

COLUMBUS: SOUTH AFRICAN STAINLESS

ALL OVER THE WORLD

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Chief Executive Officer of Columbus

Investor and Analyst's Day
North American Stainless (NAS)
16th September 2010



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Columbus

South African stainless around the world



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16 September 2010



...and in 2010 the world came to South Africa...





- 2010 World Cup great success

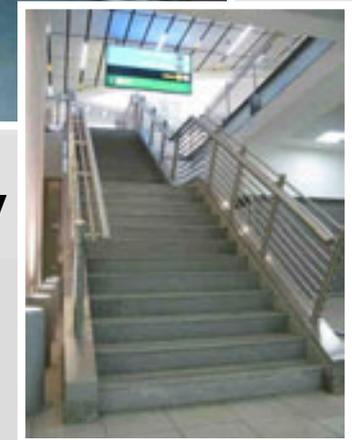
- Infrastructure legacy

- * roads
- * airports
- * facilities
- * communications



- Show pieced South Africa's capability

- Nation building event



Spain



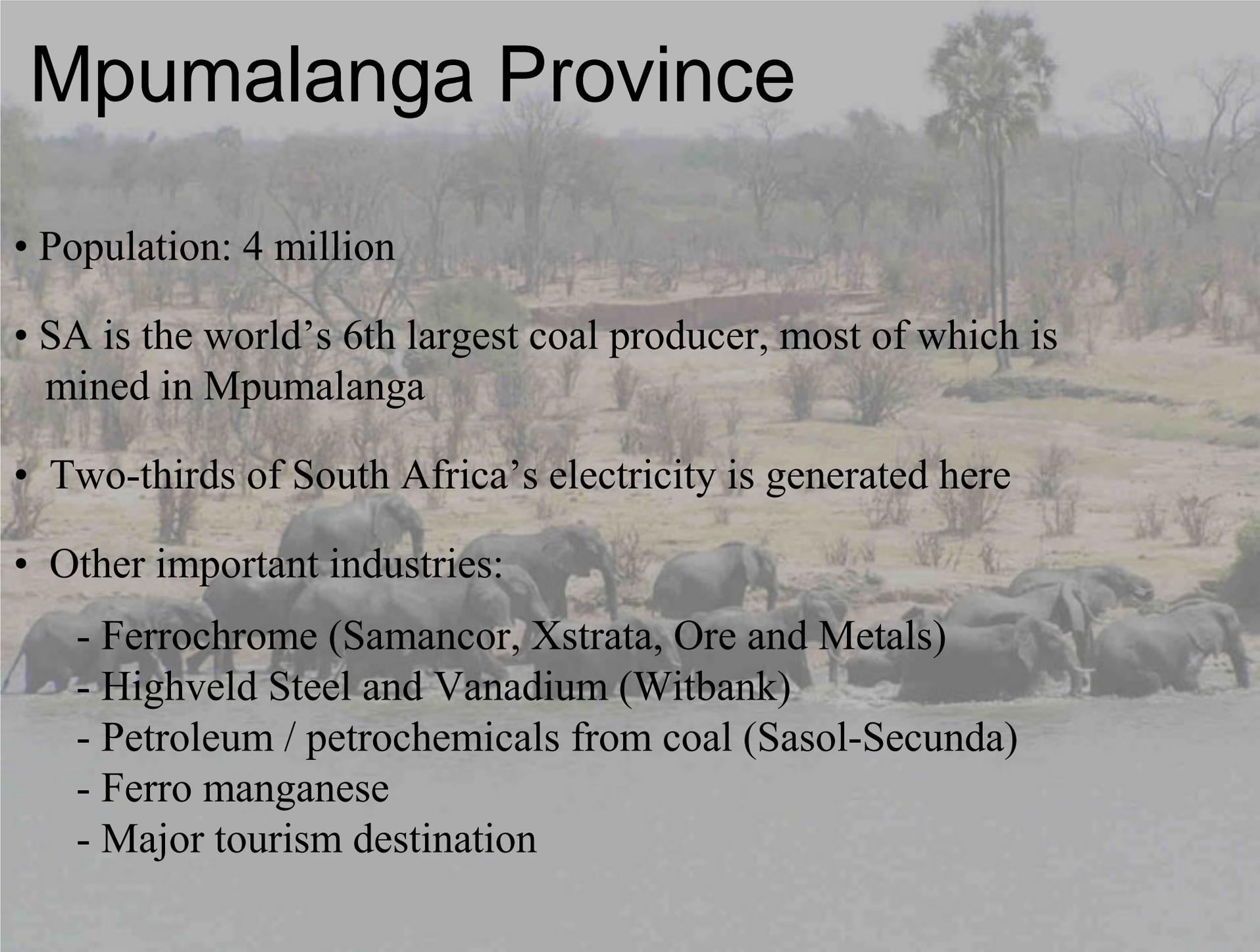
South Africa



Location of plant

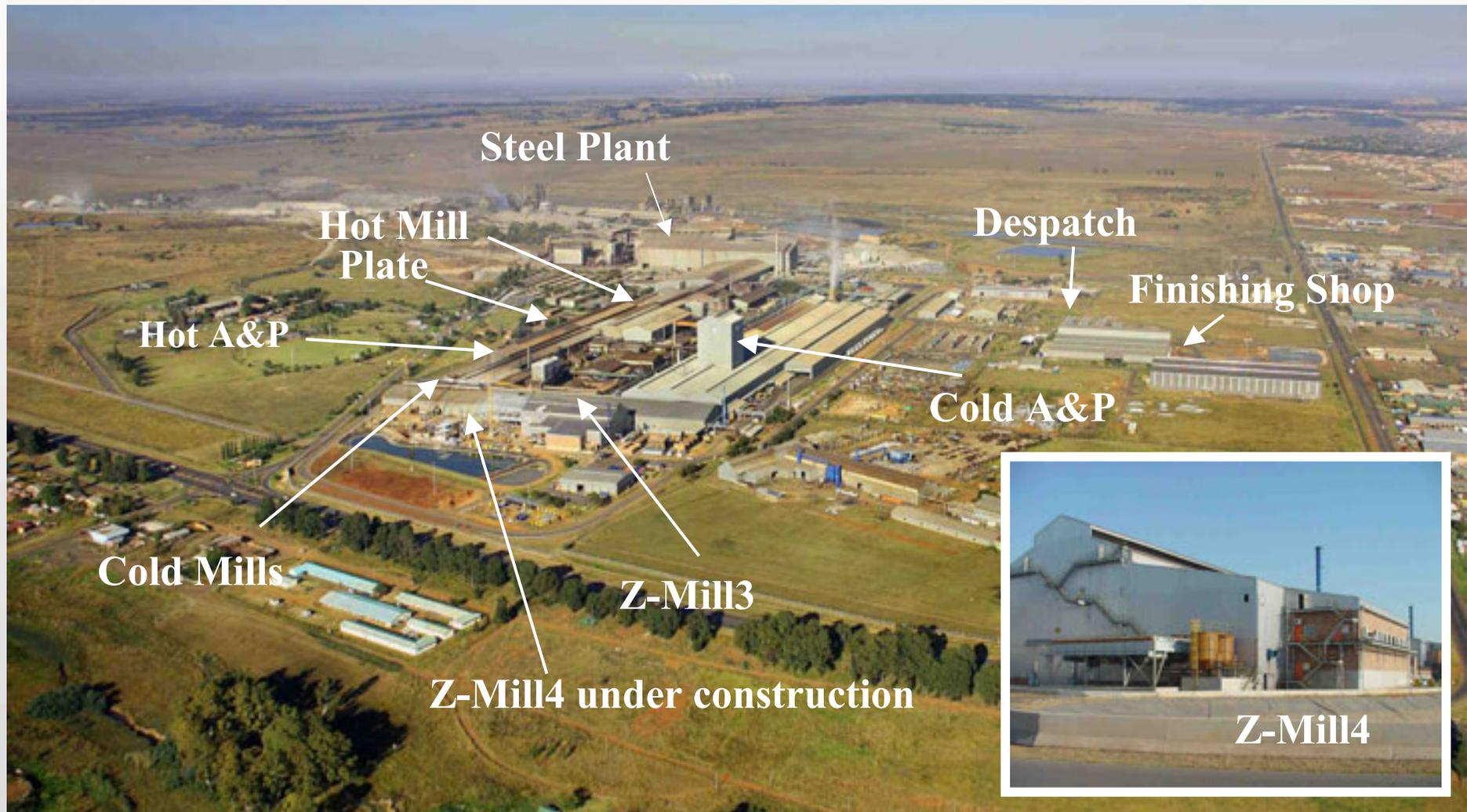


Mpumalanga Province



- Population: 4 million
- SA is the world's 6th largest coal producer, most of which is mined in Mpumalanga
- Two-thirds of South Africa's electricity is generated here
- Other important industries:
 - Ferrochrome (Samancor, Xstrata, Ore and Metals)
 - Highveld Steel and Vanadium (Witbank)
 - Petroleum / petrochemicals from coal (Sasol-Secunda)
 - Ferro manganese
 - Major tourism destination

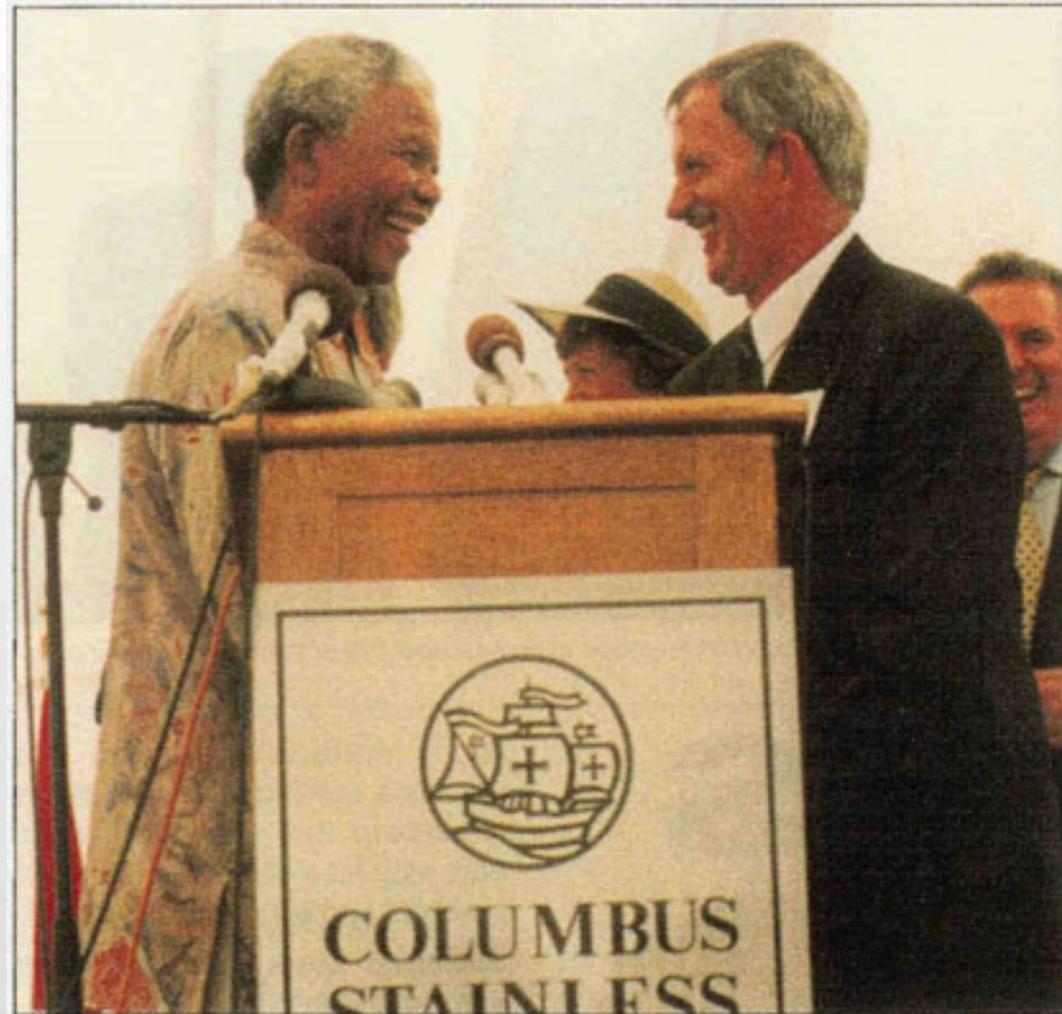
Aerial view of the production facilities



Official opening



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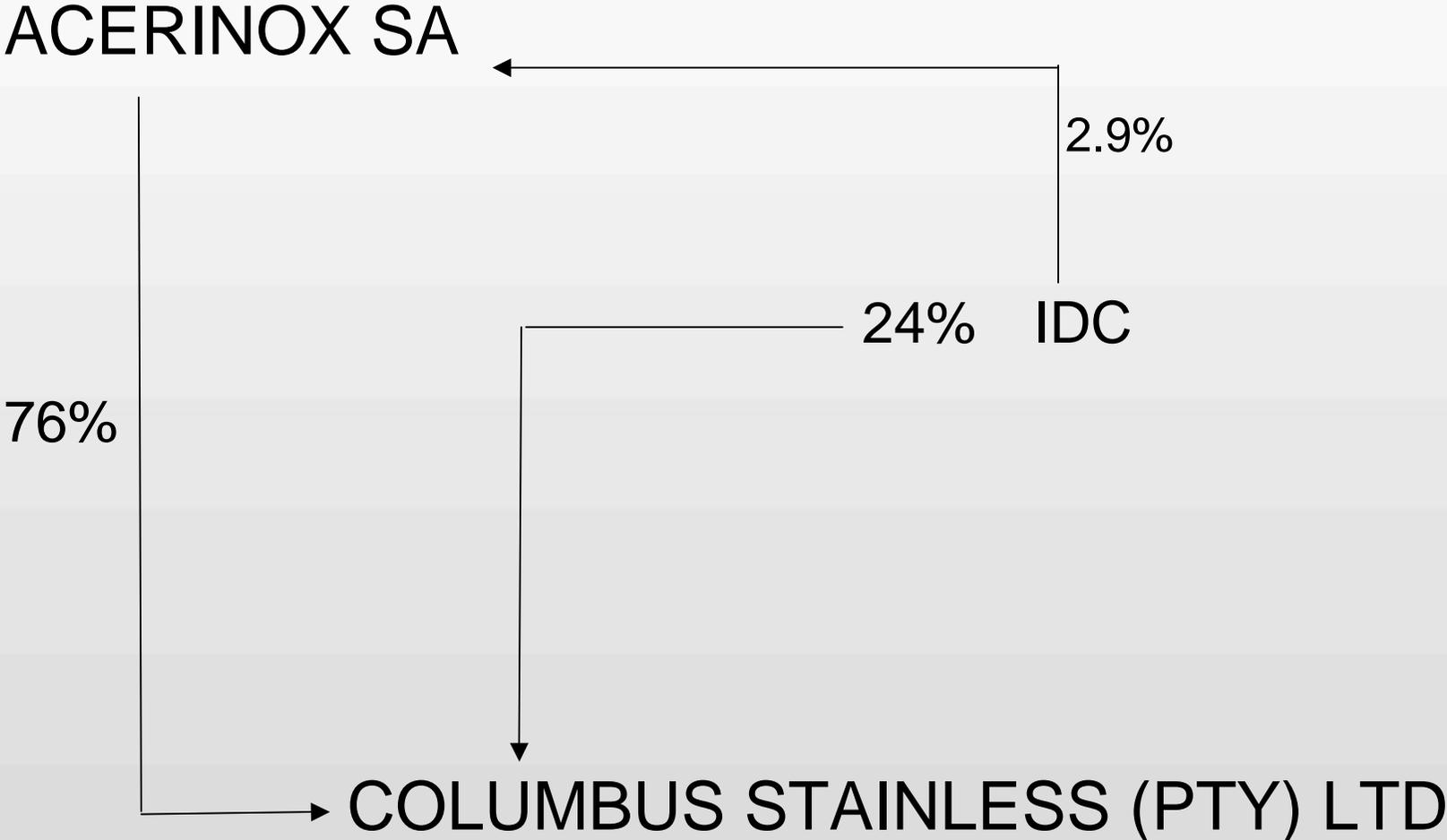
Official opening by President Nelson Mandela
6 February 1996

History



1966	First stainless produced in Middelburg, part of Rand Mines Group
1979-1981	Expansion to 150 000 tons/year
1991	Columbus Joint Venture formed (IDC, Highveld Steel & Vanadium, Samancor)
1992-1995	Expansion to 500 000 tons/year
2002	Acerinox acquired 64% of Columbus Stainless
2002-2004	Investment plans implemented and achieved 720 000 tons in 2004
2004	ZM3 start-up
2005	Acerinox acquired Highveld Steel & Vanadium's 12% shareholding in Columbus Stainless
2009	ZM4 start-up
2010 →	1 million tons capacity

Shareholding structure



Vision

Mission

Values



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VISION

ADDING STAINLESS QUALITY TO LIFE

MISSION

To be a globally competitive producer
and preferred supplier of stainless steels

OUR VALUES

Safety as a way of life

Quality in everything we do

Practical care for our environment

A motivated team with respect for each other

Recognition for sustained superior performance

Honesty and integrity

Freedom in thought, discipline in action



Main equipment - Raw Materials

- Open yard with two Goliath cranes
- Two basket cars
- Sixteen silos for belt-feedable materials
- Overhead bunkers in Steel Plant



Liquid ferrochrome transfer



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Decanting of MFC ladle filled with Liquid ferrochrome into EAF transfer ladle

Main equipment – Steel Plant



- Electric Arc Furnace (100t, 90MVA)
- Liquid FeCr transfer
- AOD converter × 2 (120t)
- Rinse station
- Continuous caster



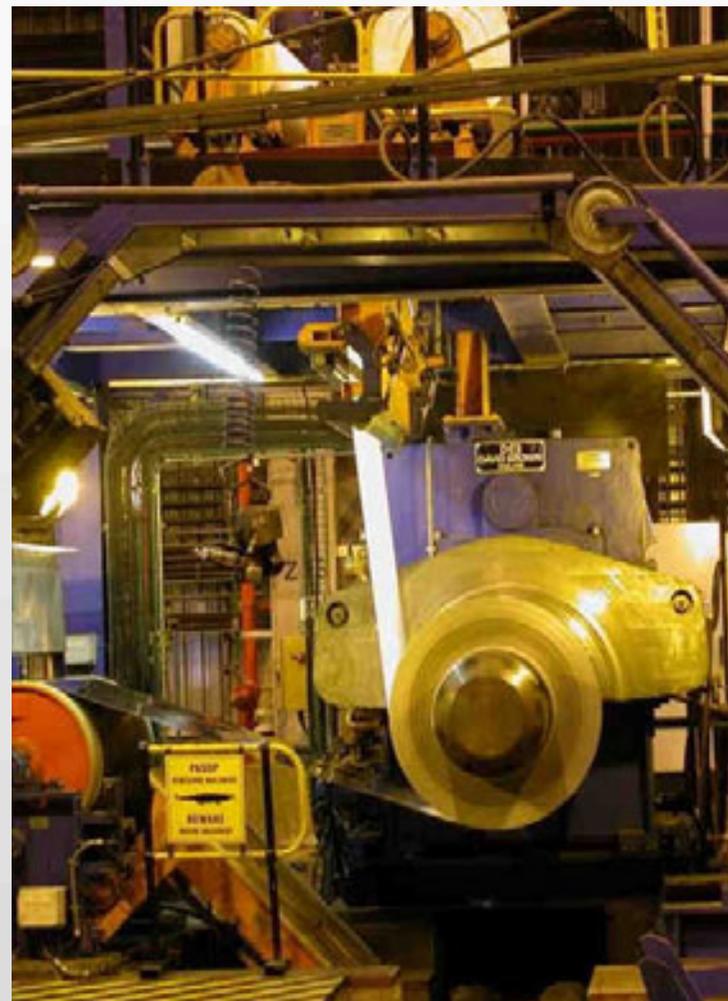
Main equipment - Hot Mill

- Slab grinding machines
- Reheat furnace (150tons/hour)
- Roughing mill
- Steckel finishing mill
- Down coiler
- Plate shear and stacker



Main equipment - Cold Mill

- Coil preparation line × 2
- Batch annealing facilities
- A&P line × 2
- Bright annealing line
- Cold rolling mills
 - 4 × Sendzimir, 1 × 4-Hi
- Skin pass mill
- Coil grind/polish line



Main equipment – Finishing lines

- Cut to length line x 2
- Combination coil and plate processing line
- Slitting line x 3
- Coil storage, packing and despatch facilities



Main equipment - Plate Section



- Roller hearth annealing furnace
- Vertical spray pickling line
- Roller levellers
- Shear
- Plasma cutter x 2



Investment program

2002 - 2010

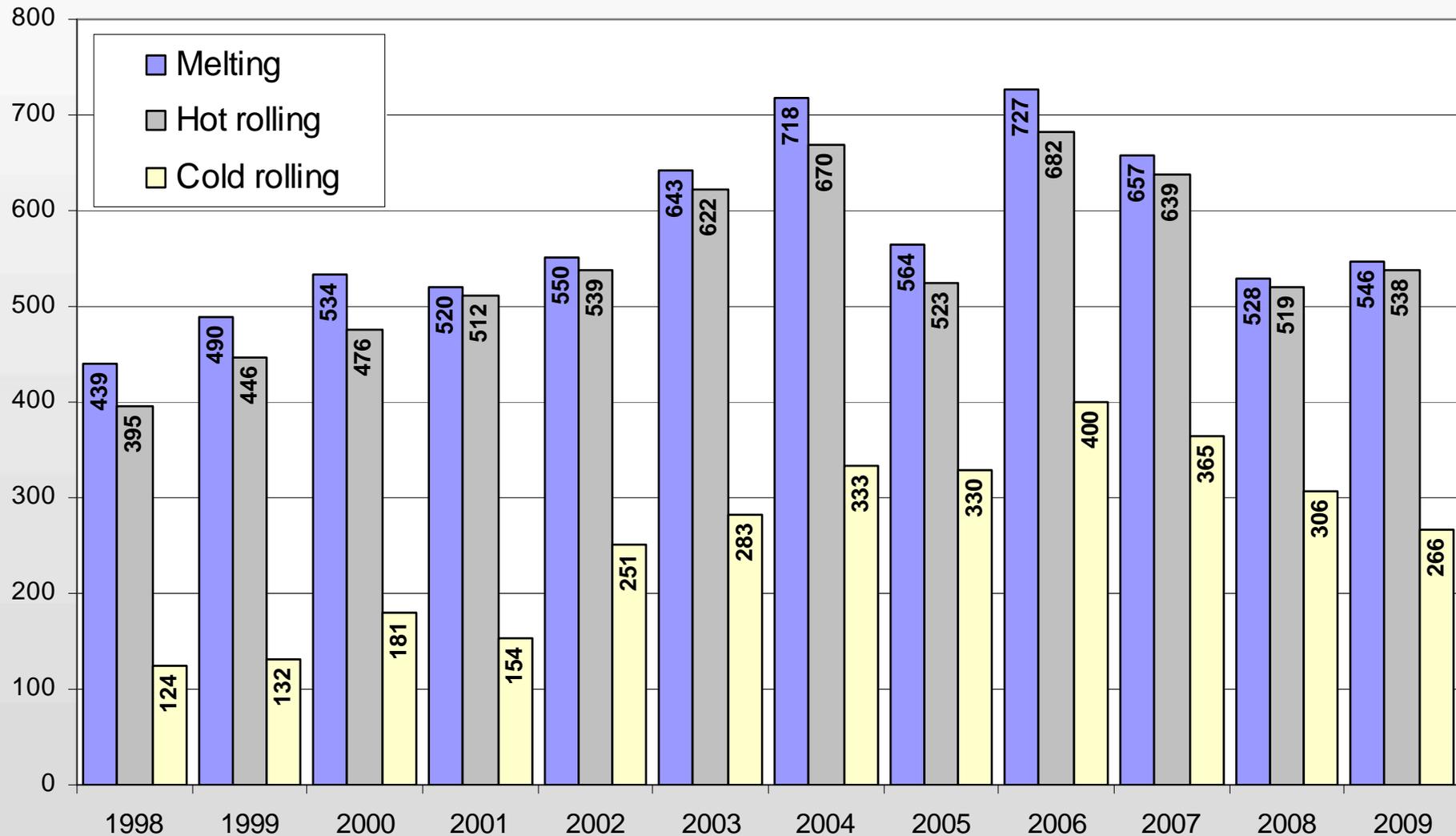


Area	Amount
Steel Plant	R223m
Hot Mill	R163m
Cold Mill (2 x Z Mills)	R1,825m
Utilities	R112m
Environment	R64m
IT	R14m
Total	R2,401m

Columbus Stainless production



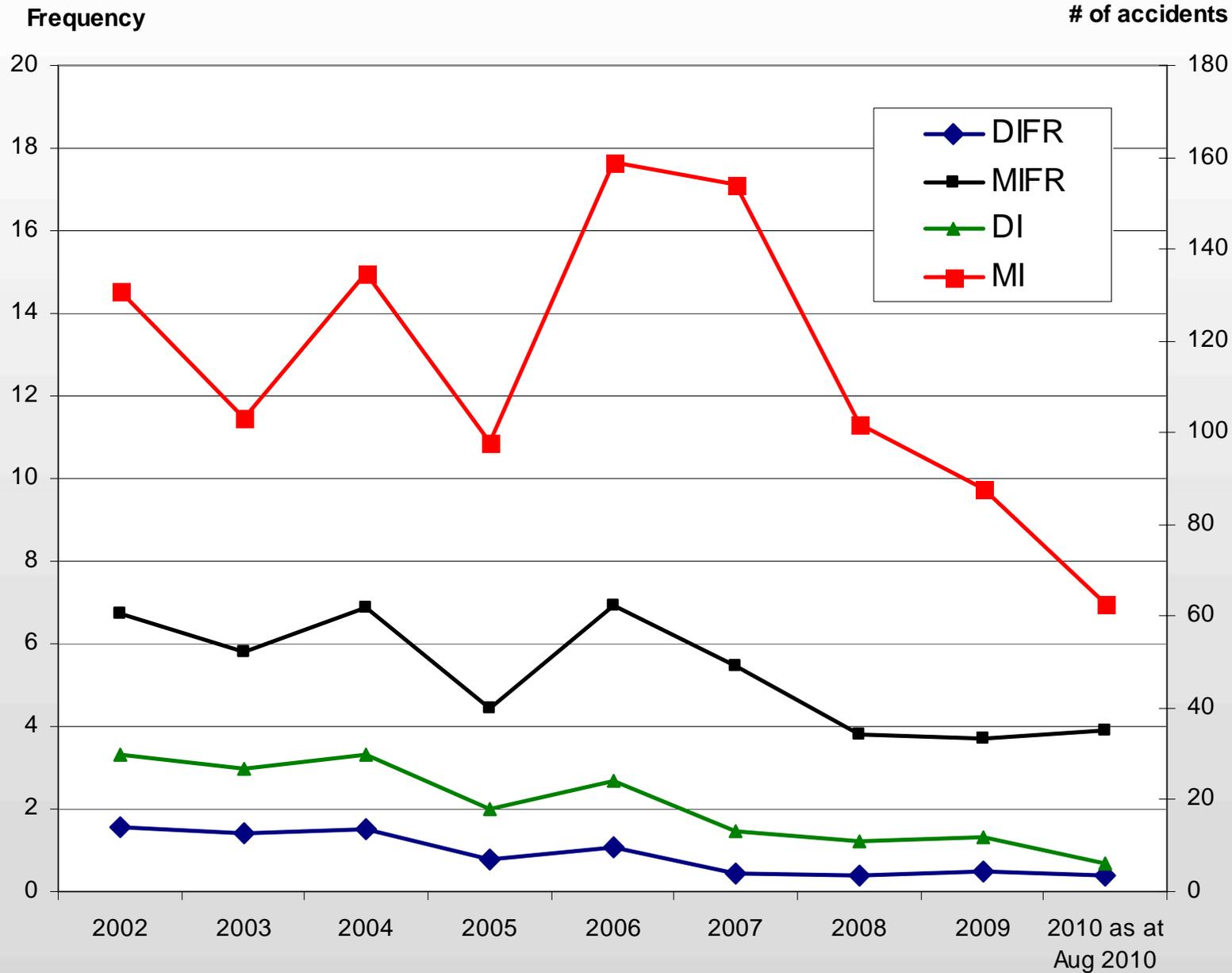
Annual production, '000t



Sustainability – way of life



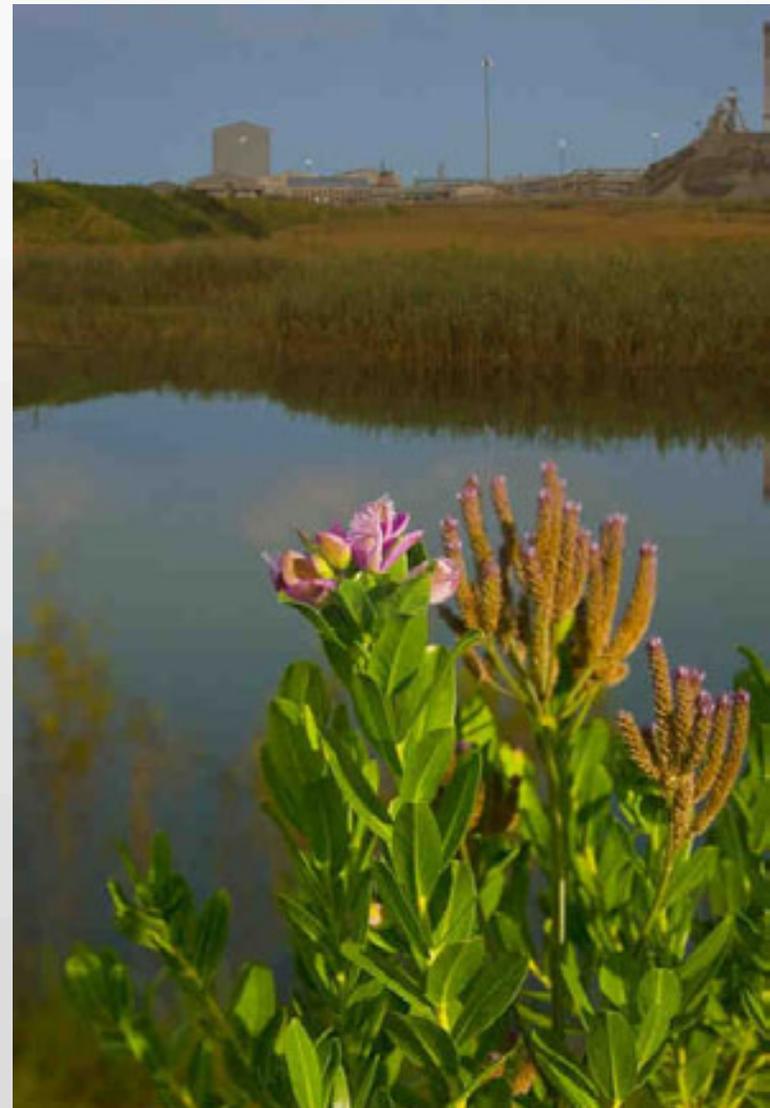
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Sustainability – way of life



- ISO 14001
- BPEO
(Best Practical Environmental Option)
- Water management focus
- Reduce, Re-use, Recycle
 - * slag
 - * dusts
 - * liquids



Sustainability – way of life



- Training & education
 - * on-site
- Community projects
 - * education, sport
- HIV / Aids
 - * awareness
- MSI
(Middelburg Stainless Incubator)
 - * entrepreneurship, employment

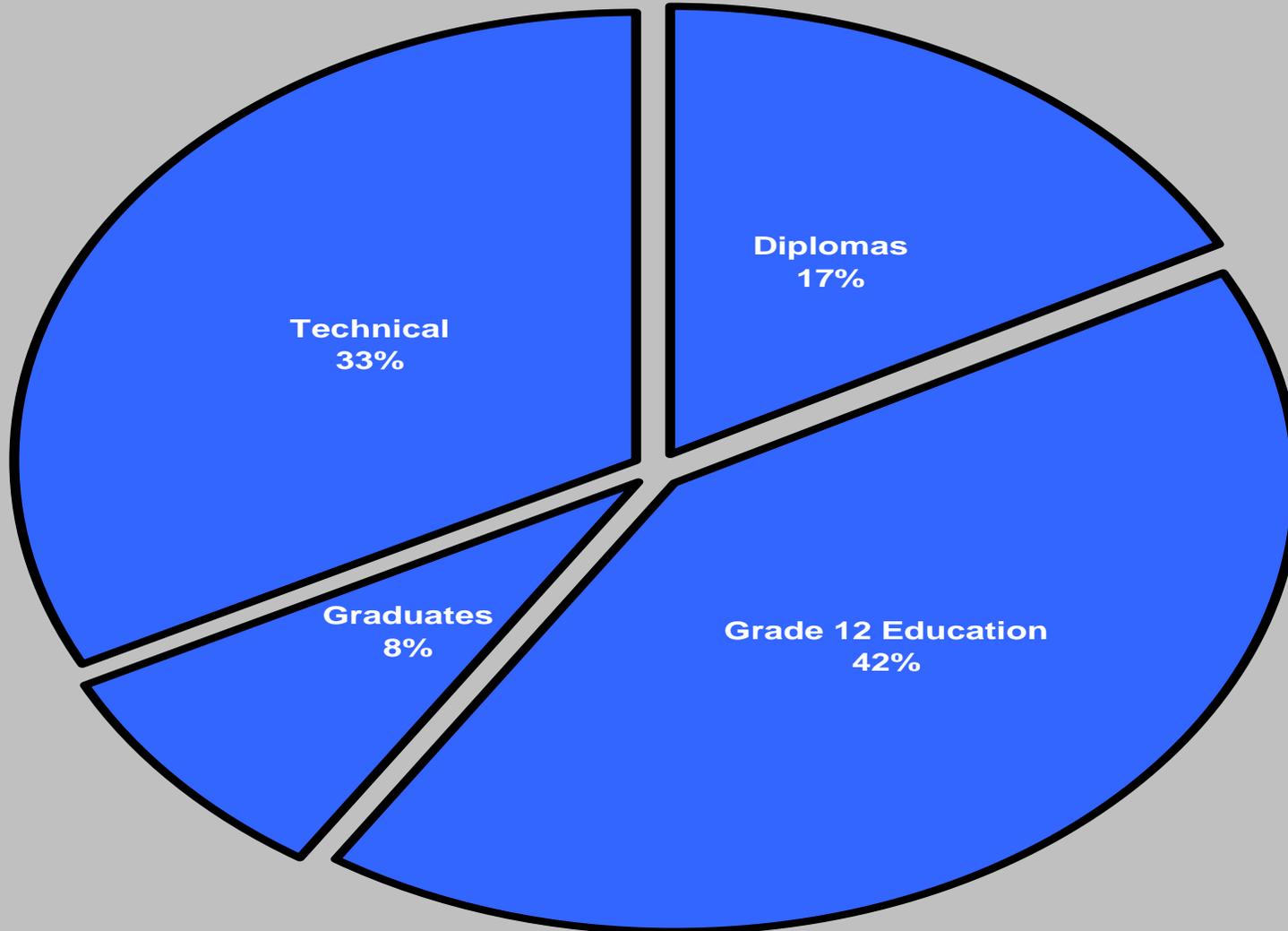


Sustainability – way of life

Employment qualifications



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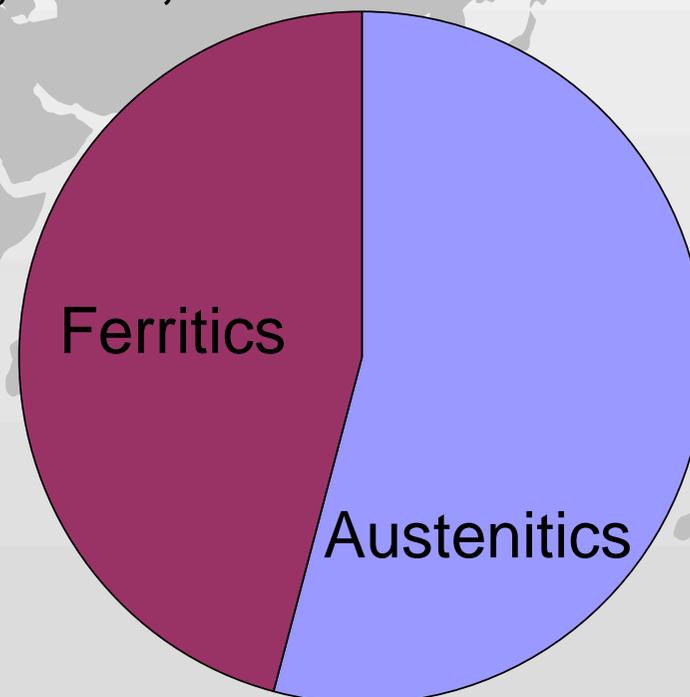




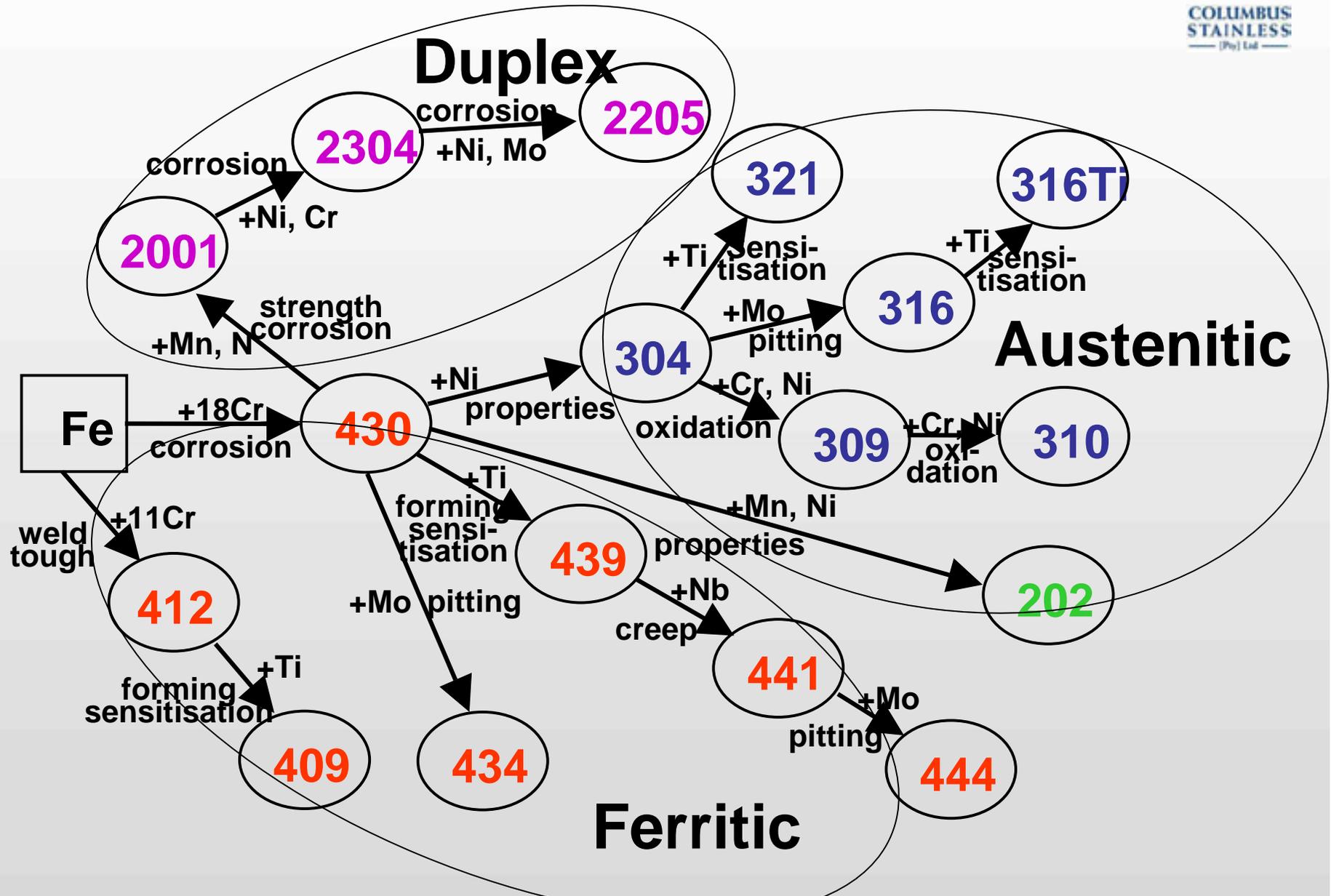
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Stainless products

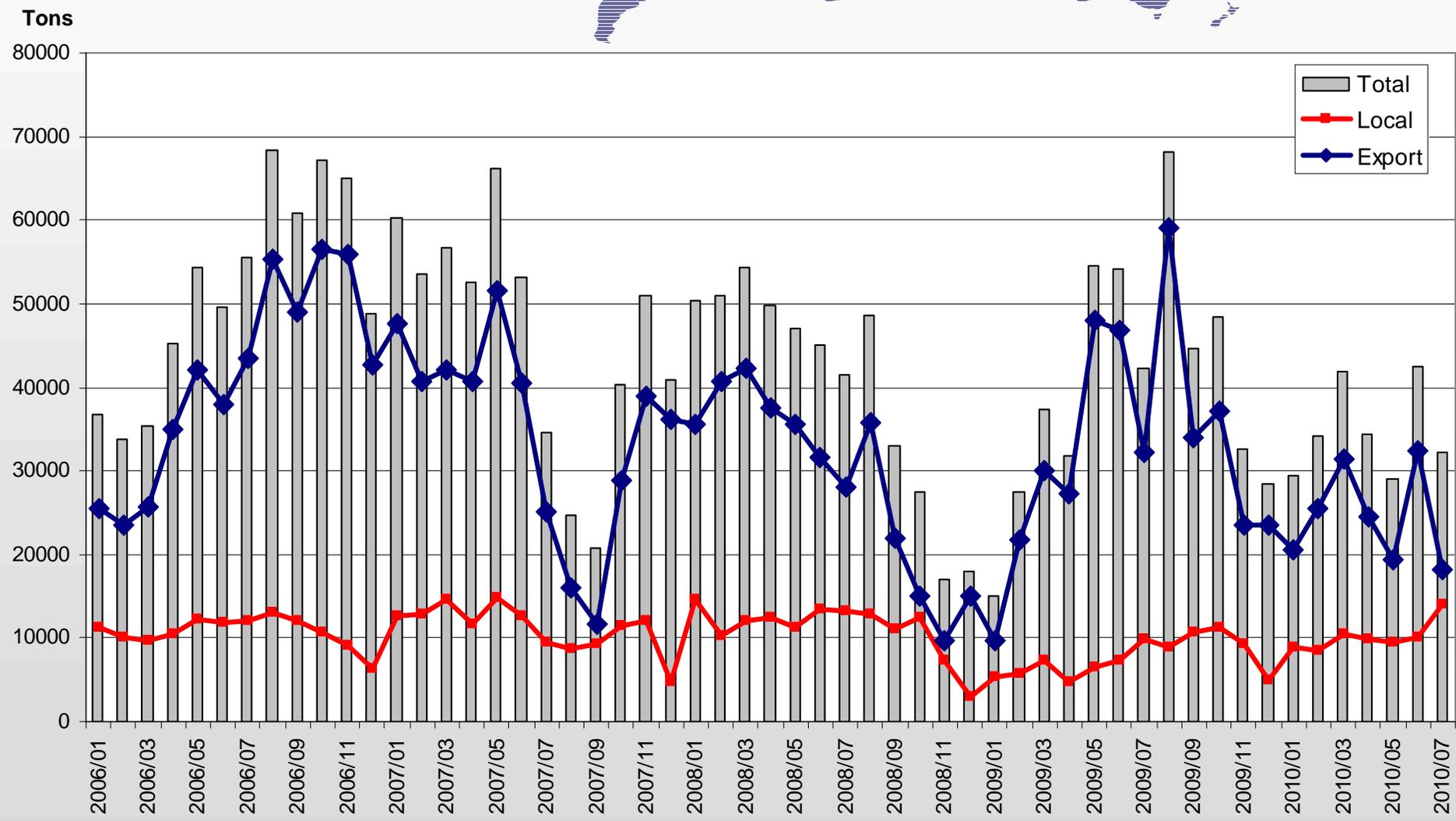
- Austenitic
 - 304, 321, 316, 309, 310
- Ferritic
 - 3CR12, 409, 441, 430, 436, 439, 444
- Duplex
 - 2001, 2304, 2205
- Coil, slits, sheet, plate
 - 1000mm – 1524mm wide
 - 0.4 – 6.0mm Cold Rolled
 - 3.0 – 63.5mm Hot Rolled



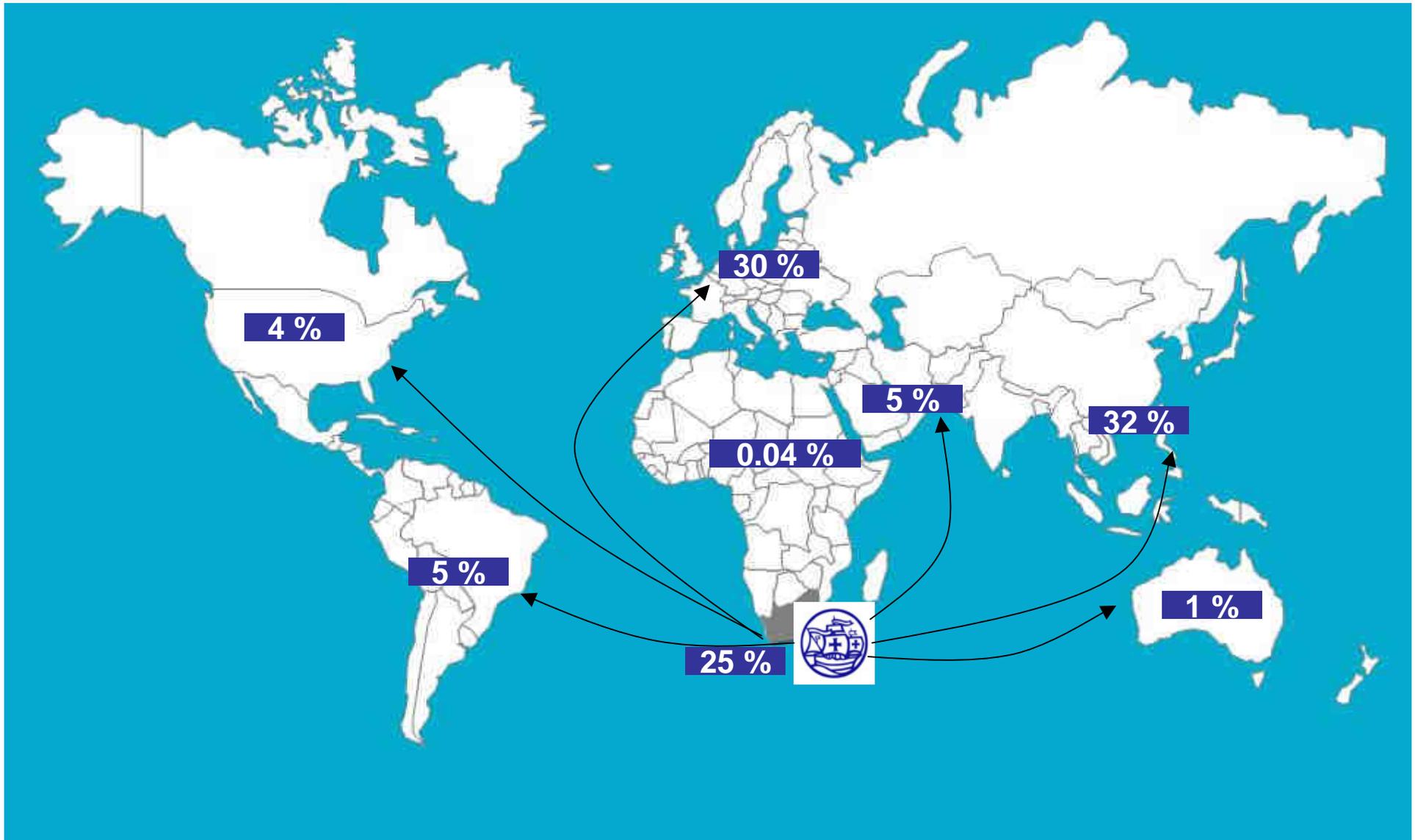
Stainless steel types



Sales - 2006 to 2010



Sales – 2008 to 2010





South African market 2010 forecast

Local supply	114,684 tons	} Local conversion 151,208 tons
Imports - flat	13,306 tons	
- other	23,218 tons	
Finished product imports	13,900 tons	

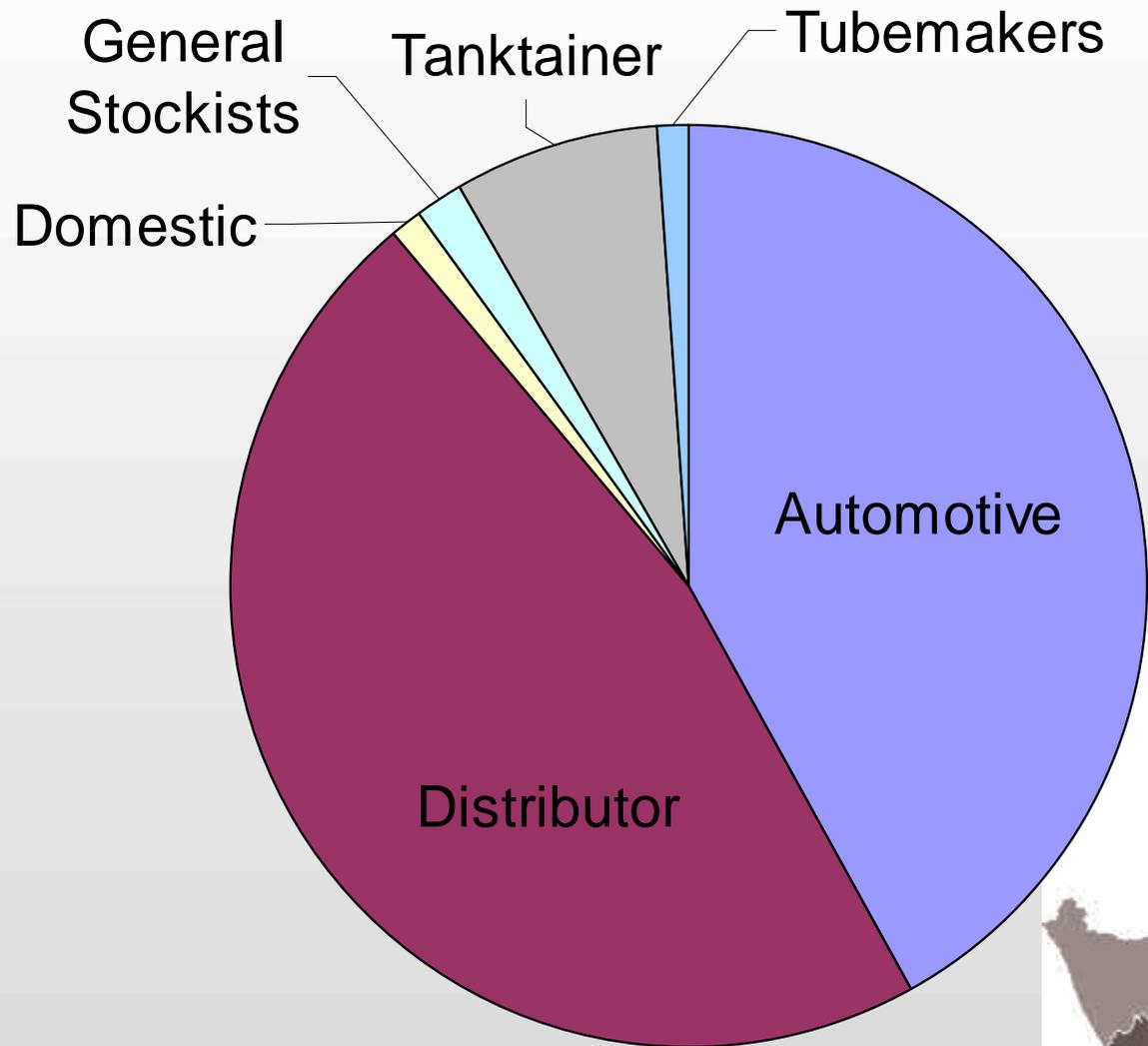


Apparent consumption 165,108 tons

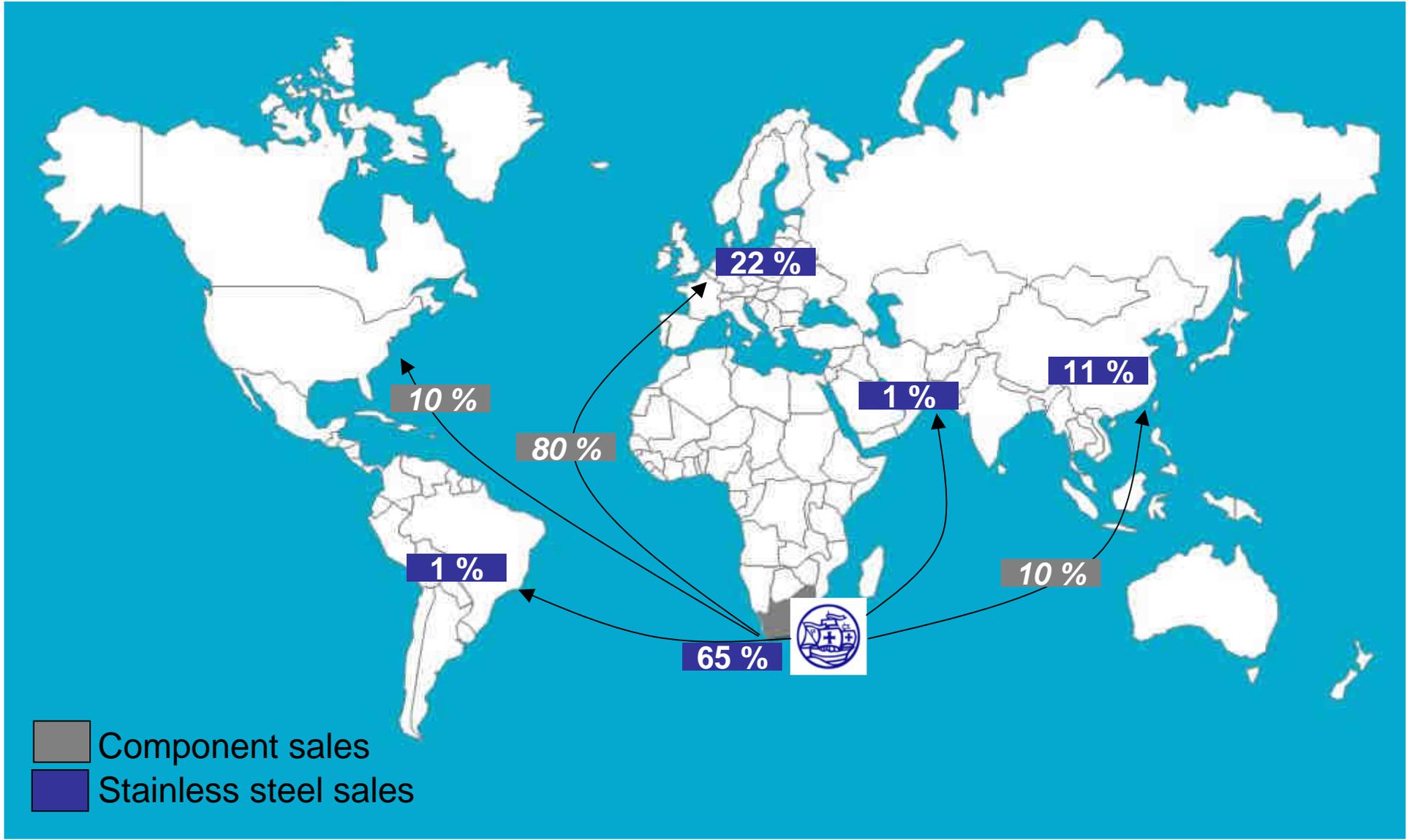
Sales - RSA



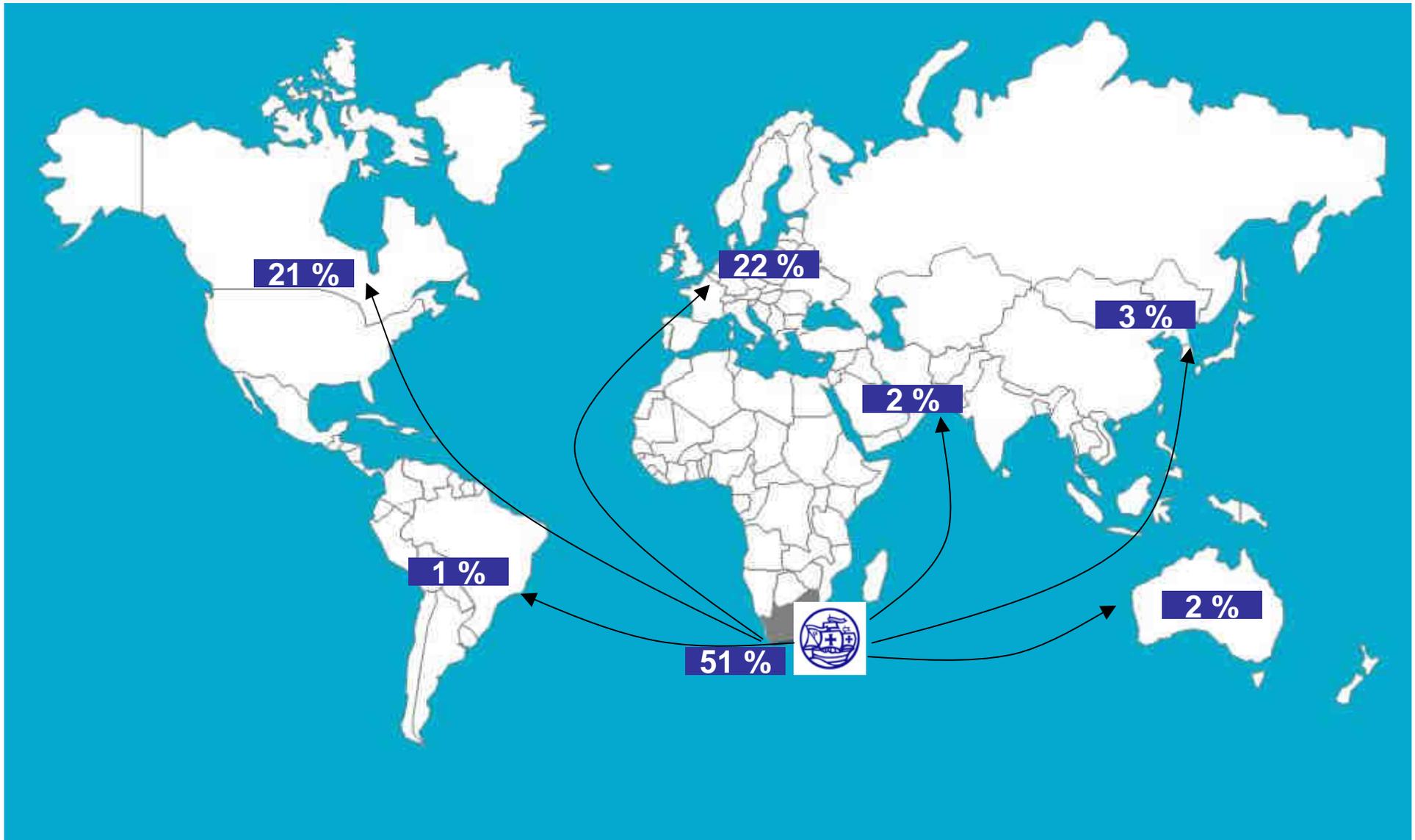
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Sales – Automotive



Sales – 3CR12



Key business thrusts



- Group Excellence Plan
 - * Quality, yields, allocations, DDP
 - * Inventories
 - * Consumables
 - * Delivery costs
- €100 / ton savings plan
 - * Raw materials
 - * Services
 - * Manning



Key advantages of Columbus

- Fully integrated & globally cost competitive production site
- Raw material availability (Liquid FeCr)
- Still competitive input costs (gasses, power)
- Labour skills & competitive costs
- RSA potential (including Africa)
- Flexible operations

Challenges



- Power supply capacity in 2011 / 2012 (mitigated by liquid FeCr)
- Supply chain efficiency & cost
- Growing consumption of stainless steel in Africa

Corporate responsibilities (RSA)

- Human Resource development
- EE & BBBEE
- HIV / Aids



Summary



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- Modern, 1 million ton capacity operation
- Skilled people
- Competitive cost of production
- Key South African market & Africa potential
- 25% domestic / 75% export sales
- Flexible operation (volume, products)
- High SHE standards