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news release

Rolling mills in Frýdek-Místek are investing and increasing production even in the time of crisis

Frýdek-Místek, September 25, 2009 – The new facility for production of grain oriented (GO) steel was commissioned in a festive manner today in the company ArcelorMittal Frýdek-Místek. “The position of this production segment on the market is still very high so that current economic crisis has not caused drop of demand. Our total investment in the increase of the production of these sheets reached CZK 2.5 billion and investments continued also this year when they exceeded CZK 200 million,” says the company CEO Tomáš Mischinger

Thanks to the new facilities the volume of GO sheets production will be increased to 46.6 thousand tons this year compared with 22 thousand in the year 2008. “In the following period we are planning rapid increase to 75 thousand tons per year. We are also gradually improving quality of our sheets, which results in higher competitive capacity of ArcelorMittal Frýdek-Místek products on the world markets,” comments the CEO.

This year a decarburization lines and electric switchgear of the line were revamped in the cold rolling mill. Besides this, two gas fired high temperature annealing furnaces and three foundations were installed. The total capital expenditure costs reached CZK 206.4 million. “The decarburization line is the key facility for us to reach the best quality of produced sheets,” explains the director of production and technology department David Božoň. In his words, the switchgear reconstruction provided for increased electric power inputs required for starting new production lines.

At present time only 13 producers all over the world are able to produce grain oriented steel sheets. In Europe only a few steel companies in Poland, Germany, Russia and United Kingdom produce this demanding product. “Production increase and higher quality of sheets allows us to extend the list of our customers by more demanding ones manufacturing transformers of higher capacity,” concludes the company CEO Tomáš Mischinger.

The course of capital expenditures as far:

In the first stage of investment five covered electric furnaces for high temperature annealing of coils supplied by the German company Loi were installed together with a hot straightening line supplied by the company Ingeteam and a new surface layer application line from the Italian company Tenova. “During the year 2008 we invested some CZK 650 million in these facilities,” says Mischinger. The existing decarburization line was reconstructed and two gas fired furnaces for high temperature annealing were added.

The most important project of the next stage will be the construction of a new decarburization line. The planned slitting line and packing centre will bring more orders thanks to higher quality of the slit strip. Also the rolling stand will be partly revamped and modernized to allow rolling of high quality sheets.

Besides investment in the production equipment it was also important to improve waste system for higher production capacities. The company invested some CZK 60 million to de-emulsification, neutralization and treatment of waste waters, which brought significant improvement of environmental impacts.

ArcelorMittal Frýdek-Místek (former Válcovny plechu Frýdek-Místek) is the subsidiary company of ArcelorMittal Ostrava. The company is the significant producer of cold rolled steels. The production portfolio of the company contains deep drawn and grain oriented steels as well as galvanized grounding strip and wire. After the merger with the company Nová Huť – Válcovna za studena its production range contains also carbon and micro-alloyed steels and binding strips. Most of the company production of GO steel is exported to Europe: Italy, Germany and Turkey.

In the year 2008 the company generated profit CZK 600.32 million (before taxation), which is by 13% more than in the previous year. Revenues from sales of products and services increased in 2008 to CZK 3.9 billion compared with CZK 3.5 billion in the year 2008.

Current headcount of the company and its subsidiaries is 894 employees. The average salary in 2008 reached CZK 24 787 thousand.

The year **2008** was an important milestone in the history of the company. The rollers celebrated 175th anniversary of the company foundation under the original name Karlova Huť. Since April 1, 2008 the name of the company was changed from Válcovný plechu to ArcelorMittal Frýdek-Místek. On August 1, 2008 the company merged with its subsidiary company Nová huť – Válcovna za studena, which simplified the new company management.