %. FIRST AVAILABLE MAY DATAS SHOW NO REAL IMPROVEMENT

-5,7 = CHANGE IN INDUSTRIAL PRODUCTION, LATEST AVAILABLE FIGURES AS OF **APRIL** 2009 YEAR-ON-YEAR COMPARISON



WORLD RANKING, INDUSTRIAL PRODUCTION GROWTH

- CHINA + 8,9 %
- SOUTH AFRICA + 8,4 %
- SINGAPORE + 2,0 %
- INDONESIA + 1,5 %
- INDIA + 1,4 %

ALL OTHER MAIN ECONOMIES HAVE NEGATIVE INDUSTRIAL PRODUCTION IN APRIL 2009

IN APRIL 2009, INDUSTRIAL PRODUCTION IN EU-ZONE HAS COLLAPSED BY - 22 %.

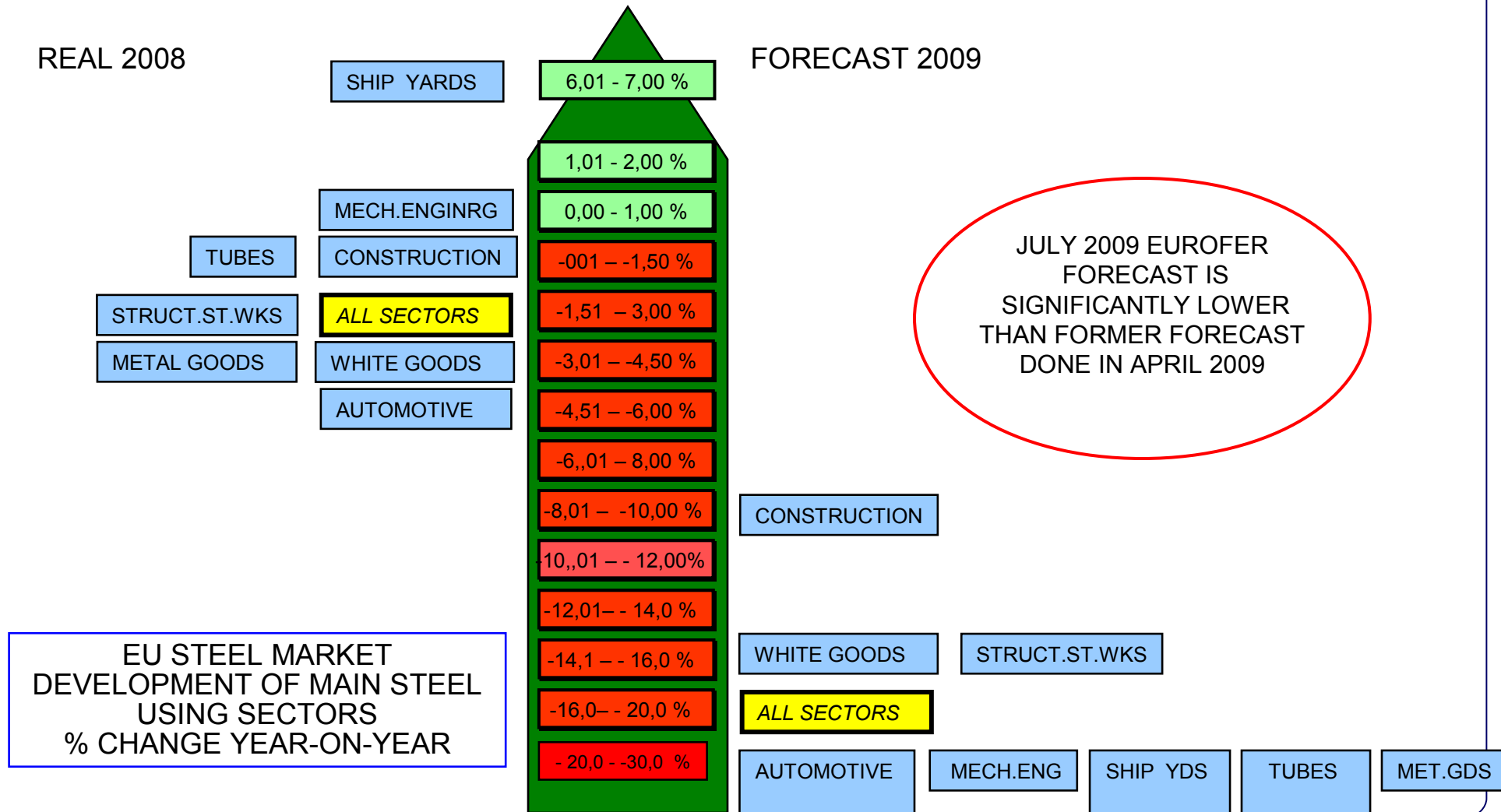
THE SCOPE OF THE MANUFACTURING CRISIS WAS NOTICED AT FULL EXTENT DURING SECOND QUARTER 2009

COUNTRIES DEPENDING ON EXPORTING INDUSTRIES ARE THE STRONGEST HIT

IN 2009, ALL MAIN STEEL USING SECTORS IN THE EU WILL HEAVILY SLUMP, AMOUNTING TO - 18 % AS COMPARED TO 2008 -1,8 %

REAL 2008

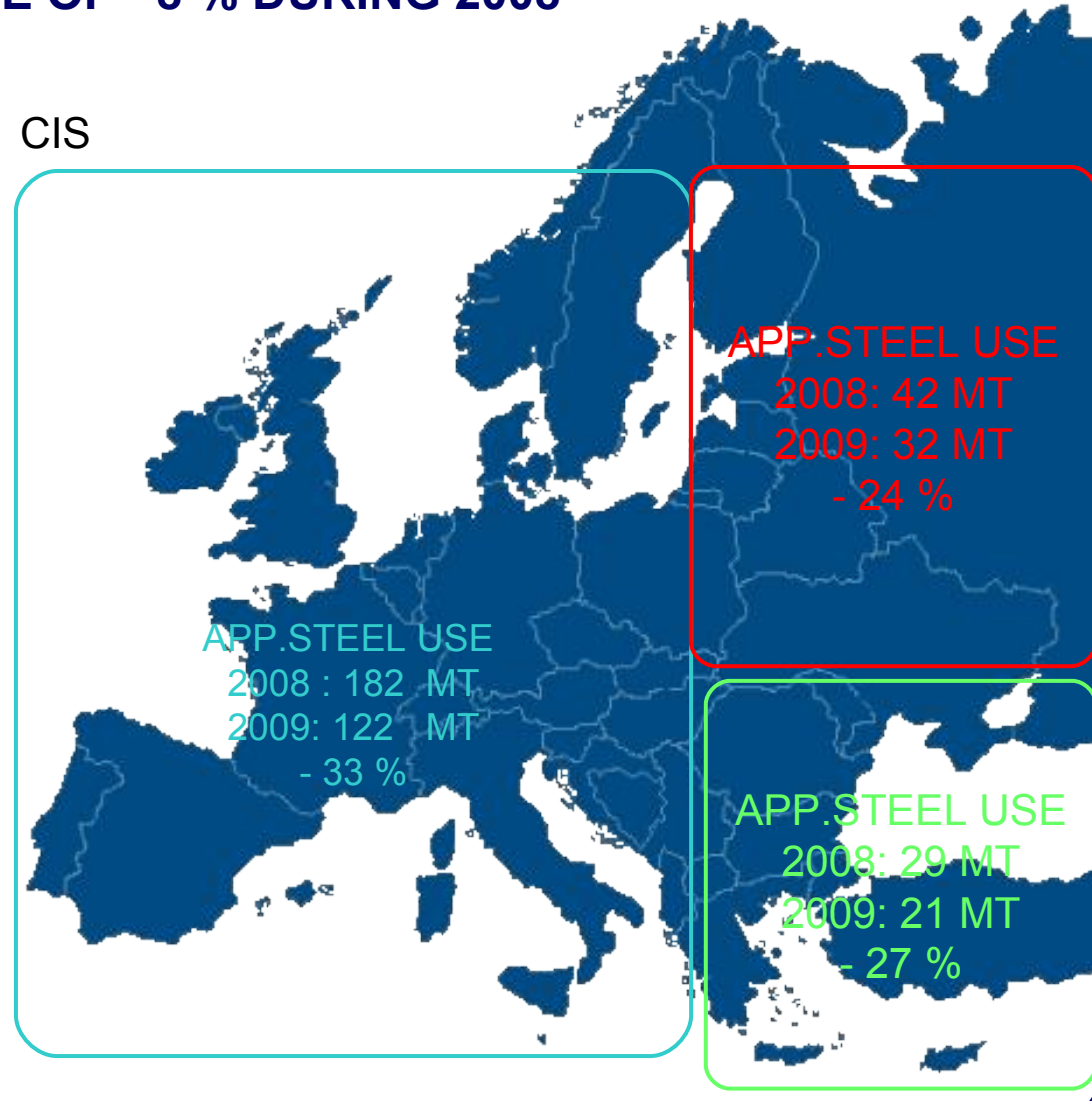
FORECAST 2009



APPARENT STEEL USE IN EU 27 IS ESTIMATED TO DOWN BY - 33 % DURING 2009, AFTER A DECREASE OF - 8 % DURING 2008

EU 27 + OTHER EUROPE + EUROPEAN CIS
WILL HAVE IN 2009 AN APPARENT
STEEL USE OF ESTIMATED
175 MILLION TONS OF STEEL
TO BE COMPARED WITH
253 MILLION TONS IN 2008, DOWN
BY - 31 % YEAR-ON-YEAR

EU 27	- 33 %
OTHER EUROPE	- 27 %
EUROPEAN CIS	- 24 %



APPARENT STEEL CONSUMPTION WILL STRONGLY COLLAPSE

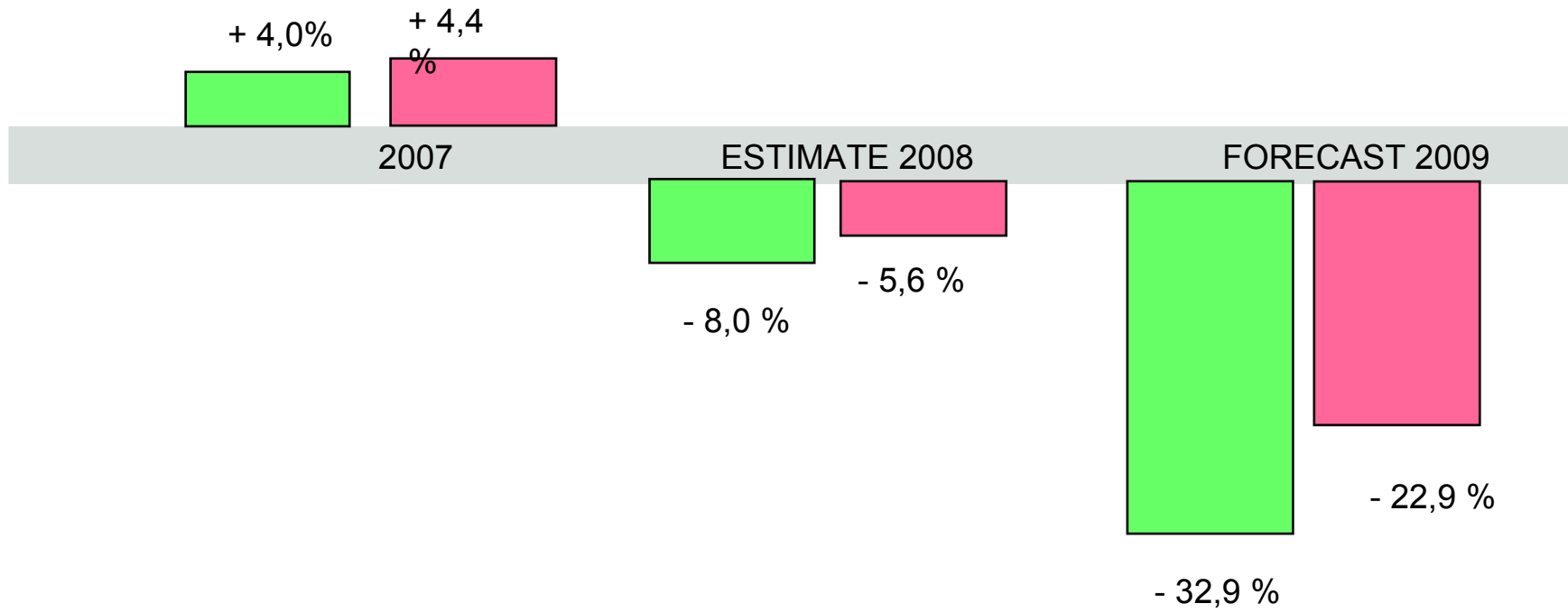
IN THE FIRST 3 QUARTERS 2009 AND DESTOCKING WILL LAST INTO 4. QUARTER 2009



APPARENT AND REAL STEEL CONSUMPTION FORECAST: % CHANGE YEAR-ON-YEAR



SOURCE: EUROMETAL CHART BASED ON EUROFER ESTIMATES

**EUROPEAN STEEL CONSUMPTION IS HEAVILY DOWNDIVING.
REAL STEEL CONSUMPTION WILL BE DOWN BY - 23 % DURING 2009**

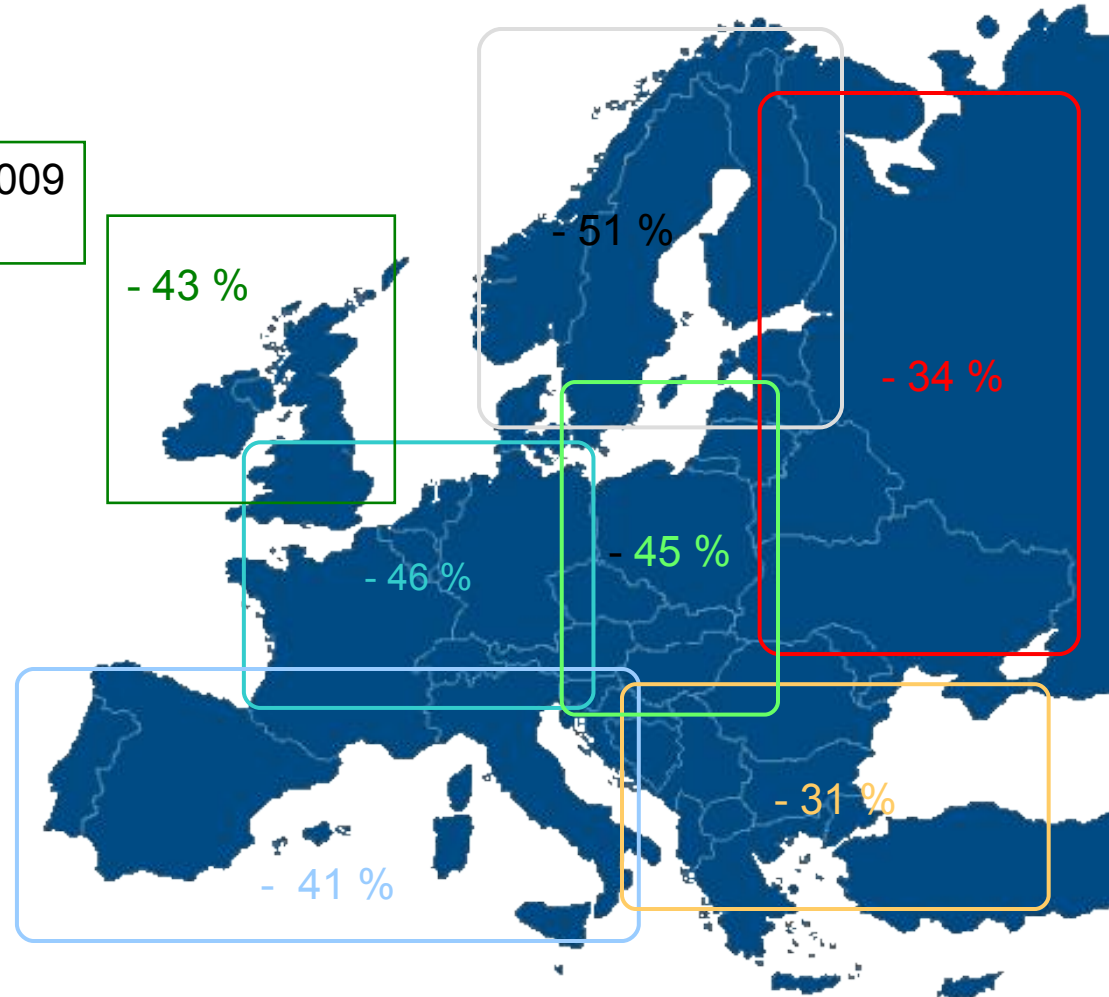


 = REAL CONSUMPTION
 = APPARENT CONSUMPTION

IN FIRST FIVE MONTHS 2009, WEST EUROPEAN PRODUCERS OPERATED AT PRODUCTION CUTS OF - 46 % COMPARED YEAR-ON-YEAR. PRODUCTION CUTS IN EUROPEAN BORDER STATES HAVE BEEN SOMEHOW EASING

CRUDE STEEL PRODUCTION 1 – 5, 2009
COMPARED TO 1 – 5, 2008

WESTERN EUROPE	- 46 %
UNITED KINGDOM	- 43 %
SOUTHERN EUROPE	- 41 %
BALTIC SEA	- 51 %
BLACK SEA	- 31 %
EUROPEAN CIS	- 34 %
CENTRAL EUROPE	- 45 %

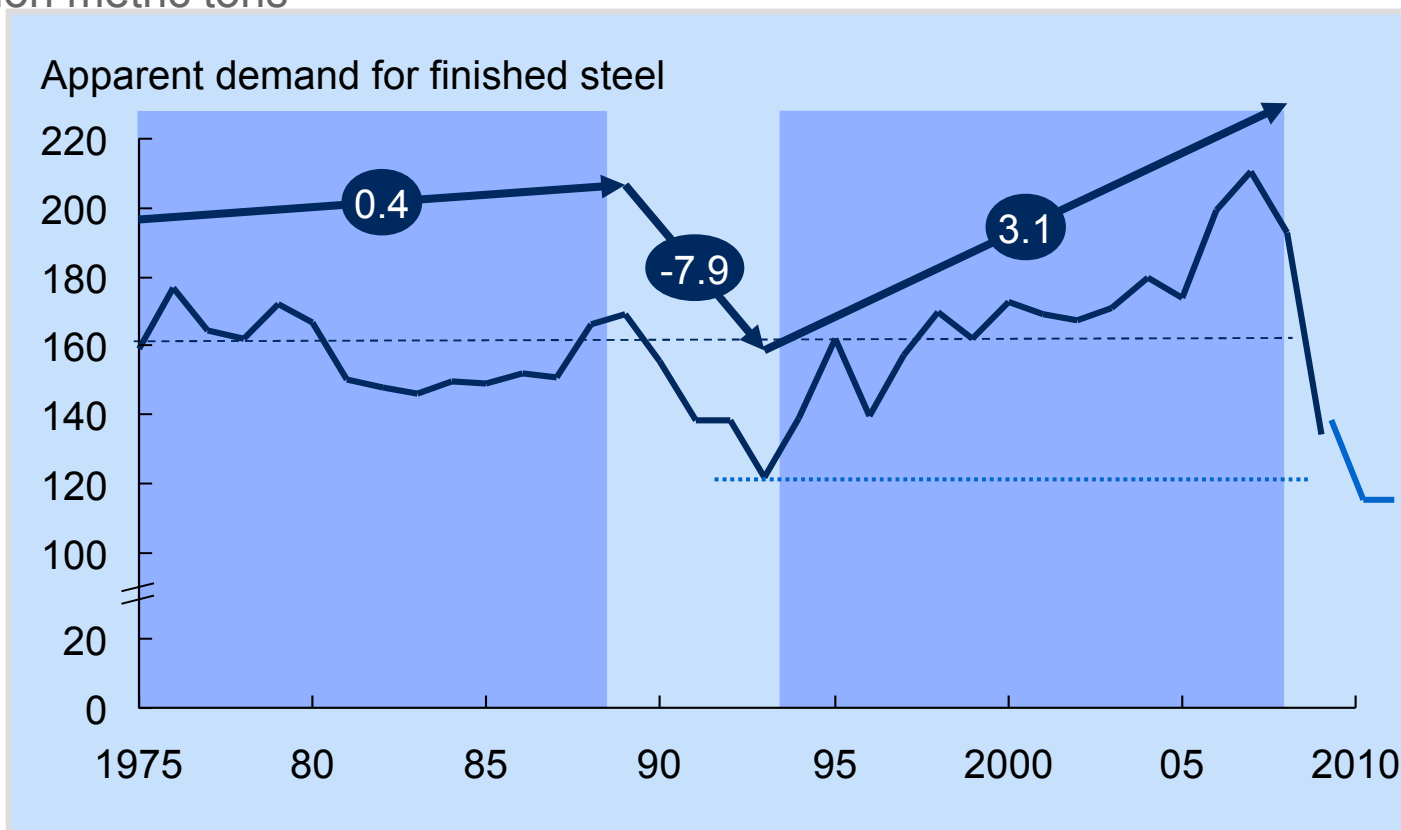


THE PREVAILING STEEL MARKET SITUATION COMPARES TO SOME EXTENT WITH THE STEEL CYCLE DOWNTURN OF THE EARLY NINETIES.

2009-2010 DEMAND WILL DROP BACK TO THE LEVEL REACHED IN THE EARLY NINETIES

Unit of measure
 EU 27+3, million metric tons

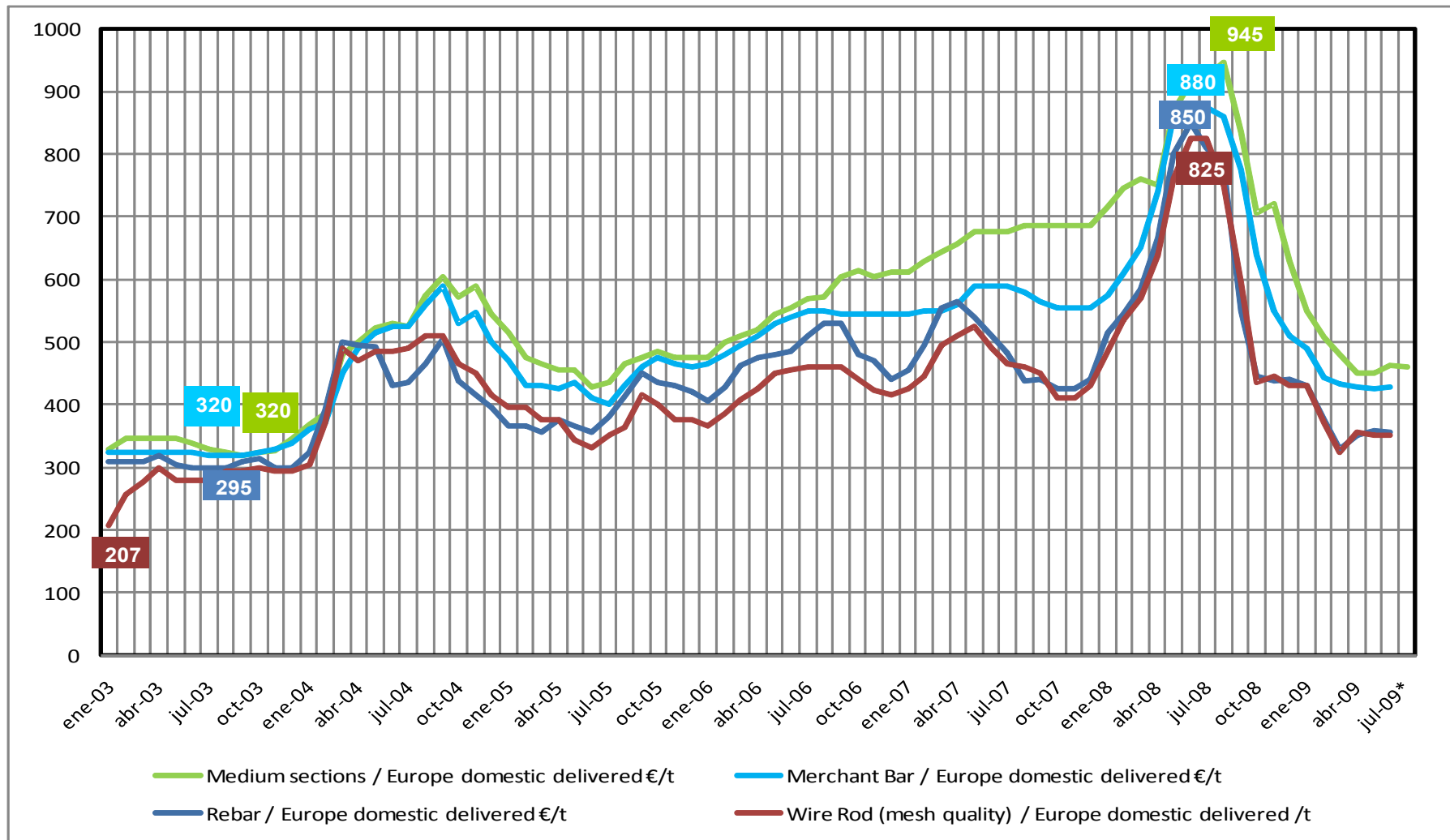
xx CAGR, percent



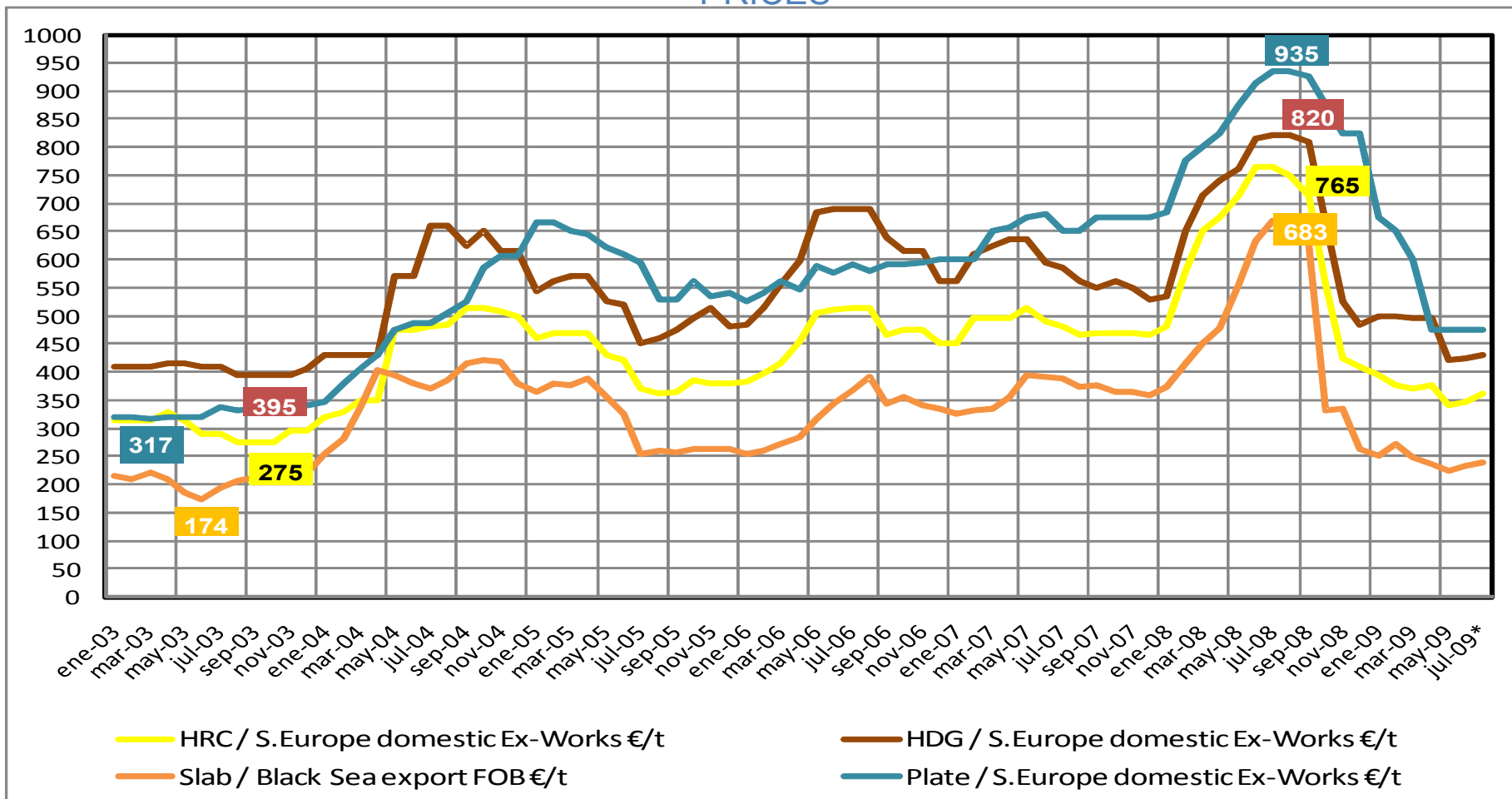
WVS
 FORECAST
 JUNE 2009:
 131 MIO
 TONS

1 Footnote

PRESENTLY LONG STEEL PRODUCTS PRICES ARE BOTTOMING AT THE LEVEL OF THE LAST STEEL CYCLE DOWNTURN OF MID-2005



FLAT STEEL PRICES ARE TOUCHING THE BOTTOM LINE AT THE LEVEL OF LATE 2005 PRICES

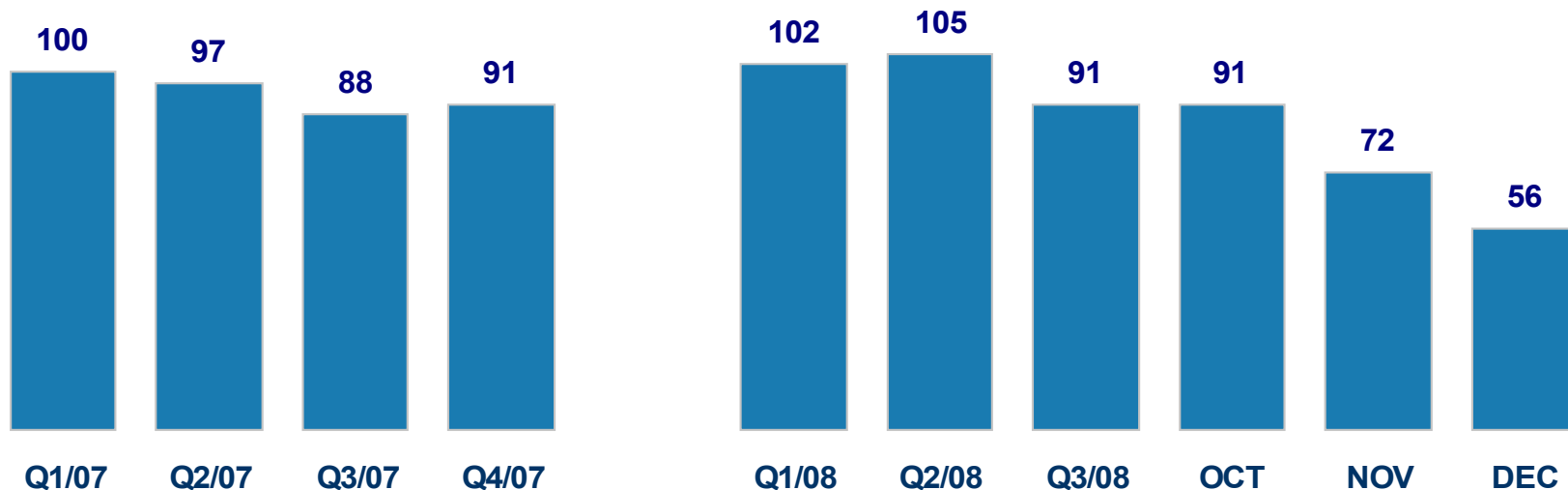


STEEL DISTRIBUTION : RECESSION DID FULLY HIT IN 4.QUARTER 2008

BUSINESS ACTIVITY OF EUROPEAN STEEL STOCKHOLDING DISTRIBUTION NOTICED A SLOW DOWN DURING THE SECOND HALF OF THE YEAR 2007.

DURING THE FIRST HALF OF 2008 SALES ACTIVITY RECOVERED AND DEVELOPPED AT A QUITE SATISFACTORY PACE . SALES OF 3.QUARTER DIVED DOWN DUE TO SUMMER SEASON BUT DID NOT RECOVER IN OCTOBER 2008 AND SLUMPED DEEPLY IN NOVEMBER AND DECEMBER

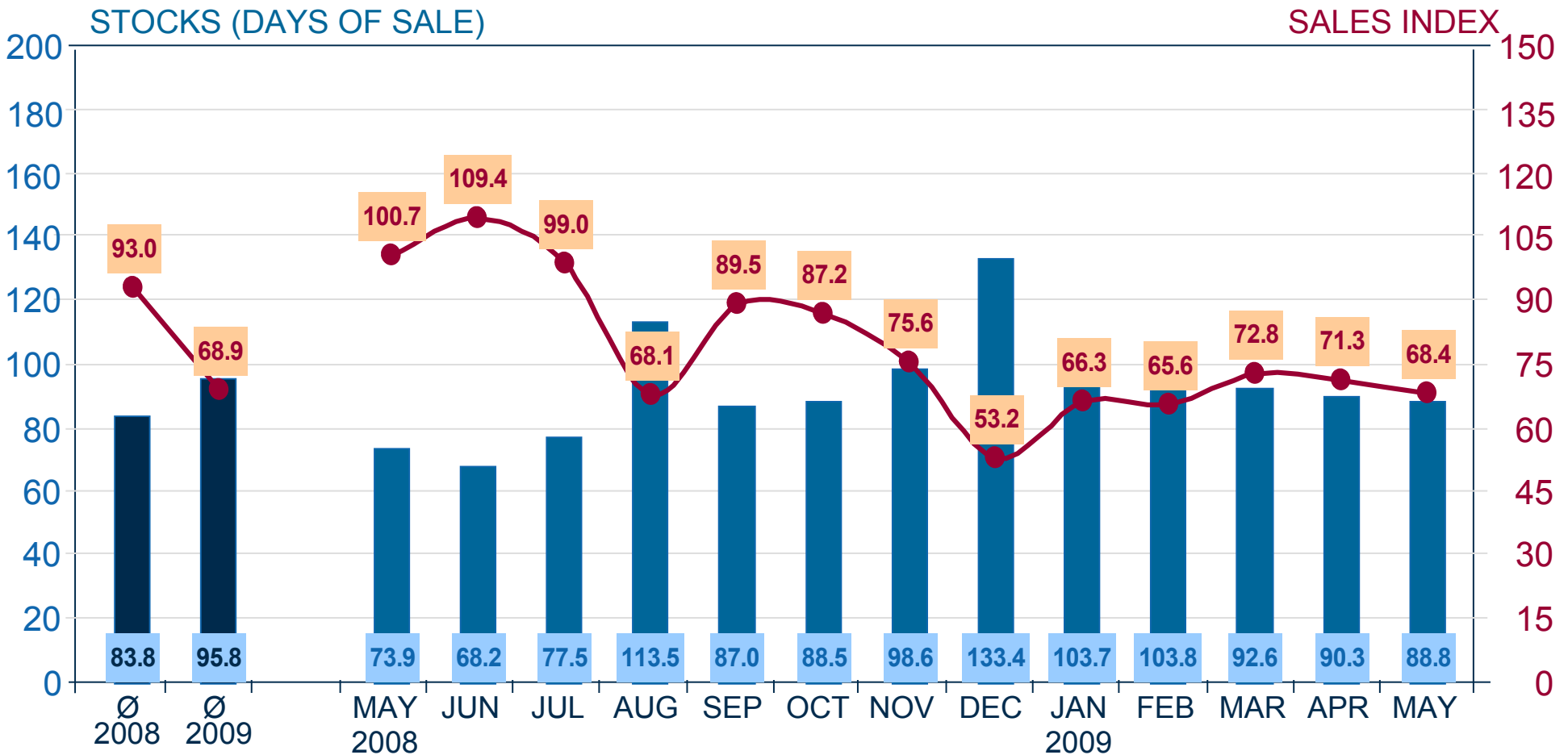
STEEL STOCKHOLDERS SALES DEVELOPPED AS FOLLOWS
(1.QUARTER 2007 = 100):





STOCKS & SALES: STEEL STOCKHOLDING DISTRIBUTION: ALL STEEL PRODUCTS

MAY 2009 SALES ACTIVITY STAYS AT POOR LEVEL OF PRECEEDING MONTHS

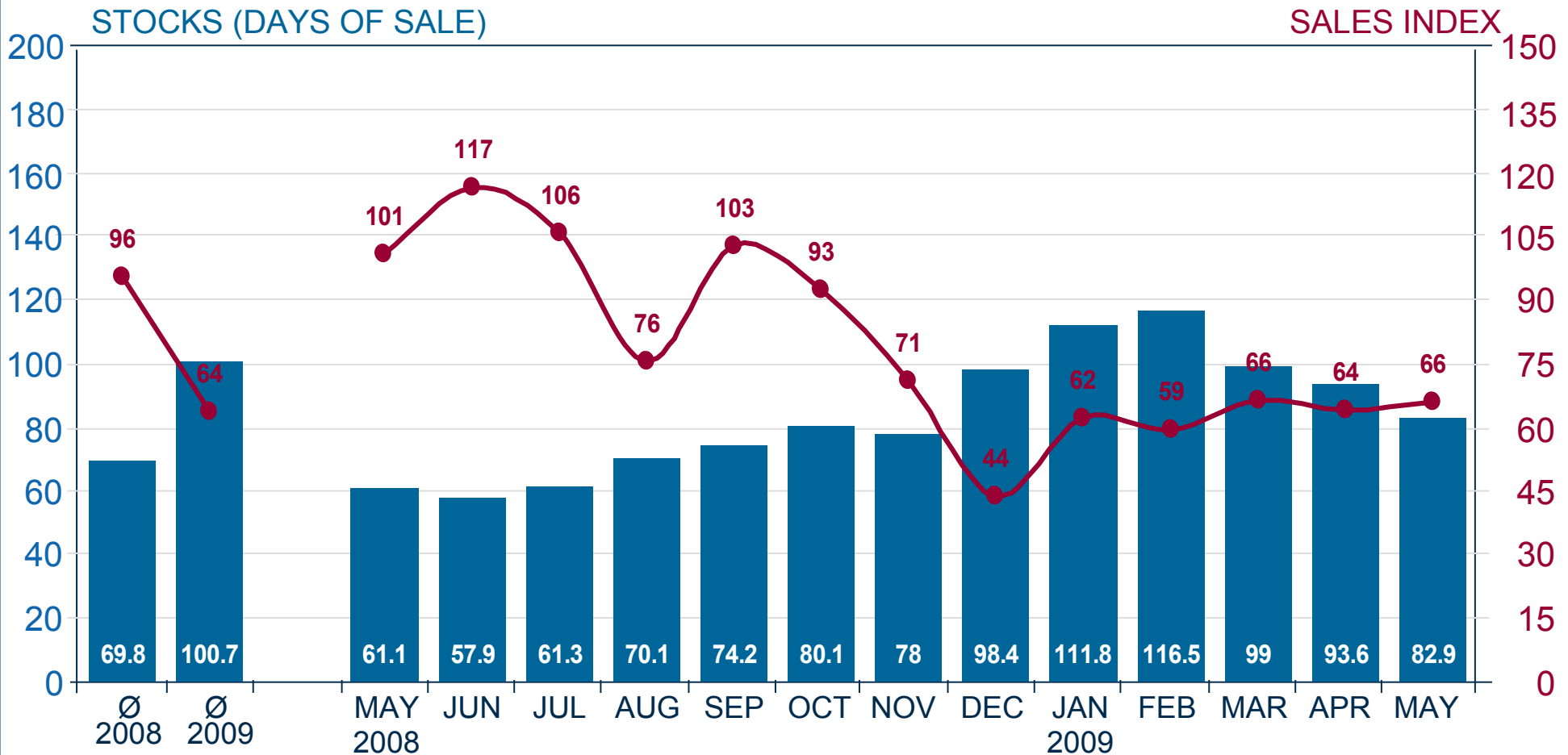


STOCKS IN DAYS OF SALES ARE AT 90 DAYS, MUCH TOO HIGH AS SALES PERSPECTIVES ARE LOW



STOCKS & SALES: FLAT STEEL SERVICE CENTERS: ALL STRIP PRODUCTS

SSC SALES REMAINED AT VERY LOW LEVELS ALL DURING 2009

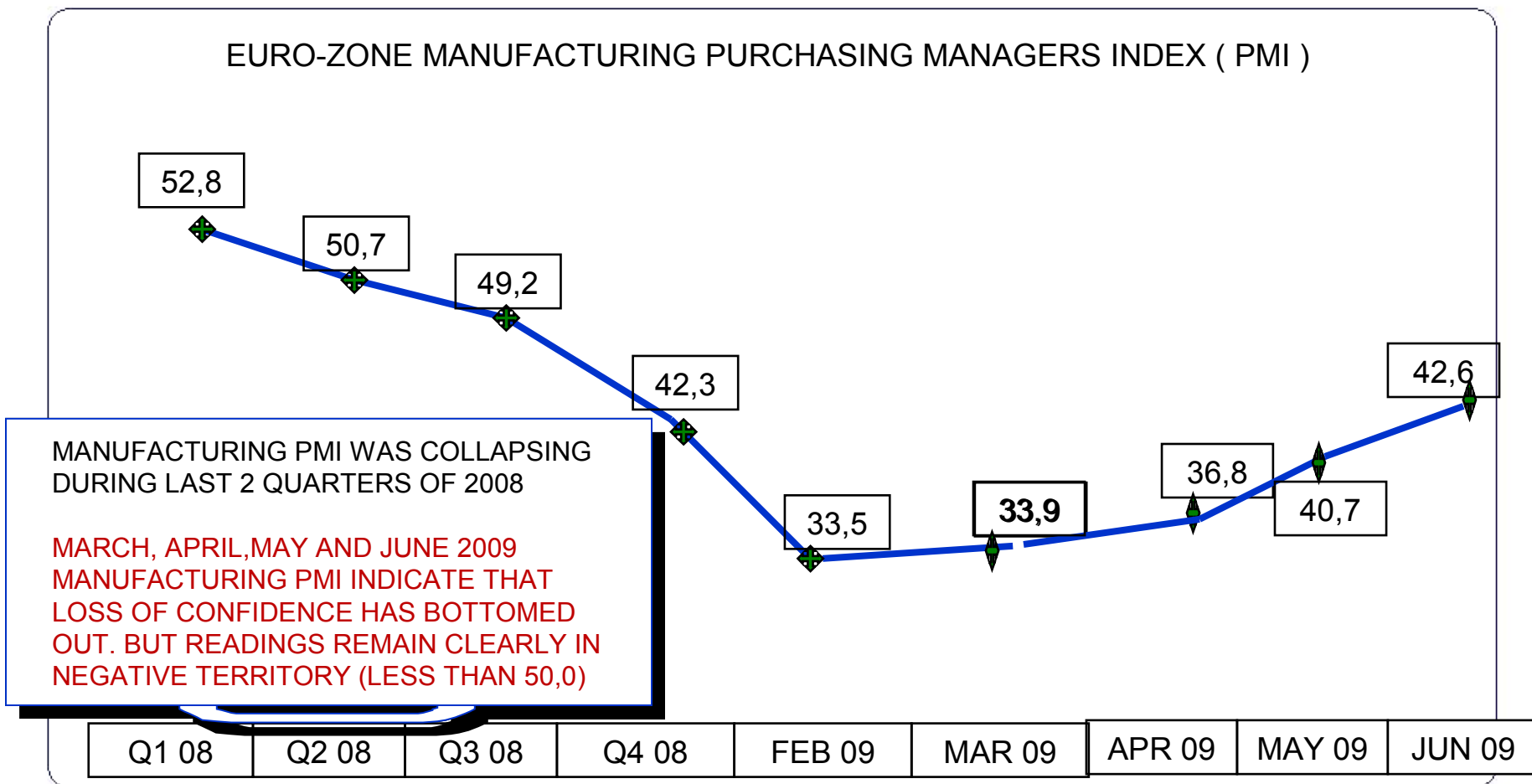


ALL OVER 2009 ,SALES ARE FAR LOWER THAN DURING REDUCED HOLIDAY ACTIVITY(AUG 2008)



EUROPEAN MANUFACTURING SECTORS ARE STRONGLY CONTRACTING BUT THERE ARE SHINING SOME RAYS OF HOPE THAT CONTRACTION MIGHT STOP

EURO-ZONE MANUFACTURING PURCHASING MANAGERS INDEX (PMI)



SOURCE : MARKIT

EUROMETAL POSITION ON STEEL MARKETS

REAL STEEL DEMAND IS LARGELY NEGATIVE DURING 2009 AND HAS DROPPED BACK TO A LEVEL REACHED ONLY DURING THE STEEL CYCLE DOWNTURN OF THE EARLY NINETIES.

STEEL PRICES SEEM TO TOUCH BOTTOM AT THE LEVEL REACHED DURING THE LAST STEEL CYCLE DOWNTURN IN 2005.

DESPITE PRODUCTION CUTS OF 40 TO 50 %, MILL LEAD TIMES ARE AS SHORT AS THEY NEVER HAVE BEEN IN RECENT STEEL CYCLES

STOCKS IN STEEL DISTRIBUTION CORRESPOND TO 3 MONTHS OF SALES AND ARE FAR AWAY FROM BEING CLOSE TO NORMAL IN REGARD OF REDUCED SALES PERSPECTIVES

CONSEQUENTLY DESTOCKING WILL GO ON INTO THE 3. QUARTER 2009

AS SEEN FROM TODAY, STEEL DISTRIBUTION WILL COME BACK TO GOING CONCERN STOCK POSITIONS PROBABLY RATHER LATE IN THE SECOND HALF OF 2009.

STOCK REALIGNMENT WILL NOT COME FROM HIGHER SALES, STOCKS WILL BE ADJUSTED TO LOWER LEVELS BY LESS VOLUMES PROCURED FROM THE MILLS

...AND BESIDES, BASIC MANAGEMENT RULES STAY UNCHANGED...

