HYUNDAI STEEL STARTS OPERATION OF ITS NO. 1 BLAST FURNACE

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First blast furnace reflects Hyundai Steel's commitment to environment, applies eco-friendly technologies
Hyundai’s determination to build an integrated steel mill comes to fruition

Hyundai hopes new steel mill will stimulate the Korean economy

DANGLIN, Korea, Jan. 5, 2009 - Hyundai Steel Co., part of the Hyundai Automotive Group, held a furnace ‘lighting’ ceremony today at its new integrated steel mill in Dangjin, South Korea, to start the operation of its first blast furnace.

Over 600 distinguished guests and staff attended the ceremony, including the Chairman of the Hyundai Automotive Group, Mr. Chung Mong-Koo, and Mr. Marc Solvi, CEO of Luxembourg-based Paul Wurth S.A., which oversaw the engineering of the blast furnace. The ceremony marks the completion of Hyundai Steel’s No. 1 blast furnace, which has an annual capacity of 4-million tons. The company is aiming to complete its No. 2 blast furnace by early 2011, to reach capacity of 8 million tons a year.

"Through Hyundai Steel's substantial investment of 5.84 trillion won (approx. US$5 billion), we are constructing the most advanced, eco-friendly integrated steel mill in the world, which is also in line with the government's green growth policy," Chairman Chung said at the ceremony. “The new steel mill will give our automotive group a competitive edge by allowing us to secure and develop our own supply of high-quality steel, while contributing to the national economy at the same time."

“What we see starting up today is the largest-ever blast furnace we designed, and it features the best available technologies and solutions,” said Mr. Solvi of Paul Wurth. "It is really to our great appreciation that we have been given the chance to design and to carry out a large share in building one of the most modern steelmaking facilities."

Hyundai Steel's First Blast Furnace

Today’s ceremony is to light Hyundai Steel's new blast furnace for the first time, putting it into operation. Hyundai Steel is currently the world’s second-largest EAF (Electric-Arc Furnace) steelmaker, which melts steel scrap to produce products that are mostly used for construction purposes. It embarked on this massive project in 2006 to build blast furnaces, which use iron ore and coking coal to produce high-quality steel for cars, ships and electronics.

Hyundai Steel said the construction of the blast furnace was completed on-schedule, finished in just three years since the groundbreaking ceremony, which is one of the shortest periods worldwide for construction of such a large furnace. The plant is located in Dangjin, 123 kilometers southwest of Seoul.

The No.1 blast furnace, with an inner volume of 5,250 m³, maximum width of 17m and height of 110 m, is a large furnace showcasing state-of-the-art engineering technologies. It is expected to have quality and price competitiveness when the operation gets into full swing.

An Eco-Friendly Steel Mill

More importantly, the No.1 blast furnace employs the latest environmentally-friendly technologies, reflecting the eco-friendly management philosophy of Chairman Chung, who personally visited the construction site at least two to three times a week.

The environmental aspects of the integrated steel mill at Dangjin have been the main focus from the beginning. This is inherently
different from other plants where environmental facilities are installed only after the completion of the factory. The most state-of-the-art emission control methods will be incorporated into the design of the steel plant, allowing it to co-exist in harmony with the local community. A prime example of this commitment is the encapsulated raw material processing facility, which prevents dust from the iron ore and coking coal from polluting the nearby communities.

**Contribution to Economy**

Hyundai Steel’s integrated steel mill is expected to bring a positive impact on the Korean economy by creating more jobs and business opportunities with small- and medium-sized enterprises.

South Korea is the world’s biggest consumer of steel per person. However, due to the lack of crude steel production capacity, the country has to import more than 20 million tons of semi-finished steel products mainly from Japan and China annually. In the year 2008, South Korea imported about 28.9 million tons of steel products, or about 52.3 percent of its crude steel production capacity. The operation of Hyundai Steel’s new blast furnace is expected to greatly alleviate the import of steel products from foreign countries.

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