

*New way of thinking*

## THE FIRST SIX SIGMA "BLACK BELTS"

During a special ceremony and in the presence and participation of Mr. Pramod Mittal and senior managers from the company were announced the first Six Sigma "black belts". On 22 August, after successfully passing the tests, 72 employees received the prestigious and responsible vocation to work for the increase of the effectiveness and optimization of work in their departments and productions.

A crucial moment in the development of the company - that is how these first Six Sigma "black belts" of our experts could be defined. Practically, during the training each employee worked on a specific project and the practical results



were already to be seen, Mr. Pramod Mittal, Chairman of the Supervisory Board of Kremikovtzi AD, addressed the employees.

This is an extremely important initiative that we are managing. With it we will achieve a great change in

the company, especially in the way employees think and work. When we launched this initiative people had no idea what it was. We had to explain but now results are apparent and you see them in your projects. You feel the potential every-

where so now our goal is this culture to spread everywhere - in all departments and productions. You should run the development and the expansion of the system. This will give us the opportunity to increase effectiveness, production and, of course, make economic changes. I would like to wish you fast career growth and change of the individual attitude of each and every one of you, Mr. Mittal concluded.

He recommended the "black belts" to be active and realize at least two projects per trimester. They are also expected to create bodies of other employees in their departments who to be taught and become "green belts".

## World Steel Production for July Reached 109.9 million tones

International Iron and Steel Institute informed that the steel production in 67 countries in July has been 109.9 million tones which is 5.3 per cent more than it was in July 2006. Compared to the June 2007 results though (111.1 million tones), it has fallen.

Steel production in the EU-27 has been 16.95 million tones (-1.8 %). Steel production in Germany practically remains on the same level as last year (4 million tones). Great Britain has produced 1.2 million tones in July (+0.3), France - 1.515 million tones (+10%).

The Russian Federation produced 3.59 million tones (+5.2%), Ukraine - 3.59 million tones (-1%).

The Asian region produced in July 61.03 million tones (+9.4%). China, again, takes the leading position in the world with 41.2 million tones in July which is 14.5 % more than last year. India produced 3.85 million tones (-7.2%), Japan increased its production by 1.5% to 10.1 million tones, while South Korea's increase is by 2.7% to 4.14 million tones.

The USA produced 8.4 million tones (-0.7%), Canada - 1.42 million tones (+5.3%) and Brazil - 2.9 million tones (+5.3%).

### Facts, Analysis, Forecasts

#### Global

The MEPS - Global all products price declined in July faster than we anticipated - mainly as a result of decreases in the EU and North American flat products categories. We forecast reasonably stable pricing over the period into early 2008. Predicted increases in the North American market are likely to be offset by reductions in the EU. A significant pick up is foreseen later this year in the North American flat products sector after the current destocking phase. Prices in this region are unlikely to attract imports to slow the escalation in the medium term. Both flat and long product prices in the EU are forecast to retreat over the next six months from their dizzy heights in 2007. Imports are likely to be an ever present threat. Oversupply in China should keep the lid on prices in Asia through 2007 and into the following year.

#### EU

The MEPS - EU all product price fell, once again, in July. The decline was 2.8 percent and was faster than we anticipated in our deliberations in June. This was due to a substantial reduction in selling values of bar and rod as demand fell ahead of the seasonal slowdown in construction. Scrap costs have also been steadily falling.

We expect reasonably stable pricing conditions in both the flat and long products segments over the next few months. However, in the period to early 2008, a modest price reduction is envisaged. Winter weather will, almost certainly, reduce activity in the building/construction segment - pushing selling values in the long products categories downwards. High inventories are likely to lead to weakening prices in the strip mill sector in the same time horizon. An upturn is forecast in the second trimester as supply and demand move nearer into equilibrium.

#### NORTH AMERICA

High inventories and weak auto demand contributed to a further reduction in strip mill prices in July. This was the main contributing factor in the 2 percent reduction in the MEPS - all product carbon steel price. Continued weakness in the strip mill sector will, almost certainly, push the all products price lower over the next few months.

Overall price improvements are forecast for the final quarter of this year and well into 2008. Oversupply in the flat product segment should give way to a more balanced supply/demand situation. After a seasonal downturn during the last trimester in the long products category, we forecast a pick up in activity and pricing through the first half of 2008.

#### ASIA

A modest decline in the MEPS - all products Asian price occurred in July. This was entirely due to significant decreases in selling values in the strip mill sector in China. Stable conditions prevailed in the flat products categories in the other three countries and in the long products sector.

We continue to forecast reasonably steady market conditions across the region for the remainder of the year. A modest upturn is then envisaged in 2008 - partly fuelled by higher input costs and a slight recovery in consumption.

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## A NEW TYPE OF STEEL

"This kind of steel is very demanded on the market and it is great that we can offer it to our clients", eng. Gagov says. The steel has been produced; all tests have been already made in the Independent Laboratory for Analysis 2000 Ltd.; so now we can say that Kremikovtzi has added another new product to its portfolio - the types S 235 JRC and S 275 JRC produced in accordance with the European standards, Mr. Gagov adds.

Among the determinant factors are the sulphur con-



Experts from the Technical and Technological Issues Department and their colleagues from several productions have produced a new type of steel. It is hot-strip milled for following cold processing.

The Head of the TTI Department eng. Valentin Gagov speaks of the new product.

tent, the structure of the grain - the steel is small-grained, the particular milling temperature and processing on Loom 1700-hot-strip mill because this type of steel should have good plasticity in following processing. In this sense, for the execution of orders

of this type of steel it is important how much the sulphur content in the cast iron is and the following processing in Steel-making plant so that in Continuous Casters the chemical content desired could be obtained.

According to technologists

it could be used as semi-product, crude steel and electric steel but it is preferable to use it for crude steel due to the lower contents of non-ferrous metals.

During the experiment were used the methods of Six Sigma for statistic processing. This helped synthesize the data from the accidental tests in the past with the purposeful tests during the carrying out of the present experiment.

Few months ago successfully started the production of steel for manufacturing of oil pipe-lines as well.

### Blast Furnaces

## Hoppers modernization in the ore yard



End of the hard manual work and improvement of the materials dosage from the hoppers of the ore yard is the aim of the reconstruction of the section that has started recently.

The feeding of materials and the dosage of the proportions from almost 20 hoppers required the presence of an operator who manually discharged the materials until now. The mechanics, led by Mr. Vasil Djenkov, put electric gates on every hopper which significantly facilitates the working process. Besides, the dosage will be far more precise.

Another section when reconstruction work goes intensively is the hopper trestles of the two furnaces. There the rivet connections of the rubber transportation belts are consecutively removed and the place is vulcanized. This will allow cleaners to be installed and backfilling - to be prevented.

In the casting section the casting machines are thoroughly revised and their rollers and moulds are changed. All the activities go according to the TPM system that expands in this section of the production more and more.

## Security regime tightened

The management of the company has undertaken complex measures in the fight against the multiplying thefts of materials and products in the plant. Mr. Blagoy Stoyanov, the Head of "Regime and Security" Department has been assigned to seriously restrict the access of automobiles in the plant.

A meeting with the management of Group 4 Security - the company Kremikovtzi has signed a contract for protection with, has been held as well where undertaking of additional measures in the production and warehouse halls has been discussed.

On its recent meeting the Directors Council has assigned the production directors to take special measures for protection of the sites and tightening of the discipline as well.

### New appointment

## A charming lady will take up the HR in the company

For a few days now there has been a new member of the management of the HR in Kremikovtzi - Mrs. Mita Jha, who was appointed Director of the HR.

Mrs. Jha was born in Patna, the capital of the state of Bihar, in Northern India. She did her MBA in HR in England. She started her career in the field of HR in Ispat Industries Group, then in a multinational advertising company, and before coming to Kremikovtzi, she also worked for Franklin Templeton Investments.

She has two daughters - the younger is twelve years old and the elder is four-



teen. In her spare time she likes to play golf. She is very fond of music, "all kinds of music", Mrs. Jha adds, and does yoga for 2

hours every morning.

Her first impressions of Sofia are that it is a beautiful city with nice and friendly people. She defines the Bulgarian language as "sweet" and has already started to learn it.

Mrs. Mita Jha is working on strengthening HR in Kremikovtzi. "I believe in employees strengths. I feel that they are the most important resource of an organization and could make miracles when provided with the appropriate environment, concludes Mrs. Jha her first interview for "KM".

\* Mita means "friend" in Hindi.