



Global Steel Trade Flows

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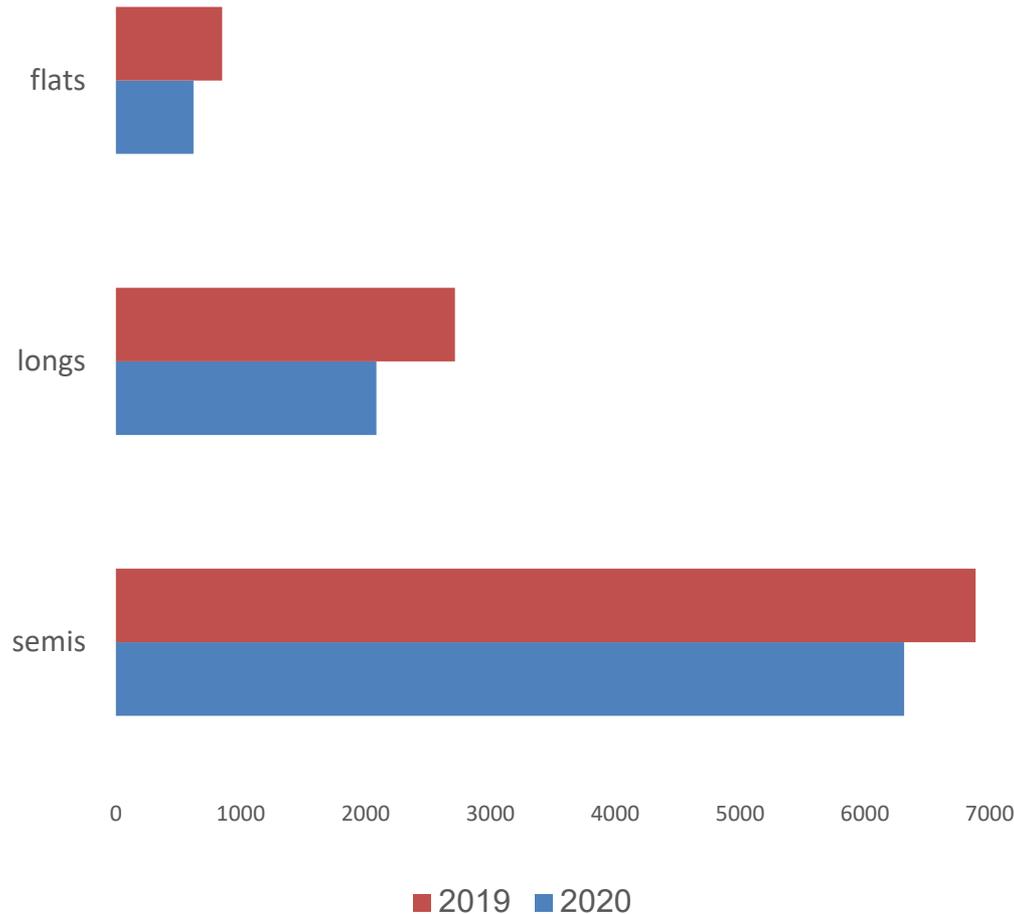
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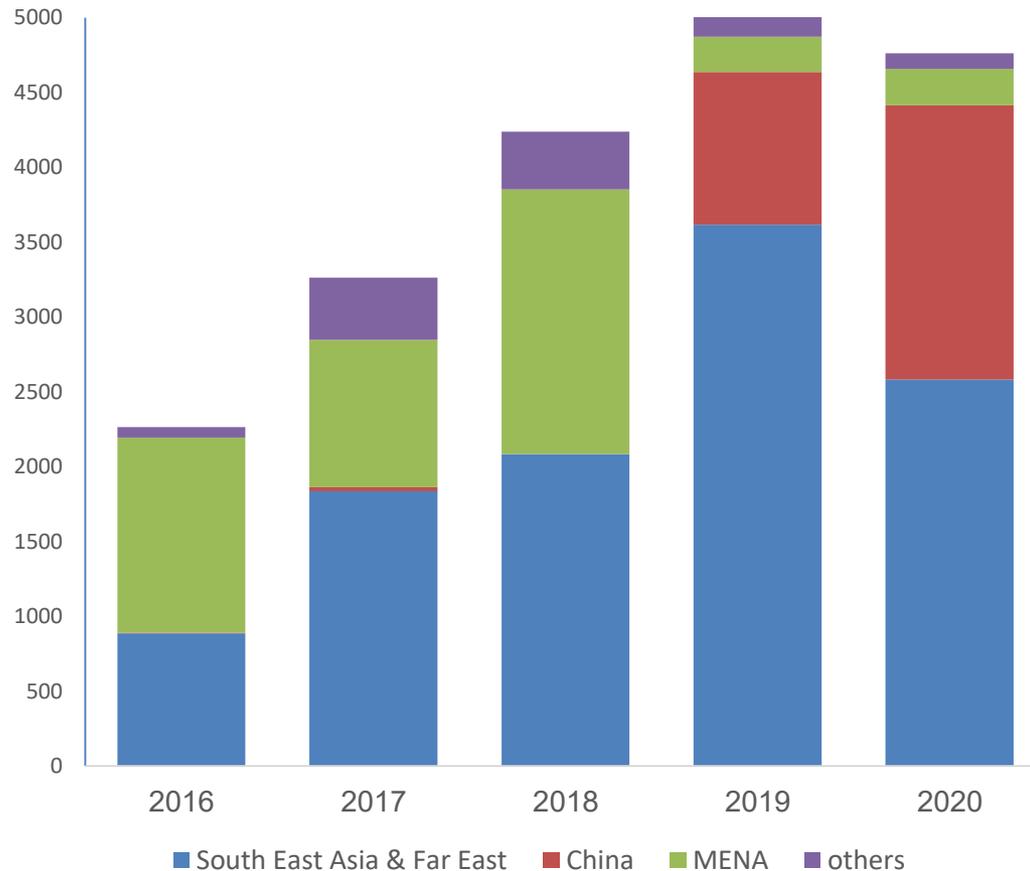
Steel export from Iran



- 2020 was challenging year for both global economy and spot steel trade
- Iranian steelworks lost only a fraction of their deliveries
- Square billets export decreased by 7% or less than 400,000 t
- Long products exporters lost up to 23% or more than 600,000 t

'000 t
January-December
Source: ISPA

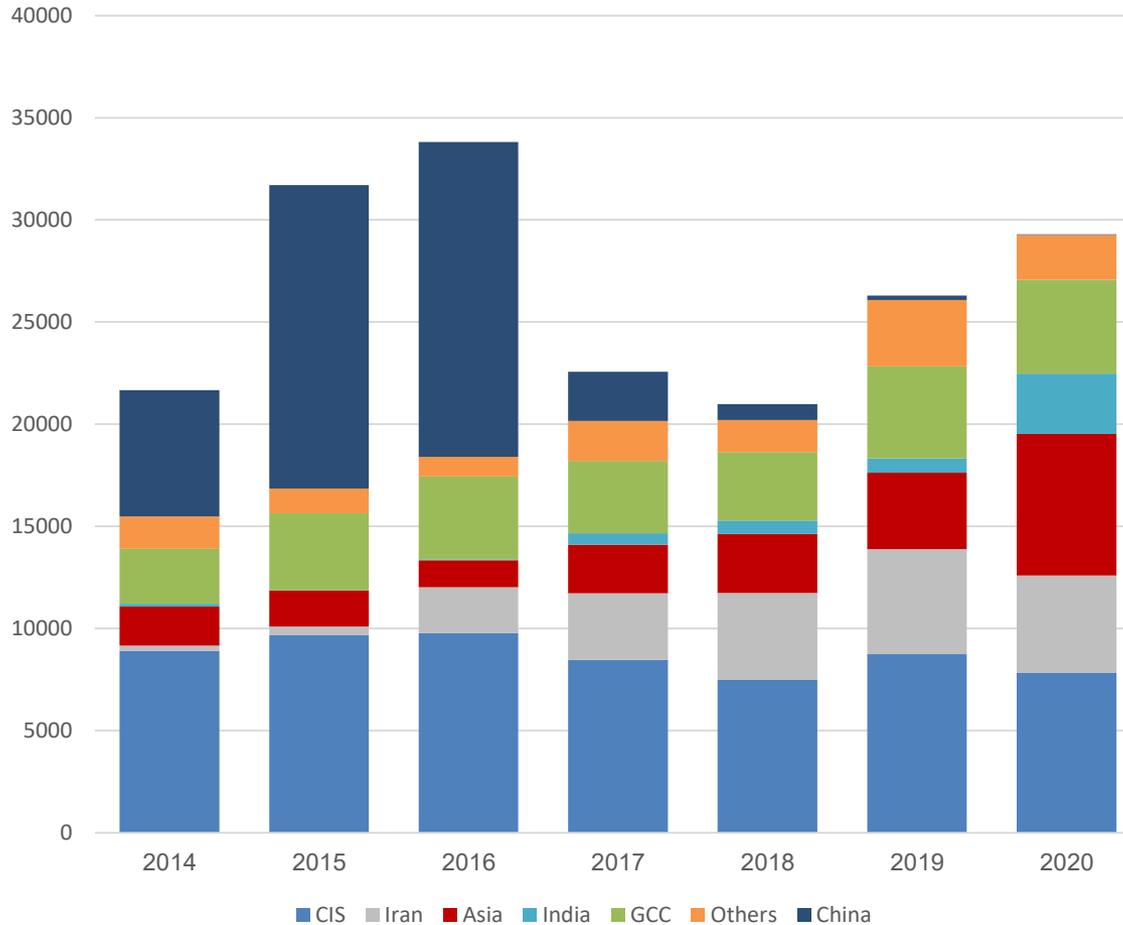
China becomes key destination for Iranian billets



- Total billet export “survived” 2020 thanks to China
- In 2020 China doubled import from Iran
- Deliveries to South East Asia slow down due to lockdowns
- Export to MENA remains limited

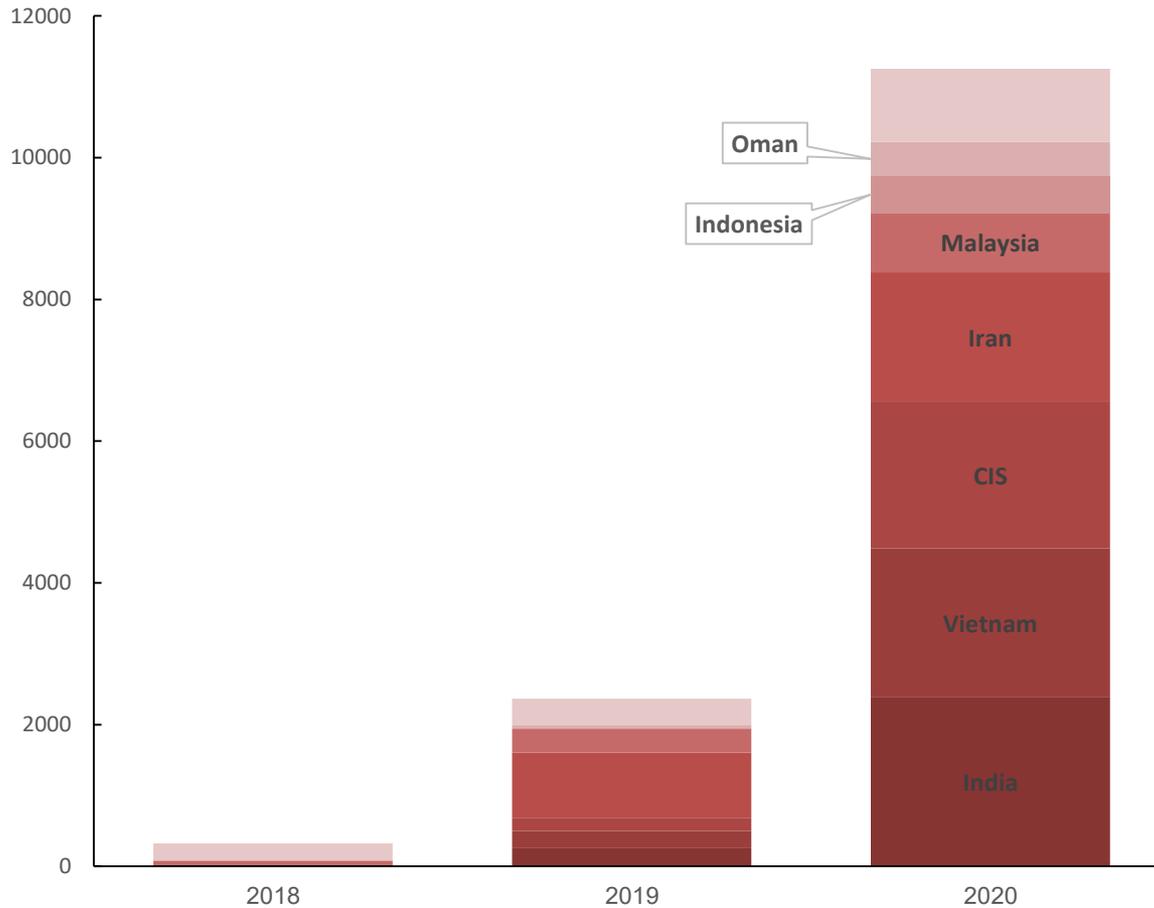
'000 t
January-December
Source: Metal Expert estimation

Global spot billet market steadily restoring



- Vietnam and Indonesia were key drivers with increase from 580,000 t to 3 million t
- India went up export from 700,000 t to also 3 million t
- Share of CIS suppliers fell from 34% to 27%
- Export from Iran was sustainable with only slight decrease in 2020

Billet import into China as key spot trade flow in 2020



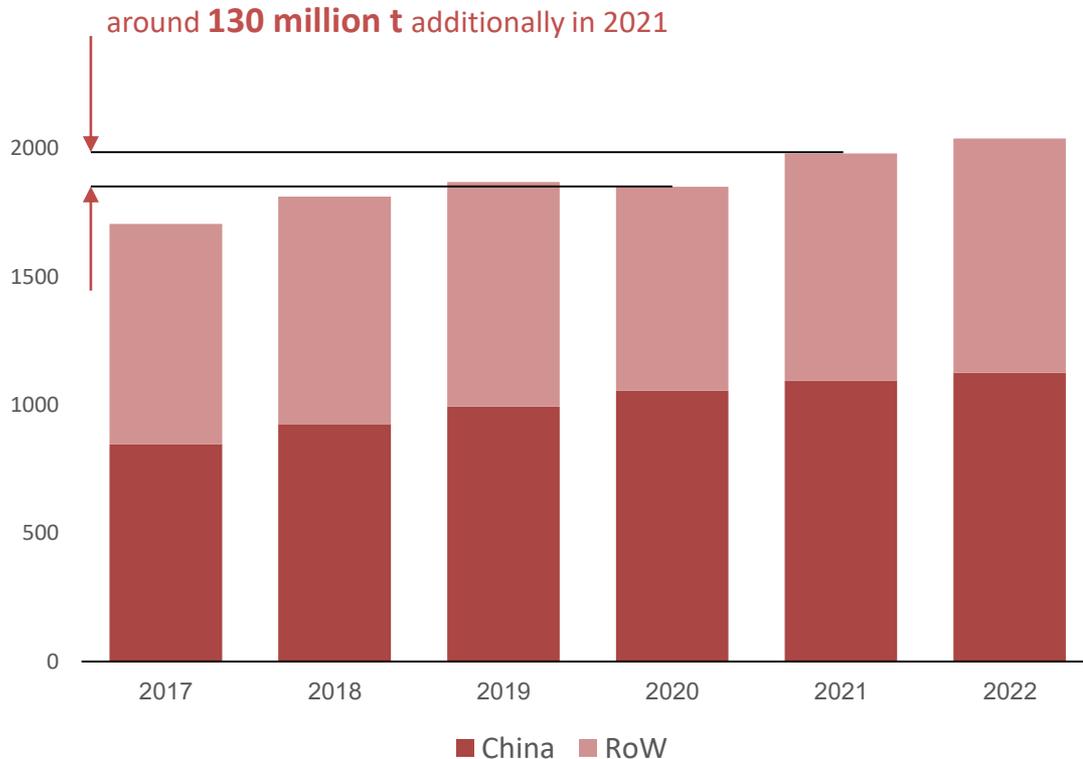
- China increased billet import by 5-fold last year
- Key suppliers were India, Vietnam, the CIS, Iran, SE Asia and even GCC
- Key reason – lockdowns throughout the world
- Will this trade flow be sustainable in 2021?

China supports prices and trade amid contraction in steel consumption worldwide



- Iron ore prices hugely supported global billet market in 2020
- Iran is in a very favorable position as it is not influenced by international iron ore prices unlike its competitors
- CIS steel mills being vertically integrated are also stay ahead of the competition.
- High iron ore prices will put new players from Vietnam, Malaysia and Indonesia into trouble, as we can understand.

Metal Expert's steel & iron ore outlook



- Instead of erasing 150 million t of capacities, according to 2016 plan, China added 250 million t in new capacities till the end of 2020
- Metal Expert expects global steel production to increase by 130 million t in 2021
- China is expected to continue to support its economy, including steel-consuming industries.
- Also, steel consumption recovery in Asia, Europe, Americas, India will continue to help steelmakers to restore production
- Sizable new capacities will continue to increase utilization to projected levels in Vietnam and Indonesia
- Metal Expert predicts iron fines in the range of 155-175 \$/t for 2021

Scrap price volatility will influence billet market



Factors to support scrap prices in 2021:

- China allowed steel scrap import
- Higher capacity utilization in the USA and Japan vs 2020
- Vietnam became leading scrap importer in Asia
- New limitations for scrap export from Russia are implemented
- General increase in scrap consumption due to steel output recovery outside China

Takeaways

- Iranian steelworks lost only a fraction of their steel export deliveries
- Global spot billet market steadily restoring compared to volumes last seeing in 2016
- Vietnam, Indonesia and India all together increased billet export to 6 million t
- Metal Experts expects global steel production to increase by 130 million t in 2021
- China as a scrap importer and some limitations for scrap exporters will provide volatility for billet market

Thank you for your attention

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