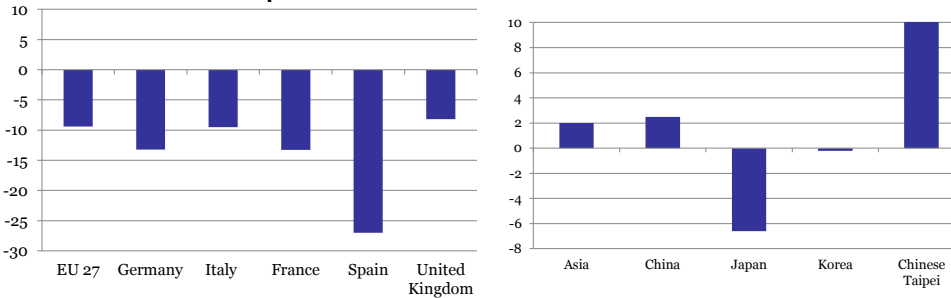


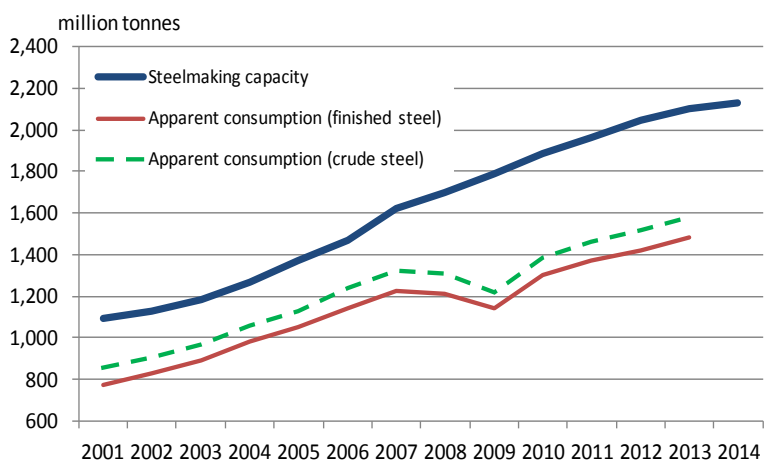
Global slowdown in demand for steel...

- Strong slowdown in the global steel market started in late 2011 and has continued in the early part of 2012
- Slowdown most visible in Europe and Asia

Growth in steel consumption, 2012Q1, % (year on year)



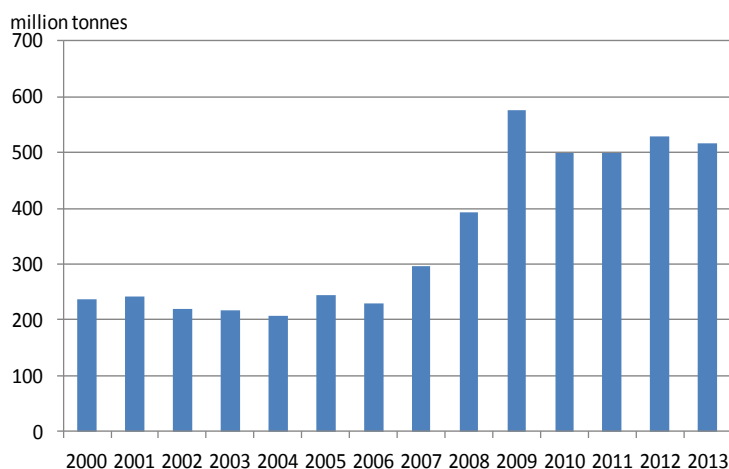
...while capacity continues to grow



Sources: OECD for capacity, and World Steel Association for consumption



Leading to a large gap in capacity and demand



Source: OECD



Capacity by region

	2000	2002	2005	2008	2011	2012	2013	2014 (f)	Changes (2014/2011)	
									tonnes	%
Non-OECD, of which:	466.2	529.1	785.3	1,073.4	1,292.3	1,368.6	1,419.9	1,449.4	157.1	12.2
Non-OECD Europe	15.0	15.5	17.3	17.5	20.0	20.3	20.3	20.3	0.3	1.5
CIS	124.7	124.2	124.5	140.5	146.2	149.9	154.2	156.0	9.8	6.7
Latin America	46.4	49.8	53.9	60.7	68.7	71.3	72.1	73.3	4.7	6.8
Africa	25.4	26.9	29.8	31.1	35.0	37.4	39.8	40.3	5.3	15.0
Middle East	14.0	15.2	19.0	23.3	44.2	51.9	54.8	55.5	11.3	25.5
Asia	240.6	297.5	540.9	800.3	978.1	1,037.7	1,078.7	1,103.9	125.8	12.9
China	149.6	197.0	424.0	665.0	815.0	845.0	870.0	890.0	75.0	9.2
India	33.6	39.6	50.4	64.7	80.3	104.9	119.5	122.5	42.2	52.6
Other Asia	57.4	60.9	66.5	70.6	82.8	87.7	89.2	91.4	8.6	10.3
OECD, of which:	612.6	597.7	589.8	627.5	671.0	676.1	679.7	681.5	10.5	1.6
NAFTA	154.1	138.9	144.8	154.5	157.7	163.6	161.8	163.6	5.9	3.8
E.U. 27	241.4	239.5	243.3	249.0	250.0	250.6	251.4	251.4	1.4	0.6
Japan	146.9	144.8	124.1	129.8	132.4	132.9	132.9	132.9	0.5	0.4
Korea	49.7	52.0	53.2	60.1	83.3	83.5	87.5	87.5	4.2	5.0
World Total	1,078.8	1,126.9	1,375.1	1,700.9	1,963.3	2,044.7	2,099.6	2,130.9	167.6	8.5
Non-OECD share	43.2%	47.0%	57.1%	63.1%	65.8%	66.9%	67.6%	68.0%	-	-



Source: OECD.

Effects of the capacity surplus?

- Will this lead to large increase in exports?
- Will there be a sharp adjustment in capacity utilization as seen in 2009?
- More announcement of mill shutdowns?

