



ECONOMIC CONSULTING SERVICES, LLC

**BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

**IN THE MATTER OF
COLD-ROLLED STEEL FLAT PRODUCTS FROM BRAZIL, CHINA, INDIA,
JAPAN, KOREA, NETHERLANDS, RUSSIA, AND THE UNITED KINGDOM**

Inv. No(s). 701-TA-540-544 AND 731-TA-1283-1290 (Preliminary)

EXHIBITS TO TESTIMONY

OF

BRUCE MALASHEVICH

ECONOMIC CONSULTING SERVICES, LLC

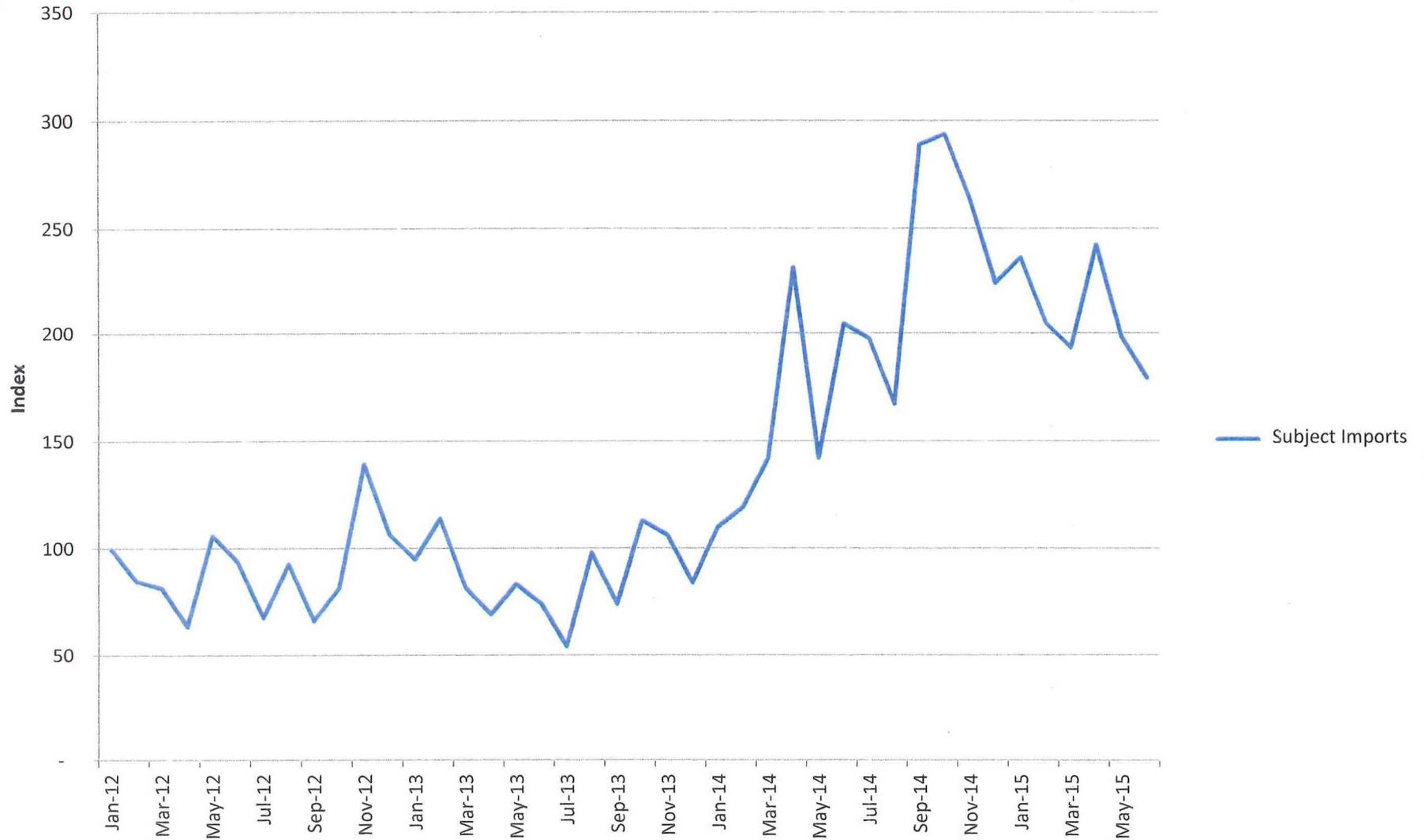
AT

STAFF CONFERENCE

August 18, 2015

Washington, D.C.

Exhibit 1 - Cold-Rolled Steel Imports by Volume: Subject Imports (Index: 100 = January 2012)



Source: U.S. Census Bureau Imports for Consumption. HTS numbers identified in Petition and Questionnaire.

Exhibit 2 – Quotes relating to customer de-stocking in 2015

Source: SSAB "Presentation of the Q2/2015 result," July 22, 2015:

1. "SSAB's outlook for Q3/2015

- ▶ In North America, the destocking in H1/2015 is expected to spill over into the third quarter
- Underlying demand from end-customers is expected to be relatively good"

2. "SSAB Americas

Lower prices due to destocking at Steel Service Centers"

Source: Bloomberg Transcript: ArcelorMittal, Q1 2015 Earnings Call 5/7/2015

3. Michael E. Flitton

"And just in terms of the second half recovery in NAFTA, how much you, I guess, looking for a restock in the second half as opposed to just the de-stocking abating?" –

Louis L. Schorsch

"I think to start on the NAFTA trajectory, let's say, I think you're right to say that this is really a first half phenomenon for us. So I think that you're seeing that de-stocking. We have, I think some indications that our expectation that this was just an inventory adjustment, even if a particularly sharpened and drastic one, and that we'd be seeing the end to that by kind of May to June, I don't want to declare with certainty that that's the case here. But I think we are seeing lead times extend out."

4. Louis L. Schorsch

"...I think the lead times have moved out as we understand from our customers to four weeks to five weeks, and spot markets, a month ago, I would say, they were typically one to two weeks. So I think customers are coming back into the market again where I wouldn't say things like a boom is here, but I think we are seeing the end of that de-stocking process."

Exhibit 3 – Quotes Related to Declines in Raw Material Prices

Source: AK Steel, Form 10-Q for period ended June 30, 2015

1.

"Beginning in the third quarter of 2014, Magnetation experienced tight liquidity conditions in the face of several challenges to its business and operations. The significant decline in the IODEX that began in early 2014 accelerated in the first quarter of 2015, with an approximate 20% decline in the daily IODEX index and substantial futures pricing declines toward the end of the quarter. These iron ore price declines further strained Magnetation's liquidity during a period in which it experienced lower sales because of a slower-than-expected ramp-up of operations of its pellet plant."

Source: Bloomberg Transcript: AK Steel Holding, Q1 2015 Earnings Call 4/28/2015

2. Douglas O. Mitterholzer

" The IODEX index where iron ore has fallen by nearly 40% in the past six months and finds itself near its lowest point in a decade. For reference sake, the IODEX averaged just over \$80 in October of 2014 and the current average month-to-day for April 2015 is \$50."

Source: Steel Dynamics Inc, Form 10-Q for period ended June 30, 2015

3.

" Our metallic raw material cost per net ton consumed in our steel operations decreased \$109, or 30%, in the second quarter of 2015, compared with the second quarter of 2014, as the market cost of scrap decreased significantly, consistent with overall scrap market pricing. In the first half of 2015, our metallic raw material cost per net ton consumed decreased \$91, or 25%, compared to the same period in 2014."

Exhibit 4 – Quotes Relating to use of Inventory Accounting, Causing Understatement of 2015 Profits

Source: Bloomberg Transcript: Steel Dynamics, Q1 2015 Earnings Call 4/21/2015

1. Theresa E Wagler, Executive VP and CFO:

"The full benefit of lower scrap prices was not fully realized in the first quarter as we first used the higher price scrapping inventory because of our FIFO accounting. We will realize the benefit of lower price scrap in the upcoming second quarter."

2. Q – Evan L. Kurtz:

"You mentioned that in February we have this big scrap move down, but you're not really going to see any benefit of that until we get into the second quarter here just given the inventories and FIFO accounting. So how should we think about the second quarter?"

A - Mark D. Miller:

"We'll certainly see on the sheet side the benefit of scrap move as that inventory – well, the high-priced inventory got consumed in March and April and lower-priced stuff gets consumed later in the quarter. So we anticipate some margin expansion, it's difficult to quantify right this minute."

Source: Nucor Corporation, Form 8-K Dated July 23, 2015

3.

"The performance of the steel mills segment in the second quarter of 2015 decreased from the first quarter of 2015. Pricing has begun to stabilize, but we experienced some margin erosion as the steel mills worked through higher cost scrap, work-in-process and finished goods inventories."

Exhibit 5 – Quotes Relating to Expectation of Robust Future Results

Source: *SSAB Half-year report 2015*

1.

- "In North America, the destocking in H1/2015 is expected to spill over into the third quarter
 - Underlying demand from end-customers is expected to be relatively good"

Source: *Bloomberg Transcript: ArcelorMittal, Q1 2015 Earnings Call 5/7/2015*

2. Louis L. Schorsch

" I think you're right to say that this is really a first half phenomenon for us. So I think that you're seeing that de-stocking. We have, I think, some indications that – our expectation that this was just an inventory adjustment, even if a particularly sharpened and drastic one, and that we'd be seeing the end to that by kind of May to June, I don't want to declare with certainty that that's the case here. But I think we are seeing lead times extend out. [...] I think the lead times have moved out as we understand from our customers to four weeks to five weeks, and spot markets, a month ago, I would say, they were typically one to two weeks. So I think customers are coming back into the market again where I wouldn't say things like a boom is here, but I think we are seeing the end of that de-stocking process."

3. Lakshmi Miwas Mittal

"Real underlying demand continues to grow across our key developed markets. The U.S. has been impacted by the weakening of energy investments and the strength of U.S. dollar. Although it is worth to note that underlying real demand continues to grow, particularly in the auto and machinery sectors, offsetting weakness in the energy sector."

Exhibit 6 – Quotes Related to Poor Profitability or Facility Closure due to Declines in Pig Iron/Pellets prices

Source: AK Steel 10-Q for Period Ended March 31, 2015

1.

"As of March 31, 2015, the Company concluded that its 49.9% equity interest in Magnetation was impaired and therefore recorded a non-cash impairment charge of \$256.3 for the quarter ended March 31, 2015, to fully impair the amount of the Company's investment in Magnetation. Key significant market decline in global iron ore pellet pricing during the first quarter of 2015 and resulting negative cash flow effects on Magnetation's pricing, in the event of a bankruptcy filing, the likely loss of the Company's equity interest in Magnetation; and Magnetation's existing capital structure and the inability of Magnetation to raise additional capital from third parties or the equity holders to date. Prior to March 31, 2015, the Company believed that the fair value of the Company's interest in Magnetation exceeded its carrying amount."

Source: Steel Dynamics, Inc. "Company Investor Presentation June 2015"

2.

"MINNESOTA OPERATIONS IRON-MAKING INITIATIVES

"Company announced indefinite idle of Minnesota operations (May 26, 2015)

- Elected to effectuate an initial twenty-four month idle period of all operations given continued significant decline in pig iron pricing, which is below the cost of production."

Source: Bloomberg Transcript: Nucor Corp., Q1 2015 Earnings Call 4/23/2015

3. James D. Frias

"The first quarter of 2015 performance of the raw materials segment includes an operating loss of approximately \$44 million, or \$0.09 per diluted share at our new DRI facility in Louisiana. That is larger than the approximately \$35 million operating loss Nucor Steel Louisiana experienced in the four quarter."

Source: Bloomberg Transcript: ArcelorMittal, Q1 2015 Earnings Call 5/7/2015

4.

"Our NAFTA performance was further impacted by inventory write-downs at the end of the quarter. [...] Our mining segment profitability has clearly been impacted by the drop in iron ore price. [...] As mentioned, Iron ore prices have declined by 48% over the past 12 months. We cannot do anything about this."

Exhibit 7 – Quotes Related to Acquisitions and Investments by U.S. Producers during POI

Source: AK Steel Holding Corp., Form 10-Q for Period Ended June 30, 2015

1.

"On September 16, 2014, the Company acquired Severstal Dearborn, LLC ("Dearborn") from Severstal Columbus Holdings, LLC ("Severstal"). [...] Immediately after the acquisition, Dearborn was merged with and into AK Steel. The final cash purchase price was \$690.3, net of cash acquired."

2.

"As of March 31, 2015, the Company concluded that its 49.9% equity interest in Magnetation was fully impaired and therefore recorded a non-cash impairment charge of \$256.3 for the quarter ended March 31, 2015." ¹

Source: Steel Dynamics Inc., Form 10-Q for Period Ended June 30, 2015

3.

"The company completed its acquisition of 100% of Severstal Columbus, LLC (Columbus) on September 16, 2014, for a purchase price of \$1.625 billion, with additional working capital adjustments of \$44.4 million."

Source: ArcelorMittal, Form 20-F for Fiscal Year ended December 31, 2014

4.

"On February 26, 2014, ArcelorMittal, together with NSSMC, completed the acquisition of ThyssenKrupp Steel USA ("TK Steel USA"), a steel processing plant in Calvert, Alabama. The transaction is a 50/50 joint venture, Calvert, with NSSMC, and was completed for an agreed price of \$1,550 million plus working capital and net debt adjustments"

¹ See Exhibit 4

Exhibit 8 – Quotes Relating to Positive Trends in Demand for Major End-Use Sectors

Source: Bloomberg Transcript: Steel Dynamics Q1 2015 Earnings Call 4/21/2015

1. Mark D. Millett

"The U.S. has strong demand dynamics in place. Consumer confidence and spending continue to improve boosted by significantly lower prices at the gas pump and bullish equity markets. Durable goods and construction investment continue to grow, both key measures of U.S. steel consumption.

Forecast for the two largest domestic steel consuming sectors, automotive and construction remain intact. Automotive is forecasted to grow to almost 18 million units over the next few years. Overall, construction spending and domestic manufacturing continue to trend favorably."

2. Mark D. Millet

"I believe that underlying demand, our picture of the underlying demand remains relatively intact with the exception of thoughts in energy [...] Automotive remains incredibly strong, manufacturing appears solid to us and we do believe construction is, continues to recover."

Source: Bloomberg Transcript: AK Steel Holding Q1 2015 Earnings Call 4/28/2015

3. James L. Wainscott

"It's really different business sand I think as you've seen the auto business is incredible robust. We're on track here for the best April sales in a decade. Analysts continue to say probably those at JP Morgan as well looking north of 17 million units this year."

Source: Source: Steel Dynamics, Inc. "Company Investor Presentation June 2015"

4.

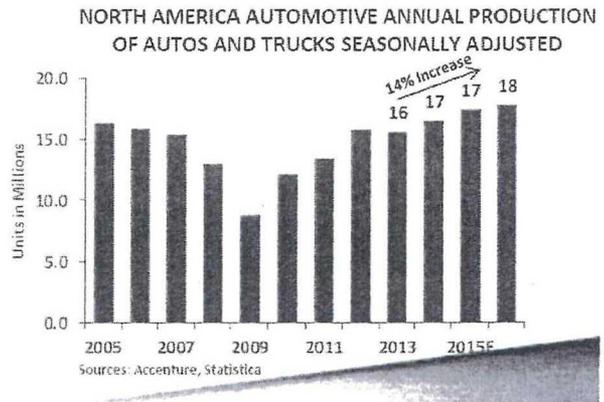
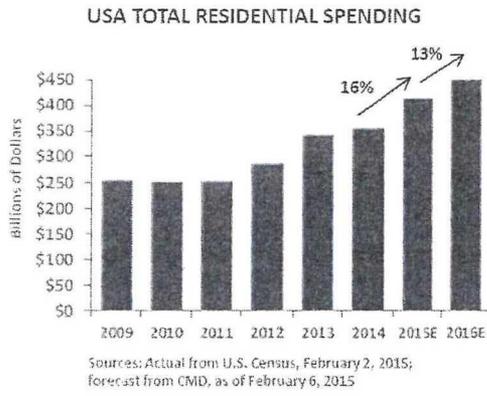
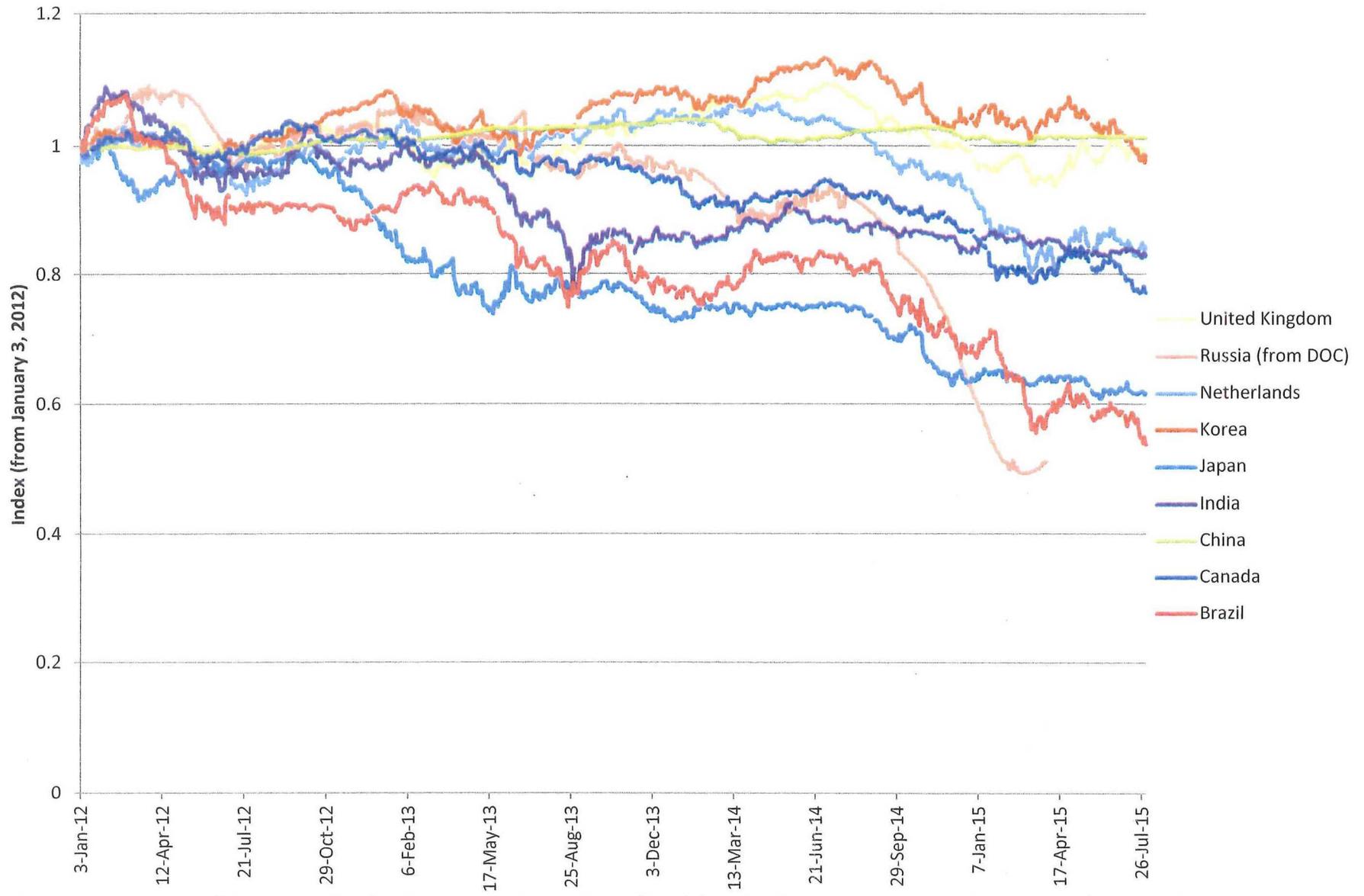


Exhibit 9 - Indexed Daily Exchange Rate: U.S. Dollar / Foreign Currency



Source: Department of Commerce Foreign Currency Exchange Rates (Russia), Federal Reserve Foreign Exchange Rates (All others)