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JACOBSON CUSTOMER SATISFACTION SURVEY

Satisfaction's Up Despite Downturn

While virtually no one is happy with current steel demand, steel mill customers remain relatively satisfied with their suppliers' performance.



(MCN file photo courtesy Severstal)

NORTH AMERICAN sheet producers have shown significant improvement in customer satisfaction over the past year. This extends the continuous improvement trend of the past decade, raising the overall sheet mill satisfaction rate from 54 percent in 2000 to 68 percent in 2009. Bar/structural and plate mill customer satisfaction remains fairly constant in 2009 vs. 2008. Sheet, bar/structural and plate mills have all shown improvement in delivery satisfaction during 2009, according to the latest data from Jacobson & Associates.

Jacobson & Associates conducts a continuous census survey of steel mill customers. These satisfaction rates are based on the percentage of customer evaluations that register 8 or higher on a 10-point scale.

Not all mills are viewed as

CHART 1

The Leaders

TOP-RATED MILLS IN CUSTOMER SATISFACTION BY PRODUCT CATEGORY

SHEET

North Star Bluescope

PLATE

Nucor Tuscaloosa

BAR/STRUCTURALS

SDI Roanoke Bar

BEAMS

Nucor Berkeley

STAINLESS SHEET

AK Specialty Steels

SBQ

Gerdau MACSTEEL

Viewing overall customer satisfaction rates in the past decade (see Chart 3 below), producers of steel sheet have achieved steady improvement since 2006, despite the more recent economic downturn. Satisfaction levels for bar/structurals producers, which traditionally have topped other types of mills, have remained relatively stable. Even plate mills saw a slight uptick in customer satisfaction in the past year.

sheet and plate customers (see chart below). Satisfaction rates for plate mills are substantially lower than for both sheet mills and bar/structural mills, particularly when it comes to delivery. The good news is that plate mills have substantial opportunity to improve and thereby distinguish themselves from their competitors.

According to comments

CHART 2

Most Improved Mills

OVERALL CUSTOMER SATISFACTION BY PRODUCT CATEGORY

SHEET PRODUCERS

Severstal Columbus

Gallatin

Beta Steel

Nucor Berkeley

Duferco Farrell

Nucor Crawfordsville

Nucor Decatur

Essar Algoma

Severstal Dearborn

ArcelorMittal Cleveland

California Steel

Steel Dynamics

**BAR/STRUCTURALS
PRODUCERS**

Nucor Seattle

Kentucky Electric

SDI Roanoke Bar

CMC Texas

ArcelorMittal

CMC East

Gerdau Sayreville

Gerdau Whitby

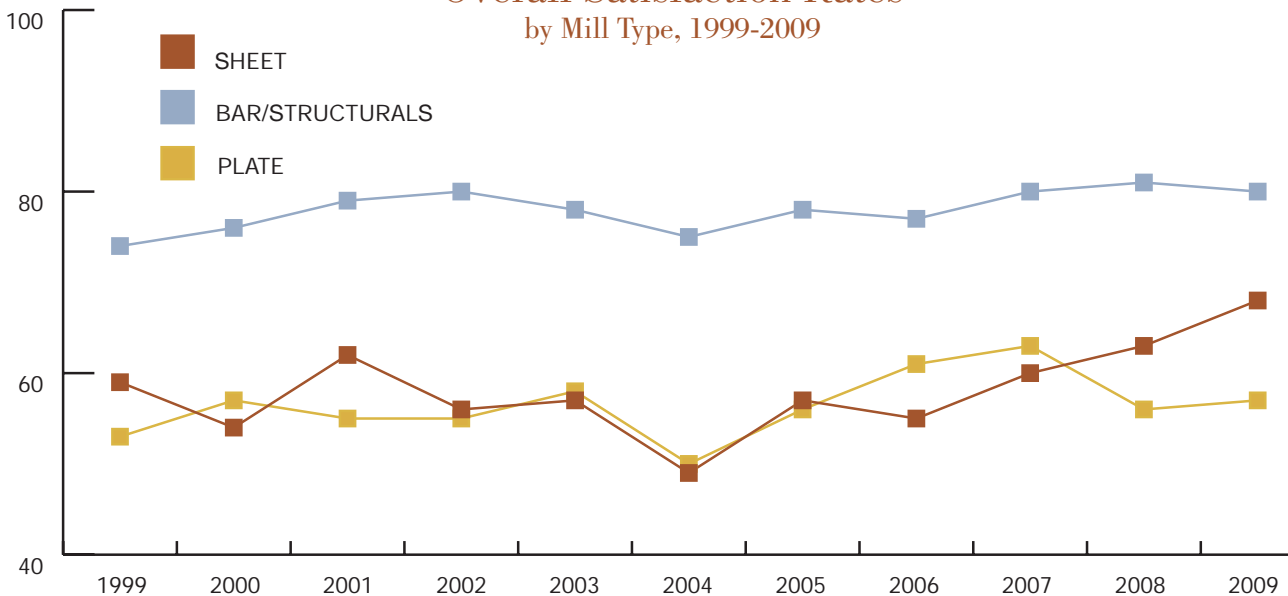
Gerdau Charlotte

equal in customers' eyes, however. Customers of bar/structural mills have consistently been more satisfied than both

from survey respondents, mills of all types could stand to enhance their customer service. Asked in September 2009,

CHART 3

Overall Satisfaction Rates by Mill Type, 1999-2009



Note: Satisfaction rates are based on the percentage of customer evaluations 8 or higher on a 10-point scale. The sheet mill totals exclude those mills idled as of Q3 2009. Data is for the 12 months ending Sept. 30 each year.

Overall Customer Satisfaction

TOP SHEET MILLS		TOP PLATE MILLS		TOP BAR/STRUCTURAL MILLS	
As Rated by End-User Customers	As Rated by Service-Center Customers	As Rated by End-User Customers	As Rated by Service-Center Customers	As Rated by End-User Customers	As Rated by Service-Center Customers
The Techs Gallatin AK Steel Nucor Crawfordsville North Star Bluescope Nucor Berkeley Steel Dynamics Severstal Columbus ArcelorMittal Cleveland USS-POSCO	North Star Bluescope The Techs Gallatin Nucor Decatur Beta Steel Nucor Berkeley Nucor Crawfordsville USS-POSCO Nucor Arkansas Dufenco Farrell ArcelorMittal Riverdale	Nucor Tuscaloosa Nucor Hertford SSAB North American	Nucor Hertford Nucor Tuscaloosa SSAB North American Evraz Claymont Steel	Nucor Auburn Gerdau Whitby Nucor Marion Nucor Texas SDI Roanoke Bar Kentucky Electric CMC Steel Texas CMC East Mills Gerdau Jackson	SDI Roanoke Bar Nucor Auburn CMC Steel Texas Nucor Seattle Nucor Jackson Nucor Nebraska Nucor Texas Gerdau Wilton Gerdau Jackson
TOP BEAM MILLS		TOP SBQ MILLS		TOP SPECIALTY STEELS MILLS	
As Rated by End-User Customers	As Rated by Service-Center Customers	As Rated by End-User Customers	As Rated by Service-Center Customers	As Rated by End-User Customers	As Rated by Service-Center Customers
Nucor Berkeley Nucor Yamato	Nucor Berkeley Gerdau Chaparral Nucor Yamato	Gerdau MAC- STEEL SDI Engineered Bar Nucor Nebraska	Gerdau Chaparral Nucor Nebraska	AK Specialty Steels Allegheny Ludlum	AK Specialty Steels North American Stainless

Note: Data covers the 12 months ending Sept. 30, 2009. Customers use a 10-point scale to measure their level of satisfaction with supplier quality, delivery, price, service and overall performance, where 10 is "Very Satisfied" and 1 is "Very Dissatisfied."

■ All the mills (above) averaged the highest scores for the five measures of customer satisfaction: quality, delivery, price, service and overall performance. They are ranked by product category. The companies in Chart 5 are ranked based on their marks for customer loyalty.

"Where do steel suppliers need the most improvement?" sheet mill customers offered the following suggestions:

- "Mills need to be more market friendly."
- "Mills need to have a more uniform way of conducting business;

paperwork and electronic information vary quite a bit from plant to plant."

- "Mills need to realize that relationships are a two-way street."
- "Mills need to be more consistent—they are more reactive instead of proactive."
- "[We need] more honest and

CHART 5

Customer Loyalty

Top-Rated Sheet Producers

The Techs
 USS-POSCO
 California Steel
 USS Midwest Works
 Nucor Berkeley
 Nucor Decatur
 ArcelorMittal Riverdale
 North Star Bluescope
 Beta Steel
 Steel Dynamics
 USS Gary Works
 ArcelorMittal Burns Harbor
 Nucor Arkansas
 ArcelorMittal Dofasco

Top-Rated Plate Producers

SSAB North American
 Nucor Hertford
 Nucor Tuscaloosa
 Evraz Oregon

Top-Rated SBQ Producers

Timken
 Gerdau MACSTEEL
 Gerdau Chaparral
 Nucor Nebraska

Top-Rated Bar/Structurals Producers

Gerdau Cambridge
 Nucor Marion
 Gerdau Wilton
 Gerdau Calvert City
 Gerdau Sayreville
 CMC East Mills
 Kentucky Electric
 Gerdau Jackson
 Nucor Seattle
 CMC Steel Texas
 Nucor Auburn
 SDI Roanoke Bar

Top-Rated Beam Producers

Nucor Yamato
 Gerdau Chaparral
 Gerdau Cartersville

Top-Rated Specialty Steel Producers

North American Stainless
 Allegheny Ludlum

proactive communication on lead times.”

- “[We need] competitive prices—the mills have increased prices 12 times in the past six months.”

- “Consistency and communication.”

- “Improve customer service and manage order books better.”

- “Easy-to-find inventory status information.”

- “On-time delivery.”

- “Mills need to help us generate more business.”

Responding to the same question, customers of bar/structural mills said steel suppliers need improvement in the following areas:

- “Mills need to do a better job of holding to rolling schedules.”

- “Mills need to keep less inventory.”

- “Mills need to improve their pricing discipline.”

- “Mills need to keep prices reasonable.”

- “Mills need to stimulate user demand.”

- “[Mills need to] improve their customer service and manage their order books.”

- “Some mills need better customer service, and all need to be on time with acknowledged delivery dates.”

- “Mills need to make us more competitive relative to their own fabricators.”

- “Delivery and availability.”

- “Communication.”

Likewise, customers of plate mills say suppliers need to improve:

- “Response time.”

- “Mills need to improve their ability to provide quality product shipped on time.”

- “Delivery and price accountability.”

- “Honest and proactive communication on lead times.”

- “Consistency and communication.”

Last year, the survey data showed

Methodology

Jacobson & Associates conducts a continuous census survey of more than 2,000 major steel customers in the United States and Canada, including service centers and end-users. The Jacobson Survey stands as an objective, third-party measure of steel customers’ satisfaction with their mill suppliers. Customers use a 10-point scale to measure their level of satisfaction with supplier quality, delivery, price, service, inside sales, outside sales and overall performance. Jacobson produces separate reports on sheet producers, plate producers, minimill producers, stainless sheet producers, bar producers and beam producers. This article is based on survey data for the 12 months ending Sept. 30, 2009 .

CHART 6

Satisfaction Rates by Mill Type

2009 vs. 2008, By Satisfaction Attribute

Mill Type	2009	2008	Difference
Sheet Producers			
Overall Satisfaction	68%	63%	+5%
Quality Satisfaction	80%	78%	+2%
Service Satisfaction	69%	67%	+2%
Price Satisfaction	55%	48%	+7%
On-Time Delivery	62%	55%	+7%
Bar/Structurals			
Overall Satisfaction	80%	81%	-1%
Quality Satisfaction	92%	92%	0%
Service Satisfaction	82%	82%	0%
Price Satisfaction	71%	72%	-1%
On-Time Delivery	81%	80%	+1%
Plate Producers			
Overall Satisfaction	57%	56%	+1%
Quality Satisfaction	78%	78%	0%
Service Satisfaction	60%	62%	-2%
Price Satisfaction	58%	55%	+3%
On-Time Delivery	47%	44%	+3%

Note: Satisfaction rates are based on the percentage of customer evaluations 8 or higher on a 10-point scale. The sheet mill totals exclude those mills idled as of Q3 2009. Data is for the 12 months ending Sept. 30 each year.

Sheet producers saw significant improvements in customer satisfaction rates this year vs. 2008, while makers of bars/structurals and plate held their own.

that mill customers were extremely concerned about the high prices and tight availability of steel products. This year, with prices down and steel supplies up, customers are more focused on the traditional trifecta of quality, price and delivery. And it's a sure bet the mills are, too, given the relatively high marks they have continued to receive from service centers and other customers despite the difficult market conditions. ■

John Jacobson is president of Jacobson & Associates, Lake Forest, Ill. The Jacobson Survey has been measuring steel customer satisfaction since 1992. Additional information on Jacobson & Associates is available at www.jacobsonsteel.com or by calling 847-735-7250.

JACOBSON & ASSOCIATES

JOHN JACOBSON established Jacobson & Associates, a consulting and customer satisfaction measurement firm, in 1992. Jacobson & Associates is best known for the Jacobson Steel Customer Satisfaction Survey that covers major steel producers in the United States and Canada.

Over more than thirty years as a consultant to the steel industry, Mr. Jacobson has had the privilege of working with nearly every major steel company in North America. Prior to founding Jacobson & Associates, John was a VP with Chase Manhattan Bank and a Managing Director with Wharton Econometrics. Mr. Jacobson began his career at the Congressional Budget Office in Washington, D.C. John is a graduate of Swarthmore College and The Wharton School of the University of Pennsylvania.

Phone: 847.735.7250
 Fax: 847.283.0124
 Email: jej@jacobsonsteel.com