

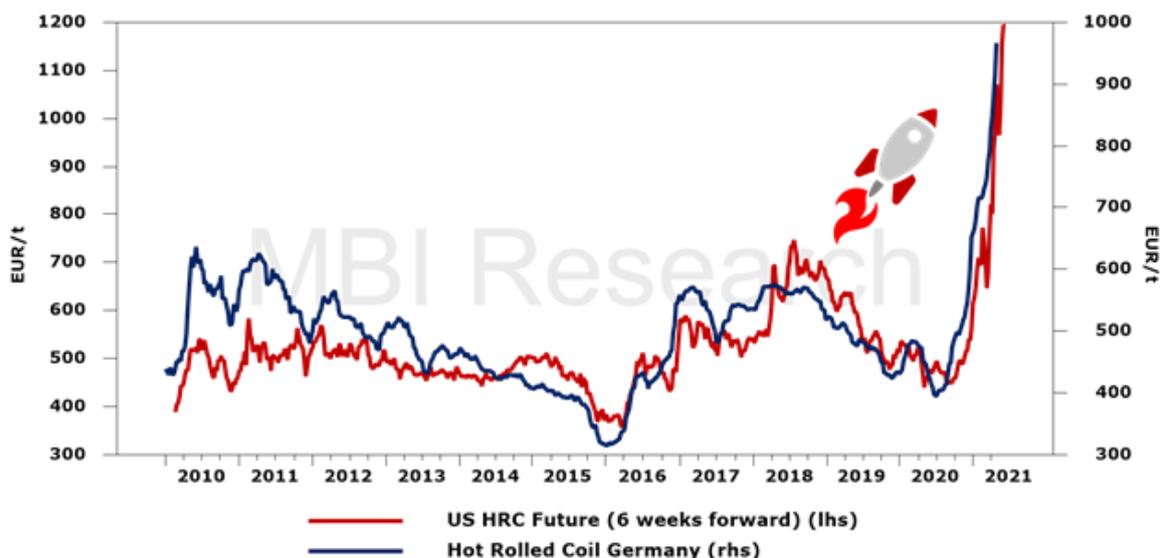
The reasons behind current steel market developments and outlook 2021

In an extraordinary, digital meeting, the members of the EUROFORGE Automotive Group met on 11 May to focus on the steel market situation. Steel market expert Phillip Mann explained the background to the current shortages and the resulting price explosion.

As a result of the global sales crisis in the first and second quarters of 2020, many steel producers significantly reduced their capacities. The restart after the rapid recovery of the steel processing industries in the course of the second half of the year was delayed and not to the full extent. Plants that were partially shut down had to be restarted over longer periods of time, and maintenance work that had been started had to be completed. Uncertainties regarding the further development of the customer markets led to further delays in the rebuilding of capacities.

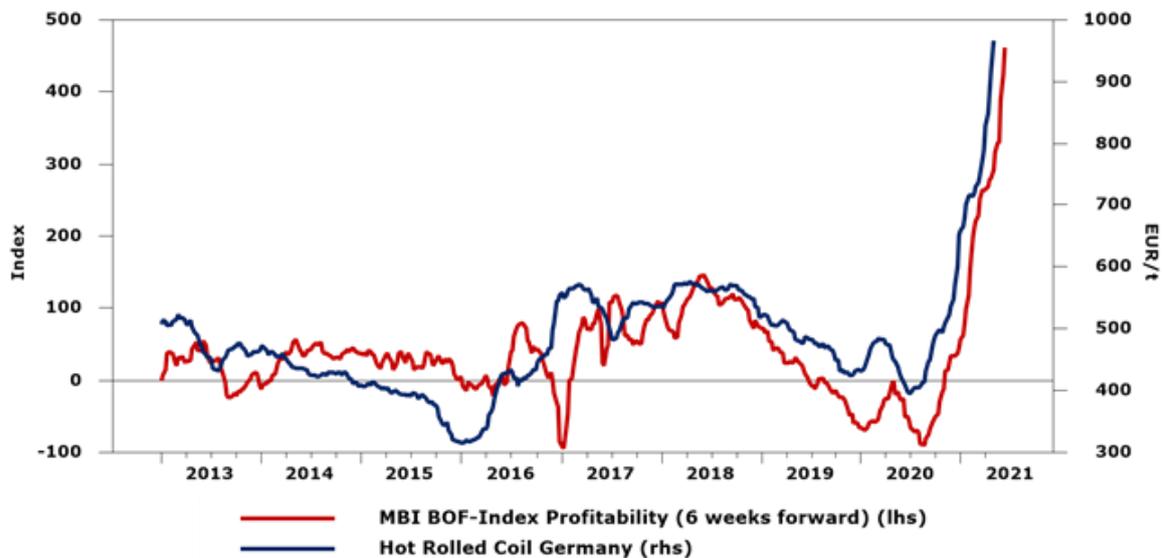
The resulting gap between steel availability and demand has led to considerable shortages of steel of all grades since mid-2020 worldwide. As a result, delivery times multiplied and prices reached new highs.

Steel prices rallying to multi-year highs - 1



The fact that the current price level is not exclusively cost-driven was clearly demonstrated by Phillip Mann, analyst at MCI Infosource, in his presentation "The reasons behind current steel market developments and outlook 2021": the profitability of steel producers has improved significantly in the course of 2021.

Steel producers are benefitting substantially



The outlook for the rest of 2021 suggests that the situation will only ease in the medium term until the end of the year.

The situation is hitting the forging industry dramatically! Many companies are reporting supply bottlenecks and significant price increases - in some cases even for annual quantities that have already been agreed.

In this context, EUROFORGE is calling for the repeal of the European Safeguard Measures, which severely restrict the possibility of switching to deliveries from third countries.