

# NAS: AN ONGOING SUCCESS STORY

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**Investor and Analyst's Day  
North American Stainless (NAS)  
16<sup>th</sup> September 2010**





## NAS: An Ongoing Success Story

# Agenda

- 1 Overview
- 2 Flat and Long Products Timeline
- 3 Current Production vs. Production Capacity
- 4 Market Share: Bar, Rod, Sheets, Strip and Plate
- 5 Why North American Stainless
- 6 Production by Grades
- 7 Growth Opportunities
- 8 Current Administration Upgrades
- 9 Cost Improvements



# North American Stainless: An Ongoing Success Story



- **1990-Acerinox Made the Decision to:**
  - **Build Fully Integrated Mill in U.S.**
  - **Chose Kentucky**
    - ❑ **Proximity to Market**
    - ❑ **Good Transportation**
      - Rail
      - Highways
      - Ohio River
    - ❑ **Good Supply of Electricity**
      - Adequate Supply
      - Reasonable Cost
    - ❑ **Availability of Good Work Force without Strong Loyalty to Unions**

# Flat and Long Products



1992

Cold  
Rolling

1998

Hot  
Rolling

2001

Plate  
Shop

2002

Melt  
Shop

2002

1<sup>st</sup>  
Warehouse

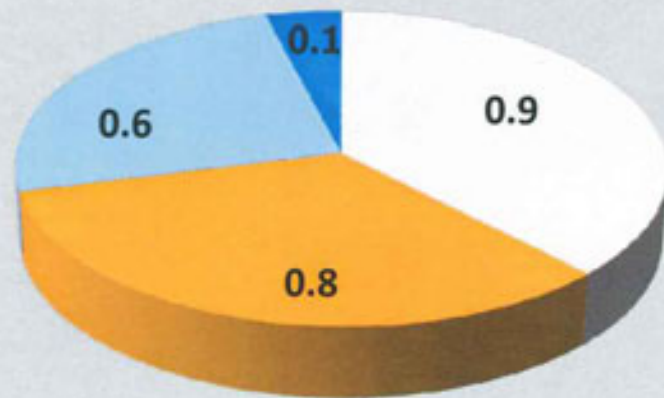
2003

LP Hot  
Rolling &  
Finishing

# Current Production Use vs. Production Capacity (metric tons)

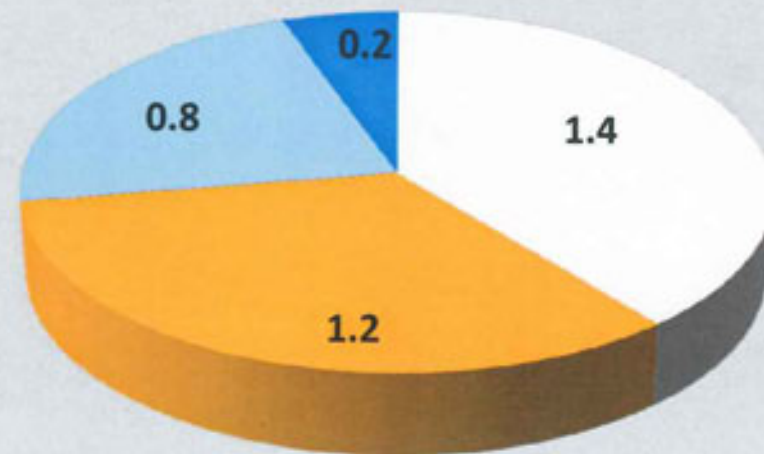


■ Melt Shop  
■ Hot Rolling  
■ Cold Rolling  
■ Long Products



Production 2010

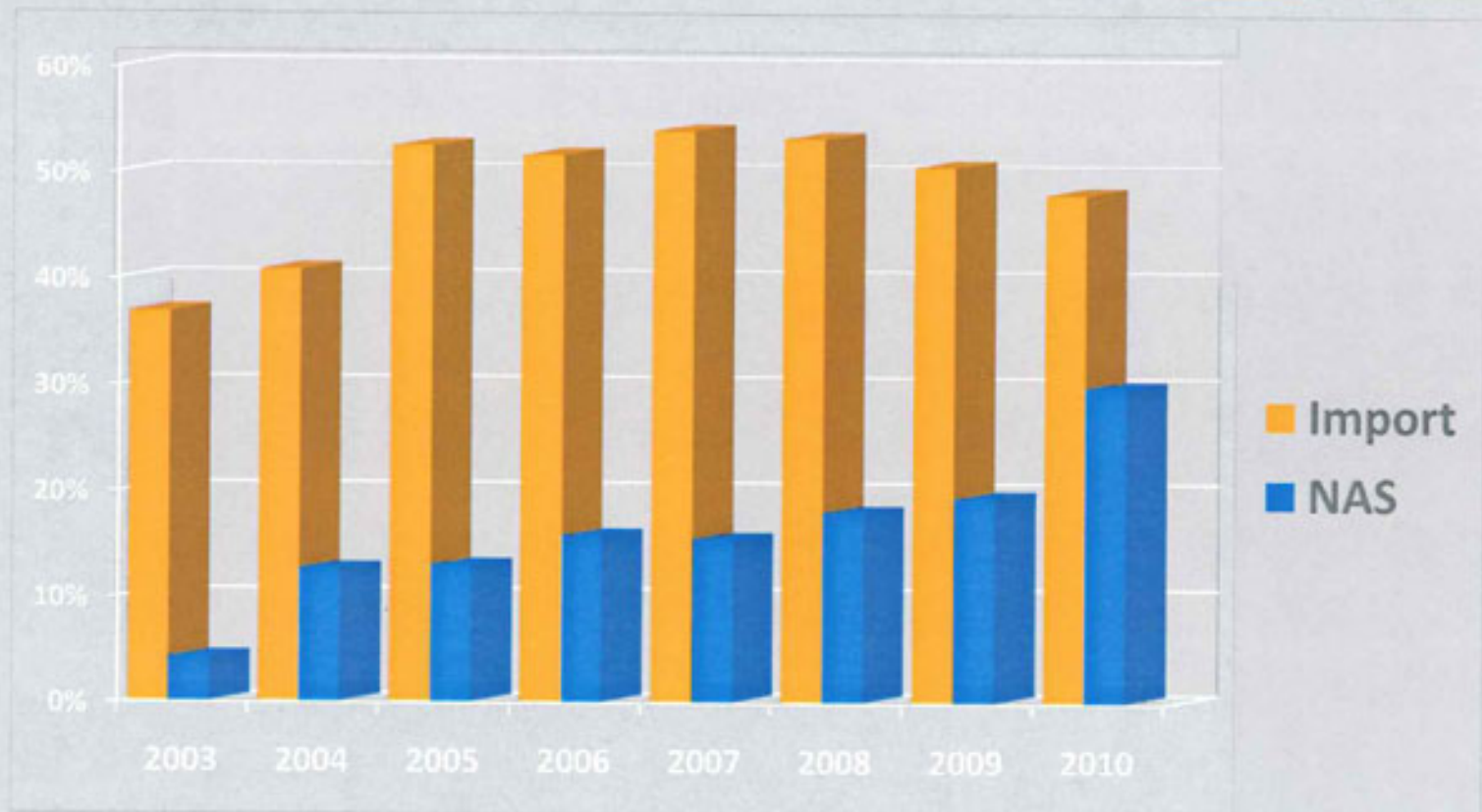
■ Melt Shop  
■ Hot Rolling  
■ Cold Rolling  
■ Long Products



Capacity 2010

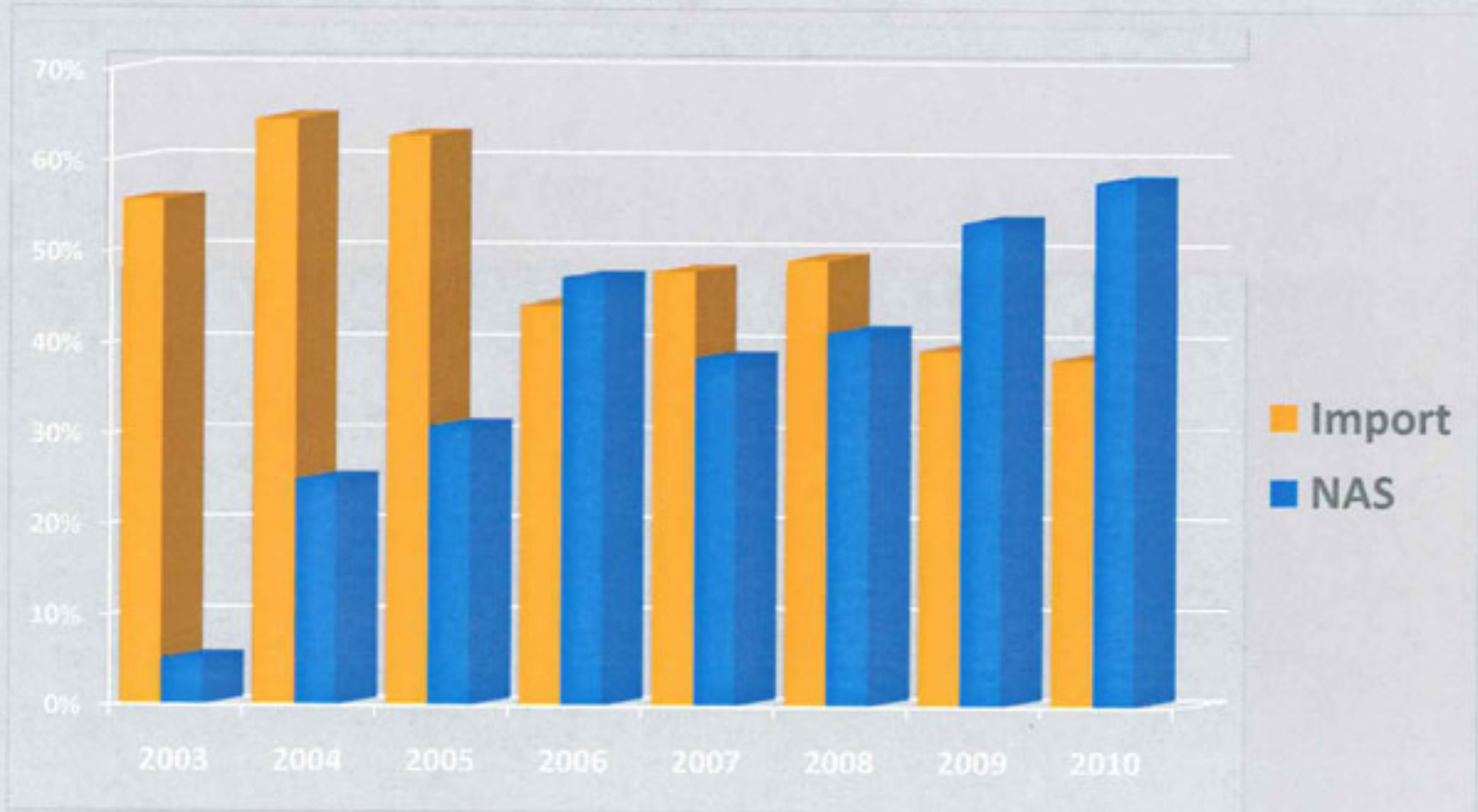
## Market Share

# Stainless Steel Bar



## Market Share

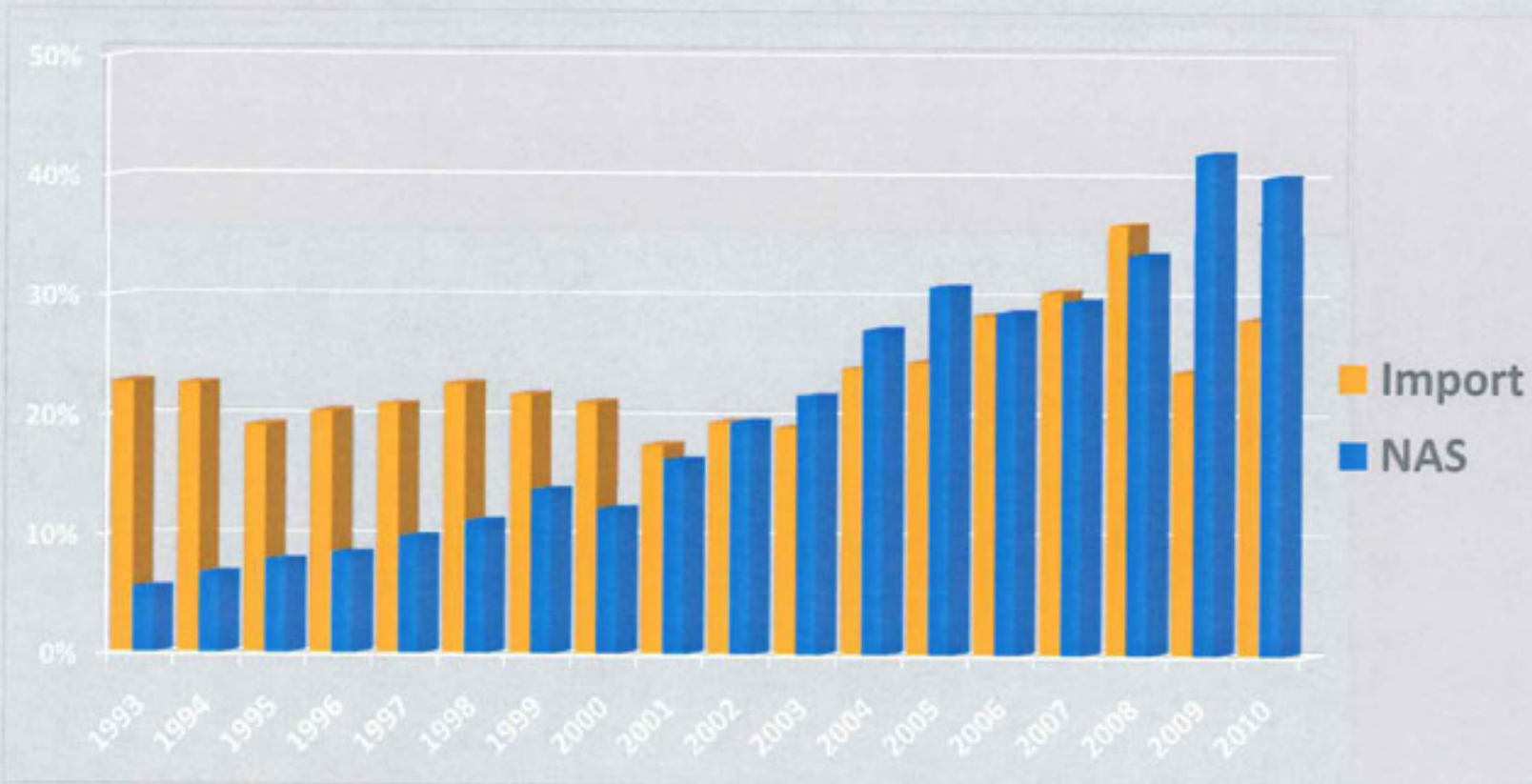
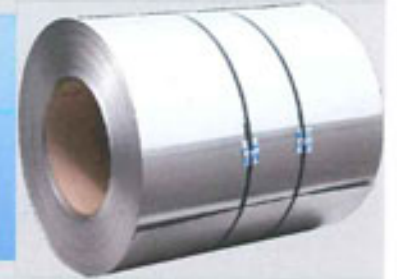
# Stainless Steel Wire Rod





## Market Share

# Stainless Steel Sheets, Strip and Plate



# Why North American Stainless:

## An Ongoing Success Story



### ❑ **Low Cost Producer in U.S.**

- Only Fully Integrated Facility
- Energy Costs Lower than Domestic Competition
- Lower Personnel Costs Due to Non-Union Environment

1,355 employees

\$ Cost of wages and benefits per ton of steel melted \$104

### ❑ **Warehouse Network**

- Finishing Capacity Reduces the Need for Out Processors
- Shorter Lead Times



CALIFORNIA



CANADA Capacity/Month  
12,659 (metric tons)



ILLINOIS Capacity/Month  
15,010 (metric tons)



PENNSYLVANIA Capacity/Month  
15,010 (metric tons)



GEORGIA Capacity/Month  
12,659 (metric tons)



MEXICO Capacity/Month  
2,861 (metric tons)



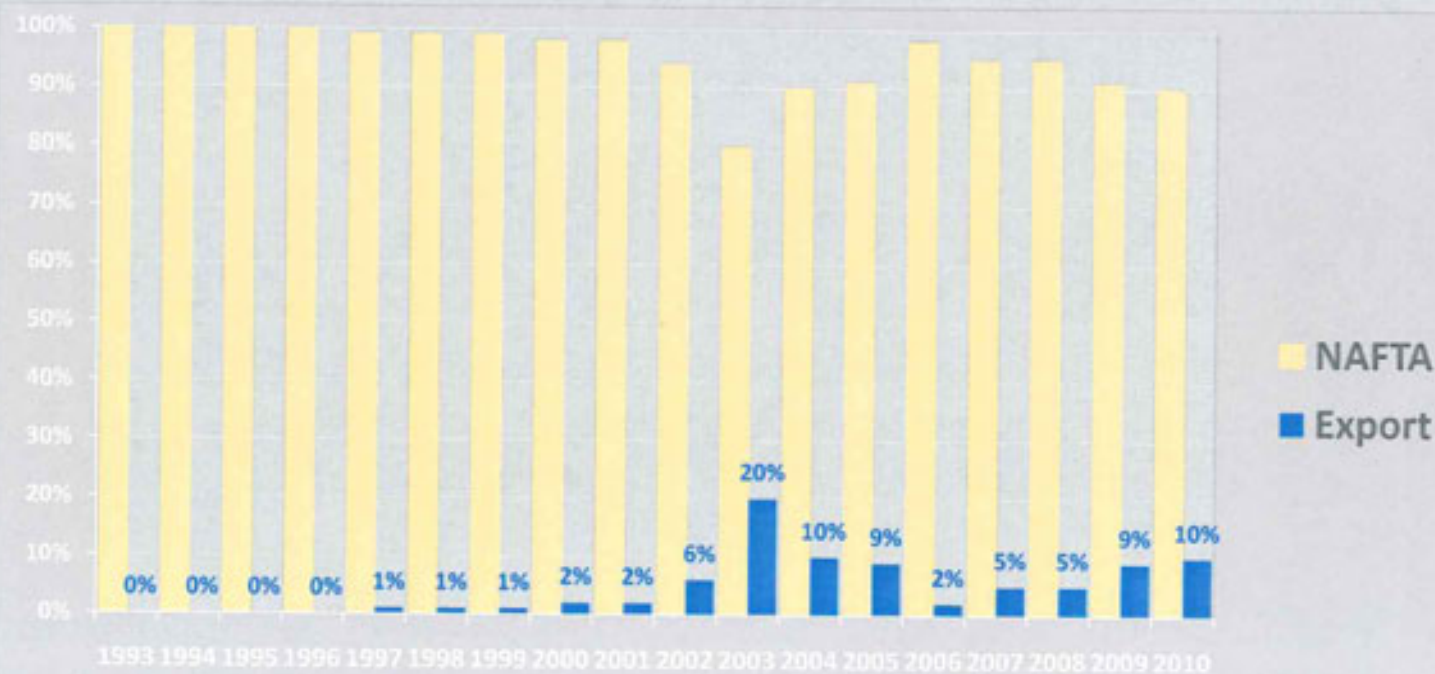
## North American Stainless Warehouses

# Why North American Stainless

## Sales by NAFTA and Export



NAS sales focus principally NAFTA countries.  
We have use Acerinox sales network if need to export products.



# Why North American Stainless:

An Ongoing Success Story



- ❑ **NAS Quality is Second to None in U.S. Market**
- ❑ **Wide Range of Products and Grades of Stainless**
- ❑ **Only Domestic Producer of Both Flat and Long Products**
  
- ❑ **FLAT PRODUCTS**
  - Plate Mill Plate up to 2.5"
  - Continuous Mill Plate up to 0.5"
  - Cold Rolled up to 7 gauge and can roll down to 27 gauge
  - All these products up to 60" wide
  - All Austenitic families, Ferritic families and have started Duplex families in the last year.
  - Only U.S. Mill that can produce #3 and #4 polish in house.

# Why North American Stainless:

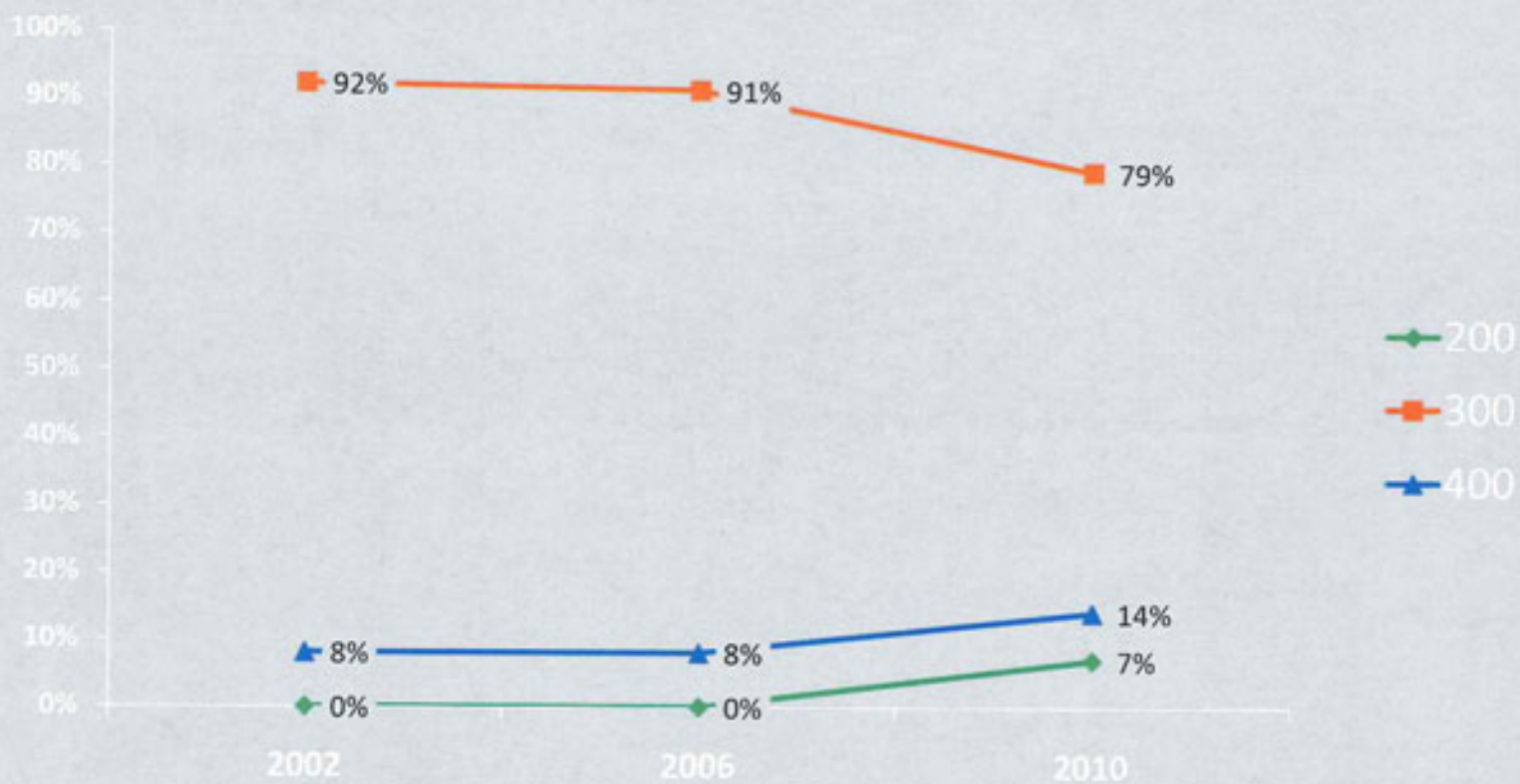
## An Ongoing Success Story



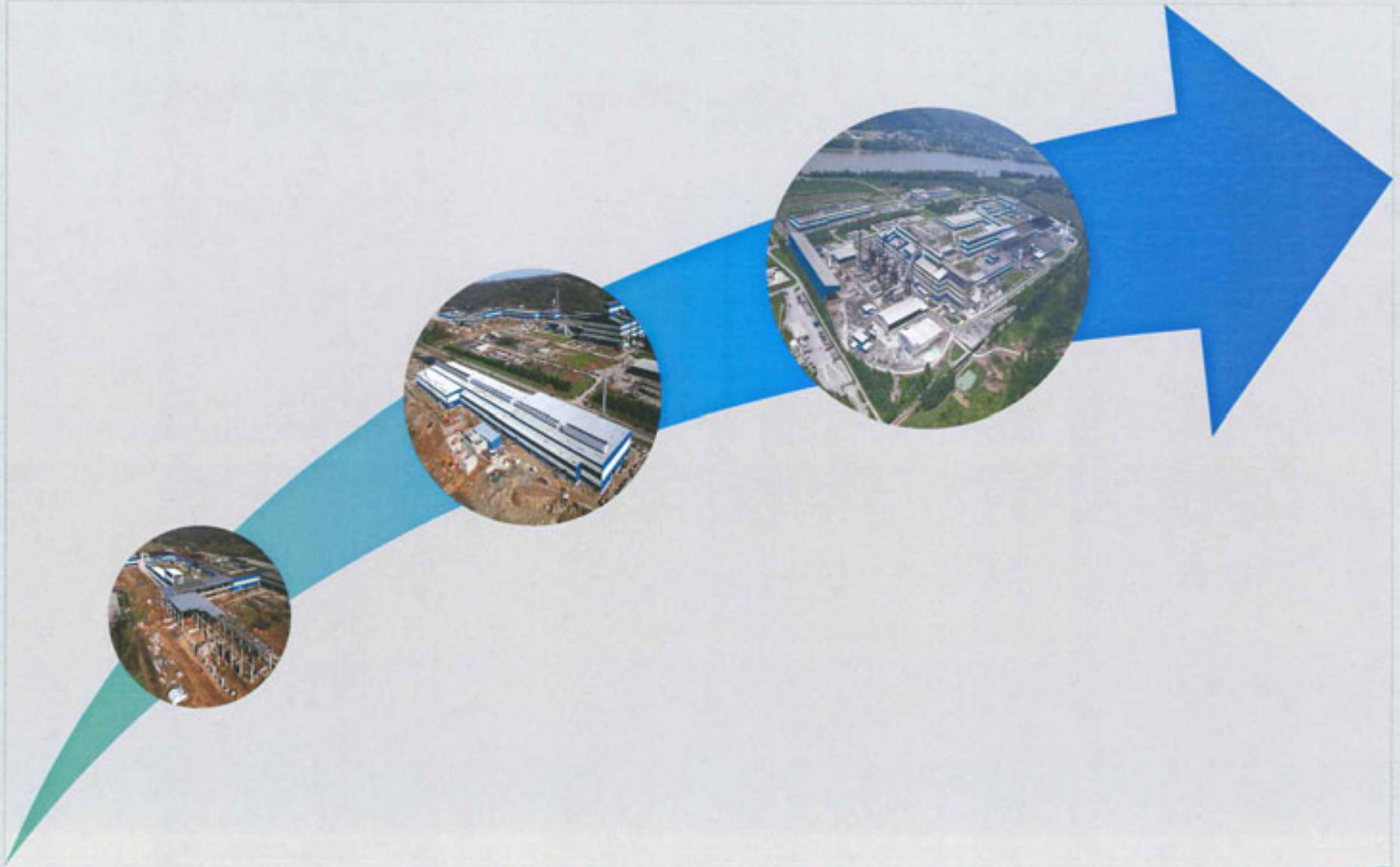
### □ LONG PRODUCTS

- Bars up to 5"
- Wire Rod
- Angles
- Rebar
- All Austenitic families
- All Ferritic families
- All Martensitic families
- All Duplex families

# Production by Grades



# GROWTH Opportunities





# GROWTH Opportunities

## Additional Growth

Even with market share where it is; NAS expects additional growth due to current under utilization of capacity

## Flat Products

### Auto Applications:

- NAS share's no more than 5% today
- Annual Market in Good Years 0.5 million tons
- Big Growth Opportunity in 409 aluminized and HR1 for Japanese Transplants

### Duplex Grades:

- Growing Market
- Uses are in Tank Production, Water Treatment Systems and Chemical Industry

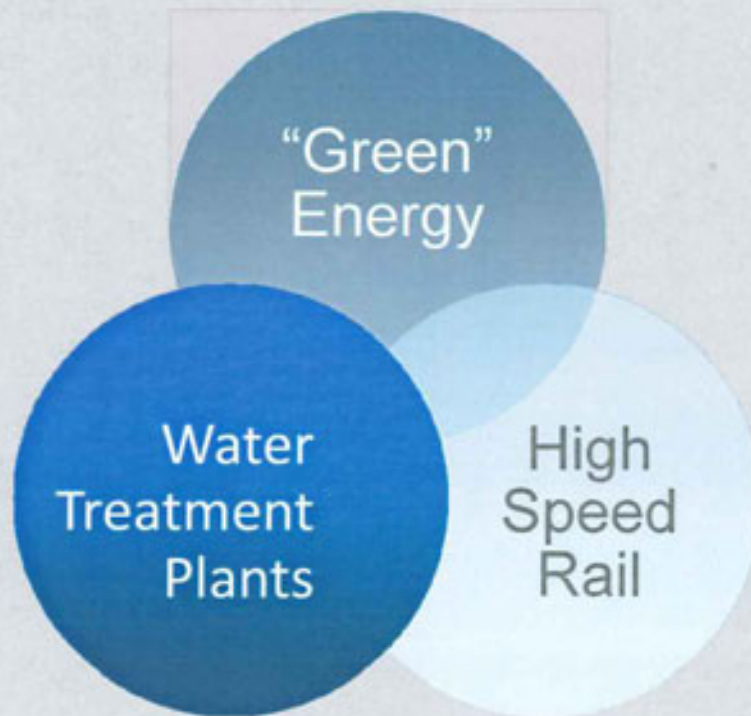
## Long Products

### Long:

- Huge Growth Potential with Stainless Steel Rebar in Road and Bridge Construction

# Current Administration

## UPGRADES



- ✓ "Green" Energy: NAS has attained approvals to supply the Solar and Nuclear Industries.
- ✓ Water Treatment Plants are being improved
- ✓ Federal dollars going into High Speed Rail Projects where much of the car is Stainless.

# Cost Improvements

Work to Improve Competitiveness of NAS

## EXCEL Program

1

A TWO year benchmarking program within the Acerinox group to reach specific goals improving:

- Yield
- Chemical Composition
- Quality
- On Time Delivery
- Inventory Control

75% of Goals achieved as of June 30, 2010

## Other Improvements

2

- Tracking main consumables to drive down cost and consumption
- Established an Energy Efficiency Team to review Energy consumption and Implement Savings Strategies
- Close Monitoring of Contractor Usage to Reduce when Justified by Production Levels



THANK YOU!