Capital Investment Costs for Plant and Equipment in Iron and Steelmaking

Steel consultants MCI (Metals Consulting International) have just published a detailed review of capital investment costs for plant and equipment in iron and steelmaking.

London, United Kingdom, November 03, 2010 --(PR.com)-- Steel industry advisers Metals Consulting International (MCI) have just published an in-depth report about plant and equipment capital investment costs in iron and steelmaking.

In a November 2010 report of over 100 pages - and based on public records concerning actual or planned capital expenditures of several hundred different modernisation projects valued at ~$265 billion - the authors discuss typical capital costs at each main stage of the iron and steelmaking process. Average capacities and typical costs are considered both for complete steel plants (BOF and EAF) and for ~30 different individual facilities ranging from direct reduction plants; through to coal washing facilities and billet casters; for bar mills and hot strip mills and organic coating lines. Covering up- and down-stream production areas for flat, long and tubular steel products, the reports also considers investments costs for ancillary plant (secondary metallurgy, waste water treatment, power generation plant etc) as often found in a typical steelworks.

Commenting on the publication Dr Andrzej M Kotas, Managing Director of MCI said “The objective of writing this report was to identify the capital costs involved in the construction of any main part of a modern steelworks. As far we are aware, no such information is readily available from any single comprehensive source,” he added.

For each main plant and process type, the report discusses current capital investment costs as well as typical plant sizes. Typical reasons for variations in per-tonne steel sector capital costs are outlined. A discussion is included about the geographical orientation of recent steel industry investments; about likely contractual differences in plant purchases from industrialised and industrialising regions; and about capital costs in the context of the steel product value chain. Determinations are also presented concerning the typical employment impact of small and large-scale steel industry investments.

“As a management tool for estimating approximate current capital costs, capex cost vs capacity charts are included for over 30 individual plant and process steps in iron and steelmaking,” said Kotas. “These charts cover the capital costs of investment in sinter, coke, DRI, blast furnaces, BOF plants, EAFs, induction furnaces, slab casting, billet and bloom casting, heavy plate, hot rolled coil, cold rolled coil, hot dip galvanised sheet, tin plate, organic coated sheet, heavy sections, steel bar, wire rod, drawn wire, welded tube, seamless tube, pellets, washed coal, lime, PCI, air separation, power plant and more,” he added.

A "capital cost map" summarising typical $-denominated capital costs today for a notional BOF flat product plant, for a notional EAF long product steel works and for a range of ancillary plant is included in the report. For further information please visit http://www.steelonthenet.com/capex.
For further information, contact: mci@steelonthenet.com  
Website: www.steelonthenet.com  
Press enquiries: +44 (0) 775-149-0885  
Dr Andrzej M Kotas  
Managing Director  
Metals Consulting International Limited

Notes For Editors

About Metals Consulting International Limited (‘MCI’)
Metals Consulting International Limited is a UK-based firm of management consultants who provide clients worldwide with independent consulting services relating to the international metals industries. Services include assistance with steel sector strategy formulation, due-diligence, restructuring, modernisation, business planning, performance turnaround and profit improvement.
Contact Information:
Metals Consulting International Limited
Dr Andrzej M Kotas
+442085042805
Contact via Email
www.steelonthenet.com
Report hotline: +44 775 149 0885

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