

PUBLIC FILE



InfraBuild

Building futures through sustainable steel

Continuation Inquiry No. 601

Rebar exported from Greece, Indonesia, Spain (by Nervacero S.A.), Taiwan (by Power Steel Co. Ltd) and Thailand

Exporter visit briefing:

Millcon Steel PLC

23 June 2022

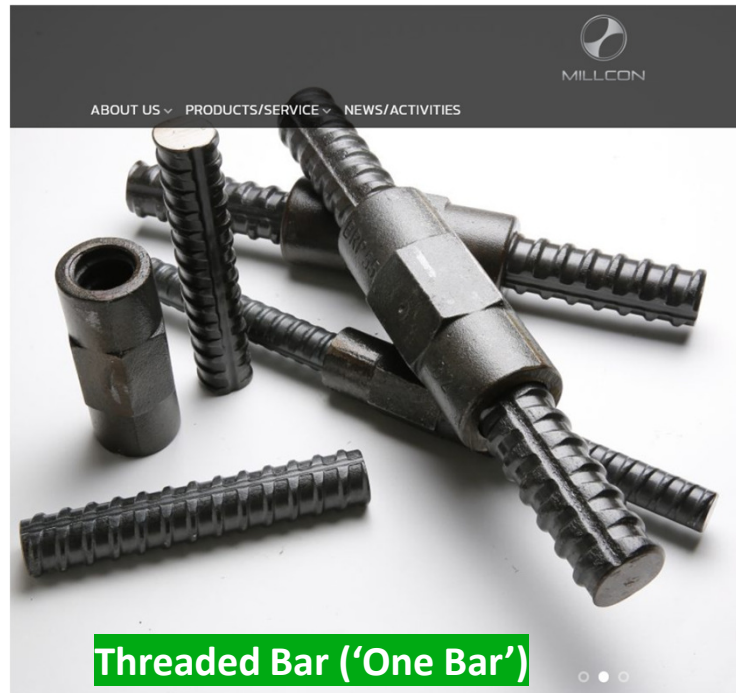
The Goods

Millcon produces rebar in lengths and threaded bar

Hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process.



Rebar in lengths



Threaded Bar ("One Bar")



Rebar Coil
(not produced by Millcon)

WHAT IS ONE BAR?

The Goods

Millcon Product Catalogue

Thai Industrial Standard

1. Round Bar: TIS. 20-2559
Grade SR24 **Not deformed**
Size RB6 and RB9 **Not the Goods**
Bar length 10 M
Bar in coil, Weight per coil average 1.50 – 2.00 Tons/Coil

2. Deformed Bar : TIS. 24-2559
Grade SD40 and SD50
Size DB12, DB16, DB20, DB25, DB28, DB32 and DB40
Length 10 M and 12 M

International Standard

1. ASTM A615
2. BS 4449
3. JIS G 3112
4. CAN / CSA – G30 .18 – M92
5. AS / NZS 4671

Rebar in straight lengths

Diameters 12 to 40mm

Thai Standard Grades SD40 and SD50

International Standards (export)

High Tensile Thread Steel Bar

The Group can produce high tensile thread steel bar according to the ASTM A 722 ISO 6934-5 for use in large construction works and geological constructions which require high tensile strength such as electric train system, bridge, tunnel, deep sea port, dam, and others. These include construction of earthquake resistant buildings.

Grade 885/1080 Size 15 and 20 mm

Grade 835/1030 Size 26.5, 32, 36 and 40 mm

Grade 930/1080 Size 26.5, 32, 36 and 40 mm

Grade 1080/1230 Size 32, 36 and 40 mm

Also known as 'prestressing thread bar'

The subject of Exemption Inquiry EX0072

**Very high minimum yield strength (>800MPa) –
MCC category 'D'**

One Bar is a steel bar with TIS.24 standard of SD40/SD50 grade and used in general reinforced concrete building construction. It has distinctive shape with threading formed thoroughly along the bar length which allows for perfect reinforcing bar (rebar) coupling.

Threaded Bar

Thai Standard Grades SD40 and SD50

The Goods – Models

Threaded Bar (Category 6) important in Model Matching for Millcon



Australasian Certification Authority
for Reinforcing and Structural Steels Ltd

Products assessed by ACRS to AS/NZS 4671:2019

To be read in conjunction with
Certificate Number: 80701



Millcon Steel PLC
RAYONG, THAILAND

Products manufactured :

AS/NZS 4671 Grade 500N Ribbed Bar

Bar 12 – 40mm ✓

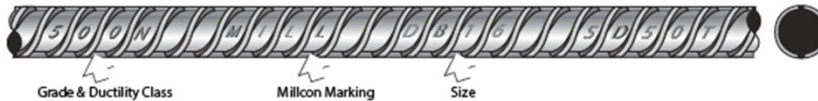
AS/NZS 4671 Grade 250N Ribbed Bar

Bar 12 mm ✓

AS/NZS 4671 Grade 500N Threaded Bar

Threaded Bar 12 – 40mm ✓

Bar Markings D500N Straight Bar



Approved From 6/7/15 500N Threaded Bar



For Australia:

Millcon has ACRS accreditation for

- Rebar Grade 500N and 250N
- **Threaded Bar** Grade 500N

Threaded bar is roll marked '**BBV 500N**'

| Item | Category | Sub-category | Identifier | Sales data | Cost data |
|------|------------------------------------------------------------------------------|----------------------------------------------------------|------------|------------|-----------|
| 1 | Prime | Prime | P | Mandatory | Optional |
| | | Non-Prime | N | | |
| 2 | Minimum yield strength specified by product standard (Mega Pascals or 'MPa') | Less than or equal to 300 | A | Mandatory | Mandatory |
| | | Greater than 300 but less than or equal to 480 | B | | |
| | | Greater than 480 but less than 550 | C | | |
| | | Equal to or greater than 550 | D | | |
| 3 | Finished form | Rebar in length/straight | S | Mandatory | Mandatory |
| | | Rebar in coil | C | | |
| 4 | Nominal diameter (millimetres or 'mm') | Less than 12 | A | Mandatory | Optional |
| | | Greater than or equal to 12 and less than or equal to 16 | B | | |
| | | Greater than 16 and less than or equal to 32 | C | | |
| | | Greater than 32 and less than or equal to 50 | D | | |
| 5 | Length (metres or 'm') | Less than or equal to 6 | 1 | Mandatory | Optional |
| | | Greater than 6 and less than or equal to 12 | 2 | | |
| | | Greater than 12 | 3 | | |
| | | Coil product | C | | |
| 6 | Deformation pattern along Length | Threaded | T | Mandatory | Optional |
| | | Non-Threaded | N | | |

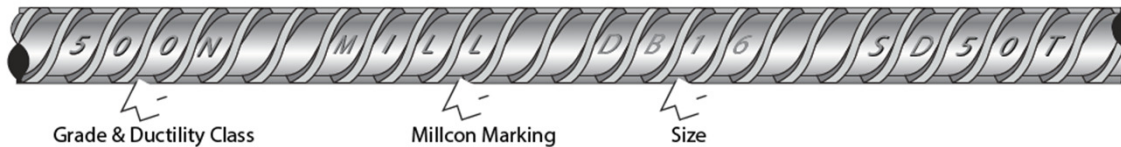
The Goods – Models

Grades – Rebar and One Bar

| | | | | |
|---|------------------------------------------------------------------------------|------------------------------------------------|---|-------------------------------------------|
| 2 | Minimum yield strength specified by product standard (Mega Pascals or 'MPa') | Less than or equal to 300 | A | Grade 500N and Grade SD50 and Spec ONE 50 |
| | | Greater than 300 but less than or equal to 480 | B | |
| | | Greater than 480 but less than 550 | C | |
| | | Equal to or greater than 550 | D | |

Bar Markings

D500N Straight Bar



REINFORCED CONCRETE STEEL BAR

| THAI INDUSTRIAL STANDARD | | | | |
|--------------------------|-------|----------------------------------------------------------------------|-------------------------|-----------------|
| STANDARD | GRADE | CHEMICAL COMPOSITION | TENSILE STRENGTH | YIELD STRENGTH |
| TIS 20-2559 Round Bar | SR24 | C = 0.28% max P = 0.060% max S = 0.060% max | 385 Mpa Min | 235 Mpa Min |
| TIS 24-2559 | SD40 | Mn = 1.64% max P = 0.060% max S = 0.060% max CE = 0.55% max | 560 Mpa Min | 390 Mpa Min |
| | SD50 | Mn = 1.64% max P = 0.060% max S = 0.060% max CE = 0.60% max | 620 Mpa Min | 490 Mpa Min |
| AS/NZS 4671: 2001 | 500N | C = 0.24% max P = 0.055% max S = 0.055% max CE = 0.46% max | T.S./Y.S. ≥ 1.08 min | 500-550 Mpa Min |

ONE BAR

Steel Grade SD40 / SD50 Conformed to TIS24-2559

Mechanical Properties:

| SPEC | YIELD STENGHT (Mpa) | TENSILE STRENGTH (Mpa) |
|--------|---------------------|------------------------|
| ONE 40 | 390 | 560 |
| ONE 50 | 490 | 620 |

The Goods – Models

Grades – Rebar and One Bar

CON 601 – Millcon EQR at P20

| EXPORTED TYPE | DOMESTIC TYPE | IDENTICAL? | DIFFERENCES |
|---------------|---------------|------------|------------------------------------------------------------------------|
| DB 500N | DB 500N | YES | No |
| DB 500N | DB SD50 | NO | Chemical composition (please refer to the tables in C-1 and C-4) |

Spec for One Bar and High Tensile thread bar?

Domestic MCCs

- P-A-S-A-2-N
- P-B-S-A-2-N
- P-B-S-B-2-N
- P-B-S-C-2-N
- P-B-S-C-A-N
- P-C-S-C-2-N
- P-C-S-C-2-T
- P-D-S-C-2-T
- P-D-S-D-1-T
- P-D-S-D-2-T

1. Understand circumstances of domestic sales of AS/NZS 4671 Grade 500N
 - Thai Standard product likely to be required by projects / preferred by customers
 - Grade 500N sales sold at a discount, are they in OCOT?

2. Any domestic sales comparison to export grade 500N should include sales of 'largely identical' Grade SD50
 - EPR 264/062 (Verification visit for Millcon), the following is reported:
 - Millcon consider SD50, made to Thai standard TIS 24-2548 2005 (the Thai Standard), to be the grade most closely resembling F500N. Millcon stated that these two products were largely identical, but for a slight difference in chemical composition and minimum yield strength.

VERIFY CHEMISTRY FOR DIFFERENT BAR TYPES (TEST CERTIFICATES):

From Millcon Brochure:

- SD50 (for rebar) – Manganese 1.4% MAX
- SD50 (for One Bar) – Manganese 1.8%

ALSO:

- For the high tensile thread bar – a different spec will apply (InfraBuild adds Vanadium approx. 0.15% to these grades to achieve the strength along with water quenching)

The Goods – Models

Grades – Rebar and One Bar

STEEL

Source : Bangkok Post 12 August 2009

Mill Con sees recovery in H2

NANCHANOK WONGSAMUTH

The steel industry is set to recover in the second half of this year in line with the improvement of world steel prices, says Thitipong Tangpoonphonvivat, executive director of SET-listed Mill Con Steel Industries Plc.

The company expects its revenue this year to rise to 10 billion baht, up from 9.4 billion last year. Its revenue for the year so far was 5 billion baht, said Mr Thitipong. First-quarter earnings of 2.2 billion baht marked the company's lowest point, he added.

"I think it was due to the market trend and world steel prices, which were low at the start of the year. Currently they have increased by 20-30% from their bottom," he said.

Steel bars, mostly used in construction and auto parts, are now trading at US\$600 per tonne, up from \$480 in the first quarter and on target to average \$650 this year.

"During the current global recession, we weathered through crisis because we were disciplined in our financial policies. We also continuously lowered our costs and tried to seek new markets. Moreover, we tried to manage our risks by lowering our inventory," he said.

In the second half of the year, he expects the market to stabilise and start its road to a recovery, partly due to the government's efforts.

"Construction projects use 20-30% steel. The government's 'Strong Thailand' initiative, which includes infrastructure investment such as sky trains, definitely has an impact for steel," said Mill Con managing director Sittichai Leeswadtrakul. "Government investment will help revive dead projects, and if they inject cash into the system, positive impacts will be created."

He forecast that next year would be better than this year.

"Steel consumption grows according to the GDP, and the construction industry has also recovered along with the economy, since investors are starting to recover confidence," added Mr Thitipong.

"The economic crisis has ended. We can see many countries moving towards a recovery. We also haven't extended our investment but rather replaced our older products."

BRP Steel Plc, 84% controlled by Mill Con, plans to tap rebounding demand with its innovative "One Bar" threaded bars, a value-added product aimed at raising gross margin by 5-8%.

One Bar is designed to cut steel use

and building time by up to 20%, according to internal research.

"Using conventional steel to overlap [in joining the steel] wastes time and labour as well as requiring more steel. With this new product we are able to connect bars immediately," said Mr Thitipong.

The product, which is patented in Thailand, is aimed at supplying some of the demand for conventional steel bars, currently running at 1.2 million tonnes per year. The company hopes demand for its innovation will be between 500,000 and 600,000 tonnes per year.

Mill Con's plant in Bangkok has an annual capacity of 250,000 tonnes of round and bent bars and 300,000 tonnes of structural steel. BRP Steel rolls out 300,000 tonnes of large-format steel bars each year, but plans to switch capacity to produce new products for its first two project clients, producing 50,000 tonnes next year, 80,000 in 2011 and 100,000 in 2012, said Mr Sittichai.

The new products are aimed at large construction and infrastructure such as skytrains, bridges, dams, roads and ports.

Shares of Mill Con (MILL) closed yesterday on the Stock Exchange of Thailand at 7.15 baht, up 10 satang, in trade worth 51.79 million baht.

"One Bar" threaded bars, a value-added product aimed at raising gross margins by 5-8%

While this product is made to the same Standard and Grade as rebar, the physical characteristic that commands a price premium is the deformation pattern along the length ie. the thread that allows bars to be spliced and joined in-situ using connectors.

Export Sales to Australia – Completeness

INV 264 – Millcon verification report

*In its REQ, Millcon stated that it only sold rebar into Australia of a grade of F500N, which is made to the Australian standard AS/NZ 4671:2001 (the Australian Standard). As outlined in Section 4.2, during the upwards sales reconciliation process, the visit team confirmed that approximately 99 per cent by volume of goods exported to Australia by Millcon during the investigation period was F500N. However, **we also identified sales of a small volume of grade F250N rebar and one consignment of 'Onebar'**.*

INV 418 – Millcon verification report

*During the investigation period Millcon exported 500N grade rebar to Australia (this met the Australian specification AS/NZS 4671), **as well as a minor volume of SD40 and OneBar**.*

REV 518 – Millcon verification report

The verification team identified some goods sold through Millcon's intermediary, BBV were not included in Millcon's Australian sales listing because Millcon stated these sales were domestic sales. However because the commission has determined Millcon to be the exporter of these sales to an Australian importer, these sales have been transferred to Millcon's Australian sales. These sales relate to MCCs P-C-S-C-2-T and P-C-S-D-2-T.

CON 601 – Millcon EQR

Models exported to Australia:

Deformed bar grade 500N.

- P-C-S-B-1-N
- P-C-S-B-2-N
- P-C-S-C-2-N

Threaded bar produced by Millcon and exported to Australia (likely via BBV) have again been excluded from Millcon's Australian Sales – this should be investigated (as per REV 518).

Export Sales to Australia – Completeness

Millcon and BBV Systems arrangements verified in REP 518 (published 28 July 2020):

At 4.2 (p13)

Exporter questionnaires were sent to Millcon, the manufacturer and exporter, and BBV Systems Co., Ltd. (BBV), an intermediary between Millcon and International Drilling Equipment Pty Ltd (IDE), an Australian importer.

At p19:

In respect of Millcon's sales transactions with BBV, the Commission is in receipt of evidence which indicates that Millcon was the exporter of the goods for some transactions between BBV and IDE, the Australian importer.

At p14:

The Commission also undertook analysis of Millcon's exporter questionnaire response and ABF data, and found significant variances between the quantities Millcon sold to BBV and the quantities imported by IDE through BBV. The Commission has reviewed the evidence before it and considers Millcon's information in regard to these sales to BBV to be unreliable.

Verification challenge – reliable and complete identification of Millcon sales of threaded bar to BBV Systems for export to Australia. Export costs incurred by Millcon on 'domestic' sales?

Export Sales to Australia – Completeness

On 16 November 2020 a change was made to the Dumping Commodity Register (DCR) for the goods:

| | |
|------------------|---------------------------------------------------------------------------------------------------------------------|
| 16 November 2020 | Removal of BBV Systems Co Ltd as a intermediary supplier for Millcon Steel PLC as per advice from Millcon Steel PLC |
|------------------|---------------------------------------------------------------------------------------------------------------------|

At the time Millcon had a dumping margin of 15.6%, all other exporters 11.9%.

When queried with client services (referencing findings in REP 518), the response was as follows: →

The 16 Nov 20 note no longer appears in the DCR changes list but Millcon's list of suppliers no longer includes BBV.



Thailand

Millcon Steel PLC

Supplied directly or through:

Duferco SA ; or

Duferco Asia PTE LTD

ZAG International PTE LTD

Exemption applications EX0070, EX0071 and EX0072 lodged 28 Sept 2018

- Lodged 28 September 2018
- International Drilling Equipment is an importer and supplier of grade 500N BBV Systems (Thailand) threadbar rolled by Millcon (Thailand)

| Application number | Exemption goods description |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| EX0070 | 40 mm steel threadbar grade strength 500N |
| EX0071 | 28 mm steel threadbar grade strength 500N |
| EX0072 | fully threaded prestressing steel threadbar with a grade strength of 885 MPa to 1100 MPa and diameters of 15 mm to 50 mm ⁶ |

Exempt

Not exempt

Certain sizes exempt

- Exemptions applied:
 - 40mm threadbar grade 500N
 - Prestressing steel threadbar with diameters 26.5mm, 32mm, 36mm, 40mm or 50mm
- **Exempt goods (40mm threadbar and certain sizes of prestressing steel threadbar) remain 'like goods' exported to Australia for assessment of ascertained export price and therefore the dumping duty calculation.**

PUBLIC FILE

Source : Confidential

Export Data

Confidential Trade data graph

PUBLIC FILE

Export Data

Source : Confidential

Confidential Trade data graph

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Export Data

Source : Confidential

Confidential Trade data graph

Dumping margin calculation

Exporter claims:

1. No threaded bar exports by Millcon to Australia (as per EQR MCC disclosure)
2. BBV not an intermediary of Millcon (advised to effect DCR change in November 2020)
3. Domestic sales of export grade AS/NZS 4671 Grade 500N (as per EQR)

Confidential diagram

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Dumping margin calculation

Confidential diagram

Other Matters – CON 601 Millcon EQR

G-1.2 at p28 (Related party suppliers)

- Millcon Burapa: supply billet for producing rebar

From INV 264 – Millcon verification report (EPR 264/062)

Millcon has two rolling mills, one at Rayong and one in Bangkok (Rama 2). The rolling mill at Rama 2 is capable of producing rebar in the thickness range of 9 -16mm. The rolling mill at Rayong is capable of producing rebar in the thickness range 20-40mm.

Burapa is co-located at the Rayong manufacturing site.

QUESTION: Billet transfer costs from Rayong to Bangkok site? Imported or other domestically sourced billet used for either site? Cost allocation methodology for rebar produced via the two sites and warehousing arrangements (given a number of other products produced also)?

B-1.1 at p15 (Australian export sales process)

- Exported Goods to Australia are sold under either FOB [Laem Chabang port] or CFR [Fremantle port], CFR [Melbourne port], CFR [Sydney port], CFR [Brisbane port].

E-3 at p25 (Delivery)

- The delivery terms of the export sales of the goods to Australia is FOB. No sales included ocean freight or marine insurance.

QUESTION: Only FOB sales, no CFR? Sales to Australian importer International Drilling Equipment (via BBV Systems)?

Questions?

