

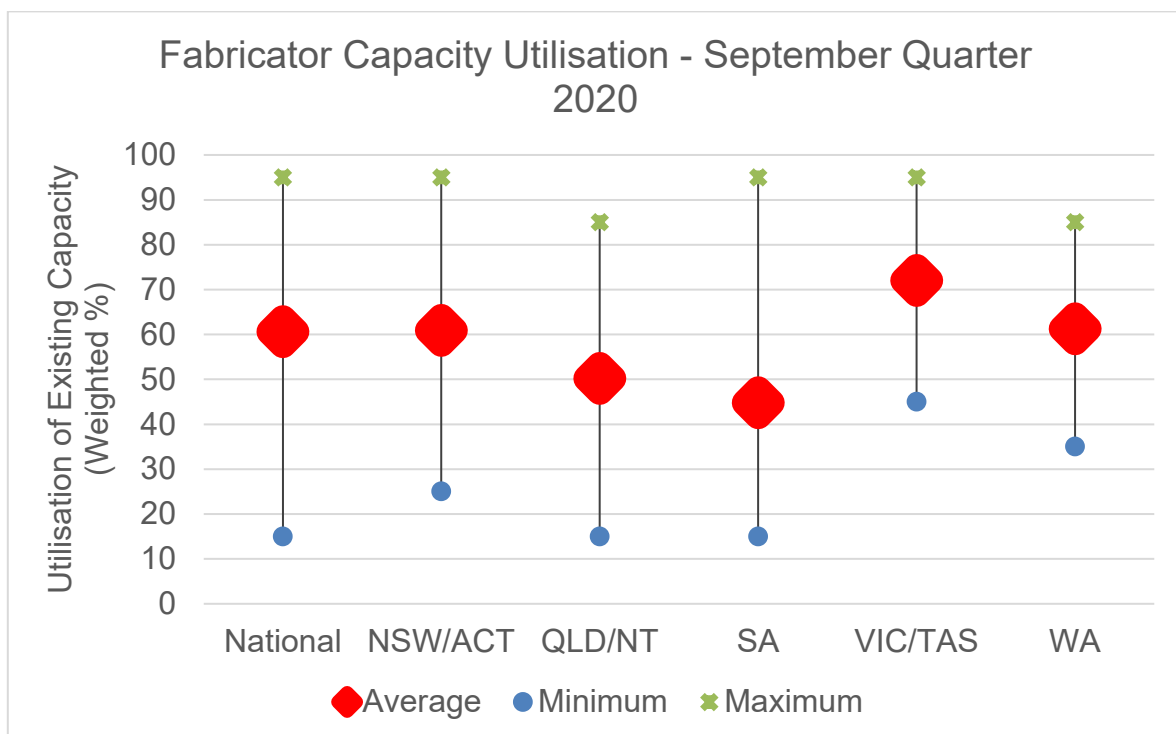
29th October 2020

ASI – Steel Fabrication Capacity Utilisation – September quarter ‘20

Executive Summary

A member-only survey was conducted to determine the level of existing steel fabrication capacity that was being utilised during the three months ended 30th September 2020. Fabricators were asked to estimate the percentage utilisation of installed production capacity when using their regular manning levels and operating pattern. The national average utilisation rate when expressed on a capacity weighted basis was 61%, which is up slightly from 59% during the previous quarter. This small increase is unlikely to be statistically significant and additional data from subsequent surveys would be needed to identify a trend. Fabricators were also asked to provide an estimate of latent capacity that could be made available with existing installed equipment, if it was operated with additional manning or more shifts. On a national basis, the responses indicated that another 47% more latent capacity could potentially be made available. The combination of relatively low capacity utilisation and substantial latent capacity indicate that there remains significant idle capacity in the industry.

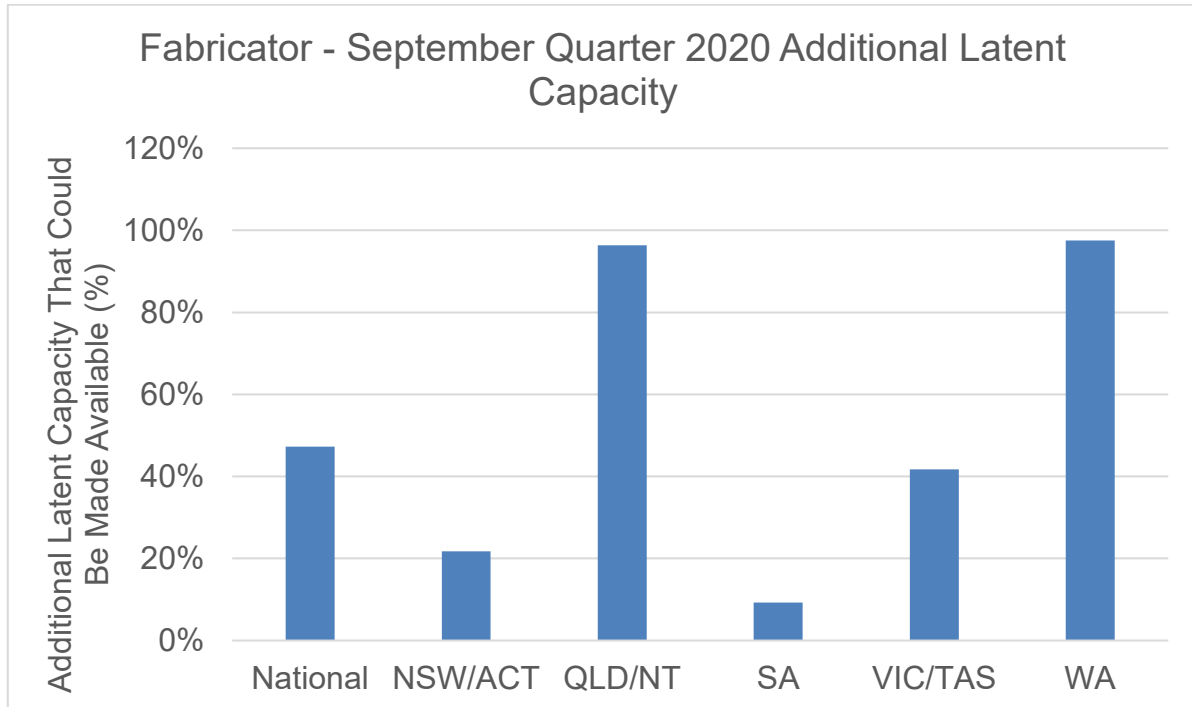
Capacity Utilisation



There was a wide spread in the reported results, indicating that whilst some businesses are enjoying healthy demand, many others are operating at extremely

low utilisation levels. Overall, the national average of 61% utilisation suggests that there is significant capacity available for domestic steel fabrication.

Latent Capacity



Most states reported that there is significant additional latent capacity that could be made available with existing equipment if it was operated at higher manning levels. No capital investment would be required to make this latent capacity available.

Survey Responses by Location

