

Metal Bulletin India Ferroalloy Conference

Hyderabad 8-10 February 2004

Alloy Market: Present Situation & Trends



bhpbilliton

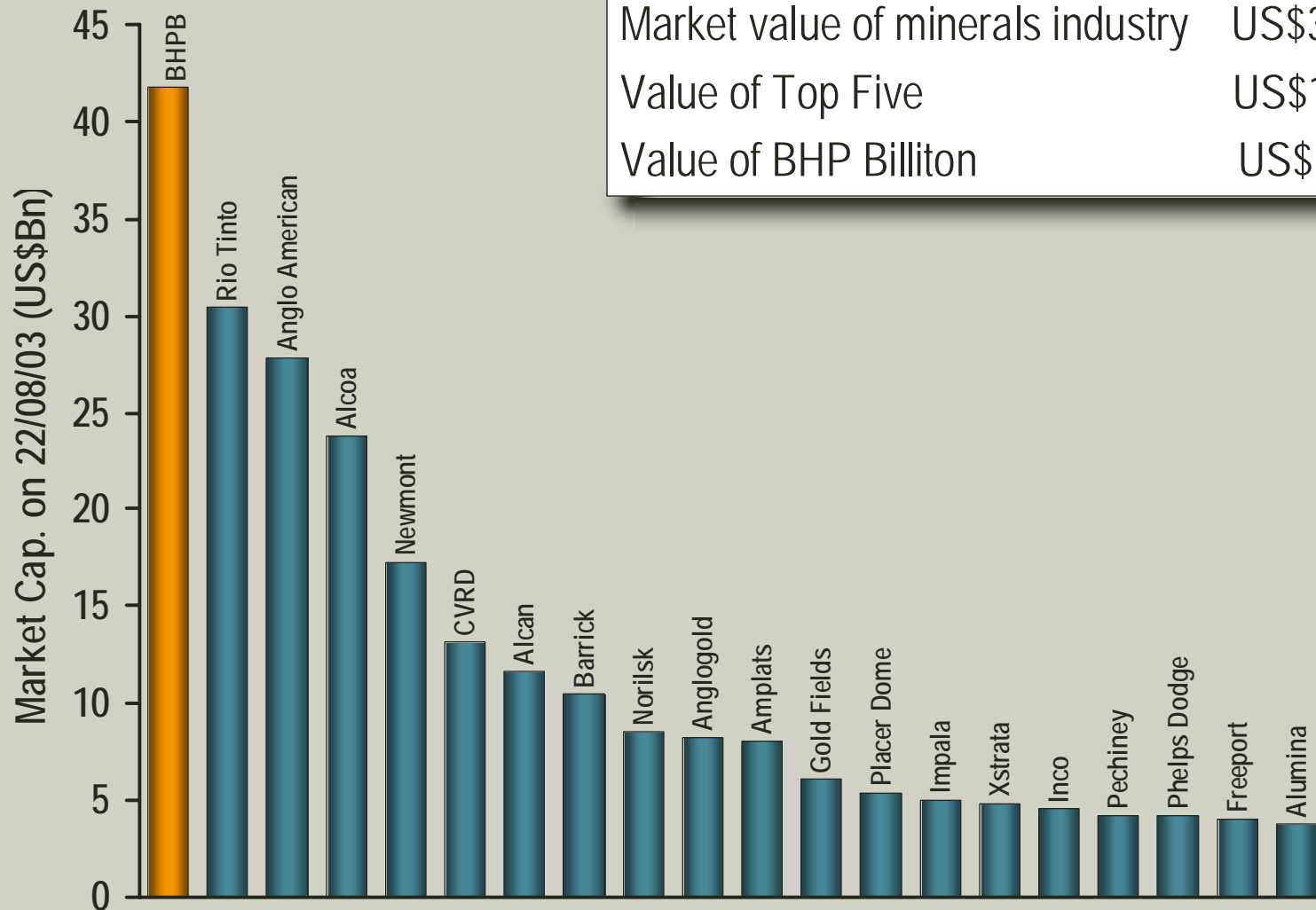
Introduction

1. BHP Billiton's position in the carbon steel materials and ferroalloy industry
2. Trends in world steel and ferroalloy demand
3. Possible implications for India

Part 1

BHP Billiton and Samancor in the Ferroalloy Industry

BHP Billiton - The largest company in a consolidating sector



Market value of minerals industry	US\$306 bn
Value of Top Five	US\$141 bn
Value of BHP Billiton	US\$ 42 bn

Source: Datastream

A global footprint

Petroleum



Aluminium



Base Metals



Carbon Steel Materials



Diamonds & Spec Prod



Energy Coal

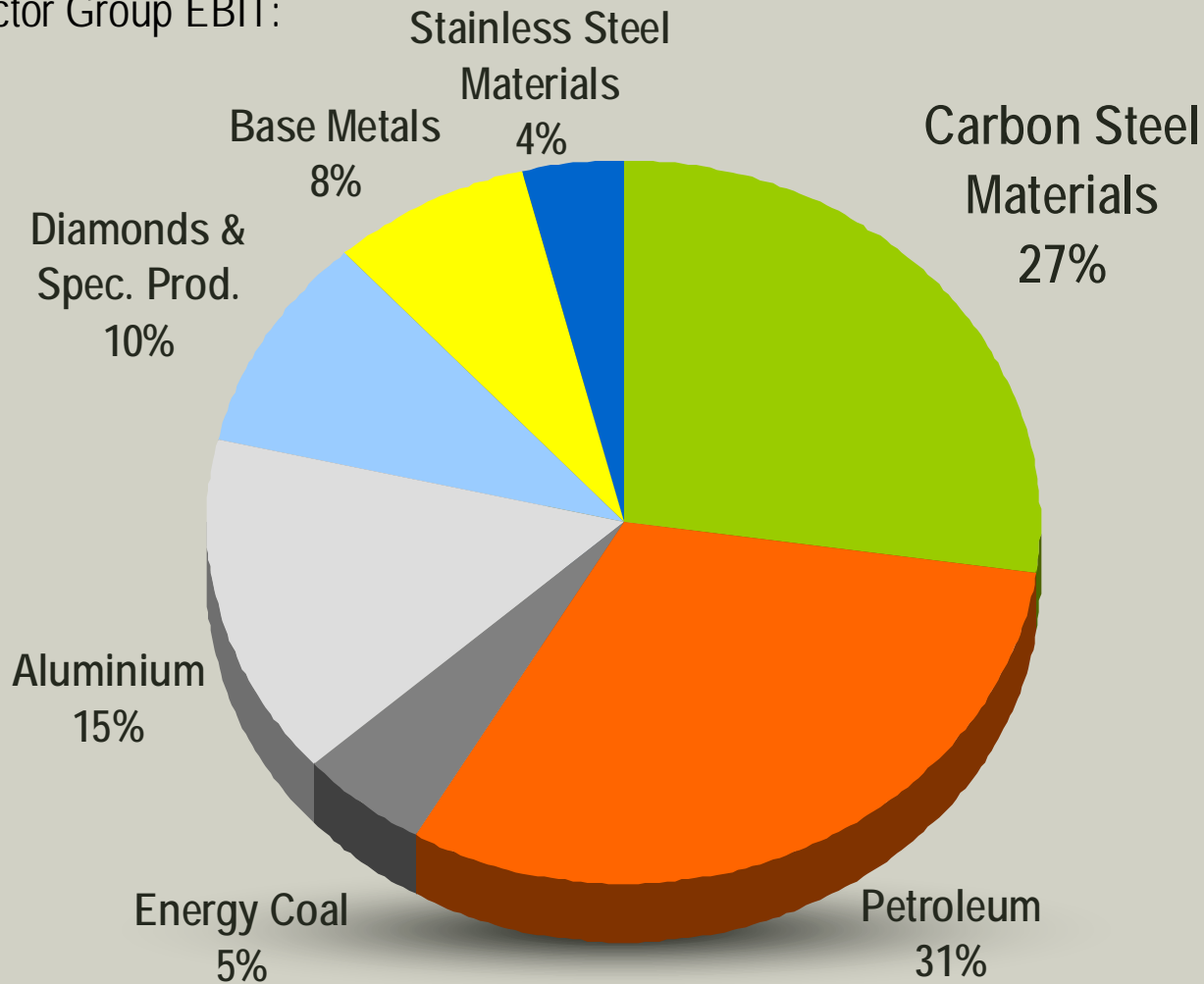


Stainless Steel Materials



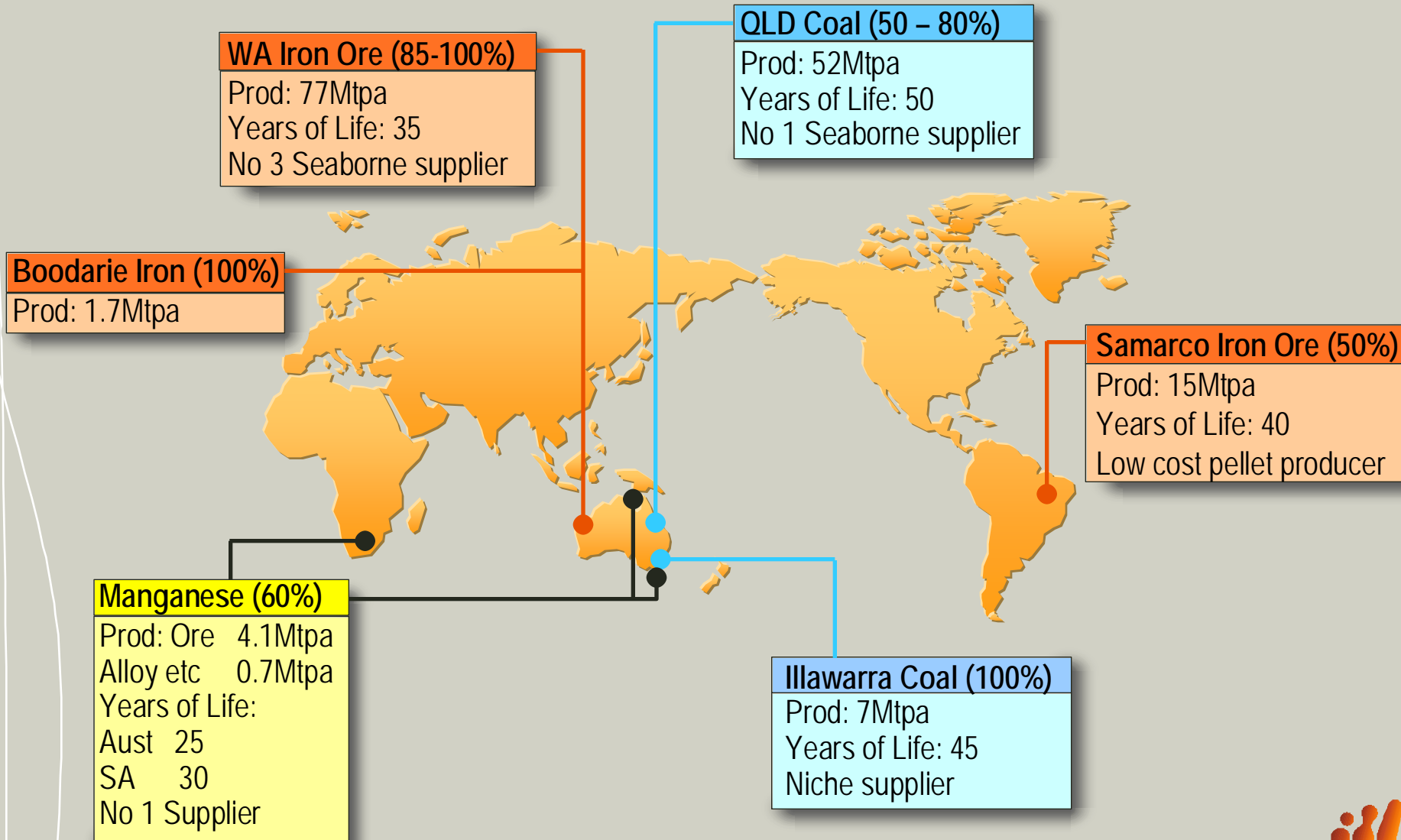
Carbon Steel Materials – 27% of BHPB EBIT

Customer Sector Group EBIT:



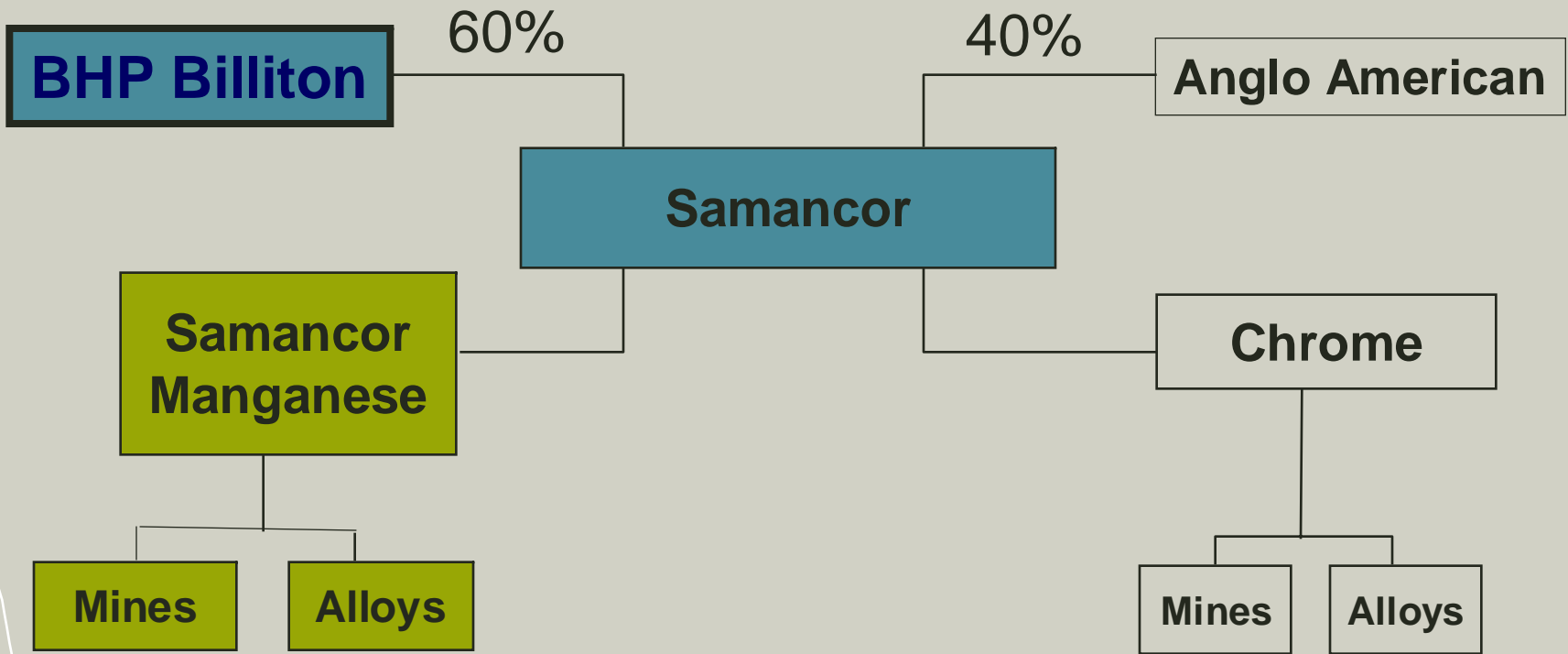
Data for year ended 30 June 2003

Carbon Steel Materials Assets



100% nominal production capacity

Samancor Manganese



- Wessels
- Mamatwan
- Gemco
- Metalloys
- Temco

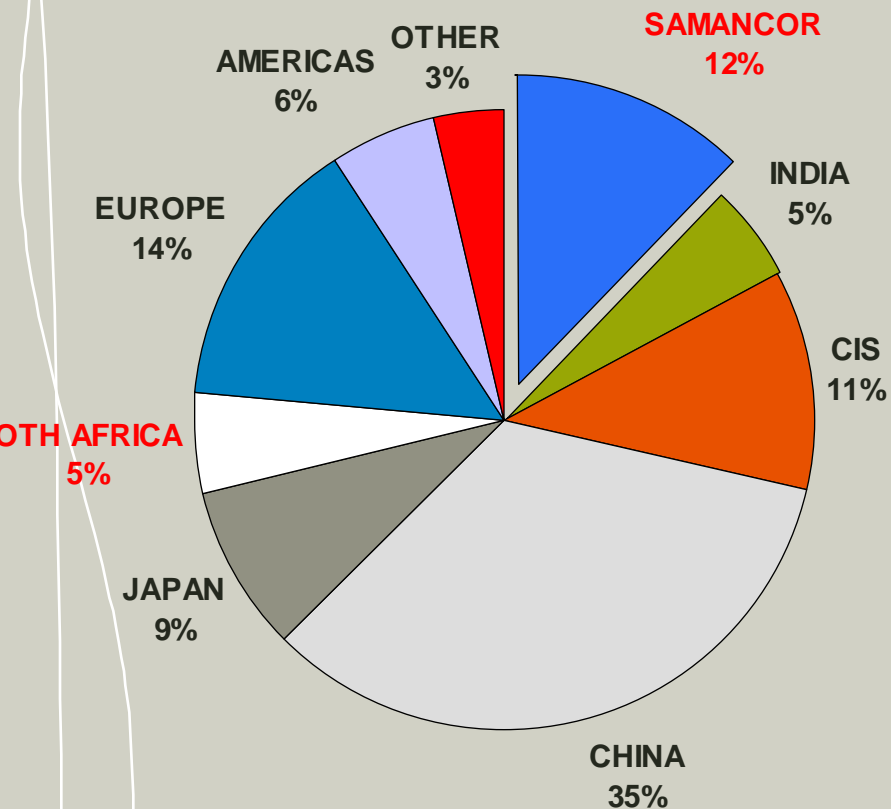
South African operations

Samancor Manages Operations

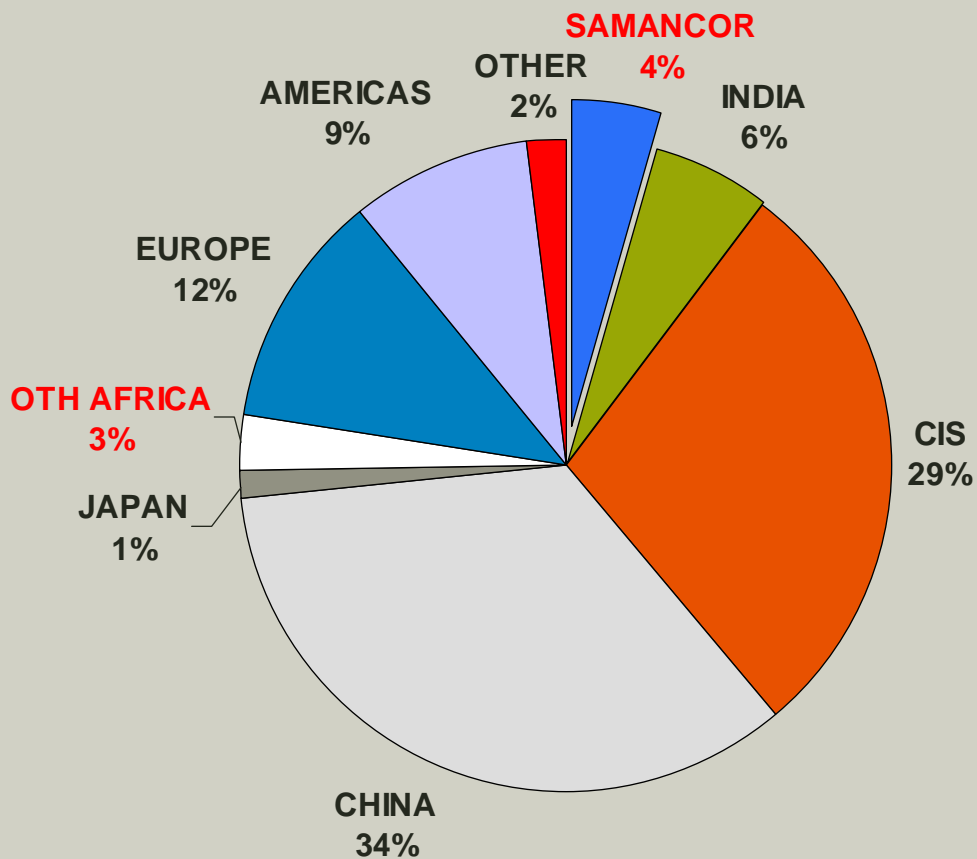


Samancor share of world Mn Alloy production

HCFeMn



SiMn



World Mn Alloy Production 2003 = 8.9Mt

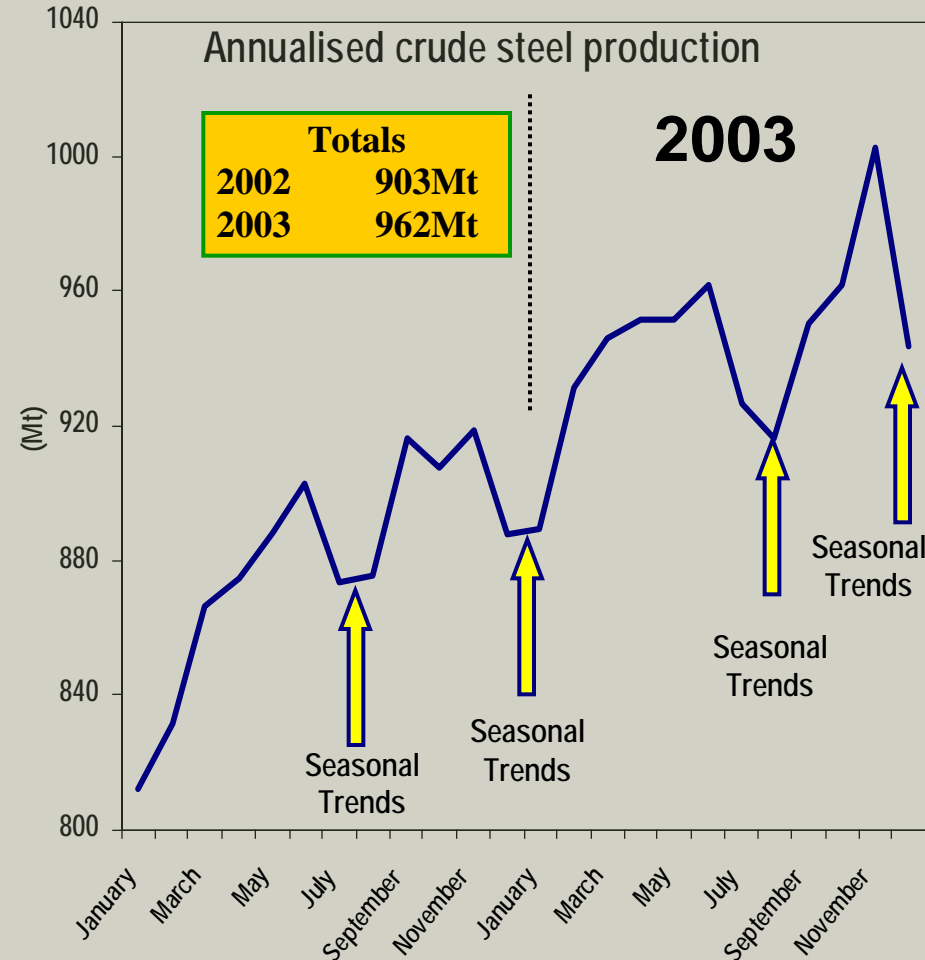
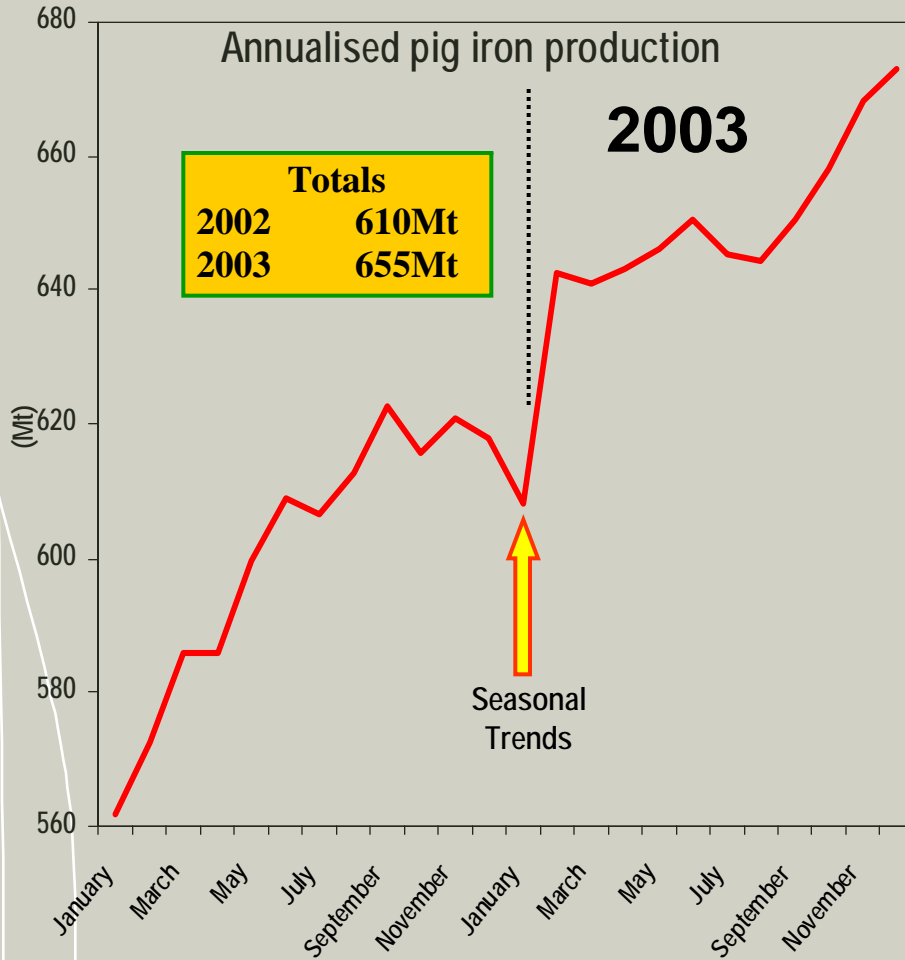
Part 1 Summary

- BHP Billiton is the world's largest supplier of steelmaking raw materials
- Samancor is the world's largest producer of manganese units

Part 2

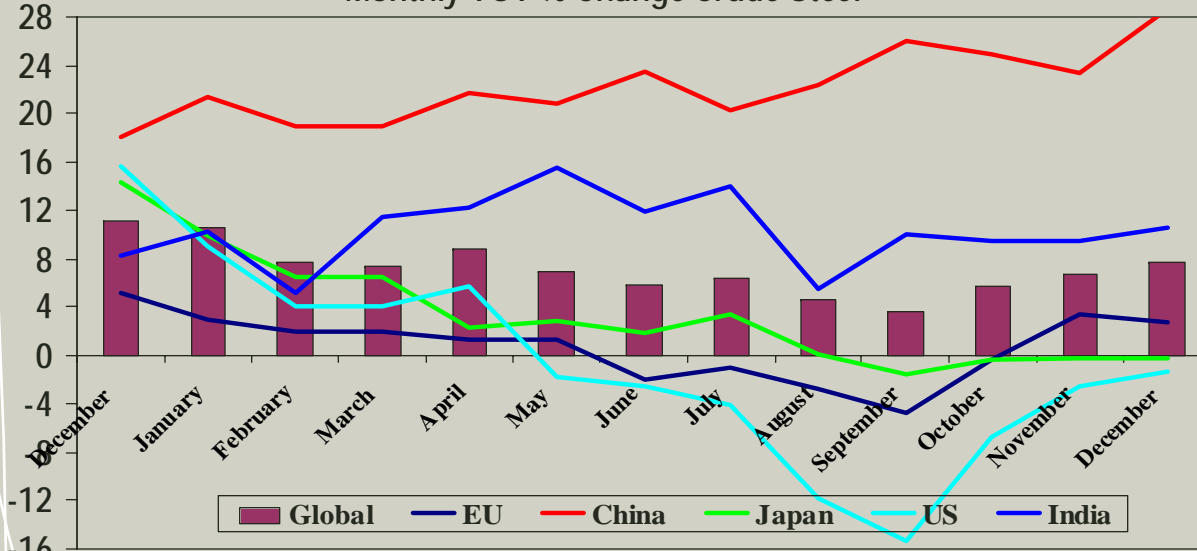
Trends in world steel and ferroalloy demand

Annualised steel and pig iron production trends

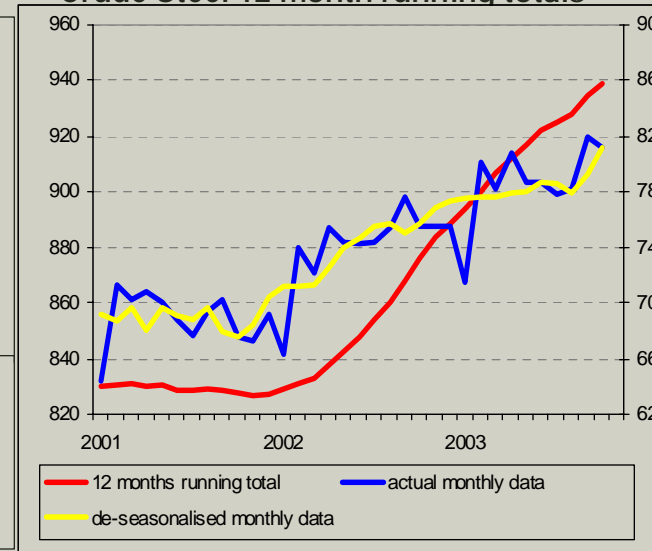


Divergent trends emerged during the year

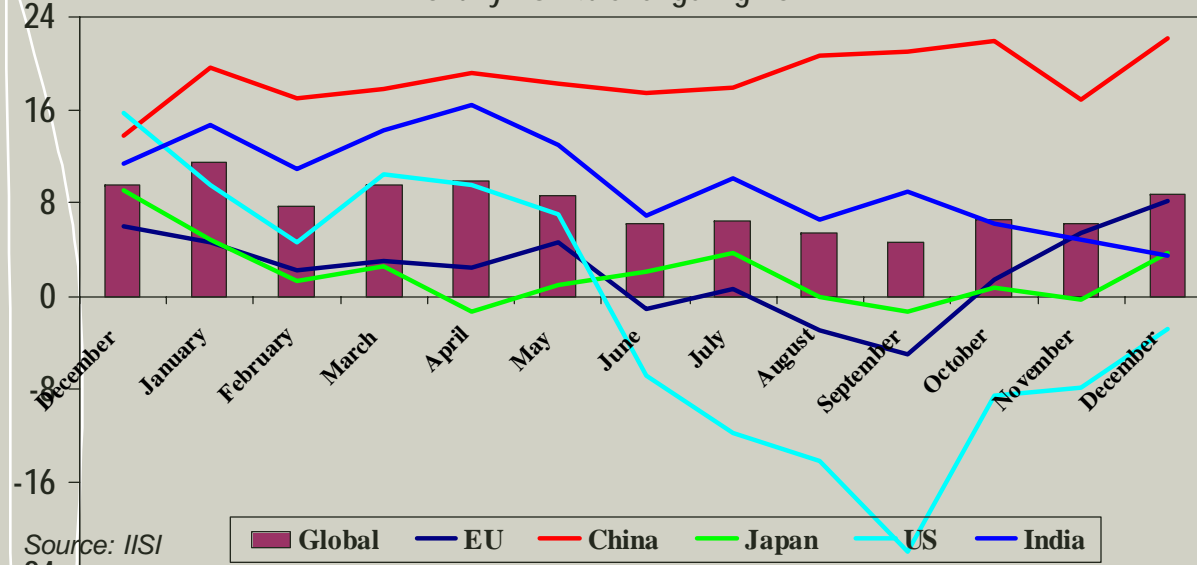
Monthly YOY % Change Crude Steel



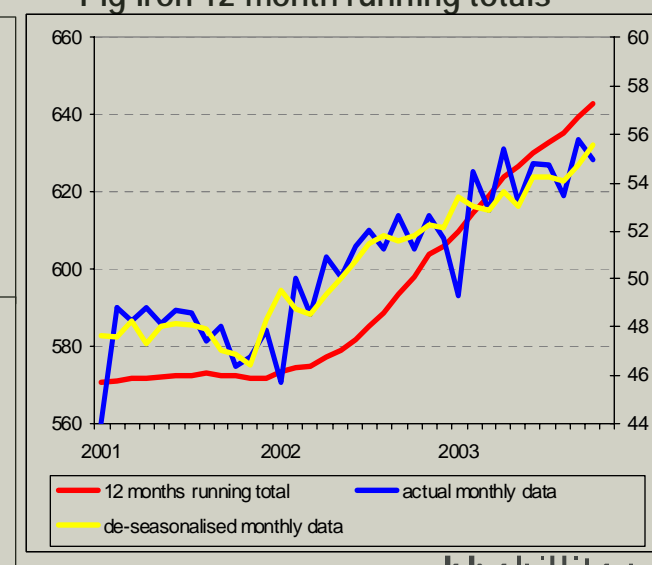
Crude Steel 12 month running totals



Monthly YOY % Change Pig Iron

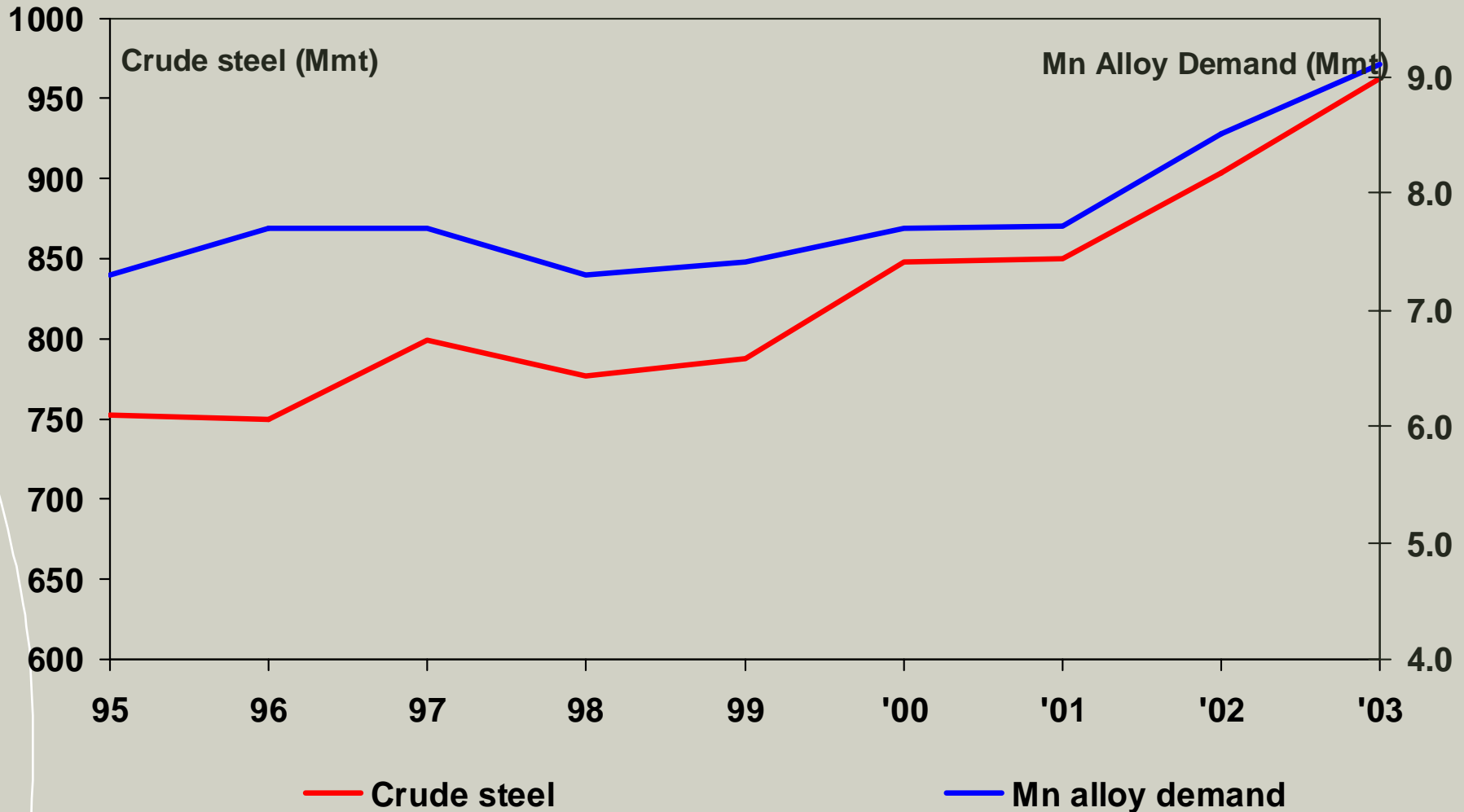


Pig Iron 12 month running totals



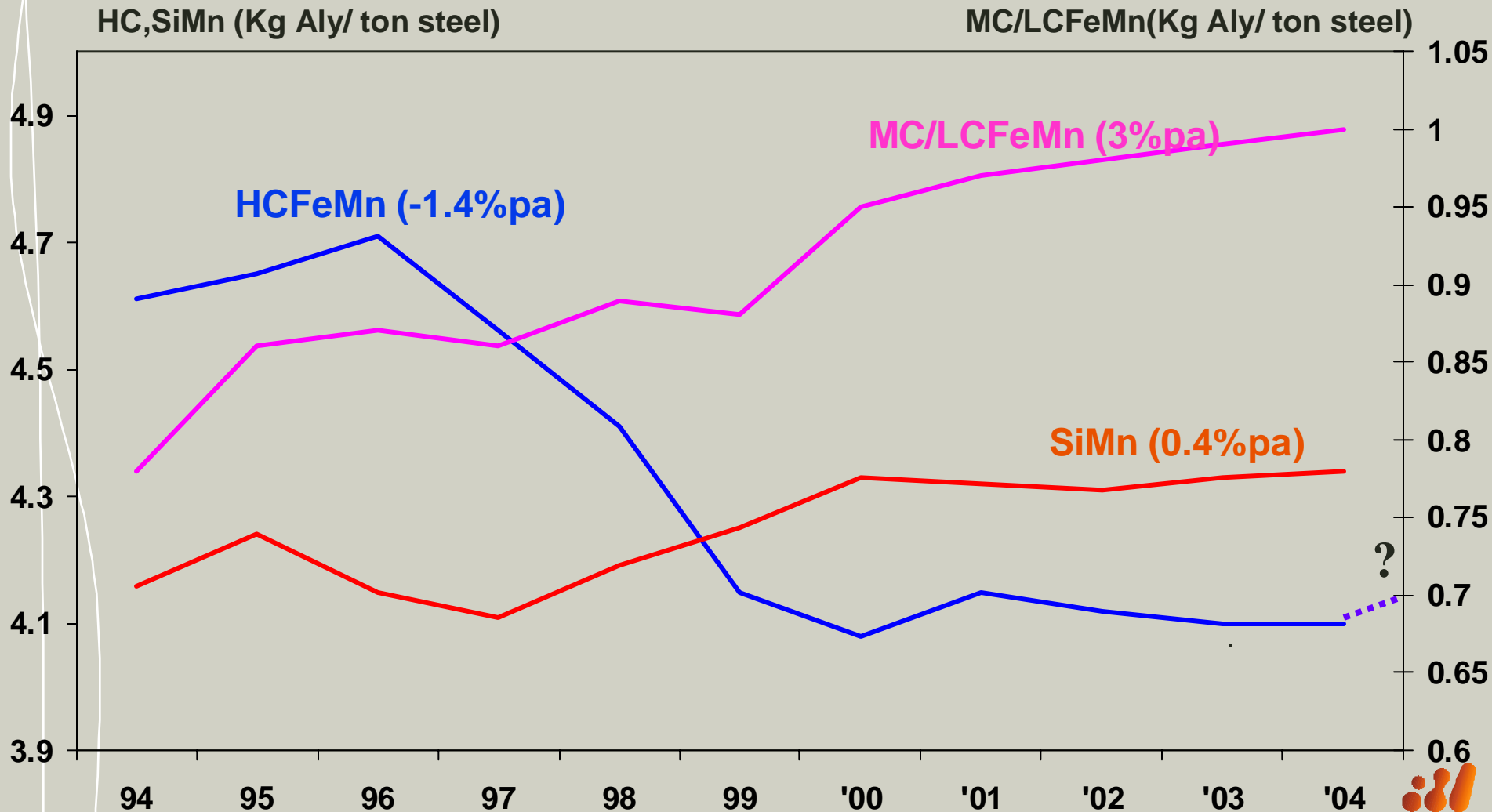
Source: IISI

World Mn Alloy Demand



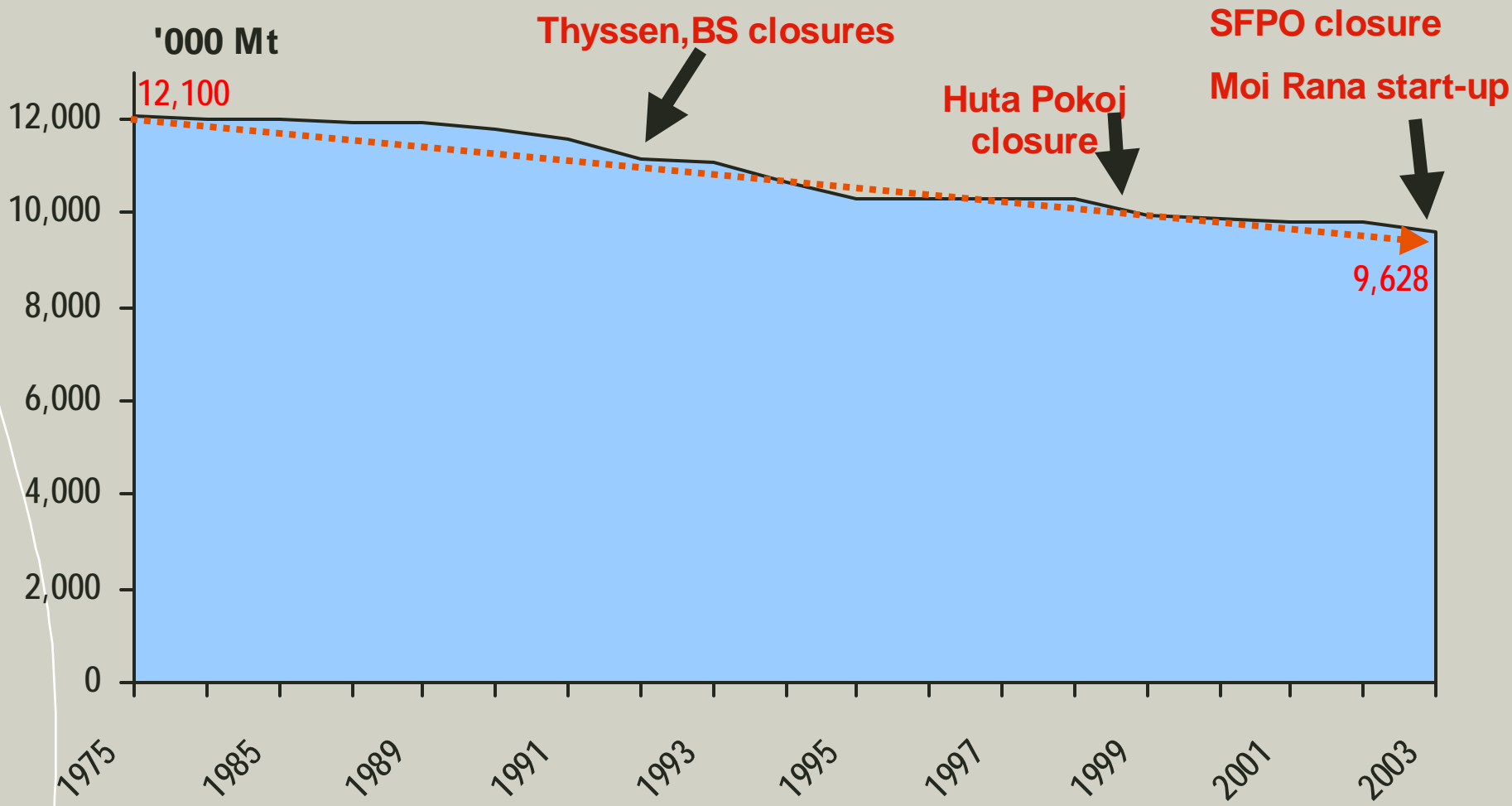
World Mn Alloy Consumption Trends

Steel industry/technological trends → Manganese consumption



Source: IISI, IMnI

World Mn Alloy Capacity History

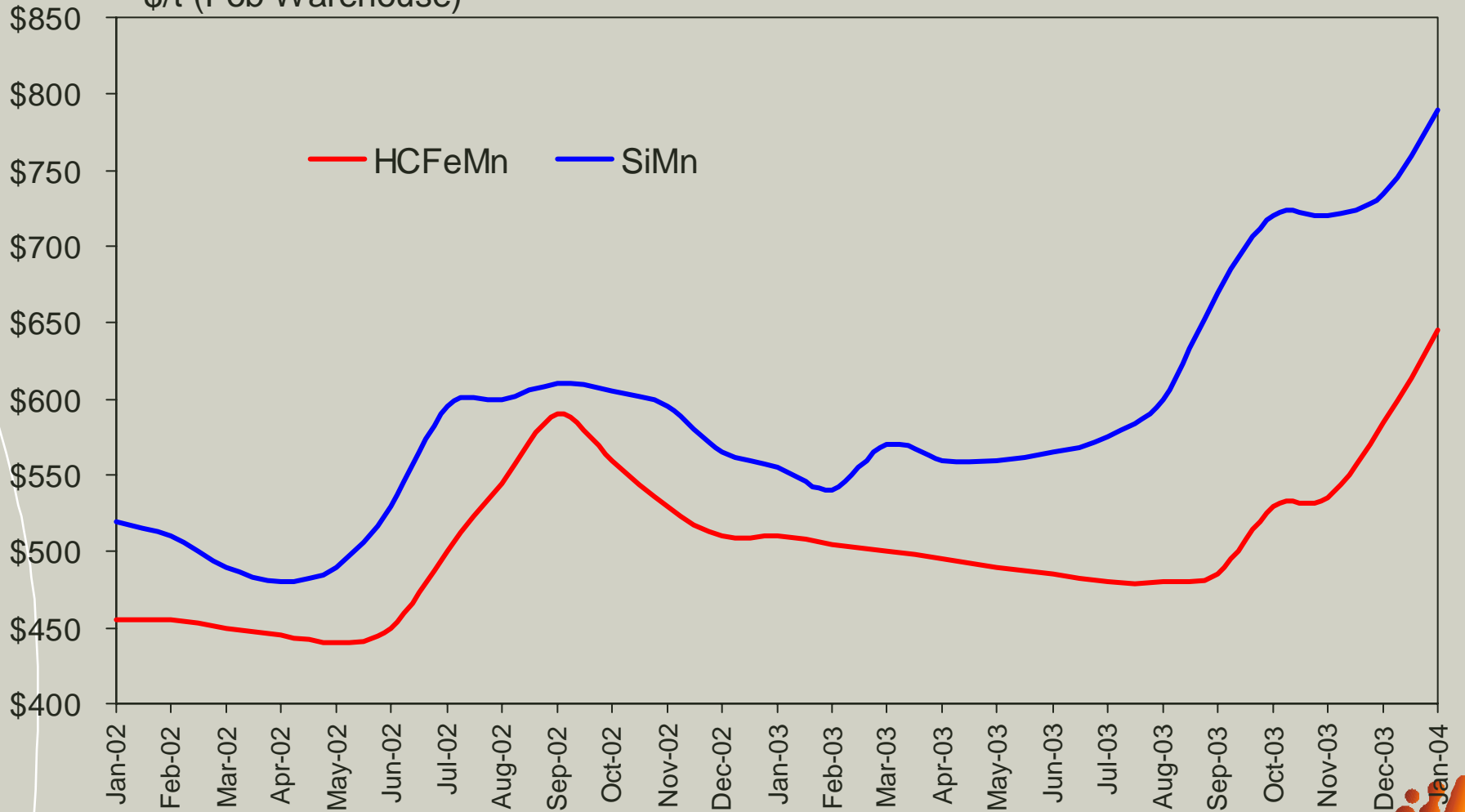


Source:- IMnI

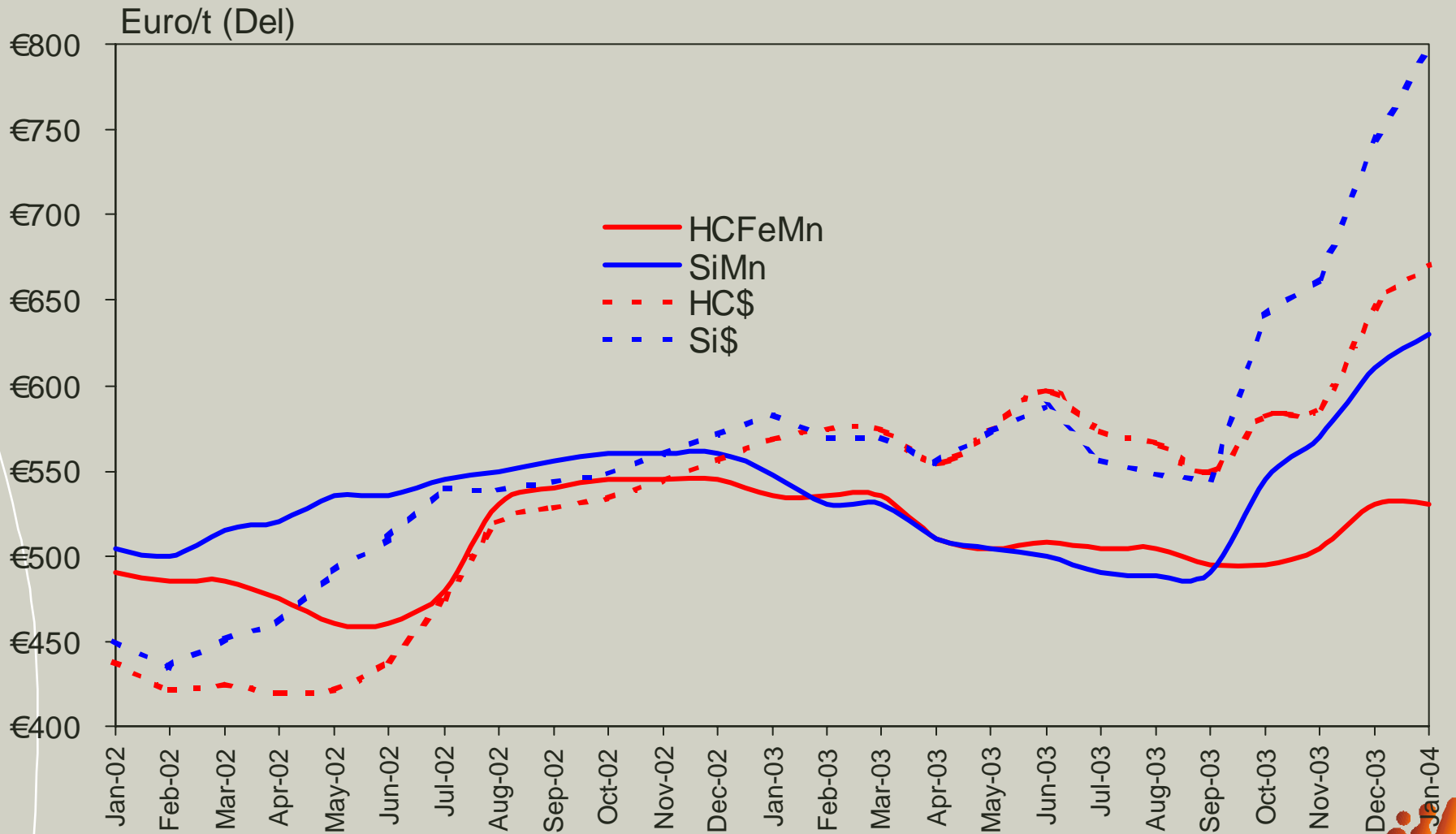


MN Alloy Pricing trends – US monthly

\$/t (Fob Warehouse)



MN Alloy Pricing trends – Europe monthly



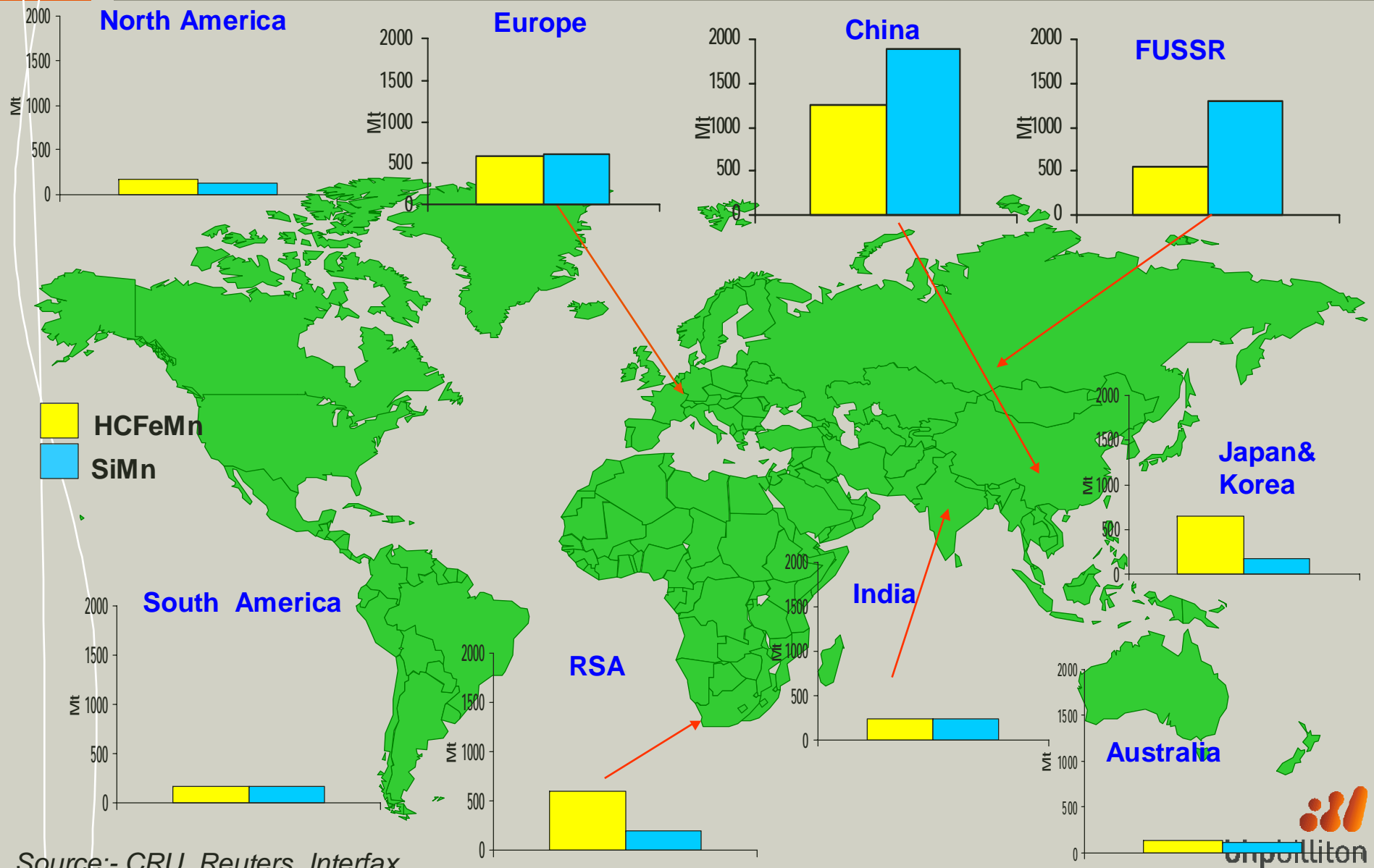
Part 2 - Summary

- Global Steel production has grown dramatically over the last 2 years, driven by Asia, and in particular China and India
- The fall in HCFeMn consumption per ton of steel has now stopped
- Alloy Capacity has fallen consistently over the last few years
- Prices have increased as supply has failed to keep up with demand

Part 3

Implications for India

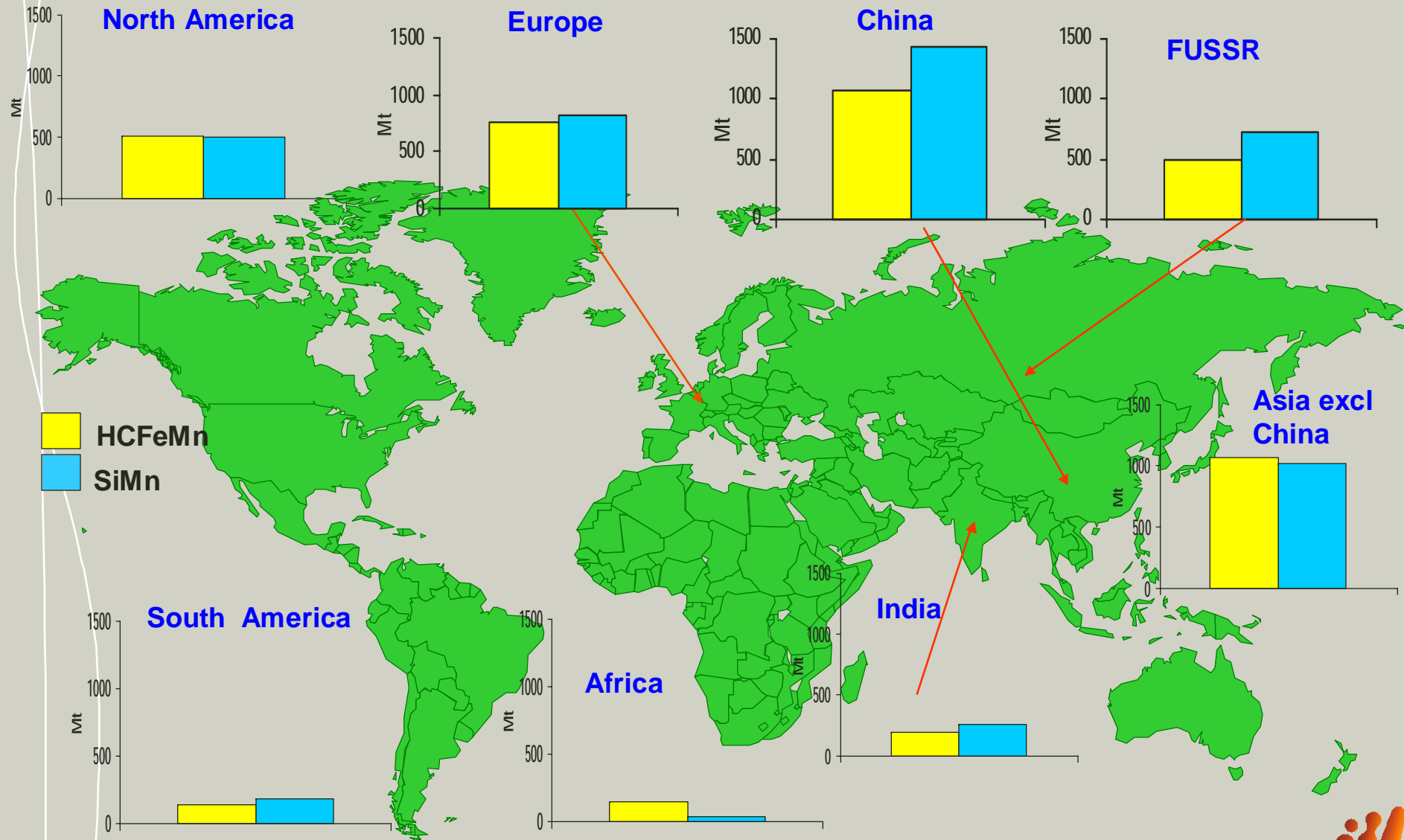
World Manganese Alloy Supply – 2003



Source:- CRU, Reuters, Interfax



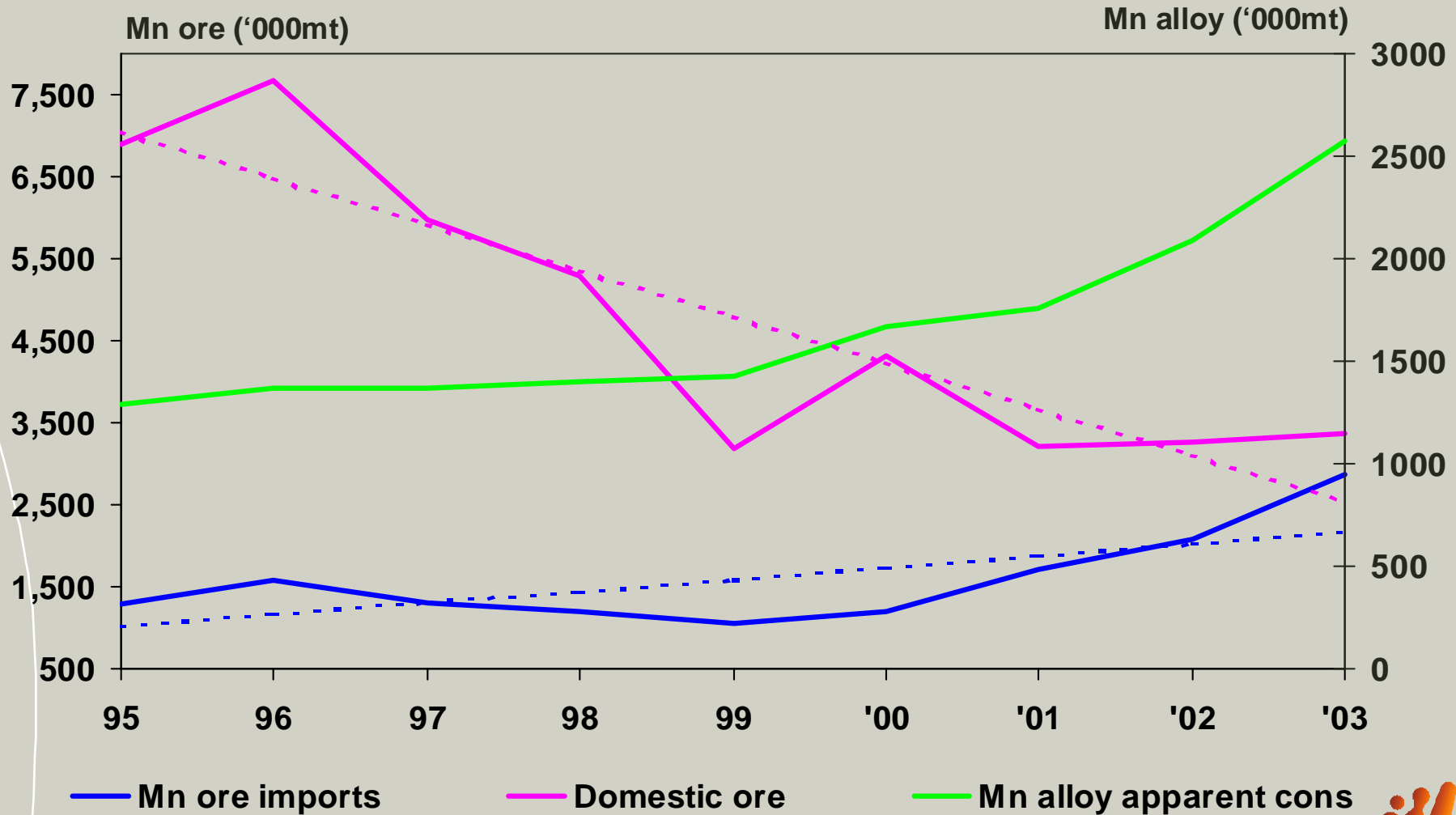
World Manganese Alloy Demand – 2003



Source:- CRU, Reuters, Interfax

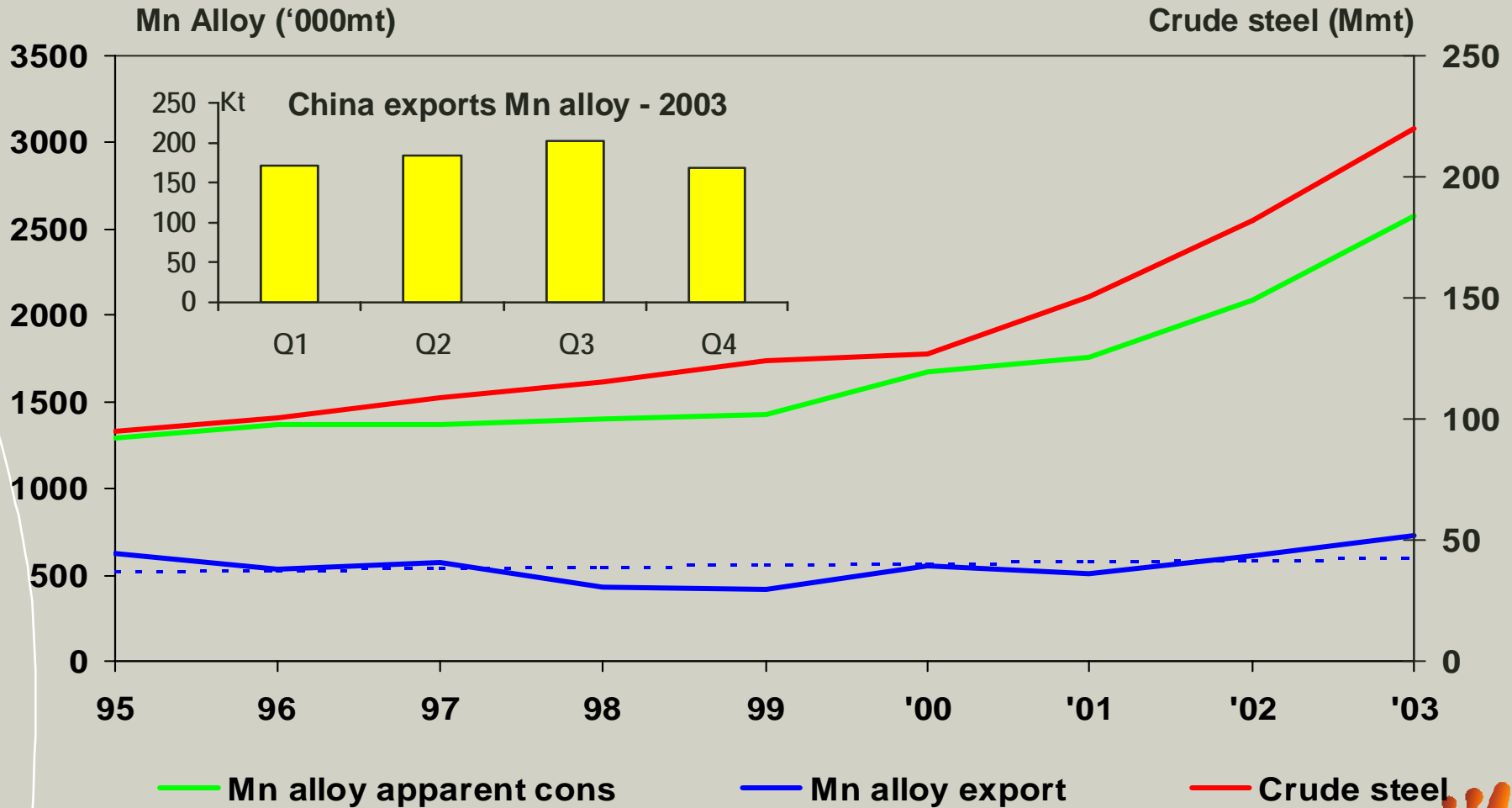
Manganese supply:demand in China

2003 → Domestic alloy apparent consumption increase ±500Kt met by imported ore



MN Alloy exports from China

Mn alloy exports showing signs of slowing down from Q4 2003



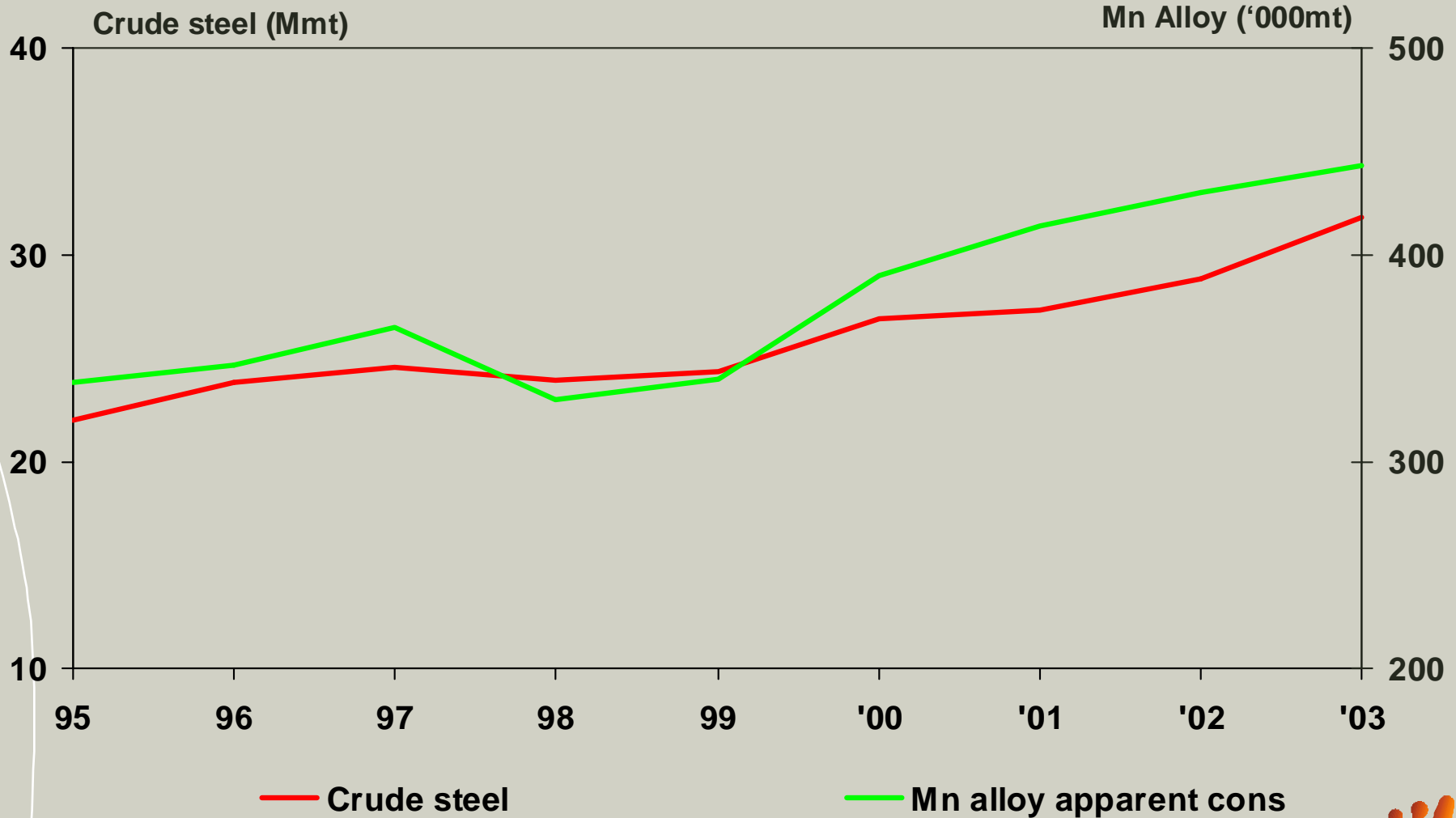
Source: IISI, China trade statistics, IMnI

Indian Mn Alloy Industry 2003

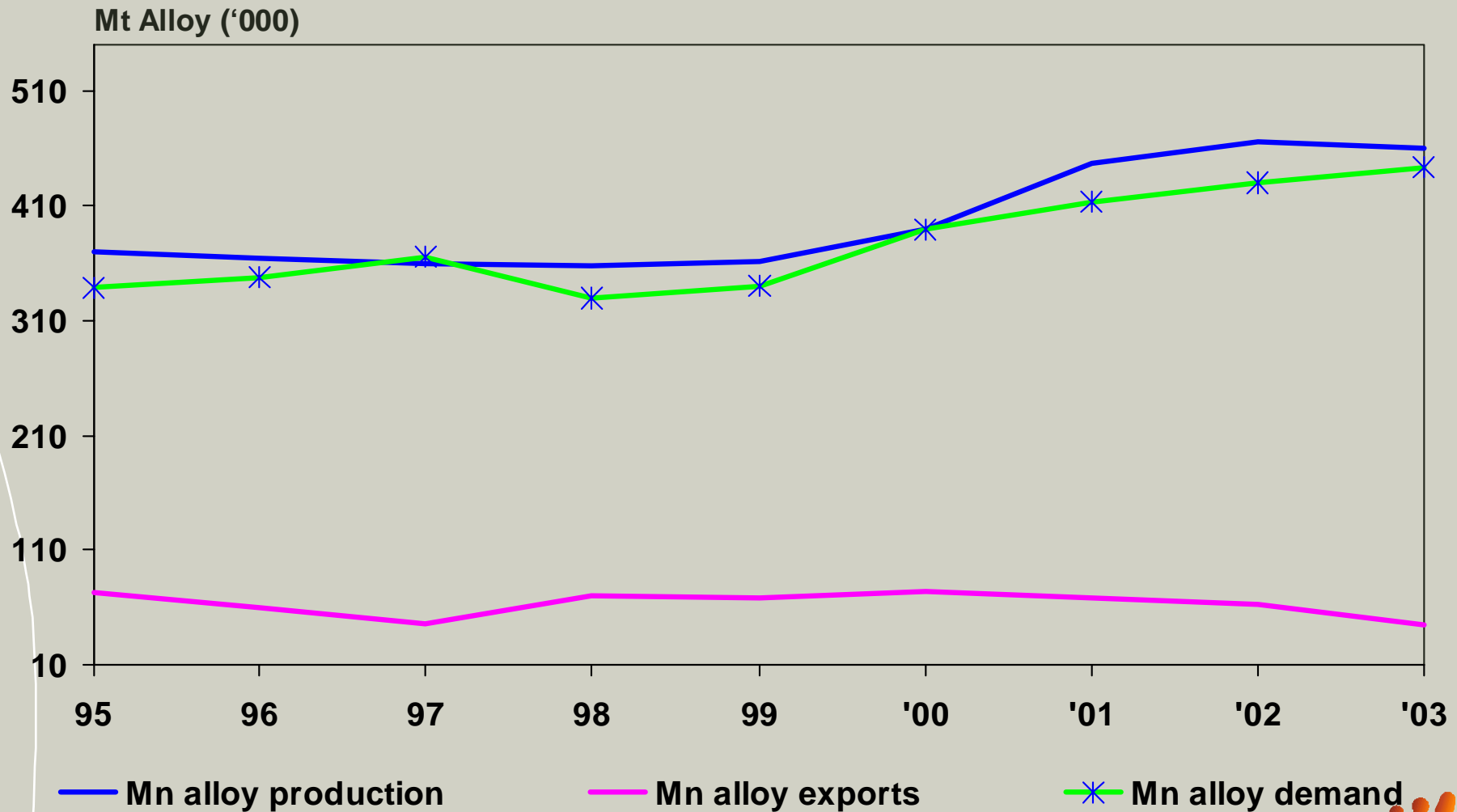
'000 Mt

	CAPACITY	PRODUCTION	APPARENT CONSUMPTN	EXPORT 6m annualised	IMPORT 6m annualised
HCFeMn	432	230	172	10	1
SiMn	570	309	258	42	2
Refined	15	0	13	1	7
TOTAL	1 017	539	443	53	10

Mn Alloy consumption in India



MN Alloy supply and demand in India



Mn Industry issues for India

CRUDE STEEL

- Production fcst to increase to 33-35 mt in 2004 +5 mt on 2003, and reach 47 mt by 2007 Majority of this increase will be via BOF capacity expansions (Source: CRU)

MANGANESE

- Power availability and cost
- Coke availability and cost
- Steady increase in Mn ore production in next few years
- Transport logistics for both ore and alloys
- Reduction of import duties on ferroalloys from 25% to 15% could in the long run induce imports into India

Part 3 - Summary

- India is in the unique position, similar to China, of being both a large user *and* a large producer and exporter of ferroalloys
- As steel production takes off, India will quickly need to make decisions about:
 - whether to continue exporting ferroalloys
 - whether sufficient high quality ore can be sourced in India to make HCFeMn in particular
 - If not, whether the best option is to buy HCFeMn or high quality Mn Ore
 - depending on factors such as power, coke and transport logistics

Summary

1. BHP Billiton is importantly placed to meet demand for all carbon steel materials.
2. Samancor is well placed to supply not only Mn ore and also high quality HCFeMn and SiMn
3. Demand for these products is growing sharply as the steel industry grows and makes more steel via the BOF route
4. India will soon need to make decisions about where to source Mn units in the future

We look forward to discussing the options!

Thank You

Brett.Suann@BHPBilliton.com