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FEBRUARY 2014

VISION INTEGRITY EXPERIENCE



## STEEL INDUSTRY MARKET UPDATE

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MERGERS & ACQUISITIONS | CORPORATE FINANCE | FAIRNESS OPINIONS

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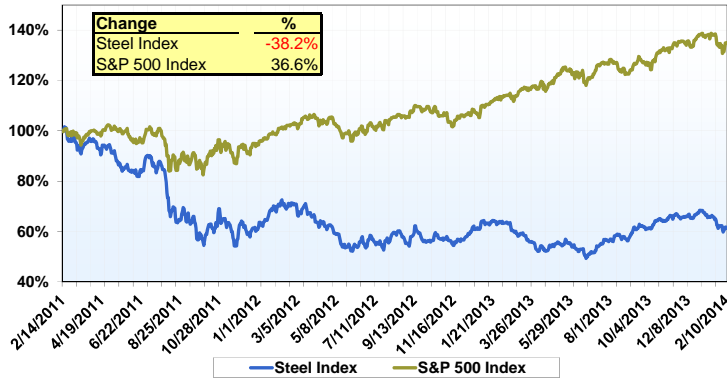


# STEEL INDUSTRY MARKET UPDATE

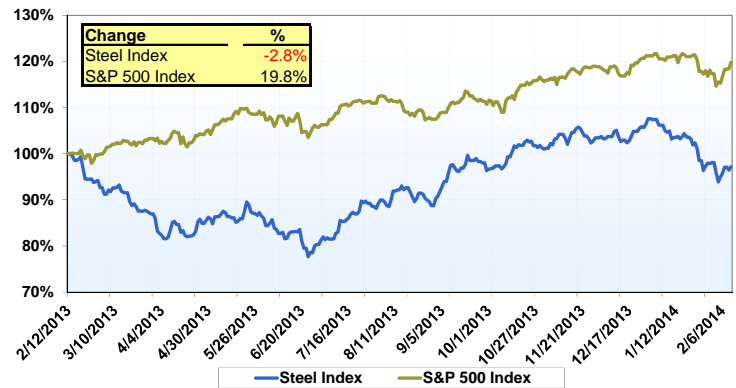
## FEBRUARY 2014

### Steel Index Pricing Performance\*

#### 3-Year



#### 1-Year



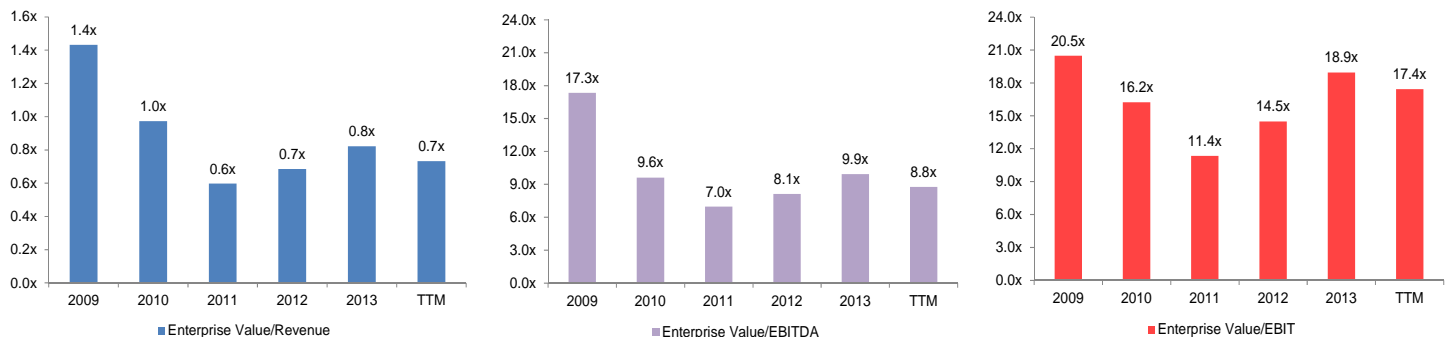
\*Source: Standard & Poor's CapitalIQ and Raptor Partners.

### Steel Industry Public Trading Multiples\*

(\$ in Millions, except per share data)	Ticker	Closing Price 2/10/2014	52 Week		% off 52 Wk High	Market Cap	Enterprise Value (EV)	EV/ TTM			TTM			TTM Margins			
			High	Low				Revenue	EBITDA	EBIT	P/E	Revenue	EBITDA	EBIT	Gross	EBITDA	EBIT
<b>Steel Industry</b>																	
AK Steel Holding Corporation	AKS	\$6.29	\$8.47	\$2.76	-25.7%	\$858	\$2,733	0.5x	7.9x	20.1x	NM	\$5,570	\$345	\$136	8.3%	6.2%	2.4%
ArcelorMittal	MT	\$16.50	\$18.28	\$11.40	-9.7%	\$27,287	\$46,566	0.6x	6.8x	21.2x	NM	\$79,440	\$6,888	\$2,193	8.7%	8.7%	2.8%
Commercial Metals Company	CMC	\$18.91	\$21.20	\$13.33	-10.8%	\$2,218	\$3,126	0.5x	9.3x	15.8x	38.4x	\$6,823	\$335	\$198	9.6%	4.9%	2.9%
Gerdau S.A.	GGBR4	\$6.83	\$8.05	\$4.82	-15.1%	\$11,625	\$17,544	1.0x	9.2x	16.9x	22.1x	\$17,319	\$1,908	\$1,039	12.5%	11.0%	6.0%
Nippon Steel & Sumitomo Metal Corp	TSE:5401	\$3.05	\$3.52	\$2.04	-13.4%	\$27,789	\$55,534	1.1x	10.6x	23.6x	13.0x	\$50,925	\$5,234	\$2,356	13.0%	10.3%	4.6%
Nucor Corporation	NUE	\$48.21	\$54.73	\$41.32	-11.9%	\$15,341	\$18,503	1.0x	12.0x	19.9x	31.7x	\$19,052	\$1,539	\$929	7.4%	8.1%	4.9%
POSCO	A005490	\$267.00	\$346.69	\$266.54	-23.0%	\$21,290	\$42,456	0.8x	8.6x	17.4x	13.2x	\$56,163	\$4,910	\$2,437	11.1%	8.7%	4.3%
Steel Dynamics Inc.	STLD	\$16.31	\$19.74	\$13.85	-17.4%	\$3,621	\$5,398	0.7x	8.7x	14.0x	19.7x	\$7,373	\$618	\$387	9.8%	8.4%	5.2%
Ternium S.A.	TX	\$29.96	\$32.99	\$18.86	-9.2%	\$5,881	\$8,537	1.0x	6.5x	9.1x	51.9x	\$8,485	\$1,314	\$934	20.6%	15.5%	11.0%
United States Steel Corp.	X	\$25.59	\$31.15	\$15.80	-17.8%	\$3,702	\$7,038	0.4x	8.8x	NM	NM	\$17,424	\$798	\$114	8.1%	4.6%	0.7%
<b>Mean</b>					<b>-15.4%</b>	<b>\$11,961</b>	<b>\$20,744</b>	<b>0.8x</b>	<b>8.9x</b>	<b>17.6x</b>	<b>27.1x</b>	<b>\$26,857</b>	<b>\$2,389</b>	<b>\$1,072</b>	<b>10.9%</b>	<b>8.6%</b>	<b>4.5%</b>
<b>Median</b>					<b>-14.2%</b>	<b>\$8,753</b>	<b>\$13,041</b>	<b>0.7x</b>	<b>8.8x</b>	<b>17.4x</b>	<b>22.1x</b>	<b>\$17,372</b>	<b>\$1,426</b>	<b>\$932</b>	<b>9.7%</b>	<b>8.5%</b>	<b>4.5%</b>

\*Source: Standard & Poor's CapitalIQ and Raptor Partners.

### Steel Industry Public Trading Multiple Trends\*



\*Source: Standard & Poor's CapitalIQ and Raptor Partners.



# STEEL INDUSTRY MARKET UPDATE

## FEBRUARY 2014

### Selected Recent Steel Industry M&A Transactions\*

(\$ in Millions)

Announced Date	Target	Business Description	Buyer	Enterprise Value	Enterprise Value/		Revenue	EBITDA	Revenue	EBITDA
					Revenue	EBITDA				
01/30/2014	Zhuohai Hoston Special Materials Co.	Manufactures steel bar for pre-stressed concrete in China.	Joint Expert Global Limited	-	-	-	-	-	-	-
01/30/2014	KTS Wire Industries Limited	Manufactures plain carbon, alloy, and mild steel rolled and shaped wires.	Suzuki Garphyttan AB	-	-	-	-	-	-	-
01/27/2014	Craft Steel, LLC	Manufactures stamping and fabricating metals, and other materials for various industries. Based in Spring Lake, MI.	TG Manufacturing LLC	-	-	-	-	\$2.8	-	-
01/22/2014	Rautaruukki Corporation (HLSE:RTRKS)	Manufactures steel building cladding and roofing materials, steel infrastructure solutions, aluminum and stainless steel flat products and mineral products in Finland.	SSAB AB (OM:SSAB A)	\$2,629.5	0.8x	17.0x	\$3,372.8	\$154.3	-	-
01/21/2014	Alliance Steel, Inc.	Manufactures metal buildings and related components and is based in Oklahoma City, Oklahoma.	Associated Steel Group, LLC	-	-	-	-	-	-	-
01/16/2014	SOS Metals, Inc.	Engages in the recycling of metals for airlines and OEM aerospace companies and their suppliers.	Precision Castparts Corp. (NYSE:PCP)	-	-	-	\$73.0	-	-	-
01/15/2014	Penistone Reinforcements Ltd	Manufacturers mild steel wire and wire products in the U.K.	Corporate Acquisition Partners	-	-	-	\$24.2	-	-	-
01/14/2014	POSCO-China Dalian Steel Fabricating Center	Provides steel fabrication services in Dalian, China.	MCS Steel Public Company Limited (SET:MCS)	\$12.0	-	-	-	-	-	-
01/14/2014	Metrolina Steel, Inc.	Fabricated steel sheets, plates, slit coils and sheared blanks for various applications.	Private Investor	\$1.2	-	-	-	-	-	-
01/08/2014	Theis Precision Steel USA, Inc.	A high carbon and stainless specialty strip mill based in Bristol, Connecticut.	TPS Acquisition, LLC	-	-	-	\$52.2	-	-	-
12/31/2013	First Process Steel, Inc.	Plate cutting and forming processing service to manufacturers and fabrication companies.	Willbanks Metals, Inc.	-	-	-	\$10.0	-	-	-
12/30/2013	DaeWon Steel Co., Ltd.	Manufactures cold rolled, carbon, alloy, and spring steel strips in South Korea.	Dongkuk Industries Co., Ltd. (KOSDAQ:A005160)	\$50.3	0.7x	NM	\$75.1	\$1.2	-	-
12/27/2013	Jiangyin Dingsheng Jinshu Yayan Co., Ltd, Production Facilities	Rolling production lines and auxiliary equipment used for manufacturing steel products in China.	Jiangyin Chengsheng Machinery Manufacturing Co., Ltd.	\$3.5	-	-	-	-	-	-
12/24/2013	Key 3 Casting, LLC	Iron and aluminum castings for industrial, aerospace, public infrastructure, and automotive applications in MN.	Metal Technologies, Inc.	-	-	-	\$23.0	-	-	-
12/21/2013	Kils Verkstads AB	Steel and sheet metal contract manufacturing services for industrial companies in Sweden and Norway.	RZ-Gruppen AB	-	-	-	\$7.1	\$0.2	-	-
12/18/2013	Flatrolled Steel, Inc.	Hot rolled, cold rolled, galvanized, and other coated flat steel products.	Majestic Steel USA, Inc.	-	-	-	-	-	-	-
12/12/2013	Keywell L.L.C.	Processes stainless steel, high temperature alloys, and titanium scrap metals in Chicago.	Prophet Equity LLC	\$15.8	-	-	-	-	-	-
12/10/2013	Cimaf Cabos, S.A.	Steel cables for elevators, oil platforms and general use in Brazil.	Bekaert Do Brasil Ltda	-	-	-	\$48.4	-	-	-
12/09/2013	ArcelorMittal Wire International, S.A.	Steel wire products for the automotive market. Based in Bettembourg, Luxembourg.	KIS Wire Co., Ltd. (KOSE:A002240)	\$55.4	-	-	-	-	-	-
12/09/2013	Frederick Steel, LLC	Manufactures structural steel products. Based in Cincinnati, OH.	Benjamin Steel Company, Inc.	-	-	-	-	-	-	-
11/30/2013	Bengang Cold-rolled Stainless Steel Dandong Co., Ltd.	Manufactures and sells cold-rolled steel in China.	Anben Iron & Steel Co Ltd.	-	-	-	-	-	-	-
11/29/2013	SRP-Saarländische Rohprodukte GmbH	Processing of steel and foundry scrap and non-ferrous metals in Homburg, Germany.	Loacker Recycling GmbH	-	-	-	-	-	-	-
11/29/2013	ThyssenKrupp Steel USA, LLC	Manufactures coiled carbon steel bands as hot rolled and substrate for cold rolled and coated products in North America/the NAFTA market. Based in Calvert, Alabama.	ArcelorMittal (ENXTAM:MT); Nippon Steel & Sumitomo Metal Corp. (TSE:5401)	\$1,550.0	-	-	-	-	-	-
11/29/2013	ThyssenKrupp Acciai Speciali Terni S.p.A. and Outokumpu VDM GmbH	Manufactures stainless steel flat products and supplies nickel alloys, titanium and zirconium alloys, stainless steels, zirconium, and cobalt-based alloys.	ThyssenKrupp AG (XTRA:TKA)	\$1,726.9	-	-	-	-	-	-
11/13/2013	Santa Ana de Bolueta SA	Manufactures grinding media, composite wear plates, lining and recuperation pieces, ceramic and anti-abrasive, specialty steel, and abrasion resistant products; and manufactures and maintains induction furnaces and their components. Based in Spain.	Metso Corporation (HLSE:MEO1V)	-	-	-	-	-	-	-
11/13/2013	Etilam SA	Manufactures steel sheets and cold rolled steel strips in France.	Private Investor	-	-	-	\$47.8	(\$3.7)	-	-
11/11/2013	Fab Pipe, Inc.	Ductile iron and steel process piping products for water, wastewater, industrial, and OEM applications in MN.	Fast Fabricators, Inc.	-	-	-	-	-	-	-
11/05/2013	PDM Bridge, LLC	Manufactures fabricated structural steel components for steel building structures and steel bridges in WI.	Veritas Steel LLC	-	-	-	-	-	-	-
10/17/2013	Hyundai Hysco Co. Ltd., Cold-Rolled Business	Automobile steel sheet business.	Hyundai Steel Company (KOSE:A004020)	\$2,495.1	-	-	-	-	-	-
10/04/2013	Thomas Industrial Rolls, Inc.	Manufactures engineered rolls for the flat metal processing industry in Dearborn, Michigan.	Talon LLC	-	-	-	-	-	-	-
09/03/2013	Lion Plate Mills Sdn Bhd	Manufactures hot rolled steel plate in Malaysia.	Maximum Protection Services Sdn Bhd	\$10.0	0.4x	-	\$23.3	-	-	-
08/26/2013	TMS International Corp.	Provides outsourced industrial services to steel mills in North America and internationally.	The Pritzker Organization	\$972.8	0.4x	6.7x	\$2,330.9	\$146.0	-	-
08/01/2013	Hundt & Weber GmbH	Manufactures non ferrous metal components for weld assemblies for electric engineering and furnace technology in Germany.	Lebronze Alloys Germany GmbH	-	-	-	-	-	-	-
07/30/2013	PT. Indoporlen	Various refractory products including fire clay bricks, high-alumina bricks, and fire bricks, and refractory services including furnace design, maintenance, and installation in Indonesia.	CALDERYS France S.A.S.	\$19.9	-	-	-	-	-	-
07/16/2013	ThyssenKrupp Companhia Siderurgica do Atlântico	Owns and operates steel production plants. The company manufactures and markets carbon steel flat products and steel slabs in Brazil.	Companhia Siderurgica Nacional (BOVSPA:CSNA3)	-	-	-	-	-	-	-

\*Source: Standard & Poor's CapitalIQ and Raptor Partners.



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(\$ in Millions)

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					Revenue	EBITDA		
07/05/2013	Leshan Scana Machinery Co. Ltd.	Manufactures rolls for the steel industry and cast special products for the steel, energy, oil and gas, construction and shipping industry in Leshan, China.	Private Investor	\$22.4	-	-	-	-
07/01/2013	Service Guide, Inc.	Provides industrial repair and maintenance services to the steel mills, aluminum plants, paper mills, and mining industries. Manufactures and repairs various parts, including chocks, spindles, couplings, roll force cylinders, bearings, mill rolls, copper rolls, guides, and liners in Ohio.	Siemens Industry, Inc.	-	-	-	-	-
06/20/2013	OMZ-Special Steels LLC	Manufactures metallurgical semi-finished products of steel grades in Russia.	Open Joint Stock Company OMZ (MICEX:OMZZ)	\$85.4	0.4x	-	\$215.9	-
06/13/2013	IHI Metaltech Co., Ltd.	Engineering, and sales of rolling mill equipment for steel and non-ferrous metals, continuous caster, process line, and control equipment in Japan.	Mitsubishi-Hitachi Metals Machinery, Inc.	-	-	-	\$69.0	-
05/31/2013	RG Steel Warren, LLC	Production of flat rolled steel products, including hot rolled, cold rolled, and galvanized steel in Warren, Ohio.	Hilco Trading, LLC	-	-	-	-	-
05/31/2013	General Steel, Inc.	Processes and fabricates stainless steel and aluminum products in Macon, Georgia.	Triple-S Steel Holdings, Inc.	-	-	-	\$12.0	-
05/23/2013	Yongxin Precision Material (Wuxi) Co., Ltd.	Manufactures cold rolled steel strip, carbon steel strip, chromium coated steel strip, and copper strip in China.	Better Ace International Limited	\$5.8	-	-	-	-
05/21/2013	Concast (India) Limited	Manufactures continuous casting solutions, such as billet casters which work as workhorses in steel mills, bloom, slab, and rounds casters in India.	Mitsubishi-Hitachi Metals Machinery, Inc.	-	-	-	\$28.1	-
04/29/2013	Quincy Joist Company	Manufactures open-Web steel joists. It offers steel joists, steel joist girders, long spans, steel girders, specialty joists, and steel decks in Arizona.	Canam Steel Corporation	\$3.4	-	-	-	-
04/29/2013	Dalian POSCO-CFM Coated Steel Co.,Ltd.	Manufactures coated steel in China.	Private Investor	-	-	-	\$92.4	-
04/26/2013	Sumitomo Pipe & Tube Co., Ltd.(Remaining 43% stake)	Manufactures and distributes steel pipes.	Nippon Steel & Sumitomo Metal Corporation (TSE:5401)	\$340.1	0.6x	8.7x	\$567.6	\$39.1
04/17/2013	Riverside Products, Inc.	Manufactures wear parts for the automobile shredding and scrap yard industry. Based in Iowa.	Danieli & C. Officine Meccaniche S.p.A. (BIT:DAN)	-	-	-	-	-
04/16/2013	Klöckner Metalsnab AD	Produces, distributes, and sells steel products primarily in Bulgaria.	HUS Ltd.	-	-	-	\$25.3	-
03/15/2013	I.A.S. Induktions-Anlagen+Service GmbH & Co. KG	Manufactures and supplies induction equipment for heating and melting applications in Germany.	SMS Holding GmbH	-	-	-	-	-
03/08/2013	Nakayama Mitsuboshi Steel Products, LTD.	Manufactures light gauge sections and electrical resistance welded tubes.	Nakayama Steel Works, Ltd. (TSE:5408)	\$82.9	0.4x	-	\$217.4	-
03/08/2013	Roundo AB	Manufactures machines for bending I, U, and H beams; and specialized machines for plate and section bending and plate forming in Sweden.	Arkmek AB	\$4.7	0.3x	-	\$14.0	-
02/28/2013	Madden Boiler Works, Inc.	Custom steel fabrication services, and structural steel and steel fabrications in the U.S. It fabricates hoppers, chutes, steel bases, steel beams, steel structures, tanks, and coal and stone bins. Based in Hollidaysburg, PA.	McLanahan Corporation	-	-	-	-	-
02/20/2013	Girard Associates, Inc.	Sells and services forging machinery specializing in controls, hydraulics, and robotic systems; provides project engineering and on-site services in Ohio.	SMS Holding GmbH	-	-	-	-	-
02/11/2013	Höganäs AB	Production of iron and metal powders and components in Sweden.	Lindégruppen AB; Foundation Asset Management AB	\$1,804.8	1.9x	10.1x	938.2	178.3
01/15/2013	Orient Refractories Limited (BSE:534076) 44% Interest	Manufactures refractories, monolithics, and ceramic paper for integrated steel producers and mini steel plants in India.	RHI AG (WBAG:RHI)	\$96.7	1.5x	7.6x	\$62.8	\$12.8
08/07/2012	Jacobs Engineering Group, Inc., Certain Assets	Manufactures pellets from concentrated iron ore for feed to blast furnace and direct reduced iron plants.	Metso Corporation (HLSE:MEO1V)	-	-	-	-	-
07/25/2012	Paul Wurth S.A. (59% stake)	Designs and supplies technological solutions for the iron and steel industry and affiliated sectors worldwide.	SMS Holding GmbH	\$910.5	1.4x	-	\$650.6	-
06/09/2012	Dalmond Feuerfest Siegburg GmbH & Co KG	Manufactures shaped and unshaped refractory products, prefabricated components, consumables, commodities, and fireproof plasters and services in Germany	Intocast Ag Feuerfestprodukte Und Gießhilfsmittel	-	-	-	\$20.4	-
04/25/2012	FCE, LLC	Provides core sales, engineering, equipment supply and project management expertise in strip and plate heat treating furnaces and is an authorized licensee for Drever Company technology. Based in Huntingdon, PA.	Siemens Industry, Inc.	-	-	-	-	-
04/16/2012	Akros Henschel SAS	Manufactures scrap metal and metal shearing equipment in France.	Danieli & C. Officine Meccaniche S.p.A.	\$19.9	0.5x	5.0x	\$39.8	\$4.0
10/25/2010	Z&J Technologies GmbH	Manufactures valves, plants, and equipment for iron and steel, glass, and chemical and petrochemical industries in Germany.	IMI plc	\$188.9	1.1x	-	\$174.9	-

\*Source: Standard & Poor's CapitalIQ and Raptor Partners.



### Recent Steel Industry News

- **General Industry News**

- World crude steel production was a record 1,548 Mt in 2012, outperforming the 2011 level by 1.2%.
- In the first three quarters of 2013, world crude steel production increased 2.7% year over year to 1,186 Mt.
- China retained its leadership position, yielding almost 50% of the global output at 587 Mt, an 8% annual rise.
- Production in Japan, the second largest producer, increased 1.4% year over year to 82 Mt.
- The United States held the third position, producing 65 Mt of crude steel, a 4% annual decline.
- Average capacity utilization ratio in 2012 was 78.8% compared with 80.7% in 2011. 2013 capacity utilization was below 2012 for the first three quarters of the year.
- Overcapacity in the steel industry continues to be a perennial problem.
- World steel usage is expected to increase 3.3% to 1,523 Mt driven by an increase in global steel demand with the developed economies increasingly contributing to growth.
- Steel prices had shown improvement in the first half of 2012, but started declining in the latter half due to increased imports, oversupply in the market, weak demand in Europe and slower growth in Asia. The scenario continued into 2013 as well.
- Industry consolidation was slow in 2012, given the economic uncertainties in the developed economies and a slowdown in the emerging regions.
- Steel companies have primarily focused on conserving cash, shedding unproductive operations, cutting costs and restructuring.

- **AK Steel Holding Corporation**

- 1/28/14: Reported net income of \$35.2 million, or \$0.26 per diluted share of common stock, for the fourth quarter of 2013, compared to a net loss of \$230.4 million, or \$1.89 per diluted share, for the fourth quarter of 2012.
- 1/28/14: Excluding the effect of an income tax adjustment described below, the company reported adjusted net income of \$12.5 million, or \$0.09 per diluted share vs. \$0.02 analyst estimates.
- 1/28/14: Fourth quarter increase in shipments from the prior year fourth quarter was primarily due to stronger demand in automotive sales, partially offset by lower carbon shipments to the spot market.
- 1/28/14: Increase in shipments from the third quarter of 2013 was primarily a result of higher carbon sales to the spot market and reflects the benefits of the company's recovery from the previously disclosed unplanned Middletown Works blast furnace outage in June 2013 due to a charging unit malfunction.

- **ArcelorMittal**

- 2/10/14: Downgraded to Neutral from Buy by BOA/ML.
- 2/10/14: Reuters report ArcelorMittal contemplating buying part or all of Italian steelmaker Ilva from its holding family.
- 2/5/14: Upgraded from Neutral to Overweight by HSBC Securities.
- 1/28/14: Upgraded from Sector Perform to Outperform by RBC Capital Markets.
- 2/7/14: For the fourth quarter, the company reported a net loss of \$1.23 billion, from a \$3.80 billion loss in the same period a year earlier, on impairment and restructuring charges in both years. Sales rose 2.6 percent to \$19.8 billion.
- 2/7/14: Expects shipments of steel and iron ore to rise in 2014 as recoveries in the US and Europe will matter more than slowing growth in emerging markets.
- 2/7/14: Expects global steel consumption to grow 3.5% in 2014.
- 2/7/14: Recovery in European manufacturing seen in second half of 2013 should continue and consumption will rise 2% in 2014 with US consumption up 4% (both declined in 2013).
- 2/7/14: Q413EBITDA was up 23% at \$1.9B compared to Q412 and was ahead of analyst forecasts.
- 11/29/13: ArcelorMittal and Nippon Steel & Sumitomo JV have agreed to acquire 100% of ThyssenKrupp Steel USA for \$1.55 billion.



### Recent Steel Industry News

- **Commercial Metals Company**

- 1/7/2014: First-quarter net income fell 8 percent as revenue slipped at its recycling and international marketing and distribution units.
- 1/7/2014: Earnings still beat analysts' expectations and its shares hit their highest point in over four years.
- 1/7/2014: Net income fell to \$45.9 million, or 39 cents per share, in the quarter ending Nov. 30. That compares with net income of \$49.7 million, or 42 cents per share, a year earlier.
- 1/7/2014: Analysts expected earnings of 24 cents per share and revenue of \$1.74 billion, according to FactSet.
- 1/7/2014: Revenue fell 4 percent to \$1.68 billion in the first quarter from \$1.75 billion a year ago.
- 1/7/2014: CEO Joe Alvarado said he expects the second quarter to be slower because of the holidays and seasonality.

- **Danieli & C. Officine Meccaniche S.p.A.**

- 11/14/13: Revenue for the fiscal year 2014 first quarter ended September 30th increased 2% to €580.7 million, while operating profit declined 15% to €41.1 million in the prior year comparable period.
- 11/14/13: Revenue for in the Plant Making segment declined 6% to €410.2 million, while operating profit in the segment declined 31% to €32.8 million in the prior year comparable period.
- 11/14/13: Indications that in 2014 demand for steel in the mechanical, ship-building and transport industries will be stronger, while the market for construction and large infrastructure projects will remain weak.
- 11/14/13: Management expects that opportunities for large orders in the plant engineering and manufacturing segment (Plant Making) will become less frequent and in any case with lower margins both in the current financial year and in 2014/2015.

- **Gerdau SA**

- 1/14/14: Citigroup upgrades to buy on attractive free cash flow and valuation. FCF yield is expected to be 9% given further reductions in capex. Earnings rose in fourth quarter, helped by stronger sales and shipments as well as a noncash gain related to deferred tax balances
- 10/31/13: Reported a higher-than-expected quarterly profit, with rising sales volumes and cost controls in Brazil offsetting declining margins in North America, Europe and India.
- 10/31/13: Revenue came in at 10.49 billion reais, up 6.2% from the second quarter. That compares with analyst estimates of 10.97 billion reais.
- 10/31/13: Third-quarter net income rose about 60% to 642 million reais (\$293 million) from a year earlier and the prior three months versus analyst estimates from Thomson Reuters of 546.5 million reais.

- **Nucor Corporation**

- 1/28/14: Earnings rose in fourth quarter, helped by stronger sales and shipments as well as a noncash gain related to deferred tax balances
- 1/28/14: Net earnings increased to \$170.5 million, or 53 cents a share, from \$136.9 million, or 43 cents, a year earlier. Net sales rose 10 percent to \$4.89 billion.
- 1/28/14: Seasonal weakness and bad weather may weigh on Nucor's construction products business, but the company expects to benefit from having fewer planned outages during the quarter.
- 1/28/14: Earnings in the current quarter are expected to be similar to the fourth quarter, excluding the tax adjustment.
- 1/28/14: Total shipments to customers rose 10% from the fourth quarter 2012.
- 12/24/13: Successfully commenced production at its \$750mm direct reduced iron facility located in St. James Parish, Louisiana.

- **Siemens AG**

- 12/10/13: According to undisclosed sources with knowledge on the matter, Siemens AG is considering selling its VAI metals technologies as part of a portfolio restructuring. A decision about a sale may be made in the first half of 2014, they said. A Siemens representative declined to comment.



### Recent Steel Industry News

- **SMS Group**

- 12/17/13: Order intake by the SMS group will be below the target for 2013. Net earnings are expected to be significantly below 2012.
- 12/17/13: Dr. Joachim Schönbeck, spokesman of SMS Holding GmbH, said: “Low utilization of capacities and continuing high raw materials prices are making sales difficult for our customers. That’s why they have been extremely reluctant to invest again this year. Just like last year, order intake has fallen behind our forecasts. So once again, we have to be ready for under-utilization of capacity in some areas in 2014.”
- 12/17/13: SMS Group is expanding production capacity in China and India to better serve the local markets.

- **Steel Dynamics Inc.**

- 2/11/14: Upgraded from Neutral to Buy by BOA/ML citing a valuation call.
- 2/5/14: Upgraded from Hold to Buy by Jefferies with price target of \$19/sh due to recent 18% pullback in valuation which offers investors an attractive entry point into one of the more favorable stories in N.A. steel with operations that are low cost and diversified.
- Fourth quarter net income of \$55 million, or \$0.24 per diluted share, on net sales of \$1.9 billion. By comparison, prior year fourth quarter net income was \$61 million, or \$0.27 per diluted share, on net sales of \$1.7 billion.

- **United States Steel Corp.**

- 2/11/14: Downgraded from Neutral to Sell by Citigroup citing inability to cut enough costs in a falling price environment as steel prices correct. \$23/sh price target.
- 1/28/14: Applying for permits to build an electric arc furnace at its Alabama steelmaking plant to replace a blast furnace to cut costs and revamp one of its older, less efficient operations.
- 1/27/14: Reported a net loss of \$122 million, or 84 cents per share, and said revenue fell 5 percent to \$4.27 billion. Without special items it would have earned 27 cents per share, which was better than analysts had been expecting.
- 1/27/14: Guidance for first quarter appears weak, as falling prices for tubular steel more than offset reduced operating costs and increased shipments.
- 1/27/14: Prices and shipments for flat-rolled steel are both expected to rise, and maintenance and repair costs are expected to fall.
- 10/28/13: Announced Q3 2013 adjusted earnings of \$0.27 per share versus \$0.14 and net sales increased 12% to \$2.2 billion



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