

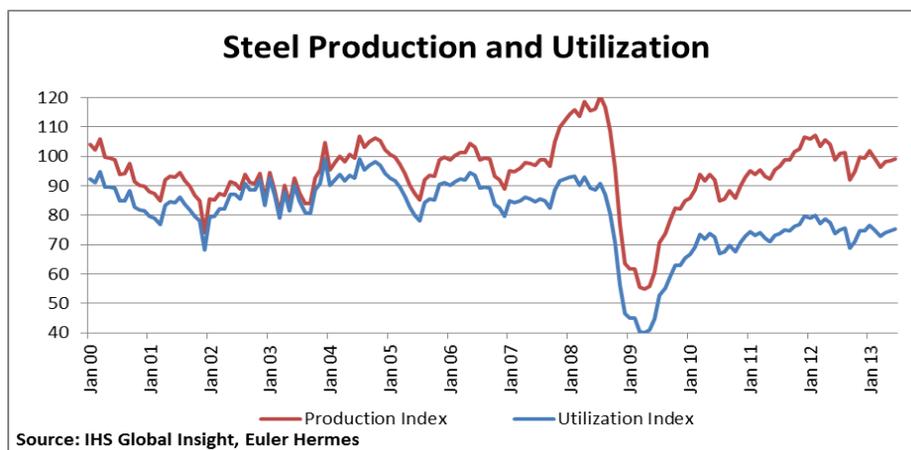
Euler Hermes U.S. steel industry outlook: Overcapacity, import competition pressure U.S. producers

BALTIMORE, Md. – November 12, 2013 – U.S. steel prices will soften in the fourth quarter of the year as domestic supply-side issues are resolved and competition from imported steel limit U.S. mills’ ability to push through price increases, according to the [U.S. Steel Industry Outlook](#) released today by [Euler Hermes](#), the world’s leading provider of [trade credit insurance](#).

The steel industry continues its slow recovery from the 2008 recession with robust U.S. auto sales and improved construction activity supporting demand. However, the industry faces a challenging operating environment that includes weak apparent consumption, overcapacity and increased competition from imported steel.

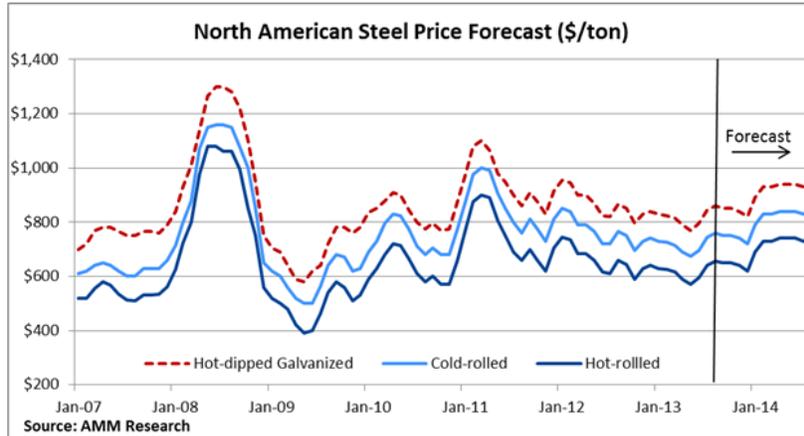
Apparent consumption of steel, a measure of domestic demand, contracted 3.7% to 7.9 million tons in June 2013, compared with the previous year. Inventory levels remain low, and buyers are reluctant to purchase due to short lead times and anticipation of price declines.

While U.S. steel mill capacity remains mired in the mid-70% range, recent supply-side disruptions have allowed mills to boost pricing. Domestic producers have increased prices four times since May 2013 as problems or planned maintenance at several large U.S. facilities have reduced supply.



The recent U.S. price increases have also made foreign steel more competitive. Steel imports jumped in 2012, as product from Russia and China became more attractive to domestic buyers.

“The threat of steel imports continues to be a concern for the U.S. steel industry,” said Fidel Donkoh, commodities analyst at Euler Hermes. “The slowdown in China, coupled with weak macroeconomic conditions in Europe, has left sellers around the world in search of a marketplace. Thus, we see limited upside in domestic pricing moving forward.”



“We expect capacity utilization to remain below 80% for the remainder of 2013, and pricing will likely lose ground in Q4 as domestic supply-side issues are resolved,” said Donkoh. “Given the constrained operating environment, U.S. mills will continue to seek cost reduction and vertical integration strategies to better position themselves in the marketplace.”

#

CONTACTS

Euler Hermes Americas Media Relations

Morgan Salinger – +1-212-931-6158

msalinger@peppercomm.com

Euler Hermes Group Media Relations

Remi Calvet – +33 (0) 1 84 11 61 41

remi.calvet@eulerhermes.com

Laura Crovo – +1-410-753-0862

Laura.Crovo@eulerhermes.com

Euler Hermes North America Insurance Company

Euler Hermes’ regional headquarters for the United States, Canada and Brazil is located in Owings Mills, Md. Founded in 1893, Euler Hermes is North America’s largest and longest-established provider of trade credit insurance and accounts receivable management solutions. The company protects and insures around \$120 billion of regional trade transactions annually, serving small, medium and multinational clients across a range of sectors. The company employs 430 people regionally and serves clients from more than 50 locations in North America and Brazil.

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and posted a consolidated turnover of €2.4 billion in 2012. Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe. The Group insured worldwide business transactions totaling €770 billion exposure end of December 2012. Euler Hermes, subsidiary of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor’s.

For more information, visit www.eulerhermes.us; follow us on Twitter [@eulerhermes](https://twitter.com/eulerhermes).

Cautionary note regarding forward-looking statements: The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words “may”, “will”, “should”, “expects”, “plans”, “intends”, “anticipates”, “believes”, “estimates”, “predicts”, “potential”, or “continue” and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Euler Hermes Group’s core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii)



the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) persistency levels, (v) the extent of credit defaults, (vi) interest rate levels, (vii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions, including related integration issues, (xii) reorganization measures, and (xiii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The company assumes no obligation to update any forward-looking statement.