The European producer perspective

Dr. Günter LUXENBURGER
Dillinger - Profile

SHS-Stahl-Holding-Saar

Σ~ 5 Mio t/a

Saarstahl - Germany

Dillinger - Germany

Dillinger France

Long products
Heavy forgings

Quarto plates

Steel Markets Europe conference - Barcelona
Location in Germany - state of the art integrated steel plant & rolling mill

- Rolling mill
- Steel plant
- Sintering plant
- Coking plant (ZKS)
- Blast furnaces (ROGESA)

30.6.2016

Steel Markets Europe conference - Barcelona
Shareholders & daughter companies of Dillinger

- ArcelorMittal Luxembourg 30.08%
- Saarstahl Germany 33.75%
- SHS - Stahl-Holding-Saar Germany 26.17%
- Private Shareholders 4.72%

DHS – Dillinger Hütte Saarstahl (DHS holds 10% of its own shares) 95.28%

Dillinger Hütte

Production
- Zentralkokerei Saar 50%*
- ROGES Roheisen-dgesellschaft Saar 50%*
- Dillinger France (F) 100%
- Saarstahl 25.1%
- EUROPipe 50%
- Mineralstoff-gesellschaft Saar 100%
- Steelwind Nordenham 100%

Steel Service Centres
- Ancofer Stahlhandel 90%
- Jebens 100%
- Dillinger Middle East (UAE) 100%
- Dillinger India SSC 100%
- Ancofer Waldram Steelplates (NL) 100%
- Eurodécoupe (F) 100%

Sales Companies
- Dillinger Hütte Vertrieb (D, A, CZ, CH, SK, PL) 100%
- Dillinger International (F, B, Export) 100%
- Dillinger Nederland 100%
- Dillinger UK 100%
- Dillinger Italia 100%
- Dillinger España 100%
- Dillinger Sverige 100%
- Dillinger Norge 100%
- Dillinger Russia 100%
- Dillinger America (USA, CAN, MEX) 100%
- Dillinger China 100%

Logistics and others
- Trans-Saar (NL) 100%
- Saar-Rhein-Transportgesellschaft 100%
- SHS LOGISTICS 100%
- SHS SERVICES 100%

* direct and indirect

Position as of Jan. 1, 2015
### Plate capacity:

<table>
<thead>
<tr>
<th>Location</th>
<th>Capacity (kt/a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dillinger, Germany</td>
<td>1.600</td>
</tr>
<tr>
<td>Dillinger France</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>2.300</td>
</tr>
</tbody>
</table>

### Focus on:

- thick, large, heavy plates
- stringent specifications
- top services

### Employees in the group:

<table>
<thead>
<tr>
<th>Location</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dillingen</td>
<td>5,000</td>
</tr>
<tr>
<td>Dillinger France</td>
<td>500 (using slabs of DH)</td>
</tr>
</tbody>
</table>
Natural gas pipeline Nord Stream, Baltic Sea

- Course: from Vyborg (Russia) to Greifswald (Germany)
- Length: 2 strands, 1,200 km per strand
- Plate thickness: 27 - 41 mm
- Delivery: over 1,100,000 t
- Steel grade: SAWL-485-I-FDU
European Steel Design Award 2013

- Plate thickness: up to 260 mm
- Capacity: 50,186 spectators
- Delivery: 5,400 t
- Steel grades: S355K2+N, S355N, S355NL, S460ML
Solar power plant Andasol 1, Spain

- **Capacity:** 176 gigawatt hours / year
- **Plate thickness:** up to 90 mm
- **Delivery:** 4 heads and 20 shell courses
- **Steel grade:** SA302B
Offshore wind farm Baltic 2

• Location: Baltic Sea, EEZ, 32 km north of the island Rügen
• Water depth: 23 – 44 m
• Area: 27 km² - Largest offshore wind farm in the Baltic Sea area
• Height: 138 m
• Capacity: 80 Siemens SWT-3.6-120 turbines produce 288 MW
• Foundations: Monopiles (up to 35 m water depth), Jackets (> 35 m water depth)
• Delivery: 37,700 t
• Grades: S355ML, S420ML, S355G10+M
• Thickness: 20 - 85 mm
World crude steel production and capacity utilization worldwide decreasing

**World crude steel production and capacity utilization**

(12-Months-average)

**Production (l.S.)**:
- 2014: +1%
- 2015: -3%
- Jan-Apr 16: -3%
- Apr. 16: -0.5%

**Capacity utilization (r.S.)**:
- 2014: 73%
- 2015: 72%
- Jan-Apr 16: 68%

Source: worldsteel, WV Stahl
Oil price will recover; Investments in oil and gas actually remarkably reduced

Oil Price (WTI) and US Oil Production

Source: Baker Hughes.
Apparent steel use EU-28
(Mill. tonnes)

Market consumption EU 28
Quartoplate excluding pipe plate

Source: Eurofer, Apr. 16

WV-Stahl
Quartoplate imports from 3rd countries into EU 28 by selected countries - exploding

Source: official import figures and European Commission / WV-Stahl

% variations y-o-y (for imports)

*) = up to year 2012 = import licences

WV-Stahl
Quartoplate – LWT deliveries of Eurofer mills into EU 28

% variation y-o-y

Source: Eurofer / WV-Stahl

3.0%  2.2%  6.2%  3.7%  9.0%  +13.0%
Plate prices increasing sharply since the end of Feb. 16 (construction steel)

Nord-Europa

USA


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How can the positive change in price development be explained

- Less offer of plates from China (for new contracts) and much higher prices → less attractive buying situation in Europe
- Fear of importers to be punished by anti dumping margins probably applied retroactive → new deals reduced
- Less offer of plate-slabs and much higher prices than before → Reroller to push the higher costs though to higher prices
- Less activity of plate manufacturers in East Europe → reduced pressure in the market
- Big line pipe projects absorbing major portion of high quality capacity
- Huge margin pressure for all plate producers support the trend to higher prices
1. Plate consumption most probably further recovering in Europe

2. Sales for non line pipe plates – in EU: further improvement expected

3. Demand for line pipe plates strongly recovering in 2016

4. Stock inventories in reasonable conditions ➔ continuous buying activity of stockists and steel service centers over the year in Europe to be expected

5. Reduced import volumes from China in second half of 2016 due to Anti Dumping decision in November 2016

6. Good reasons that price development will be sustainable