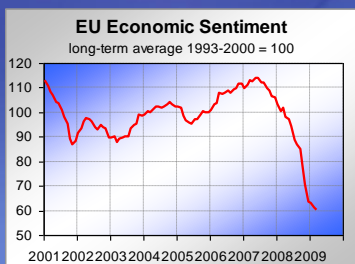


EU Economic and Steel Market Outlook

OECD Steel Committee
Paris, 8 – 9 June 2009

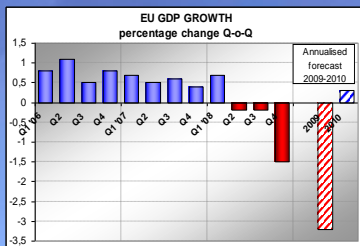
EU Economic and Steel Market Outlook

Economic conditions still deteriorating in the EU



EU has to cope with a severe recession in 2009

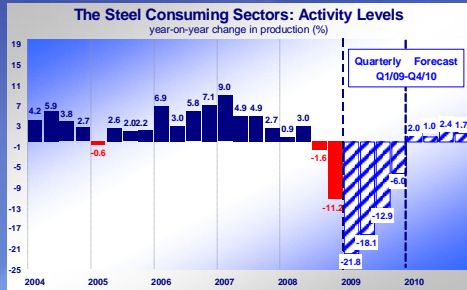
- GDP falling by 3.3% in 2009
- Decline in investment, exports and consumption stronger than previously anticipated
- Stimulus packages unlikely to provide a major boost to the economy this year



A marginal improvement for 2010

EU Economic and Steel Market Outlook

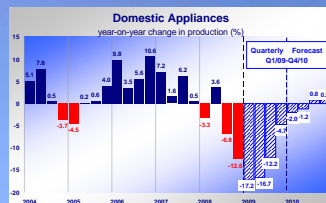
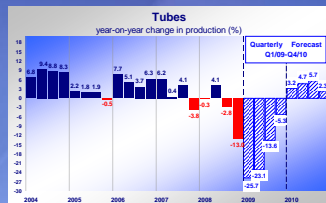
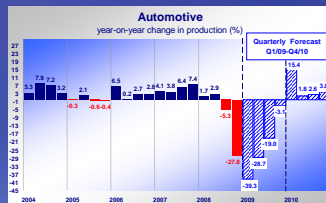
EU steel using sectors hit by slump in demand, credit restrictions and risk aversion



- Since Q3'08 output in the steel using sectors is falling, acceleration in downward trend in Q4'08
- Expected further sharp decline in 2009, particularly in the 1st half as companies cut stocks and investment, forced by weak demand, credit restrictions and a general lack of confidence
- By the end of 2009, Q4'09 output will still decline (-6% y-o-y) and forecast of -15% total 2009

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EU Economic and Steel Market Outlook

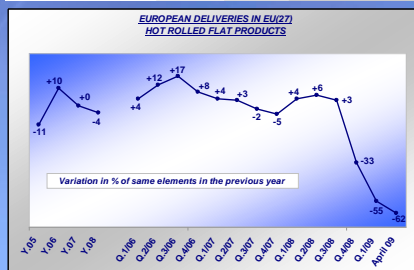
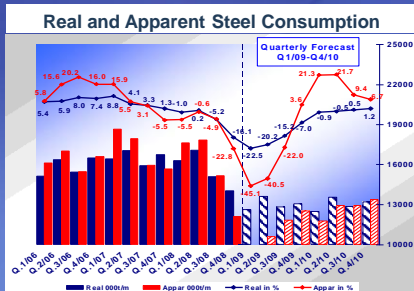


- Fall in car and CV sales accelerates in Q1/09, particularly in Central Europe
- 24,3% drop in EU output in 2009
- Downturn will persist during 2009, despite increased governmental support.
- No improvement expected before 2010
- Sharp fall in output in 2009 (-17,8%)
- All tube sectors affected: In the energy market, project financing is becoming more difficult
- Fall in the oil price reducing the economic viability of some energy projects
- Current forecast foresees some improvement in 2010, rather driven by the need for restocking than by a pickup in final demand.
- Total EU output fell accelerating since QIII/08
- Output forecast to fall sharply in 2009 (-13%) and to stabilise in 2010.

4

EU Economic and Steel Market Outlook

Real steel consumption seen remaining at a very low level

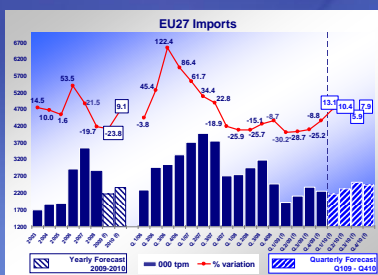


- Sharp fall in real steel consumption (RSC) in Q4'08 (-13.4% y-o-y)
- On balance, '09 RSC will be -16.6% y-o-y
- Apparent steel consumption (ASC) fell off a cliff in Q4'08 due to drop in RSC and stock corrections
- Further stock reductions and weak RSC lead to unprecedented fall ASC in H1'09 (-45%)
- On balance, ASC will decline 29% in 2009

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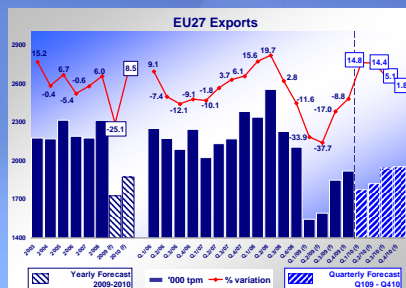
EU Economic and Steel Market Outlook

Imports seen falling but maintaining high market share



- Market deterioration in international steel market conditions limits EU 2009 exports
- Mild improvement foreseen in 2010

- Fall in imports in volumes since QIV/08, but in terms of market share, import pressure remaining relatively high.
- Outlook for 2009 is for a continued reduction in imports. Expected to keep trend with domestic deliveries implying import pressure remaining over the year



6

Proliferation of Steel Trade Restrictions and Distortions Since G20* Commitment against Raising New Trade Protectionist Measures

(November 2008 – May 2009)



- Fiscal export incentives
- ▲ Import duties and taxes
- ◆ "Buy National Steel"
- Restrictive import licencing
- ⊕ Product Quality Standard requirements
- Abuse safeguard procedure