

# Mill Rolls

## Industry Research Report

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**Boston Strategies**  
Global Supply Chain Economists

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# Highlights

# Mill roll suppliers had record sales in 2007

- The major suppliers posted strong sale increases in 2007:
  - Sinosteel Xingtai Machinery & Mill Roll Co., up 35%
  - Akers, up 20%
  - ESW, up 21%
  - Aços Villares up 20%
- The top five suppliers for mill rolls continue to account for over 50% of the market.
- Akers remains the leader with an estimated 15% market share.
- Sinosteel Xingtai Machinery replaced Union Electric/Davy as #2.
- Backlogs are high in the industry – 2-3 years.

## Top Suppliers and Market Shares

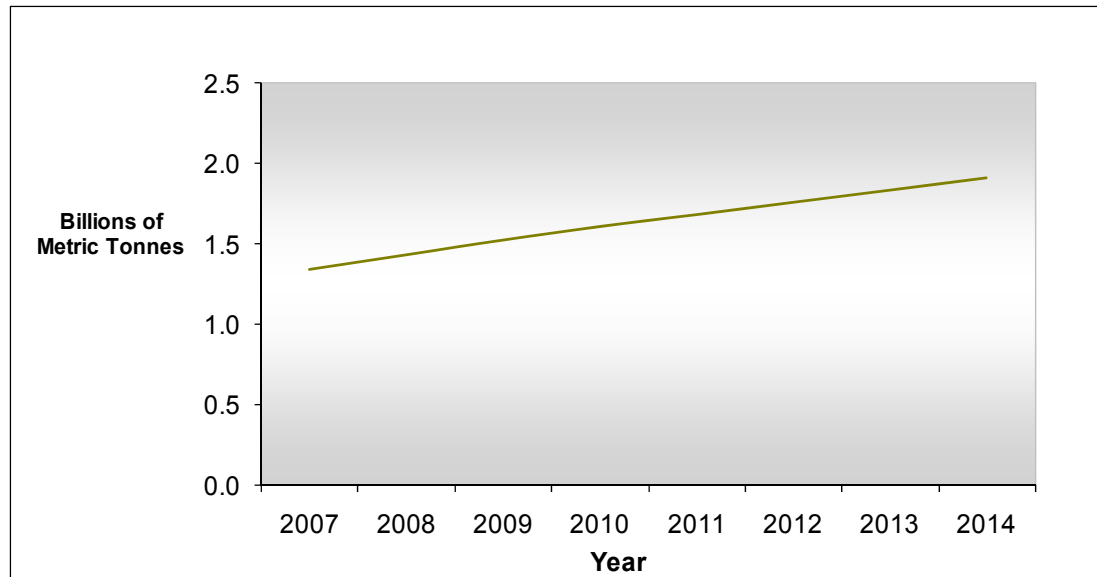
Rank	Name	Mill Roll Market Share
1	AKERS National Roll Co.	15%
2	Sinosteel Xingtai Machinery & Mill Roll Co., Ltd	11%
3	Union Electric Steel / Davy Roll Company	10%
4	Sidenor / Acos Villares SA	8%
5	WHEMCO	7%

# Demand

# Steel production will increase, but at a slower rate of growth

- Mill Roll demand is driven by the steel industry.
- Global steel consumption is set to increase in 2008 and 2009, but the rate of increase will decline from 8% in 2007 to 6% for 2008-2010, and 4% until 2014.
- Demand for steel would have stagnated if not for demand in China and emerging markets.

Iron & Steel Production

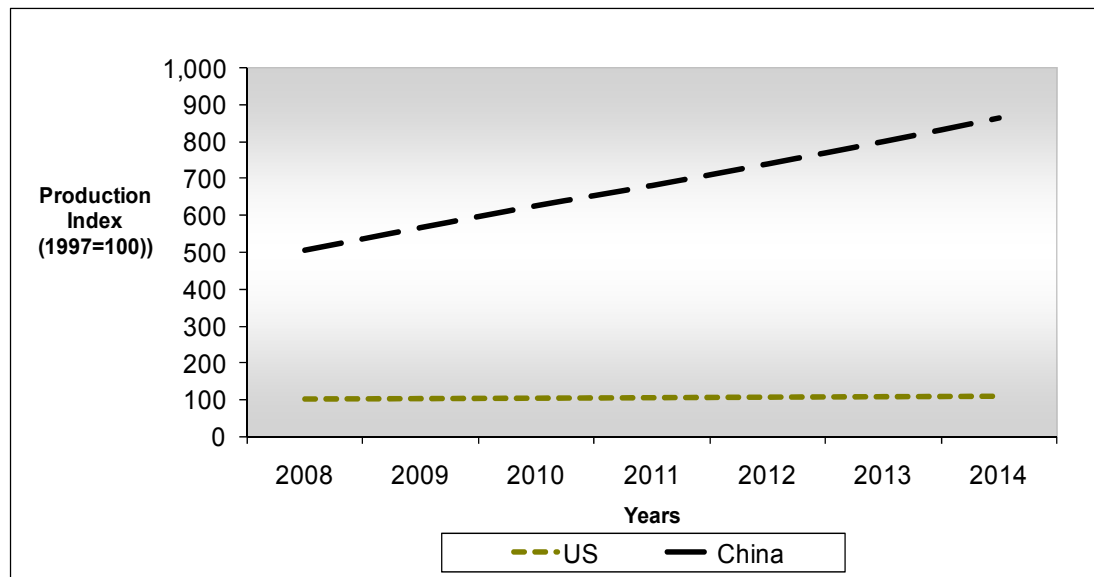


Source: Boston Logistics analysis of IISI data

# Asian markets will continue to drive demand for steel

- Chinese steel consumption is expected to grow by 11.5% in 2008 and 10.0% in 2009, accounting for 35% and 37% of world total by in 2008 and 2009, respectively, driven primarily by infrastructure projects in this region.
- Actual steel production in the US is forecast to be flat from 2008-2010, primarily due to a slowdown in auto and construction.

Iron and Steel Production Index (Index, 1997=100)

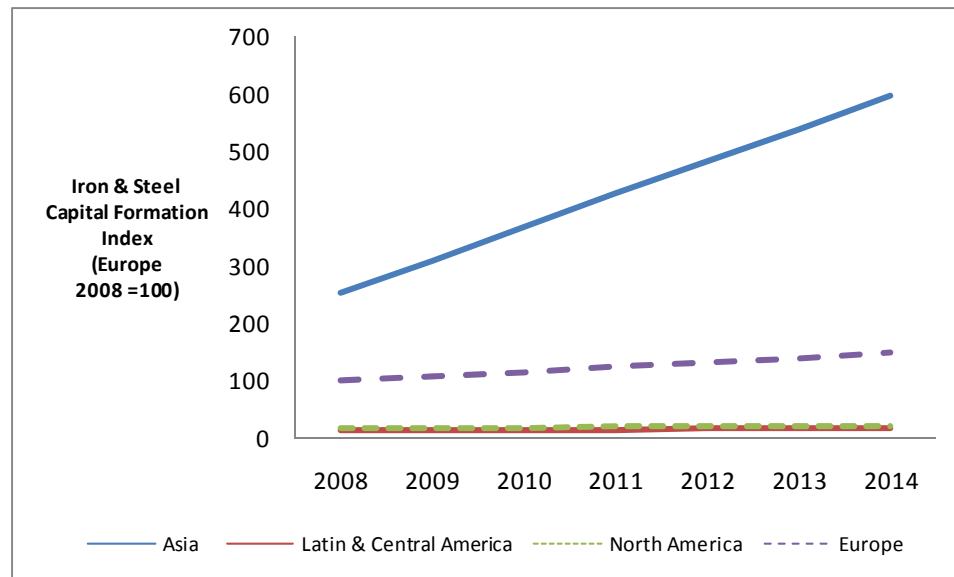


Source: Boston Logistics analysis of Global Insight and IISI data

# Suppliers will nearly double investments in iron and steel production capacity in Asia by 2012

- In 2008, Asia comprises nearly three quarters of the total capital expenditures for the global Iron & Steel industry and will grow at nearly 20% during 2008 while North America does not grow at all.
- Chinese investment is over 40% of GDP and will remain at about that level for the next five years.

Iron and Steel Capital Investment Trend



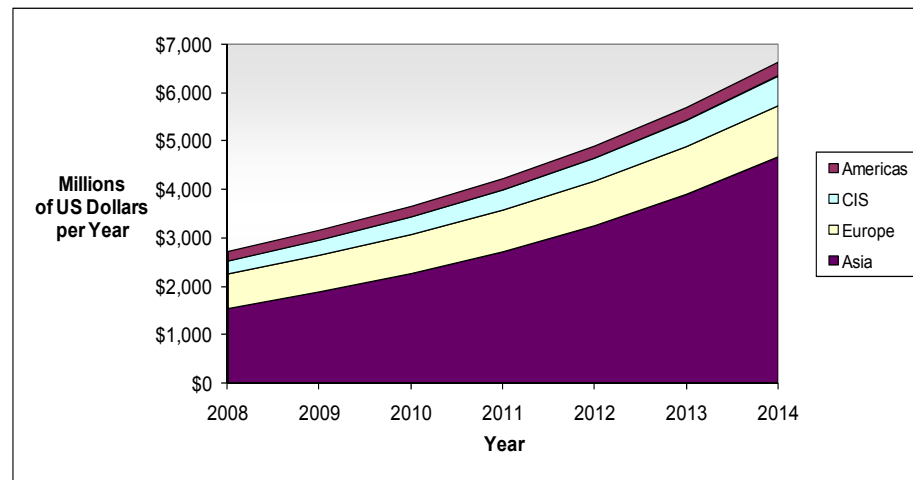
Source: Boston Logistics analysis of Global Insight data



# Demand for mill rolls continues strong

- For all types of rolls, Asia leads the demand for rolls, followed by Europe, CIS and the Americas.
- New mills coming out in China and India will keep demand for new rolls high. Demand for mill rolls demand will increase at 12-15% per year through 2012.
- This represents an increase in demand from our previous forecast of 10-12% due primarily to higher forecasts for capital expenditures for the iron and steel industry

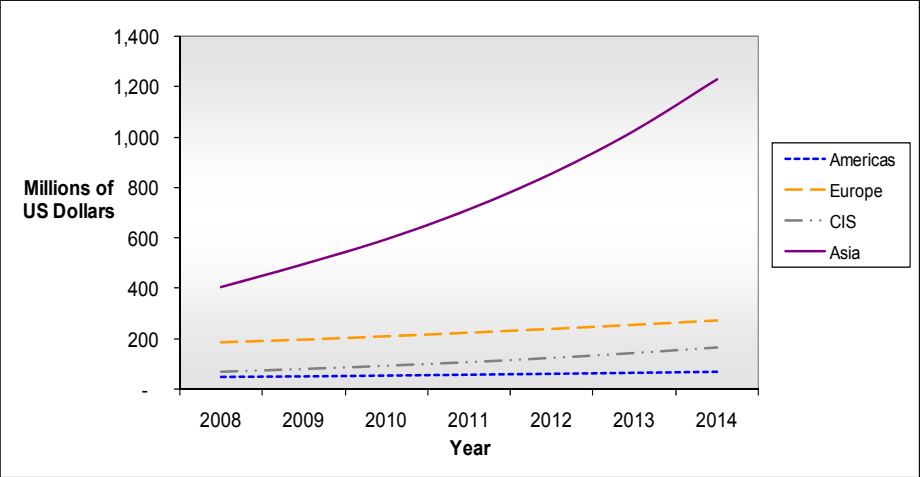
**Demand for Mill Rolls Worldwide**



Source: Boston Logistics analysis

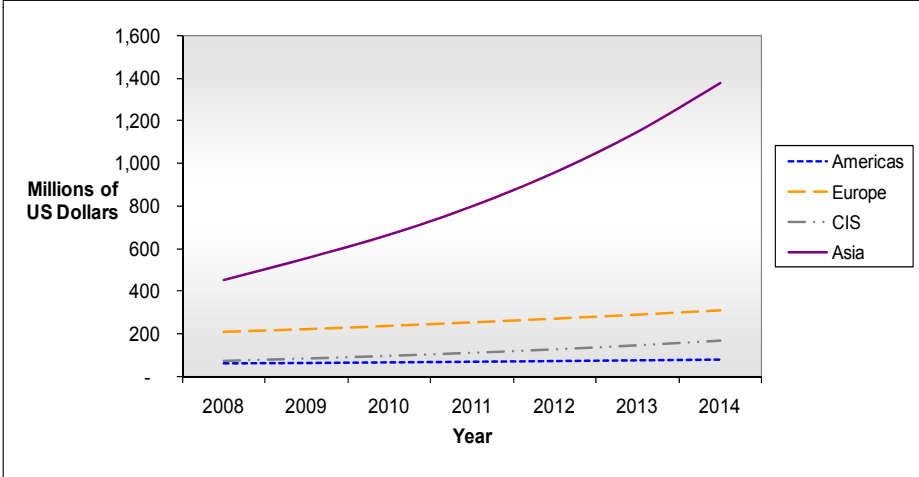
# Asian demand for cast and forged rolls will triple by 2014

**Demand for Cast Work Rolls**



Source: Boston Logistics analysis

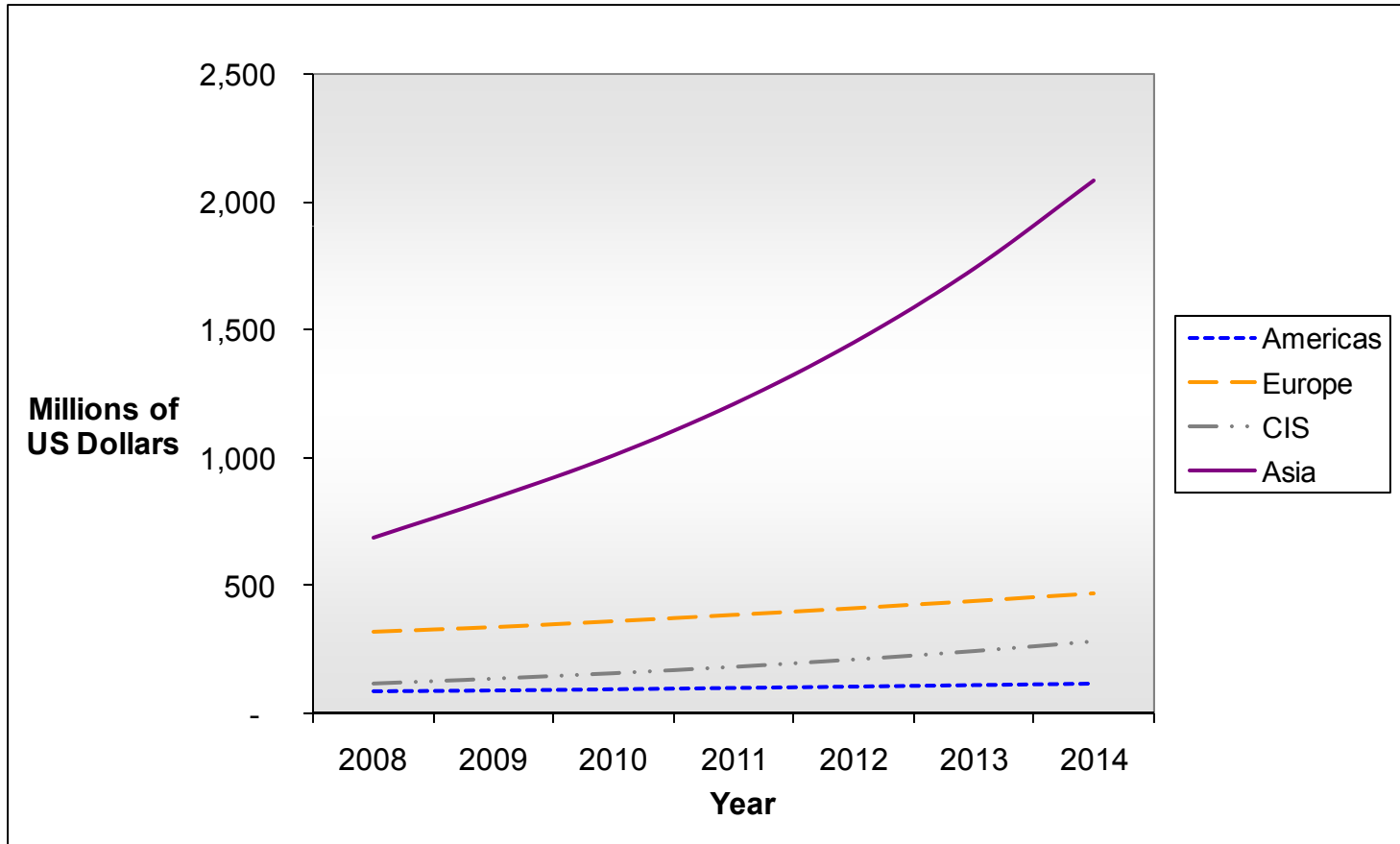
**Demand for Forged Work Rolls**



Source: Boston Logistics analysis

# As for work rolls, demand for backup rolls in Asia will drive the market

## Demand for Backup Rolls



Source: Boston Logistics analysis

# Top Suppliers

# Top Mill Roll Suppliers

Rank	Name	Home Country	Sales (2007) (000's \$US)	Rolls as a % of Sales	2007 Mill Rolls Revenues (M\$US)	Mill Roll Market Share	Tons of Mill Roll Capacity (000)
1	AKERS National Roll Co.	Sweden, Slovenia	477,802	83%	398	15%	92
2	Sinosteel Xingtai Machinery& Mill Roll Co., Ltd	China	330,000	90%	297	11%	140
3	Union Electric Steel / Davy Roll Company	USA	277,000	100%	277	10%	55
4	Sidenor / Acos Villares SA	Brazil, Spain	1,023,781	21%	215	8%	45
5	WHEMCO	USA	330,625	60%	198	7%	65
6	NKMZ - Novokramatorsky Mashinostroitelny Zavod Joint Stock Company	Ukraine	230,260	50%	115	4%	29
7	ESW	Austria	98,109	100%	98	4%	24
8	Gontermann-Peipers GmbH	Germany	146,200	50%	73	3%	22
9	Sheffield Forgemasters	UK	276,516	25%	69	3%	16
10	Nippon Steel & Sumikin Rolls Corp	Japan	67,903	100%	68	2%	15
11	Bao Steel Hitachi Rolls	Japan	57,143	100%	57	2%	18
12	Smorgon Steel	Australia	2,620,970	2%	52	2%	13
13	Heavy Engineering Corporation (HEC)	India	50,500	100%	51	2%	15
14	Steinhoff GmbH & Cie. OHG	Germany	49,600	100%	50	2%	15
15	Superior Forge and Steel	USA	38,800	100%	39	1%	8
16	Xtek Inc	USA	74,500	50%	37	1%	9
17	Gontermann-Peipers India Limited	India	36,600	100%	37	1%	11
18	Tayo Rolls Limited	India	39,122	72%	28	1%	11
19	United Foundries / SARCO	USA + S. Africa	27,965	100%	28	1%	9
20	Others				547	20%	153
	<b>Total</b>				<b>2,734</b>	<b>100%</b>	<b>763</b>



# Global Supply Chain Economists

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