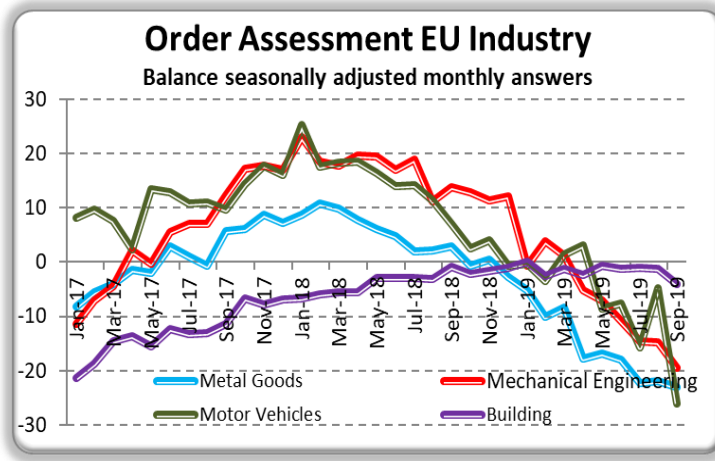




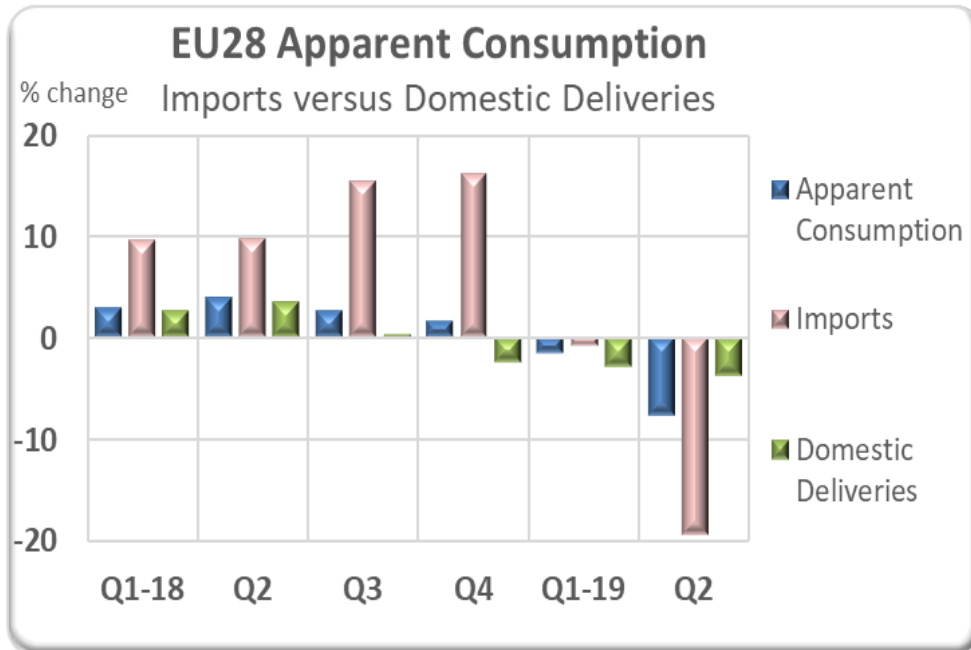
EU STEEL SITUATION AND MARKET DEVELOPMENTS

24 October 2019, GFSEC, Tokio
Axel Eggert, Director General, EUROFER

INDUSTRY MANAGERS' ASSESSMENT OF ORDERS, STOCKS AND ACTIVITY: PESSIMISM PREVAILS, NO SIGNS OF A SHORT-TERM IMPROVEMENT



SHARPLY NEGATIVE TREND APPARENT STEEL CONSUMPTION IN 2019



Situation first half 2019

- Apparent steel consumption fell by almost 2% y/y in Q'19 and by 8% y/y in Q2, reflecting negative trend real steel consumption and lower stock building than in same period of 2018
- EU imports fell by 1% y-o-y in Q1 and by 19% in Q2
- EU safeguards limit volumes but also result in very volatile monthly imports
- Meanwhile, price pressure intensifies, offsetting any gains in market share by EU domestic suppliers

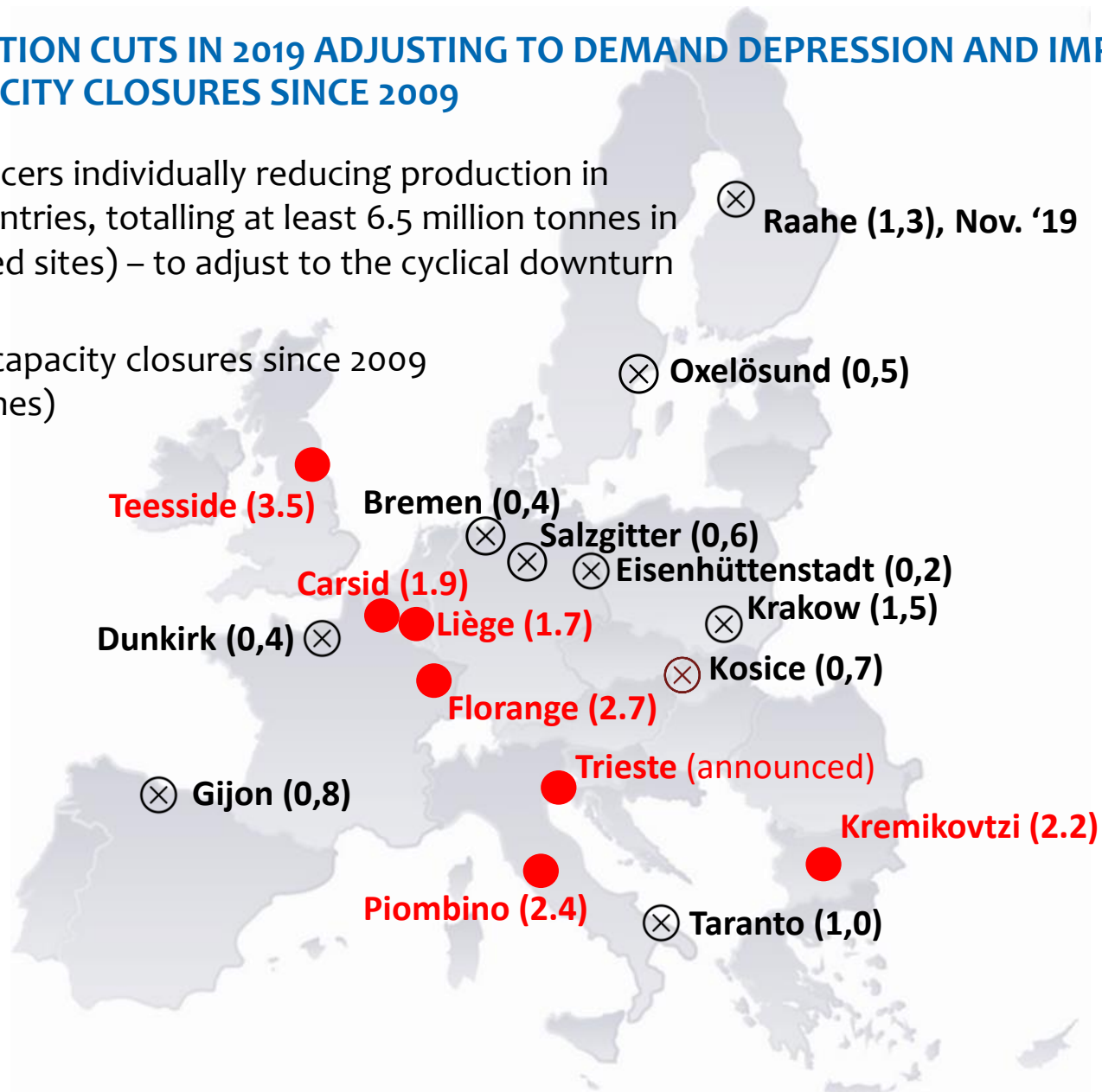
Outlook remainder 2019 and 2020

- Apparent consumption forecast to fall by more than 3% in 2019 due to poor steel market fundamentals
- Stabilisation final steel use + stock cycle use may lead to apparent consumption growing by 1.4% in 2020
- Persistent risk of import distortions destabilising supply-demand balance

EU STEEL PRODUCTION CUTS IN 2019 ADJUSTING TO DEMAND DEPRESSION AND IMPORT PRESSURE & CAPACITY CLOSURES SINCE 2009

⊗ EU steel producers individually reducing production in several EU countries, totalling at least 6.5 million tonnes in 2019 (integrated sites) – to adjust to the cyclical downturn

● Blast Furnace capacity closures since 2009 (15 million tonnes)



CALL FOR CONTINUATION OF THE GFSEC

- Global excess capacity is growing again (OECD)
- Persisting, structural problem of excess capacity worldwide on the long-term. Current capacities are sufficient to cover demand growth till 2035 (OECD).
- GFSEC work has achieved good progress in capacity and policy transparency. But more work is needed.
- EUROFER calls on all G20 members not to step out of the consensus and support the continuation of the GFSEC work on the current basis.