

# Metal Bulletin's 4<sup>th</sup> Russian Steel Summit

## Russian and CIS Steel Goes Global

1<sup>st</sup> June 2006



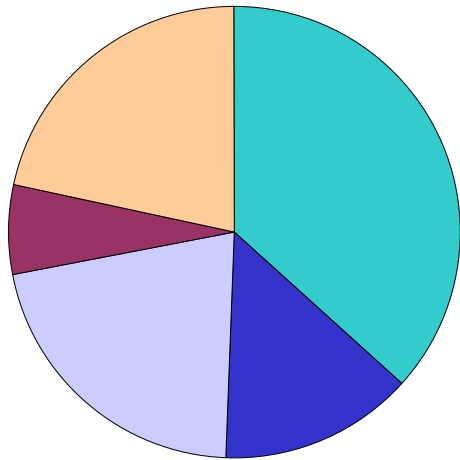
Rod Beddows, Director  
Hatch Associates - London

# Hatch Beddows

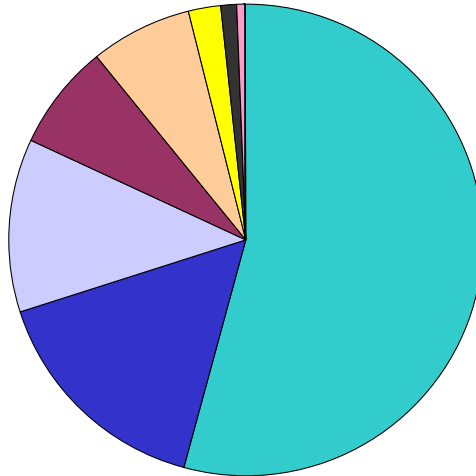
As the Russian and CIS steel sectors go increasingly global and participate more actively in steel sectors overseas; this presentation seeks to describe some key aspects of the global steel sector

# Growth and location of steel production

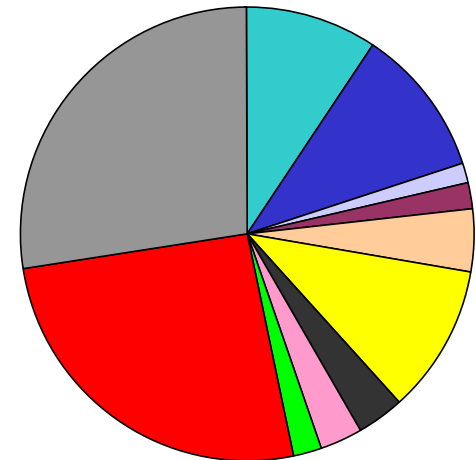
Growth and Location of Steel Production



1894  
(22 MT)



1949  
(170 MT)



2004  
(1,059 MT)

- USA
- Germany
- Turkey
- CIS
- Japan
- China
- India
- Other
- France
- Brazil

Source: Zimmerman, IISI and Hatch Beddows

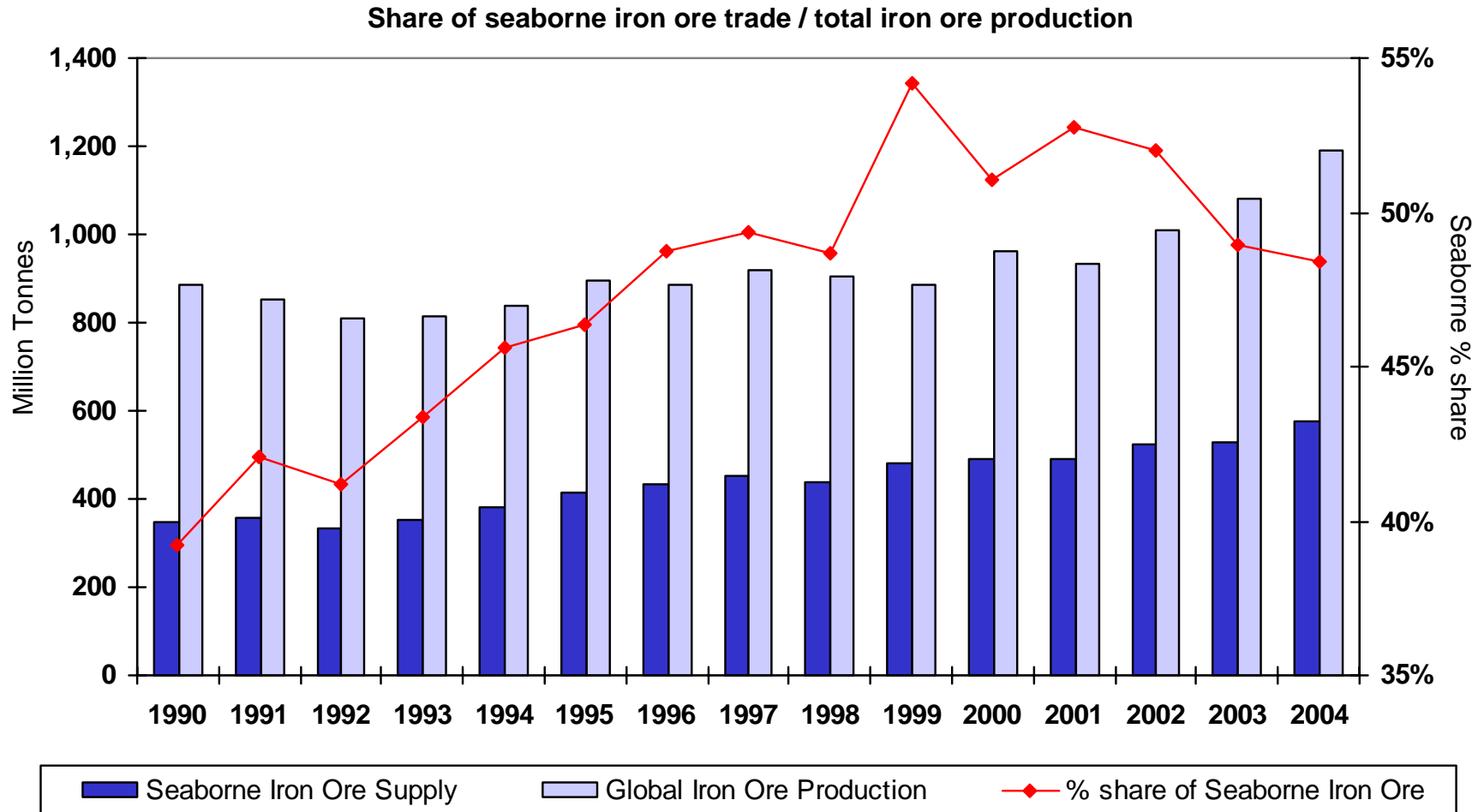
# World trade in finished steel products (1975 – 2003)



\* These figures include trade between the countries within the EU and NAFTA

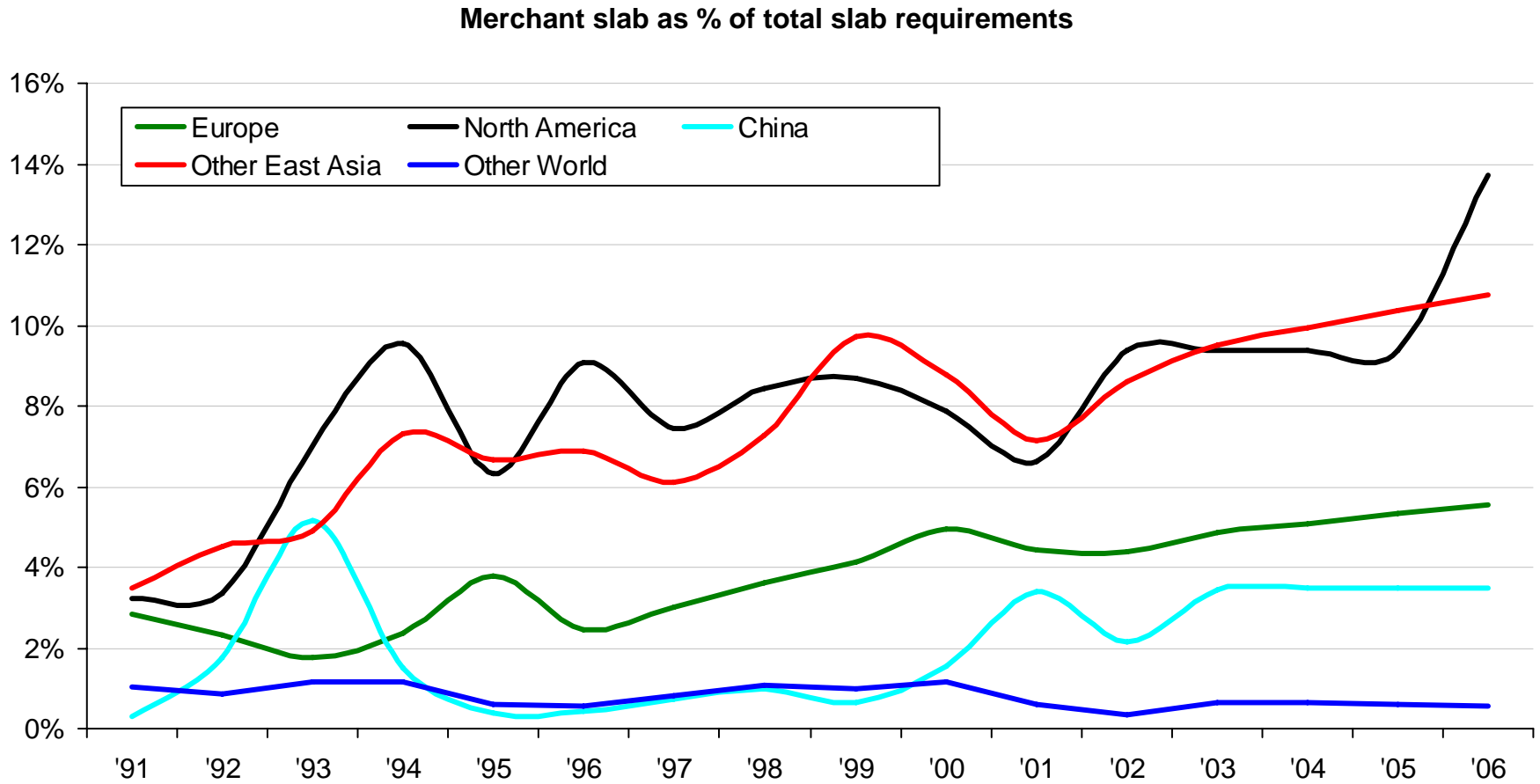
**Trade in 2003, excluding the EU and NAFTA, amounted to 232 MT or 26.9% of global steel production**

# Share of seaborne iron ore trade / total iron ore production



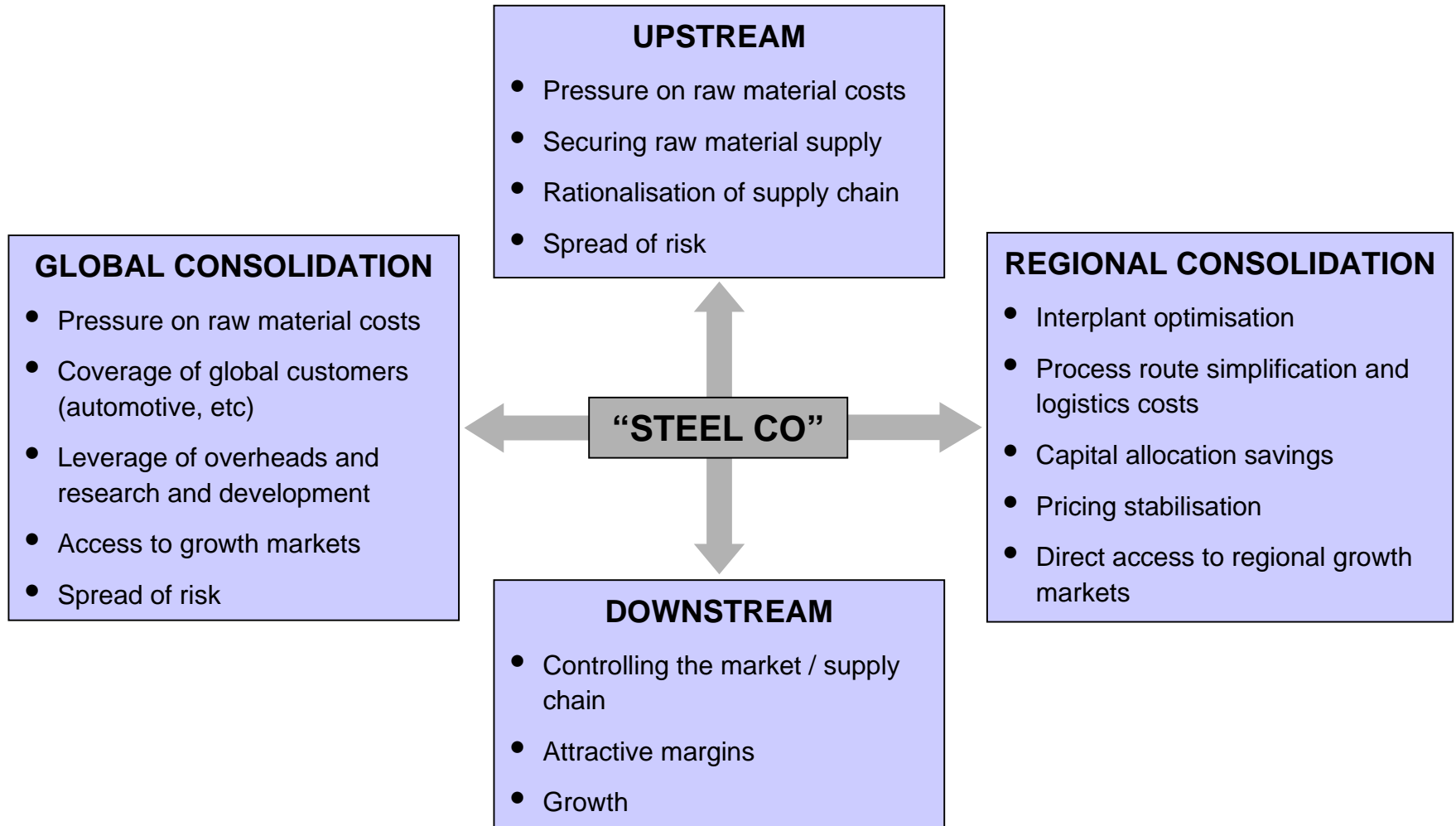
Source: Tex and Hatch Beddows

# Merchant slab as % of total slab requirements



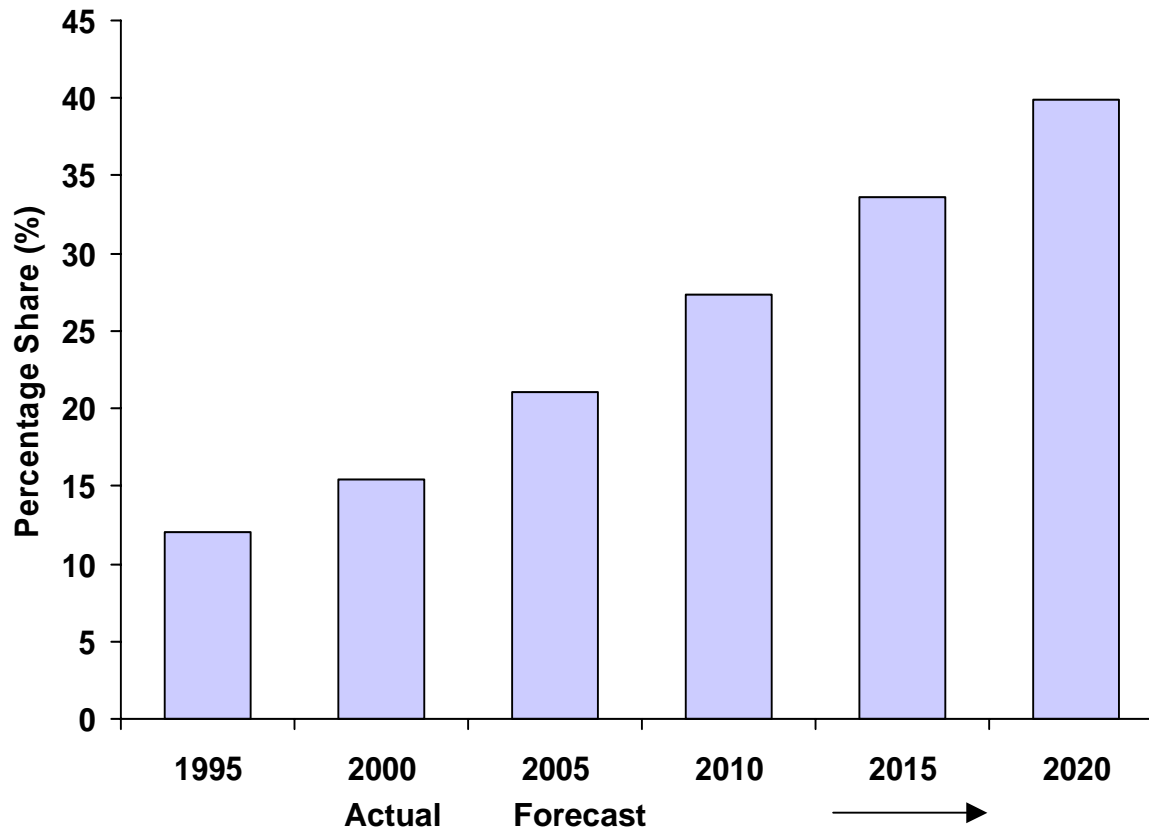
Source: WSD, IISB and Hatch Beddows

# Opportunities for consolidation theoretically exist in four different dimensions



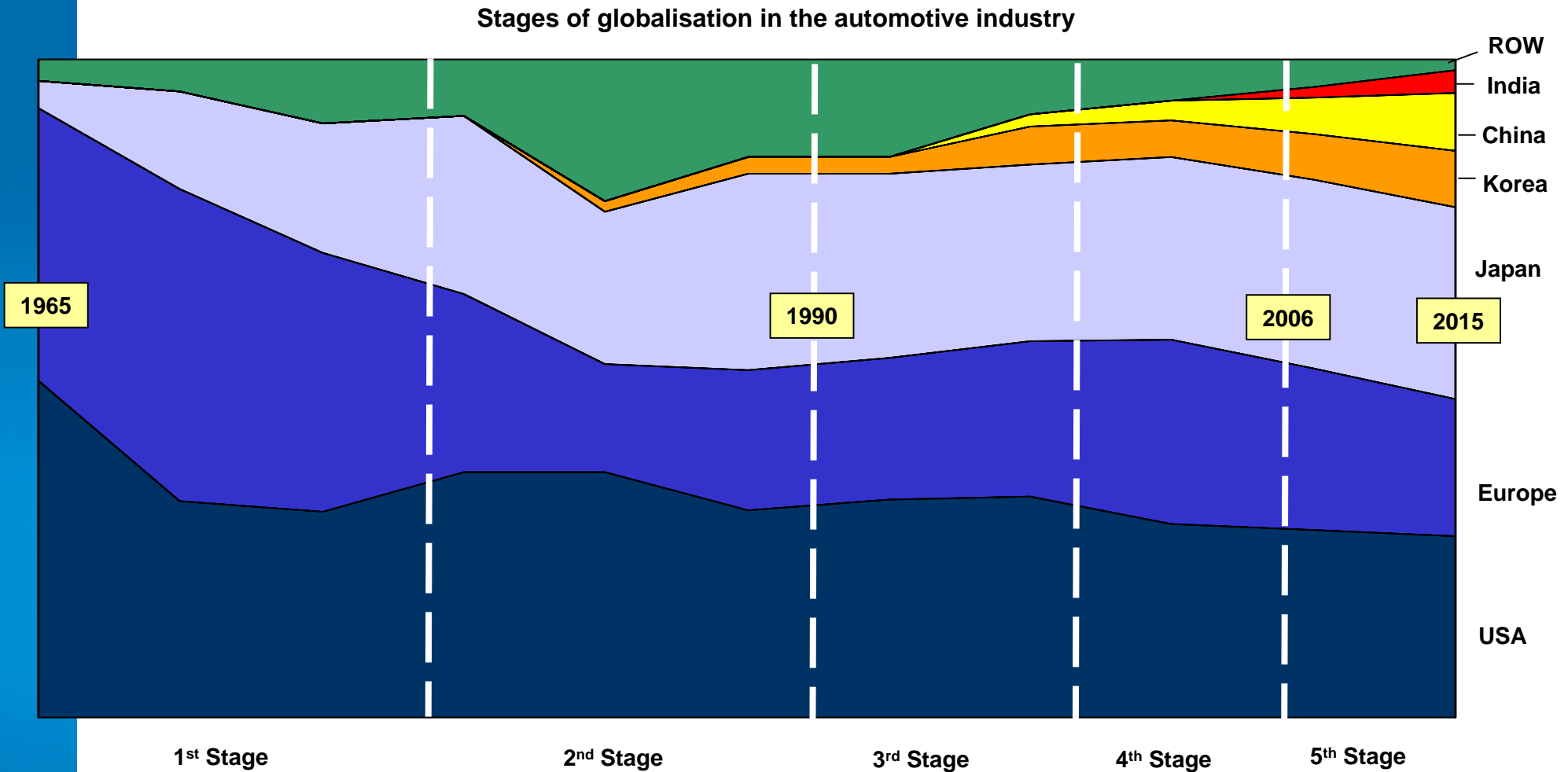
# Crude steel production : consolidation

Forecast Share of Top Five Producers of Crude Steel based on Historic Trend of Industry Consolidation

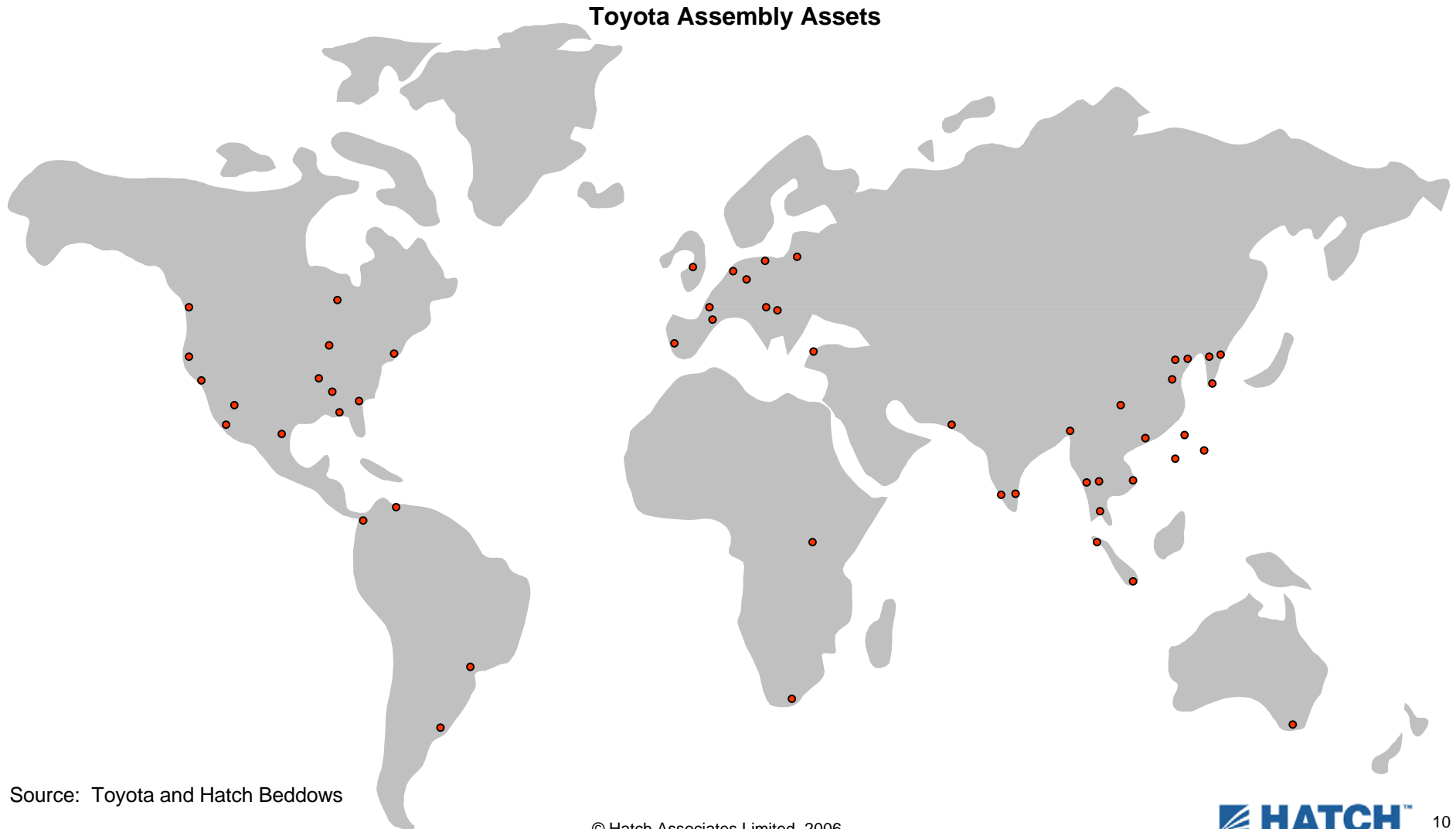


Source: IISI and Hatch Beddows

# Stages of globalisation in the automotive industry

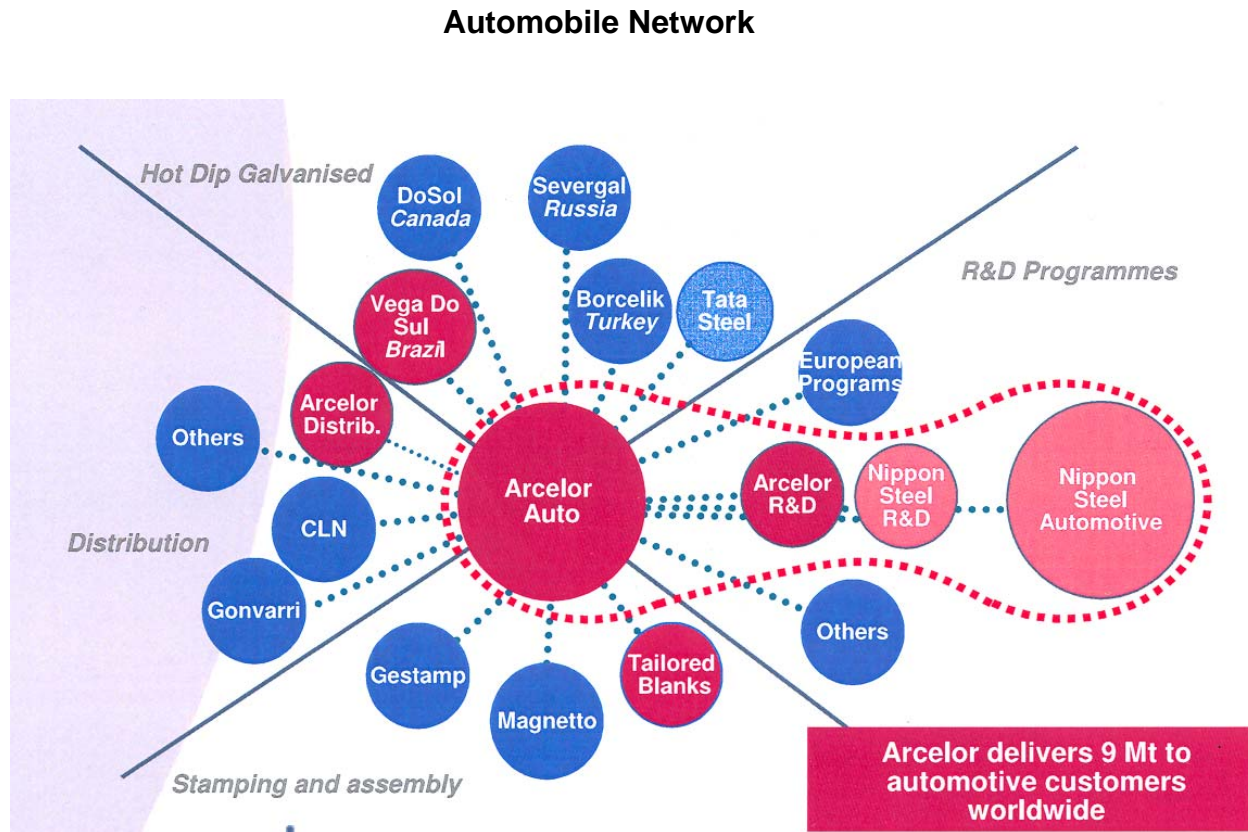


# Toyota assembly assets



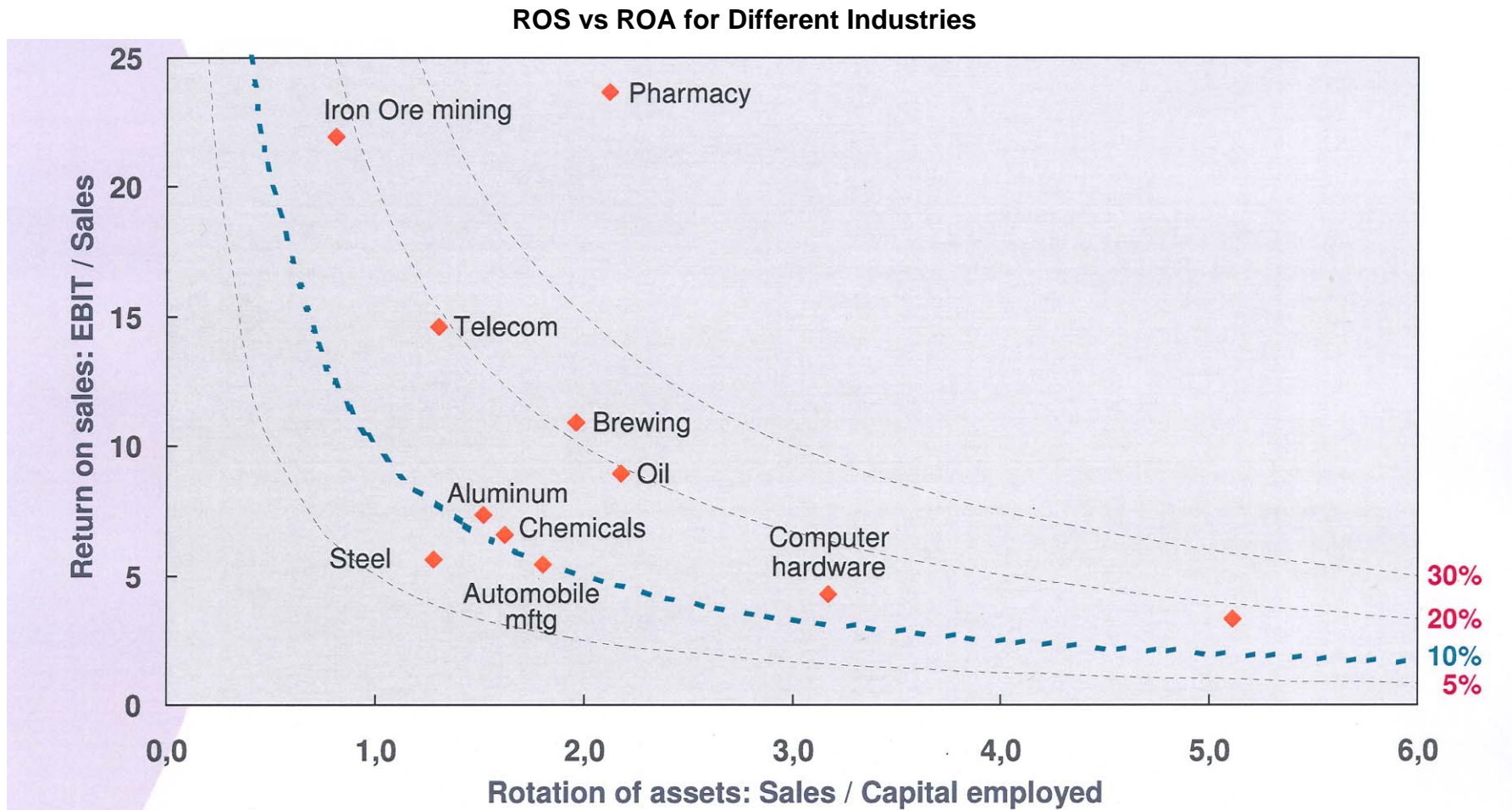
Source: Toyota and Hatch Beddows

# The Arcelor automotive supply structures. Leading and sponsoring a network of automotive suppliers



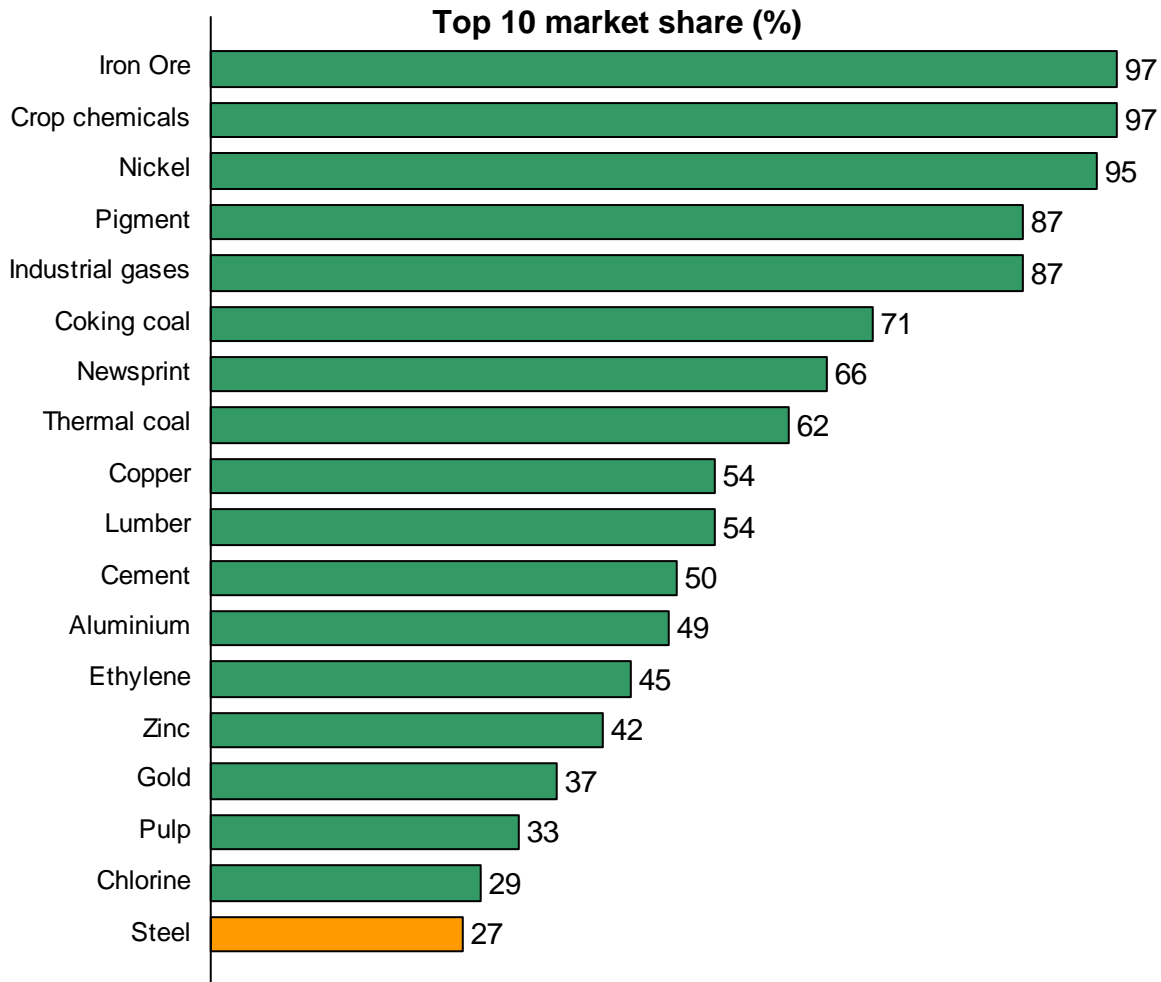
Source: Arcelor and Hatch Beddows

# The steel industry has not been able to pay the cost of capital across the cycle

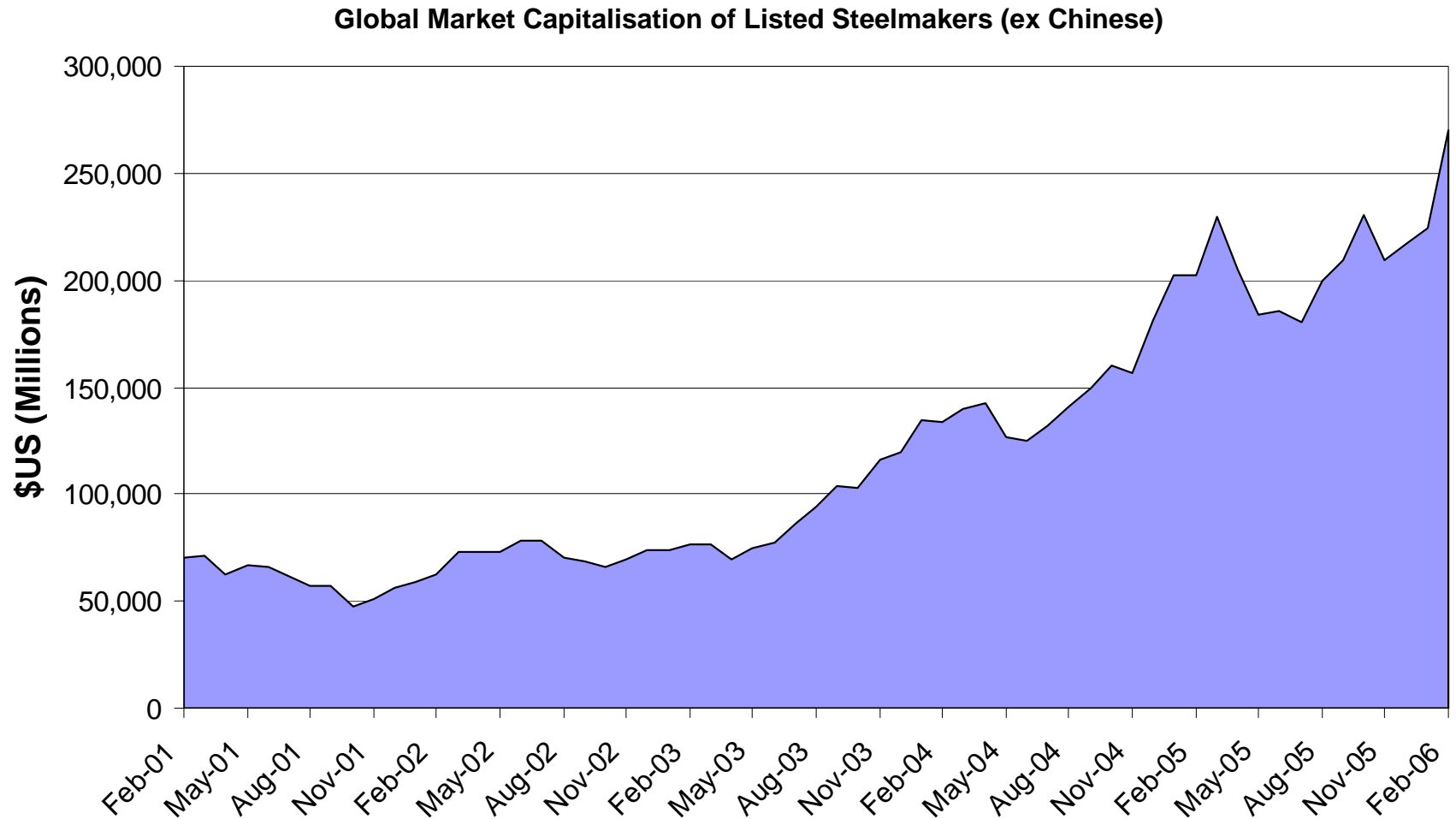


Source: Arcelor and Hatch Beddows

# The steel industry is less concentrated than other base materials industries



# Global market capitalisation of listed steelmakers (ex Chinese)



Source: Bloomberg and Hatch Beddows