



AK Steel's Ashland Blast Furnace Back in Full Operation



Steel maker AK Steel has said that it has completed the relining of the hearth at its Ashland Works blast furnace in Kentucky. The blast furnace has also been put back into full production. The resumption of operation at Ashland Works follows a roughly four weeks of planned outage for maintenance work. The outage was previously planned to occur in 2015, but took place earlier to address certain operational issues.

The outage started in late Oct 2014 and was completed in 27 days, ahead of the company's forecast of 28 days. The blast furnace is now operating at its full production capacity that is considerably higher than pre-outage levels. AK Steel has also completed other routine maintenance works on the blast furnace.

While the blast furnace is now back in full production, AK Steel's results in the fourth quarter of 2014 are expected to be dragged down by the outage. The company's production, shipments, operating costs and margins are expected to be impacted by the outage.

However, AK Steel said that it has taken the necessary steps, including purchase of additional slabs and increasing production at other plants, to mitigate the impact of the outage to its customers.

AK Steel, in November, said that it expected to make capital spending of around \$20 million and take charges of roughly \$30 million related to the outage and the resultant lower production levels in the quarter. The company has now stated that the outage involved capital investments of roughly \$19 million and other associated costs of around \$31 million.

AK Steel is expected to benefit from strength in the automotive market and higher shipment of steel products to automakers. In addition, the acquisition of the Severstal Dearborn plant is expected to boost the company's future earnings and improve its credit profile and liquidity.

Steel Asia opens PHP 3 billion mill in Davao



Steel Asia, Philippines' biggest steel manufacturer, has just completed and started operating its PHP 3 billion steel plant in Davao City, in time for the expected explosive growth of the region following the signing of the Bangsamoro peace agreement. Mr Ben Yao, president of Steel Asia said, "We have the most modern and biggest plant in the country, which is at par with the world's best since we are using the latest available technology. More than that, our plant will take care of the environment. The Davao plant will directly and indirectly generate 2,000 jobs."

Mr Yao said that the timing of the plant's completion was perfect given that the government was now prepared to pump more funds into Mindanao for infrastructure and other services following the signing of the peace agreement.

For 2015, the public works and highways budget for Mindanao will be PHP 63 billion, up 70% from PHP 37.5 billion in 2014, PHP 27.5 billion in 2013, and PHP 20 billion in 2012.

As a result, demand for reinforced steel bars

(rebars) is expected to grow exponentially and Steel Asia is in the right place at the right time.

The plant can produce 500,000 tonnes of rebars yearly, bringing Steel Asia's total production capacity to 2 million tonnes from its six plants. This is more than half the country's demand of 3.3 million tonnes this year. It has three plants in Luzon, one in the Visayas, two in Mindanao, including the new Davao plant.

Manila stands to benefit as well from the establishment of the Davao mill since dispersing economic activity across the archipelago will decongest Manila ports. About 75% of Steel Asia's operation is no longer in Manila, but dispersed regionally.

Mr Yao said, "We are proud that we are part of the solution in the decongestion of Manila. Eliminating interisland shipping of rebar also helps reduce the carbon footprint. Steel Asia will set the example to show that industries can be responsible partners in growth and in protecting the environment at the same time."

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