

### October Task

## 125,000 t of steel for the market

At the end of September during the Directors Council the CEO Alexander Tomov assigned the task for October to the directors of the production units and departments, which was to mobilize all the resources available to achieve production of 125,000 t ready production.

Analysis show the technical condition of the lines and the production capacities are in relatively good condition. The components needed have already been provided: enough quantity of raw materials, concentrate, scrap, slabs, as well as other components needed to provide constant production process. The planned repair program of the company was made in conformity with the task.

### Successful Ecology Deal

## Dump Areas to Disappear

Ecometal Engineering will process the 40-year dump areas of slag in Yana station. The terrain will be cleaned and re-cultivated

In the recent years the dump areas of Yana station will disappear and the terrains will be re-cultivated.



On 2 December 2007 the new management of Kremikovtzi signed a 5-year contract with Ecometal Engineering Ltd. for slag processing.

One of the greatest cankers of the metallurgic past will become history. The mountains of slag, which is a waste from the metallurgic production, stored up for the last forty years, are a valuable material with a respective price and market.

By signing this contract the company fulfils one of the main projects included in the ecology program. This re-cultivation is also in execution of the national program for gradual reduction of deposited wastes. This program is part of the accession treaty of Bulgaria.

With the new technology it is possible to recycle the slag and use it by utilizing no-waste technologies and assimilate all components as final product. The polluted terrains will be cleaned and fully re-cultivated in 5 years.

### Kremikovtzi shares keep on going up

The first two hours of trade on the BSE passed in optimistic spirit. All the stock indices report positive changes compared to Friday and the highest increase reports SOFIX - 0.75 per cent.

The most significant increase for the first hours was with the shares of Kremikovtzi. Only for the first two hours the shares went up by 18.31 per cent to average price of BGN 24.81. As many other companies waiting for the solution of a case related to the state (in

this case expectation to issuing a complex permit), several days before it comes true, the shares report increase. Additional reason for that were the activity restructuring forecasts and the good financial results for the next year announced by the CEO Alexander Tomov.

### Metal Market

#### Baosteel Is Growing

China Securities News informs that Baoshan Iron & Steel Co.(Baosteel Group) bought the controlling shares of Baotong Steel for 601 million Y (\$80.05 million). Now Baoshan Steel already controls 92.5 per cent of the shares in Baosteel Nantong Iron & Steel Co. and the amount of the net assets is 650 million Y. As it is known Baotong Steel produces about 1 million tons slabs and billets.

#### Nippon Steel Makes New Investments in Oji Steel

MarketWatch informs that the Japanese Nippon Steel Corp. announced it agreed to acquire 35.6 per cent of the shares of Oji Steel Co. thus increasing its share in the company to 42.8 per cent. As it is known Oji Steel is one of the flat section rolled iron production leaders on the Japanese steel market. The finalization of the deal is planned for November 2007.

#### Japan Reduces Stainless Production

According to International Business Daily the main Japanese producers of stainless production are reducing the capacities following last-year's trend. Nippon Steel & Sumikin Stainless Steel Corporation reduced production by 25 per cent in September and is planning similar reduction in October. Nisshin Steel cut its production by 30 per cent. In a press report the main reason mentioned is the nickel price. Customers think that the stainless products market will shrink and hold back their orders.

#### HR Coils Price Will Go Up In the Last Trimester

According to Mike Locker, President of Locker Associates, during the last trimester of the year the US HRCoils prices will raise to \$600 per t ex-works. "For now the market is running low but the sector is getting close to the "fat money". World prices remain high and I believe that the US prices are ready to go up in the last trimester", he added. He also said that "the demand is getting bigger and will go up in the future considering the growth of the US economy". Mr. Locker forecasts that HRCoils prices will reach \$725 per tone ex-works by the end of the year.

#### Magnitka Keeps Lowering Flat Rolled Iron Prices

Uralsibtrade, the authorized dealer of Magnitogorsk Iron & Steel Works, presented the trade price of the main production in the Ural, Siberian, and Far Eastern region of the Russian Federation for October. The CRCoil price is reduced by 5 per cent for the whole range of production. The prices of HRCoil (gauge of 2-12 mm), too, go down by 5 per cent, and the gauge 16-50 mm is down by 8.8 per cent. For 12-16 mm and 50-160 mm HRCoil the price is reduced by 3 per cent. There are no changes in the galvanized steel sheet and coil prices.

### State Agency for Metrology and Technical Surveillance

## Natural Gas Installations Activity Certificate

Kremikovtzi has been entered in the registry of the State Agency for Metrology and Technical Surveillance for persons performing maintenance, repair and reconstruction of steel distributing gas pipelines, industrial pipelines, gas-regulating points, gas installations and devices working with natural gas.

The company has recently received a certificate C 238, which means that Kremikovtzi disposes of the necessary equipment, documentation, and prepared

experts in this field. The certificate binds that all these components are maintained well, which will be regularly checked. Especially strict are the

requirements concerning the welders who should have the qualification needed and a certificate for such type of work. Every year they should attend training courses and special instruction sessions, provided by the Regulation for organization and safe exploitation of the transporting and distributing net and the natural gas installations.

### The Others About Kremikovtzi

## EU Companies Will Make a Clean Plant Out of Kremikovtzi

TRUD Daily, 02.10.2007

Kremikovtzi must stop to fume and it will stop. But closing the plant won't happen and can't happen, said the CEO of Kremikovtzi Alexander Tomov for the BNT yesterday answering the idea of the Chief Architect of Sofia Peter Dikov to close the plant and build a "city" in its place.

Kremikovtzi disposes of a unique terrain of 10 000 decares with infrastructure, Peter Dikov said for the same TV station. "I don't see the point to process ore

from Venezuela in the plain of Sofia", he added. He denied the idea was part of the pre-election campaign. I launch it because now is the moment when the plant is to receive the complex permit. In case it did not get the permit, it should go bankrupt, Mr. Dikov said.

According to Alexander Tomov, though, the attack has to do with a visit of a group of investors from

some Dubai privatization funds connected with several big business groups in Bulgaria. The attack is also connected with the interests of the municipality itself that wants to operate with these 10-12 thousand decares.

Mr. Tomov repeated his idea of construction of a trade & industrial center in the territory of Kremikovtzi. In the middle of the month



the plant will organize a forum with companies that are ready to invest in ecology. They will offer experience from Western Europe with the existing metallurgic capacities. "They were all polluters and now they have all cleaned up", Mr. Tomov said.

### Forthcoming

#### International Forum on Ecology

On 15 October the management of the company organizes an international conference on ecology problems. It will be held in Sheraton Hotel, Sofia. During the conference representatives from Bulgarian and European institutions, companies and NGO's will discuss the model of ecology policy of the company, organization of financial resources and new investment techniques, investment management instruments and management of projects.

### Business in Focus

## Ecological Policy of Kremikovtzi

The CEO of the company Alexander Tomov and Stoyan Pirov, Director TI & TD, made a presentation of our ecological program during the prestigious international business forum on investments in environment held on 2 December in the National Palace of Culture, Sofia.

The forum was attended by the Minister of environment and water Mr. Djevdet Chakarov, ministers and deputy-ministers of ecology

from the FYROM, Croatia, Albania, Romania, Bulgarian deputy-ministers of regional development and public works; economy and energy, chairmen of Sofiyska voda, the NEC, Svilozha AD, Ecobulpack. They all were acquainted with the projects, the management of investments and the methods of implementing the program.

Special attention was given to the joint activity of the company with the

Danish GRONTMIJ I CARL BRO, a consultancy company.

The goal of the company, Mr. Tomov said in his presentation, is to simultaneously re-structure the company and modernize the steel making plant with the active support of the state and NGO's to accelerate the fulfillment of the ecology program before the deadline 2011.

### Briefly

**Goldman Sachs:** the media market deficit will continue until 2011

**The cobalt** market prices go up

**Baoji Ti Group** intends to increase its titanium production to 20,000 t for the next two years

**Eramet:** in the end of the second trimester of 2007 there will be a surplus of nickel

**Singapore Tin** starts running lead production in Indonesia with capacity of 12,000 t per year

**Analyzers say** aluminium production in China will reach 12.5 million t for 2007

**World production** of DRI was 4.458 million t in August 2007, which is 10.68 per cent more than levels in 2006

**World leader** in DRI production remains India with quantities of 1.47 million t.

**Venezuela ranks** second (620,000 t) and Iran is third with 601,000 t