Master Alloy Supply & Demand: Supporting the Future

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Outline

- Key Raw Materials Supply & Demand
  - Vanadium Pentoxide (V2O5)
  - Molybdenum Trioxide (MoO3)

- Sponge and Scrap Balance
  - Sponge markets
  - Scrap markets

- Master Alloy Supply & Demand
  - Master Alloy Assumptions.
  - Master Alloys: Supporting the Future
Vanadium Pentoxide - Published

Source: Metal Bulletin / Ametek – Reading Alloys Internal
Vanadium Pentoxide - Published

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Vanadium Pentoxide - Published

Source: Metal Bulletin / Ametek – Reading Alloys Internal
Molybdenum Trioxide - Published

Source: Ryan's Notes & Platt's Published / Ametek Reading Alloys Internal
Molybdenum Trioxide – Published

Source: Ryan’s Notes & Platt’s Published / Ametek Reading Alloys Internal
Titanium Sponge - Published

Source: Metalprices.com - Ametek Reading Alloys Internal
Bulk Weldables (6-4) - Published

Source: Metalprices.com - Ametek Reading Alloys Internal
Sponge - Bulk Weldable - Published

Source: Metalprices.com - Ametek Reading Alloys Internal
Master Alloy Consumption

2010 = 100%

Ametek – Reading Alloy Market Estimate
Master Alloy Assumptions

- We know that there is a growing demand for new titanium intensive aircraft throughout the world. Driven by passenger growth, fuel efficiencies as well as an aging fleet which will be retired and replaced.

- Excess titanium inventory burn is reportedly nearly complete, and the much anticipated growing demand is returning to the market.
Master Alloy Assumptions

- As scrap values normalize and supply returns to a more balanced position, the usage of sponge and MA is expected to increase as alloyed ingot demand increases.

- There is much inventory of sponge throughout the world as well as significant sponge capacity which has been underutilized the last couple years. Returning to a healthy operating rate for global sponge plants will also lead to increased demand for master alloys.
Some industry estimates project commercial aircraft (airframe, engine & component) consumption of titanium mill products could average 5-14% CAGR over the next 5 years.

What will be the right number for Master Alloys?
Master Alloy: Supporting the Future

- A key when moving forward will be healthy raw material positions where non-volatile supply and pricing is the norm.

- A master alloy manufacturing capacity which is matched to needs of the customers. Not overbuilt and overcapitalized but matched to the needs of the industry.
Master Alloy Consumption and Projected Demand

2010 = 100%

Ametek – Reading Alloy Market Estimate
Master Alloy: Supporting the Future

- Reading Alloys has been proactively growing and modernizing its plant as the industry grows.

- New equipment, facilities and automation have been put in place to support the growing needs.

- Delivering high quality products, on time, is key.

- Continuous improvement, cost containment and productivity will continue.