



IMnI Chairman - Wrap Up

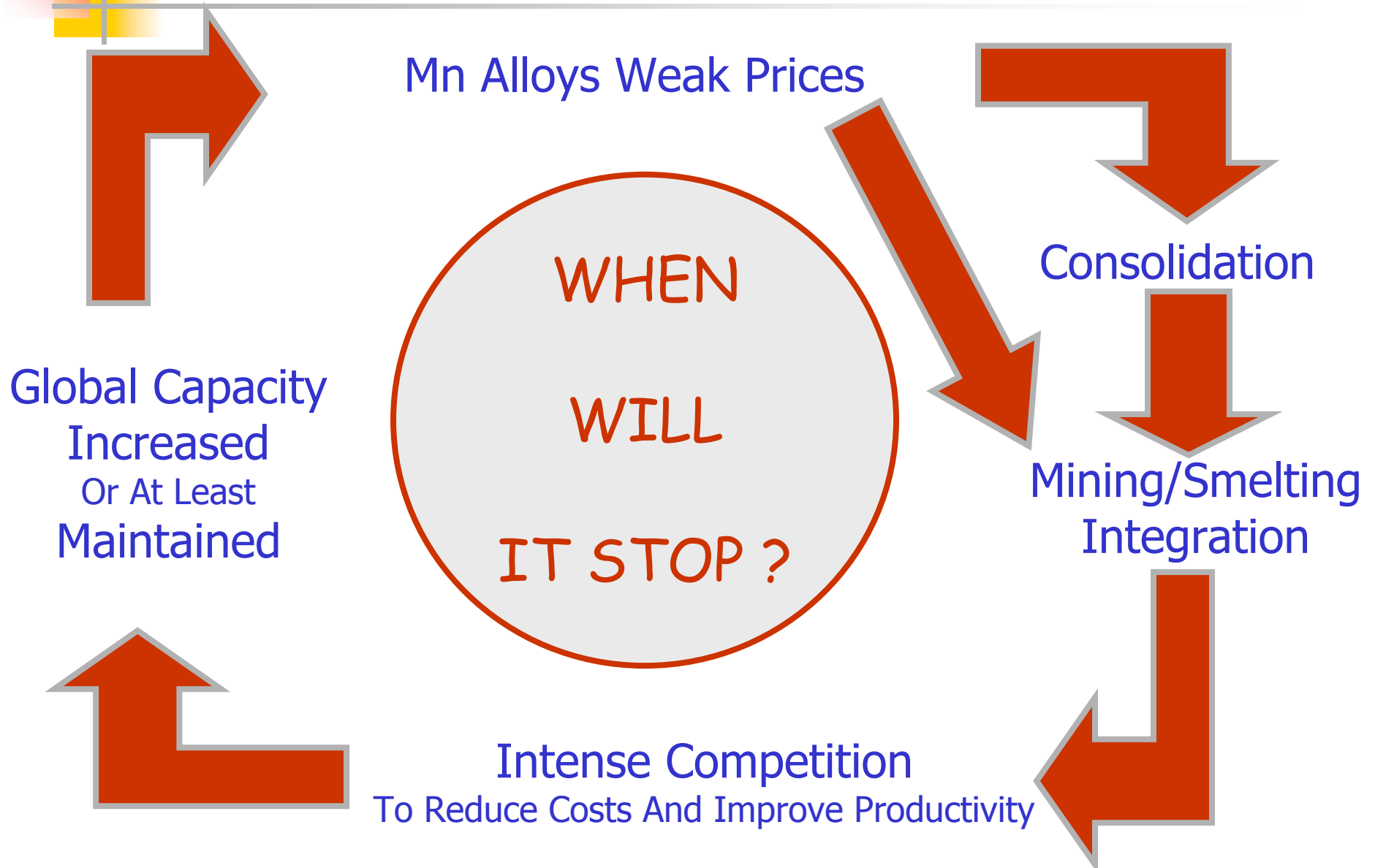
IMnI Conference

Vincent Trelut

June 2004

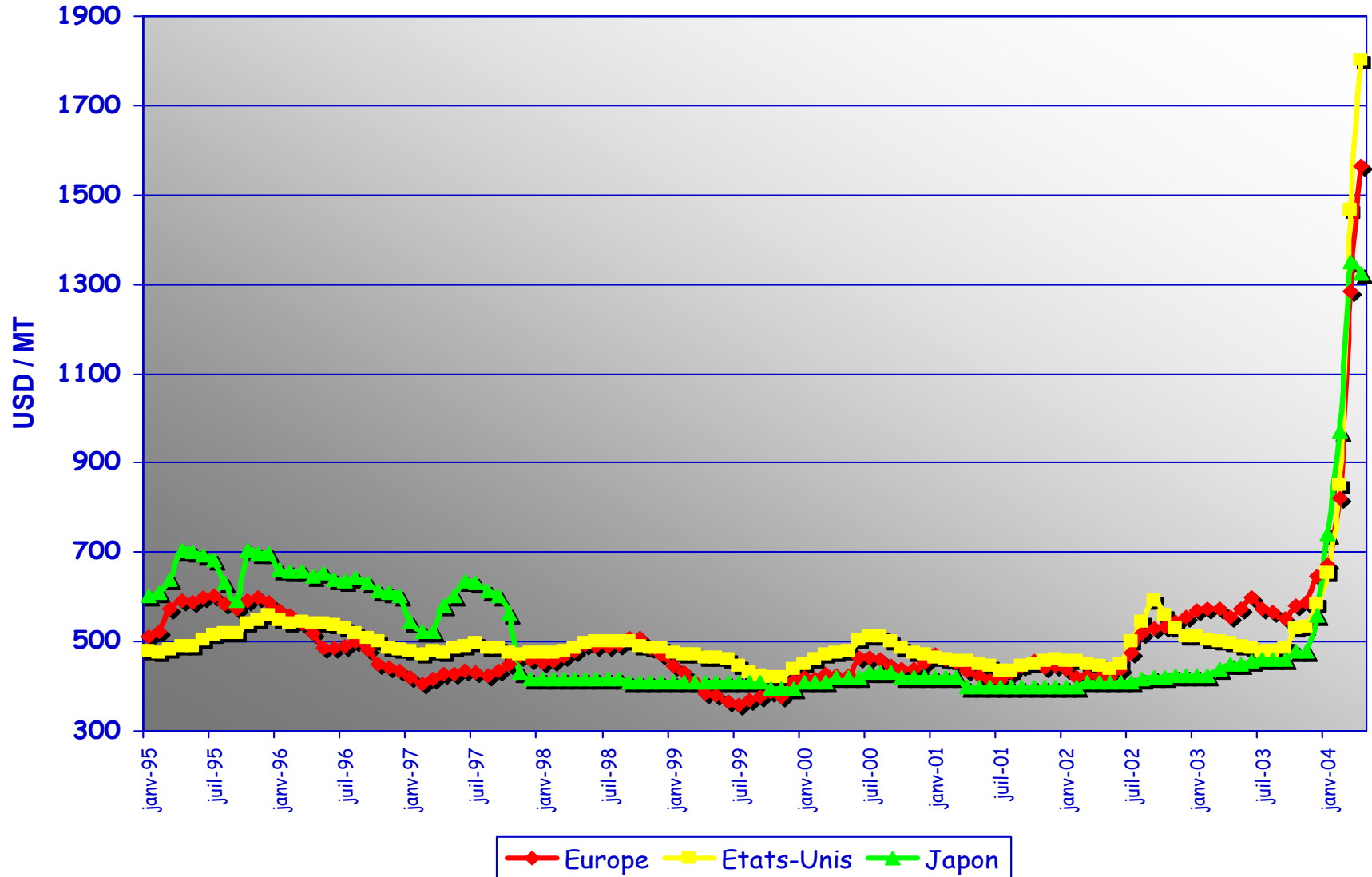
Tokyo

Industry Response : A DOOMED BUSINESS ?



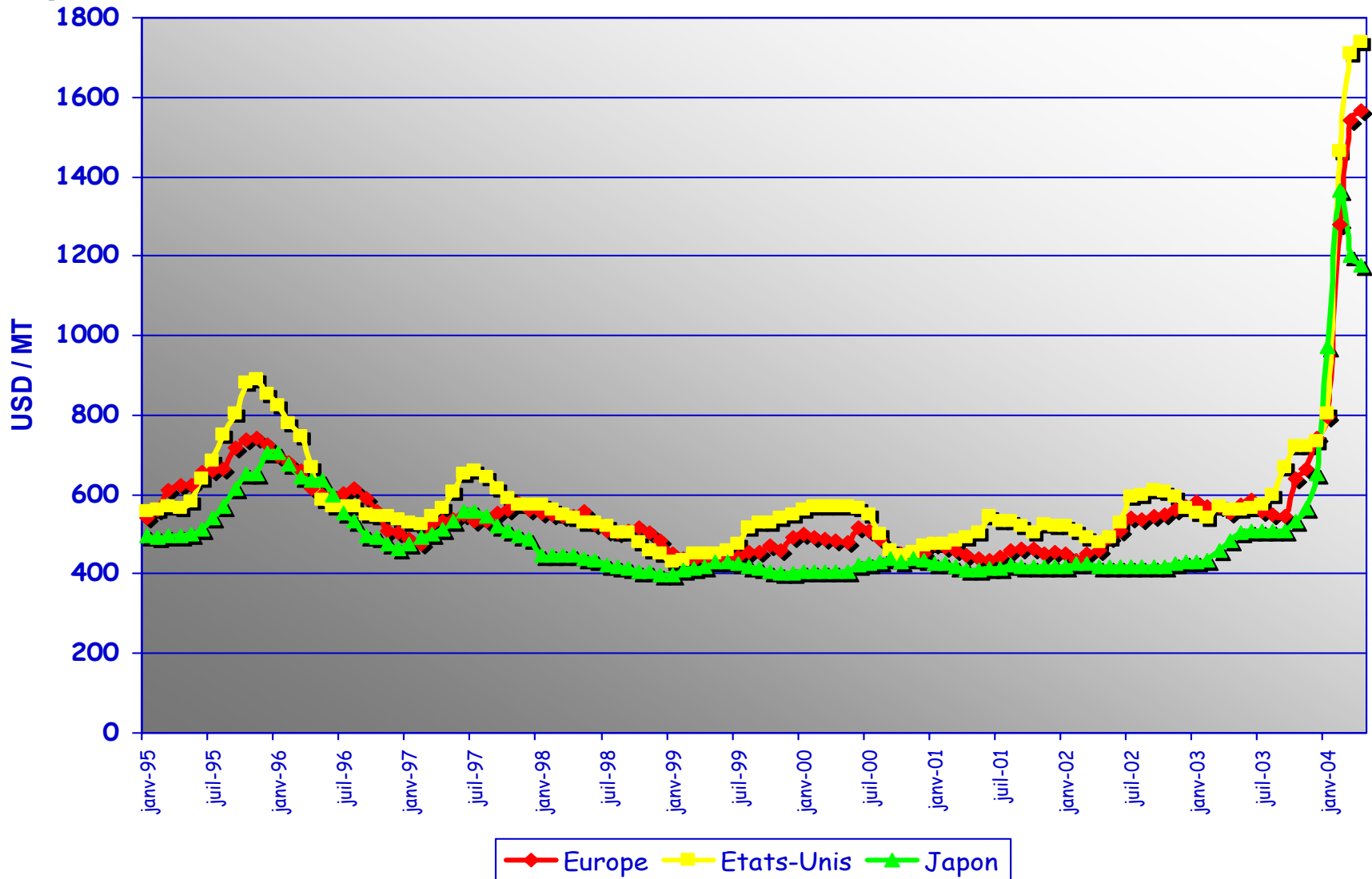
Mn Alloys market prices of HC FeMn in USD

Source: CRU Bulk Ferroalloys Monitor

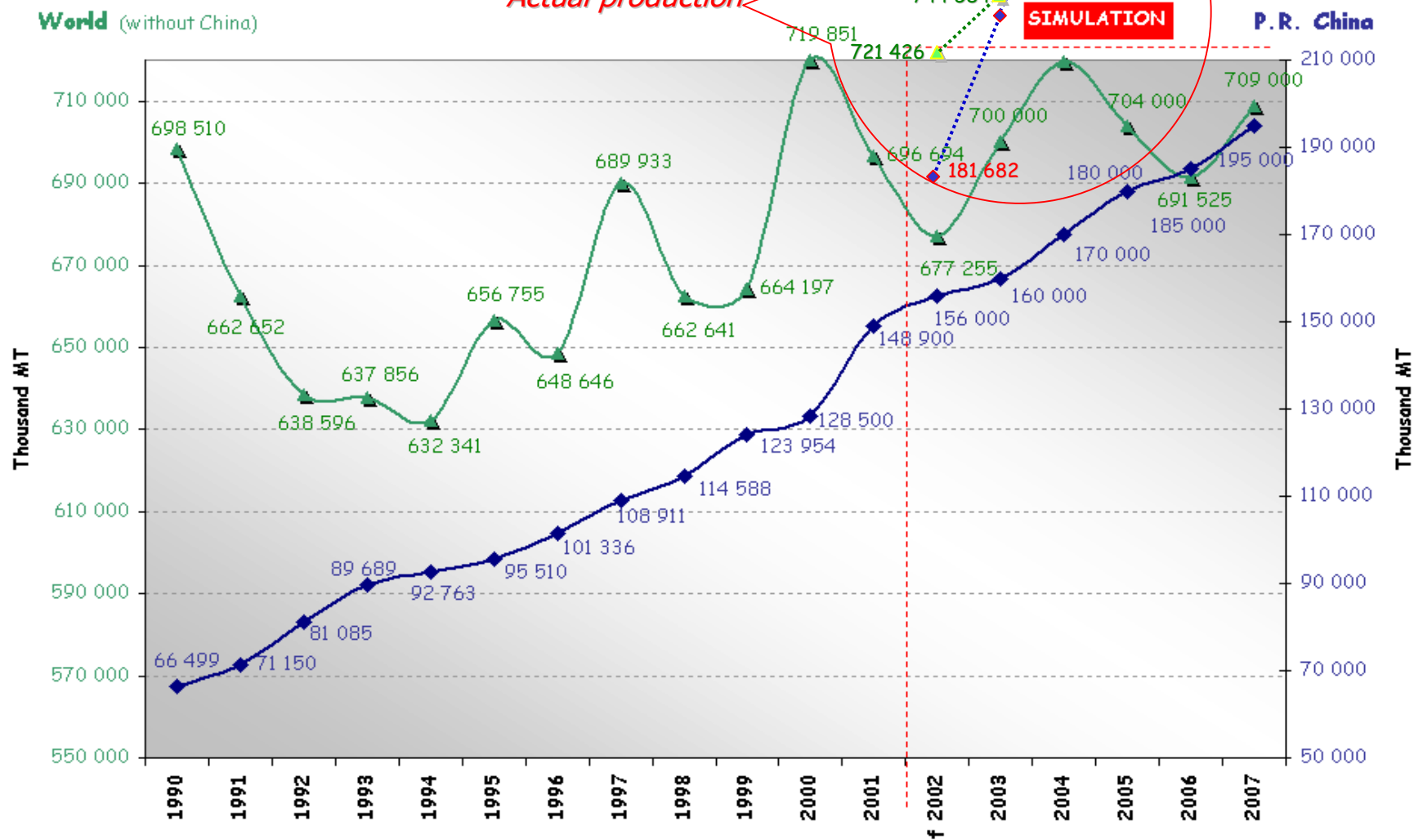


Mn Alloys market prices of SiMn in USD

Source: CRU Bulk Ferroalloys Monitor



P.R. China: A Continuously Growing Steel Production ... And a Huge Mistake In Forecasting !



Demand/Capacity - World: Structural Excess Of Capacity

in '000 MT	Capacity 2001	Demand 2001	Rate of Overcapacity 2001	Demand 2004 Peak	Rate of Overcapacity 2004	New Estimate 2004
HC FeMn	4 370	3 125	40%	3 160	38%	3 406
SiMn	5 240	3 700	42%	3 900	34%	5 305
MC/LC FeMn	955	695	37%	770	24%	812



HOW TO MAKE A CREDIBLE FORECAST ?

SHAME ON ME ...

BUT DID YOU DO BETTER ?

***GOOD LUCK FOR YOU AND YOUR NEW
CHAIRMAN!***

Conclusion: The Choice Of The Mn Industry

Manganese In The « Same Boat » Together With Steel

Growing ~~Stable~~ Mn Demand
& Structural Overcapacity



Oversupply & Dumping



Prices Under
Downward Pressure
& Trade Frictions

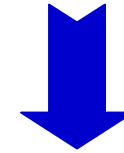


Forced Rationalization
& Trade Barriers

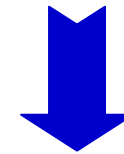
Waste Of Financial & Natural
Resources

OR

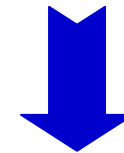
Growing ~~Stable~~ Mn Demand
& Voluntary Rationalization



Balanced Mn Market
& Reliable Service



Reasonable Prices
& Free Trade



Balanced Use Of
Resources And Better
Environment

Source: Eramet Comilog



Conclusion: The « Chinese Case »

- & P.R. China is The growing Mn market
- & P.R. China is The biggest Mn market
- & P.R. China is The main source of oversupply ...
or shortages !

P.R. China:

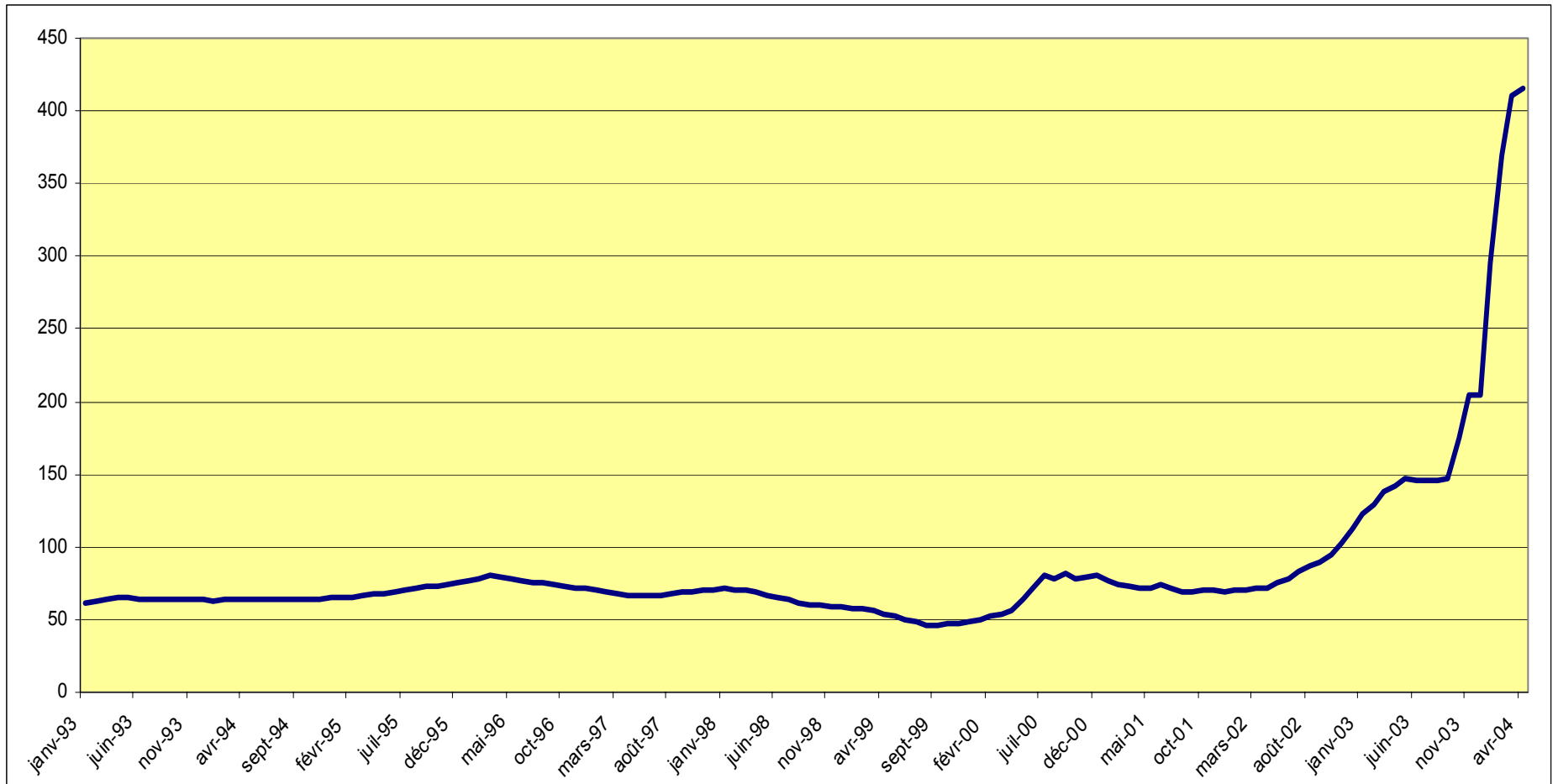


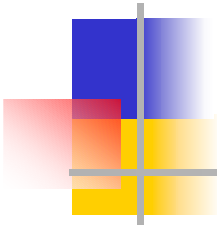
The **main opportunity** for Mn producers
and

The **biggest risk** for Mn producers

Chinese Coke Export Price

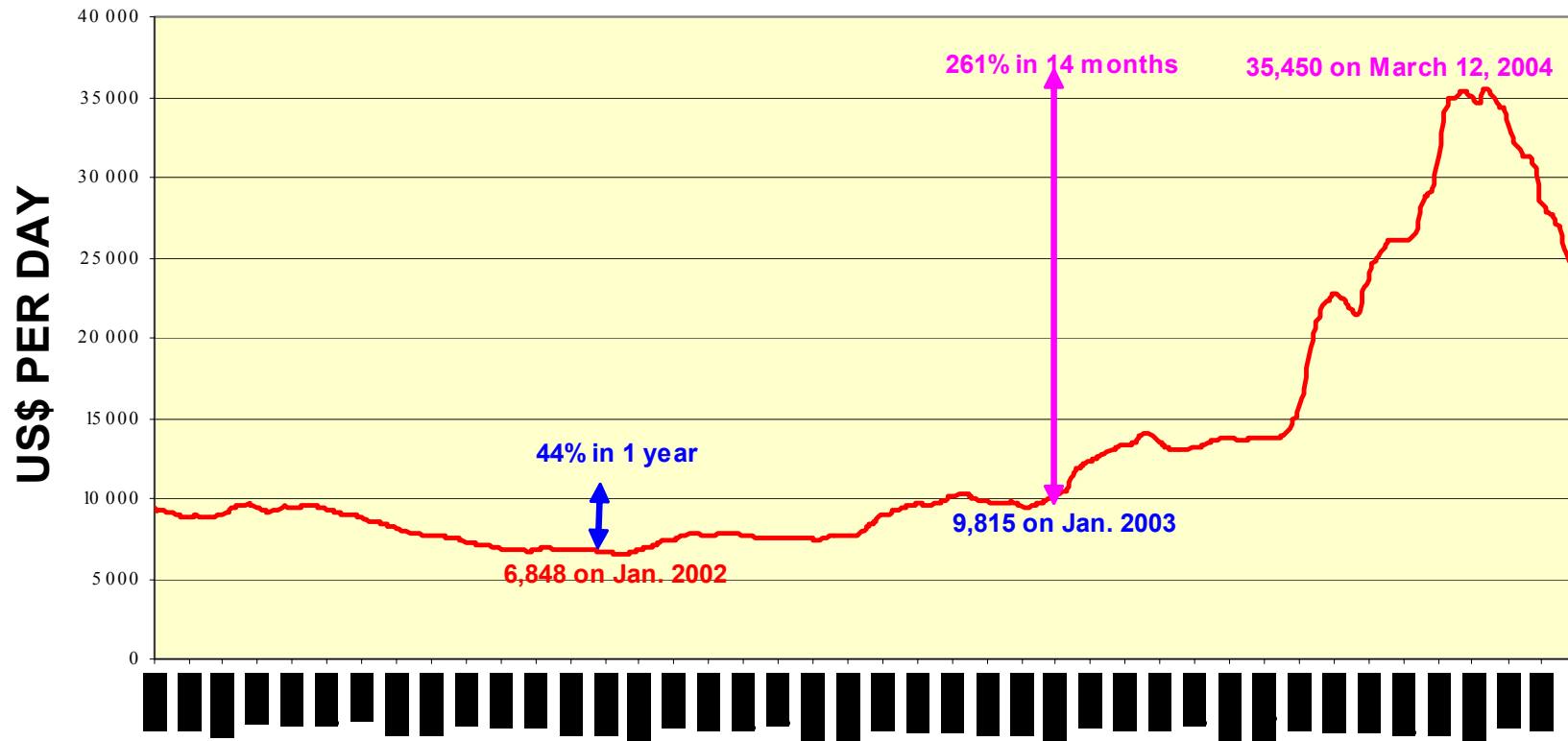
\$/MT fob, 12% Ash





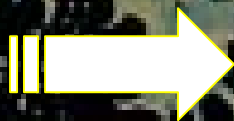
FREIGHT MARKET

BALTIC HANDY MAX INDEX JAN. 2001/MAI 2004



Structural Overcapacity In Alloy Making Has Not Disappeared

- Many Mn smelters have idled furnaces and could produce more
- Even in case smelting capacity utilization increases, high prices will encourage investors to restart operations which have not been economically viable until recently or to build new plants
 - ↳ New entrants to take advantage of low capital costs in P.R. China
- Cr or Si operations can still be converted to Mn
 - Chinese ferroalloy producers are very fast to react and will seize such an opportunity quickly
 - Many ferroalloy furnaces are available
 - Technology is still not a barrier to entry



New entrants are likely to emerge