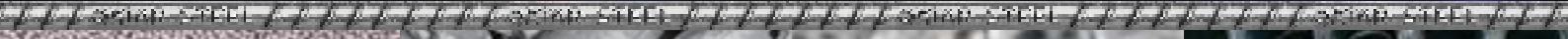




قطر ستيل  
**QATAR STEEL**



**ANNUAL REPORT**

**2016**



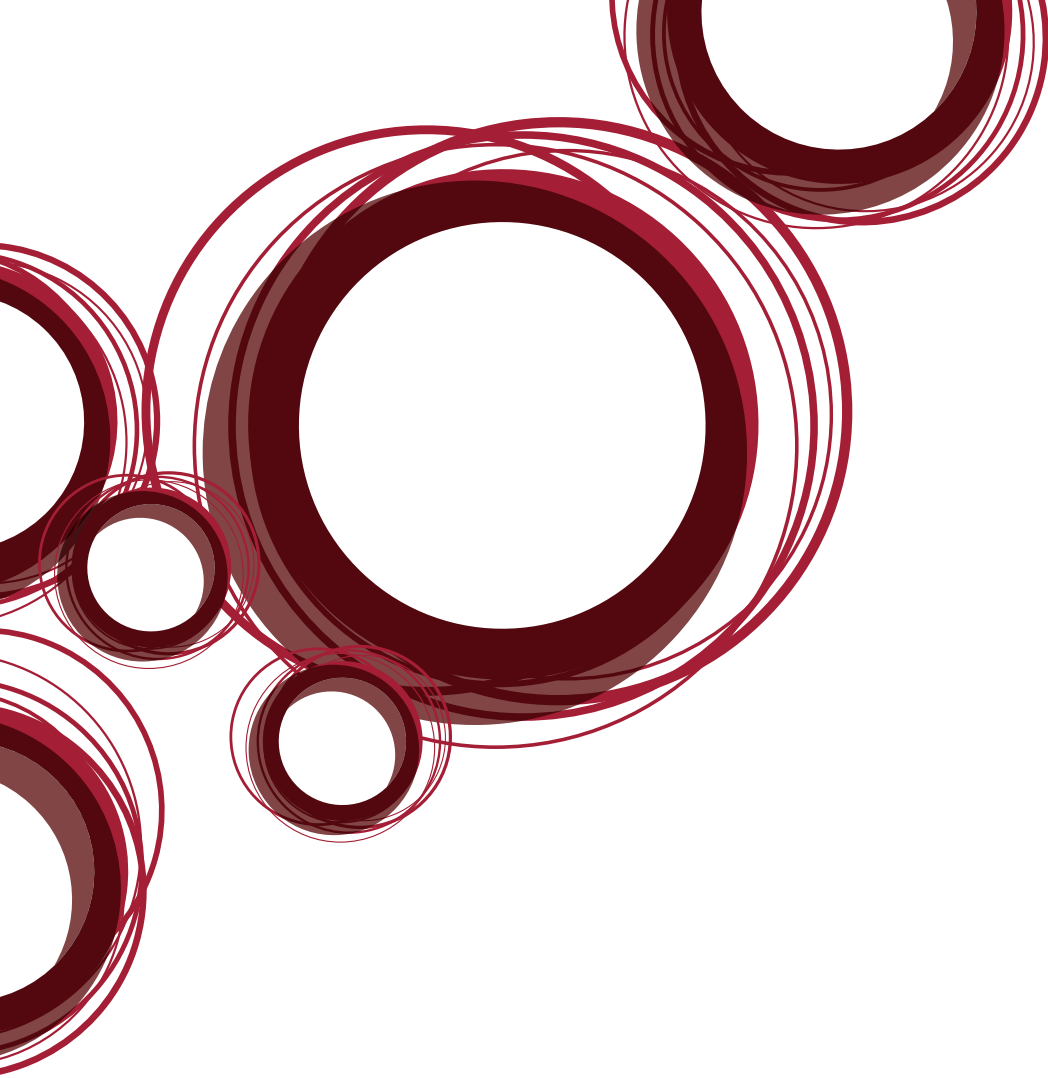


HIS HIGHNESS  
SHEIKH TAMIM BIN HAMAD AL-THANI  
EMIR OF THE STATE OF QATAR



HIS HIGHNESS  
SHEIKH HAMAD BIN KHALIFA AL-THANI  
FATHER OF EMIR





# ANNUAL REPORT 2016

## **QATAR STEEL COMPANY (Q.S.C.) (QATAR)**

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P.O. Box : 689 , Doha Qatar

Tel. : +974 44576666 - Fax : +974 44576650

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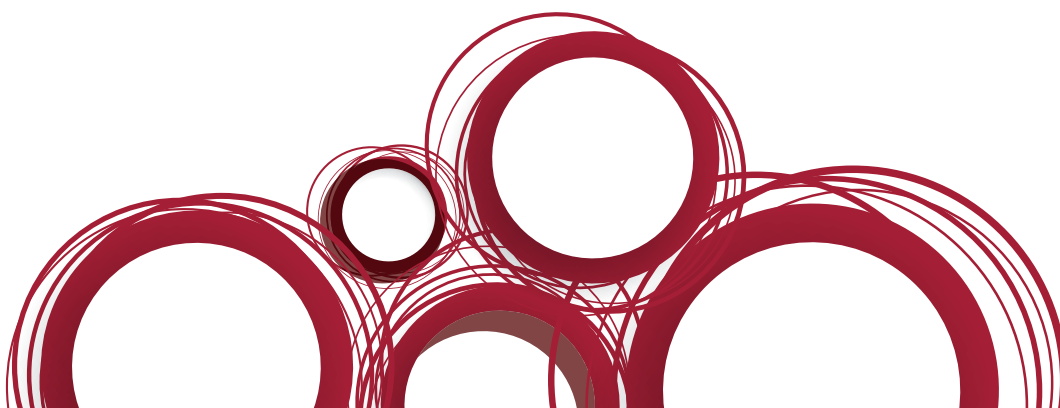
Fax : +971 48053222

**[www.qatarsteel.com.qa](http://www.qatarsteel.com.qa)**

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SILVER CONSTELLATION

MAJURO

# Chairman's Message

Qatar Steel responded well to the market challenges faced in 2016. Global economic GDP growth was at 2.5% down from 2.8% registered in 2015. The global steel demand marginally increased in 2016, and the market had generally enjoyed a better year, compared to 2015, mainly due to less Chinese exports that followed trade actions and measures against China. However, international steel prices were affected and witnessed fluctuations due to continued price speculations.

Regionally, rebar demand was negatively affected as a result of prolonged low crude oil prices. GCC countries which are highly dependent on oil revenues got significantly affected, which also resulted in national budgets deficits, and therefore stringent measures were taken to cut costs, and thus new awarded construction and infrastructure projects in GCC had dropped by over 12%. In 2016, the regional prices were under pressure and lower than that of 2015, due to the fierce competition that emerged from increased domestic rebar production and cheap imports from Turkey.

Nevertheless, the market demand, in Qatar, remained positive in 2016, and was mainly supported by government's mega infrastructure projects under implementation in the country, related to hosting of FIFA World Cup in 2022, and Qatar's national vision 2030. Such projects are expected to significantly increase the demand for steel in the coming years.

For the future, we will take all actions to make our business more sustainable, and we shall remain committed to achieving sustainable development, which is one of the significant components of our business strategy. Our sustainability addresses economic, social and environmental performances for maximizing our stakeholder's value. We shall do our utmost to keep providing value-added steel products and best services and solutions to our customers.

Qatar Steel achieved significant improvements on all levels; productivity, product quality, Health, Safety and Environmental standards and recycling of by - products. Qatar Steel has now been recognized as one of the most cost-efficient steel manufacturers in GCC region, and it has achieved high scale production efficiency, which enhanced the company's regional competitiveness, thanks to its long-term strategy and vision that have enabled it to grow sustainably and further enhance its efficiencies. Added to this, is the enduring commitment of giving back to community that helps make the vision of sustainable growth a reality.

To overcome any anticipated market challenges in the future, Qatar Steel will continue its journey towards operational and commercial excellence in processes, product and manpower; a culture of continuous improvement; and a spirit of innovation that has helped our company sustain growth and development.

Saad Rashid Mohd. Al-Muhannadi





# Managing Director & General Manager's Message

2016 was another challenging year for Qatar Steel. However, it marked outstanding performance and yielded positive results on both the operational and the commercial levels, despite the challenges encountered in terms of global slow demand and fluctuating steel prices, in addition to the prevailing low crude oil prices.

On the commercial level, the sales revenues in 2016 went down by 11%, which was mainly due to drop in prices of all products between the ranges of 11% to 23%. However, the net Profits amounted to QR 1,074 million for the year 2016, which was higher by 23% than the previous year, due to lower input costs and higher profits made by Associates.

Qatar Steel's sales volume in 2016 decreased to KMT 2,716 from KMT 2,780 in 2015, however, the domestic sales picked up remarkably 15% higher than 2015. The overall sales in domestic and export markets in 2016 grew 3% YOY and achieved record rebar sales volume in history. As for rebar, we produced KMT 2,272 comparing to 2,162 in the previous year. The coil (wire & rebar in coil) recorded KMT 173 comparing to KMT 163 in 2015.

During 2016, Qatar Steel had outperformed the market locally and regionally in terms of volume growth. We were very consistent with our operating and market strategy, which was more domestically- focused.

On the safety level, Qatar Steel remained committed to ensuring the safety of all employees and contractors at site. The "Commitment to Zero" in our Safety Transformation program, launched across the company during last year was a step forward in our mission of being the benchmark in Health & Safety in our industry. The company has also focused on continual improvement in environment performance as well, by setting sound environmental objectives and targets and by integrating a process of review at every stage of production and operation.

In keeping with its vision of creating a sustainable value, Qatar Steel has renewed its efforts on cost management and efficiency improvement. At the same time, it continued to restructure the operations to make it leaner and fit for a sustainable future.

In 2016 the company had reported a cost saving of QR 165 million in S G & A and operations.

As for our strategy regarding Corporate Social Responsibility (CSR), we have always underlined our commitment to greater community welfare and social development through various corporate and social initiatives.

We shall continue to enhance our product quality and work closely with our traders, to further maintain our long term relationship and, above all, to offer our customers an array of outstanding services rather than just selling products.

At last, we are determined to continue with our endeavors to consolidate our corporate image in the markets and reinforce the vital role that we are playing in supporting our national economy.

Ali Bin Hassan Al-Muraikhi

# Board of Directors



Mr. Saad Rashid Mohd Al-Muhannadi  
Chairman



Mr. Abdulla Ghaith Al-Kuwari  
Vice Chairman



Ali Bin Hassan Al-Muraikhi  
Managing Director & General Manager



Mr. Abdulla Mohamed Al-Mahmoud  
Director



Sh. Saoud Bin AbdulRahman Al-Thani  
Director



Ibrahim Akber Ali Al-Mulla  
Director



Mr. Rashid Ali Al-Dosari  
Director

# Management Team



Ali Bin Hassan Al-Muraikhi  
Managing Director & General Manager



Khalid Mandani Al - Emadi  
Supply Chain Division Manager



Yousef Abdulla Q. Al-Emadi  
Production Division Manager



Mohamed Saleh Al-Mahdi  
Administration Division Manager



Ahmed A. Aziz A. Al-Ansari  
Commercial Division Manager



Mohamed Ben Krid  
Finance Manager



Natarajan Gopal  
Strategic Planning Manager



Dafa Allah Khatib  
Legal Manager

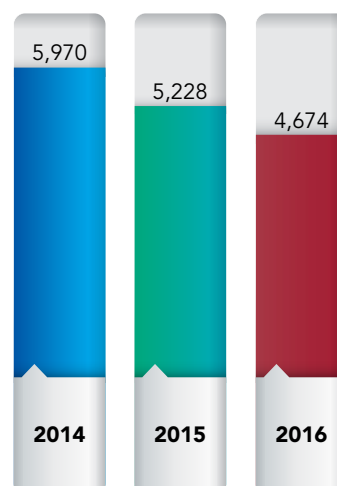
# Financial Highlights

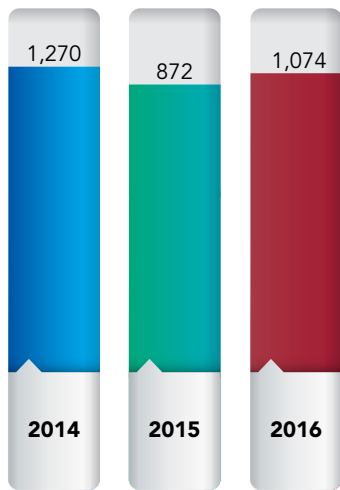
## (Consolidated)

	Unit	2014	2015	2016
Revenue	QR Million	5,970	5,228	4,674
Net Profit	QR Million	1,270	872	1,074
Net Profit % of Revenue	%	21	17	23
Sales Volume	KMT	2,633	2,780	2,716
Production Volume				
DRI/HBI	KMT	2,547	2,631	2,506
Crude Steel (Billets)	KMT	2,867	2,594	2,521
Rebar	KMT	2,123	2,162	2,272
Coil (Wire Rod and Rebars in Coils)	KMT	150	163	173
Total Capital Employed	QR Million	8,280	8,156	8,049
Return on Capital Employed	%	17	11	14
Shareholder's Funds	QR Million	7,685	7,323	7,609
Return on Shareholder's Funds	%	17	12	14
Retained Earnings	QR Million	6,753	6,475	6,749
Earnings per Share	QR	42	29	36
Debt-to - Equity Ratio	%	22	15	9
Dividend paid % of Net Profit	%	79	115	84

## Revenue - QR Million

The reduction in Revenue by 11% in 2016 is mainly due to drop in prices of all products between the ranges of 11% to 23%.



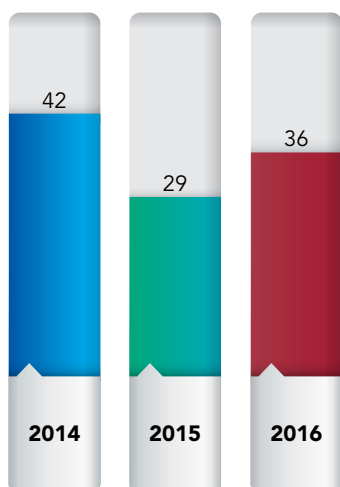
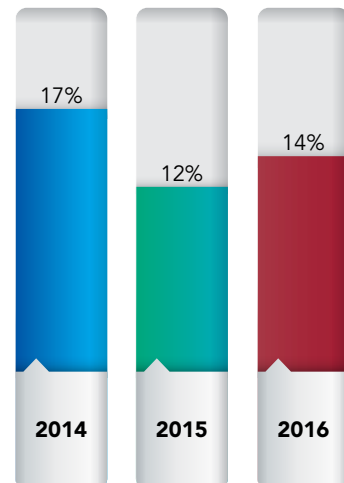


## Net Profit - QR Million

Net Profit for the year 2016 is higher by 23% mainly due to lower input costs, higher profits made by Associates and lower impairment/disposal loss in investment Available for Sale.

## Return on Shareholder's Funds-%

In 2016, the Return on Shareholder's Funds has increased by 2% due to higher Net Profit by 23%.  
*(Return on Shareholder's Funds-%=Net Profit/Shareholder's Fund)*



## Earnings per Share-QR

Earnings per share in 2016 has increased by QR 7 per share is due to higher Net Profit by 23%.

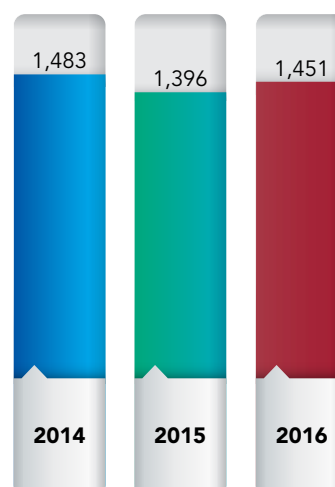
## Affiliates (Book Value)

Name of the Company	Shareholding	QR Million		
		2014	2015	2016
Qatar Metals Coating Company W.L.L.	50%	24	17	62
SOLB Steel Company (Formerly South Steel Company W.L.L.)	31.03%	209	193	217
Foulath Holding B.S.C. ( C )* (Formerly Gulf United Steel Holding Company (Foulath) BSC Closed)	25%	1,246	1,186	1,172
Qatar Steel International Company	50%	4	-	-
<b>TOTAL</b>		<b>1,483</b>	<b>1,396</b>	<b>1,451</b>

\* Foulath Holding B.S.C (C) is a Bahraini holding company, a group of commercial/industrial companies that are engaged in the manufacture and sale of Iron ore pellets, Stainless Steel flat products, Medium & Heavy beams and Structural Steel Sections. Prior to 2015, Qatar Steel intended to dispose this investment, whereby the management approved and commenced an active plan to dispose the investment. During the year 2015, it was determined that the criteria required for the classification of an associate as held for sale is no longer met and therefore, this investment has been reclassified from held for sale assets under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to investment in an associate under IAS 28 "Investments in Associates".

## Investment in Affiliates - QR Million

In 2016, value of Investments in Affiliates has increased by 4% due to improved performance of Associate Companies.



# Qatar Steel Company

## Overview

### **QATAR STEEL COMPANY Q.S.C.**

Qatar Steel Company was formed in 1974 as the first integrated steel plant in the Arabian Gulf. Commercial production commenced in 1978 with the company becoming wholly owned by Industries Qatar (IQ) in 2003.

Today, Qatar Steel is widely recognized as a foremost leader in the steel industry, extending its pioneering commitment from an expansive mill site located in the heart of the progressive Mesaieed Industrial City - 45 kilometers south of the nation's capital, Doha.

Inspired to meet the growing demand for steel in Qatar as well as the region in general, Qatar Steel has embarked upon a series of initiatives aimed at increasing its production capacity. State-of-the-art technically advanced expansion projects are designed to produce world class products. Over the years, Qatar Steel has successfully forged a remarkable reputation by establishing unrivalled quality, flexibility and reliability in all the products and service offerings. Central to this achievement has been the drive to exceed customers' expectations.

The plant with its office occupies an area of 1,354,601 square meters, adjacent to which is a further 375,000 square meters plot reserved for future development and expansion. The total employee-base of over 1,800 consisting of 12 different nationalities on a 3-shift system.

### **QATAR STEEL COMPANY FZE-UAE**

The subsidiary was established in August 2003 (wholly owned by Qatar Steel) to meet the growing demand for high-quality steel wire-rod products within the GCC as well as in international markets and growing import demand for re-bars in the UAE market.

The company operates two primary facilities at its 60,000 Sq. meter with State-of-the-art Wire Rod Mill with an installed capacity of 240,000 metric tons [MT] per annum and the advanced Rebar Mill installed with a capacity of 300,000 MT per annum.

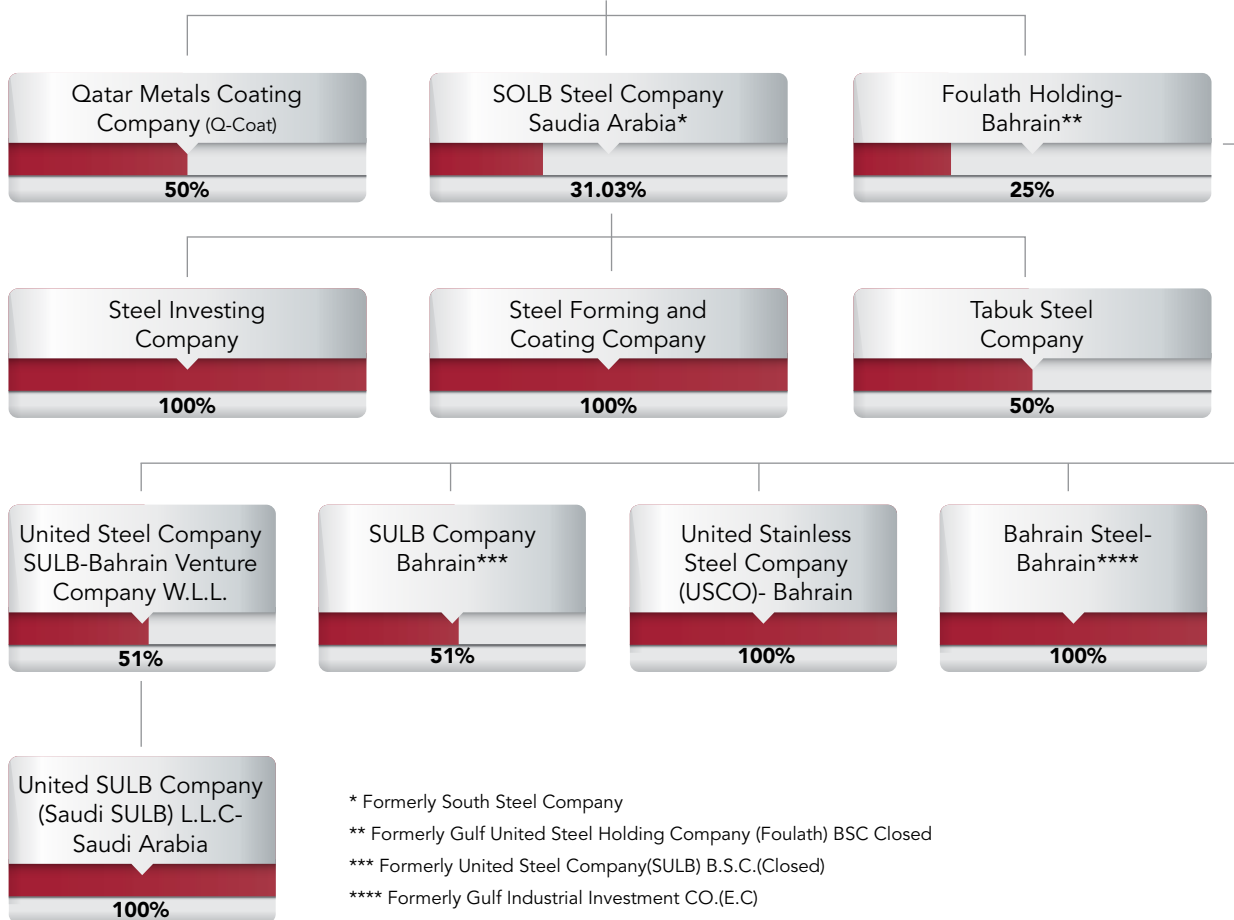


# QATAR STEEL COMPANY

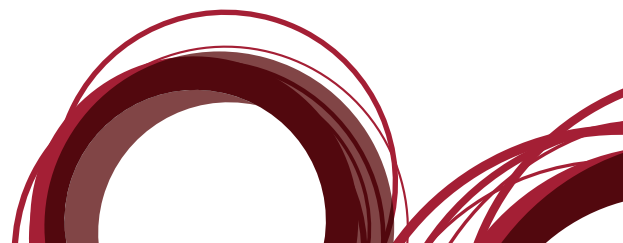
## SUBSIDIARIES



## AFFILIATES



\* Formerly South Steel Company  
 \*\* Formerly Gulf United Steel Holding Company (Foulath) BSC Closed  
 \*\*\* Formerly United Steel Company(SULB) B.S.C.(Closed)  
 \*\*\*\* Formerly Gulf Industrial Investment CO.(E.C)





# Vision, Mission, Values & Purpose

At Qatar Steel we are highly inspired by Vision, Mission, Values and Purpose which set the stage to show our commitment towards meeting our stakeholders' expectations & corporate goals.

## VISION

We endeavor to be universally recognized as a leading and constantly growing force in the steel industry of the region, to be admired for our business culture, for building value for our shareholders and customers, and for bringing inspiration to our people.

## MISSION

We will continue to be the first name in the region's steel industry by harnessing our assets and resources to achieve profitable growth, operational and organizational excellence, and good corporate citizenship.

## VALUES

The drivers of our ambition are:

- Trustworthy
- Reliable
- Dynamic
- Creative
- Perceptive

## PURPOSE

To reach a league where we will matter beyond normal commercial objectives.

To become the standard for quality enterprise and to exude a winning attitude in order to make a difference in our environment.



# Health, Safety & Environment (HSE)

HSE department consists of 1. Health (Clinic), 2. Safety, 3 Environment, 4.Fire and Security

This would not have been possible without the total team work and commitment from all departments and the contribution of each and every individual, this resulted in

- Zero fatalities,
- Decreased % First Aid cases = 46 %
- Decreased % LTI for Qatar steel Employees = 80 %
- Decreased % LTI for Contractors = 58 %
- Drastic increase in reporting of Near-Misses = from 326 to 811 = 148 %
- Unsafe acts-Conditions = from 1653 to 9206 = 456 %
- LTIFR = from 2.3 to 0.51 million per man-hour

Dupont is also involved in the (STP) Safety Transformation Program for Qatar Steel.

World Steel Organization: HSE also conducted safety audit as per the guidelines of World Steel Organization and also had the HSE Safety day for all Qatar steel employees and contractors on 28 / 04 / 2016.

Qatar Steel is having International Certification / Accreditations from ISO 14001 + OHSAS 18001 Standards.

HSE is also involved in Managing Systems – like BCM - Business Continuity Management / EPM SUITE – Risk register (Corporate level).

BSC – Balanced Score Card Management system & Corporate level external audits (QP + BDO).

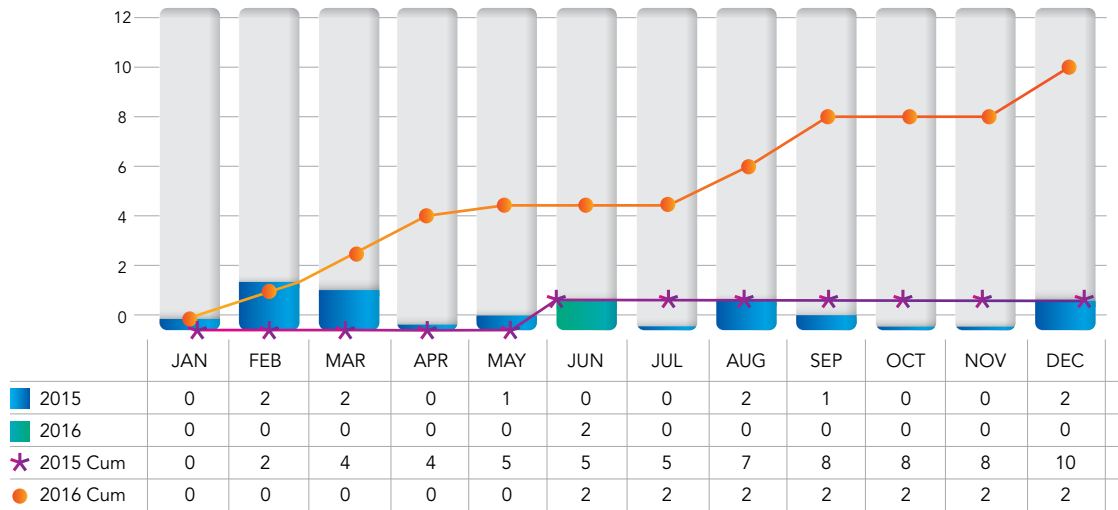
HSE department also provides Technical Support, Advice, Guidelines, and Supervision, Suggesting Improvement plans to Senior Management and also help in the regulations of all Safety & Environment related issues.

HSE department supports the Top Management for preparation of the HSE Policy and clearly defining Roles and Responsibilities, together with effective implementation, Monitoring, Updating, Reviewing and Auditing of Qatar Steel's HSEMS.



The following table shows the Qatar Steel's HSE performance

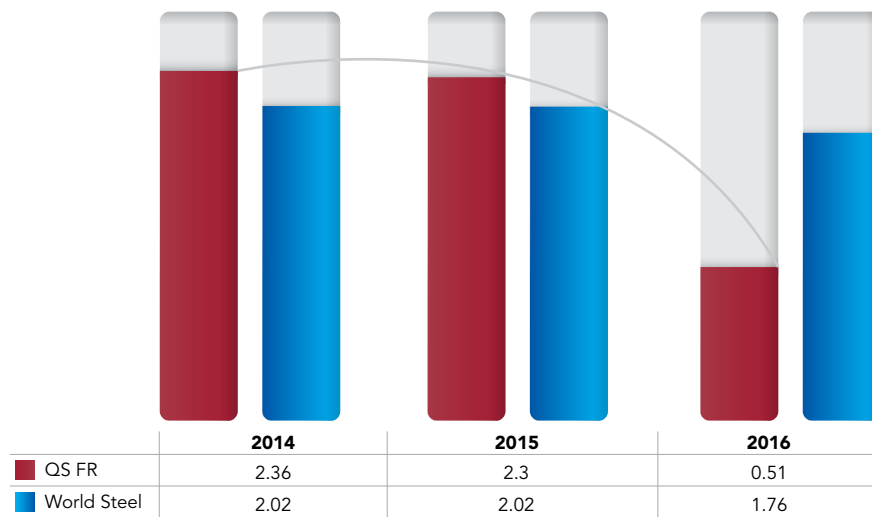
## Number of LTI's comparison from 2015 – 2016



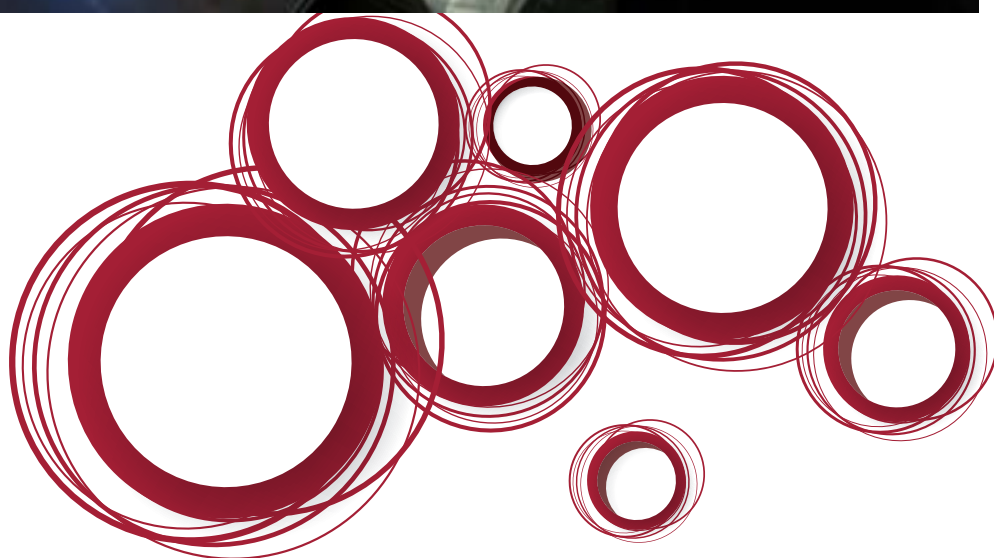
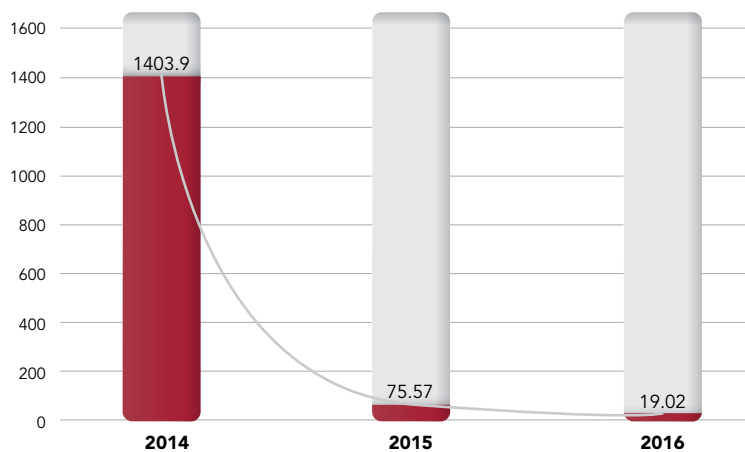
## KPI yearly comparison for last three years

KPI's Yearly Comparison			
Year	LTI	Frequency Rate	Day Lost
2014	11	2.36	6550
2015	10	2.30	328
2016	2	0.51	75

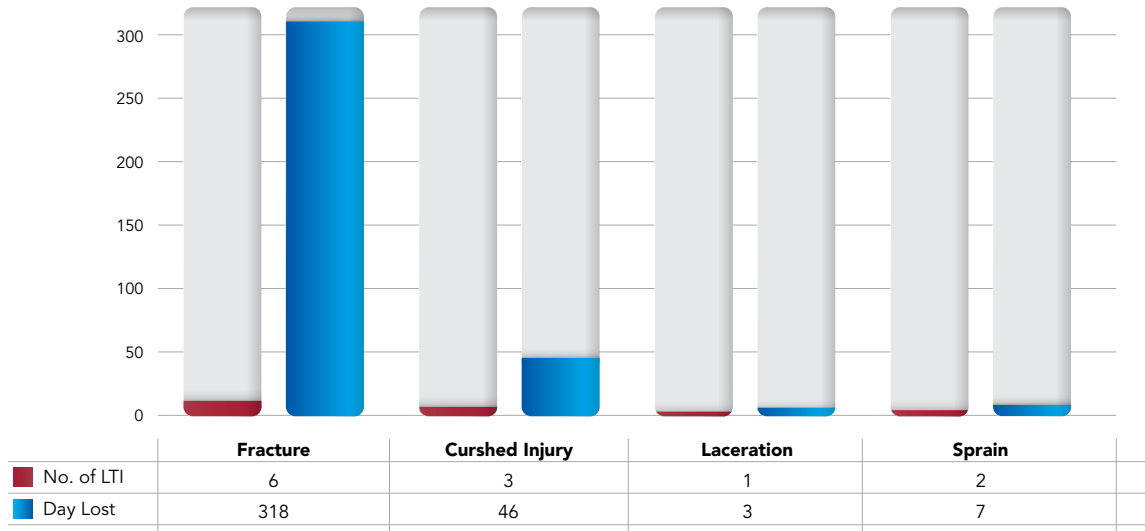
## Qatar Steel Frequency rate and World steel industry rate



## Severity Rate for last three years



## Injury Type & Day Lost 2015-2016



### HEALTH

In 2016 an Occupational Health Physician was added in the Clinical team.

Periodic medical examinations are planned and been executed.

Having Red Crescent ambulance available for 24 hours –always ready to support Medical services & rescue operation.

First Aid, Ergonomics & Smoking related training were carried out to Qatar Steel employees.

### SAFETY

#### OHSAS 18001:2007

Qatar Steel has been certified and accredited to meeting the international Health & Safety Standard of OHSAS 18001:2007 and having a developed (HSMS) Health and Safety Management system. Qatar Steel has an integrated HESQ Policy signed by the Director and General Manager and is available on the HSE portal in both English & Arabic and is communicated to all interested parties. Qatar Steel has a well-developed Hazard Identification and Risk Assessment mechanism in place along with adequate control measures to mitigate and reduce the risk levels.

Qatar Steel in its continual improvement program has initiated the following:

Updating and reviewing its procedures, Usage of appropriate PPE, Assessment of Signage's, Managing of Road safety, Defined Roles and Responsibilities, Control of documents, Smoking Policy & zones were defined, Permit to work system procedure was revised and concerned persons were trained, Program on Heat Stress Management, Mobile policy, Road safety Management with usage of seat belt and reduced speed, Contractor management system, Conducting Monthly Company Safety Patrol + periodic Inspections by Senior's + Managers + Top management + Department patrols, Having an effective Communication system, & an Intranet portal, I-center, Providing Safety alerts, Lessons Learnt, Inter Department HSE Competition, Many motivational programs were also implemented, Incident reporting system is encouraged, yielding excellent positive results by reporting incidents / Near Miss Unsafe Act - Conditions and developing a positive safety culture, Analysis were made for identifying trends & analysis of accident / incident statistics,

## **PARTICIPATION & CONSULTATION**

HSE Committee was formed and managed through Monthly meetings & Department Safety Committee Monthly meetings and also a team of Department Safety Inspectors and Department safety Representatives was formed to support the overall HSMS.

## **HSE TRAINING**

HSE training is a continuous process and HSE Inductance / New - Refresher Training is being imparted to all the Qatar Steel Employees & Contractors, Sub contractors & Visitors = 8388 persons, Job specific in house HSE trainings were also provided through a training program based on Department's requirements / risks, Total trained = 2267 persons, Third party HSE trainings are provided by our Learning and development Department, HSE team members are also trained in order to take on additional tasks and increase their competency

## **ENVIRONMENT**

Qatar Steel has an effective EMS- Environment Management System in place (certified by ISO 14001:2004) & are also meeting the environment Protection Standards set by the MOE. As a part of our continuous improvement, Internal audits were conducted and also ABS quality Evaluation had conducted a successful Surveillances: audit on Dates: 04—08 / 09 / 2016 reflecting our commitment to conduct our operations according to globally accepted environmental standards. And align in our environmental objectives, targets and programs with the corporate HSE objectives and targets.

Qatar Steel has installed an AAQMS (Ambient Air Quality Monitoring Station), at Qatar Steel Dormitory to monitor the environmental impacts at community area. CEMS (Continuous Emission Monitoring System) was also installed in our stacks to monitor the emission caused from our operations.

### **Environment Management Program**

Planned and executed EF3 Dust collector System to improve the dust emission system.

Waste management: Qatar Steel is studied & implemented various options to reuse / recycle the production waste. Palletizing DR product dust and EF dust, recycling of refractory bricks and extracting iron from slag Utilization of used tires as carbon source in the steel melting process is one of our salient achievements. This project will contribute towards solving or reducing a major waste problem of the community.

### **Go Green initiative**

In this initiative, Waste materials were used to prepare the gardens creating a green working environment. New gardens were developed in different areas & plantation has been done.

## **FIRE, SECURITY & GATE- PASS SECTION**

### **Security**

Provides support services and are actively involved in securing the production facilities through Co-ordination, Communication, Monitoring of the entire plant .QSS (Qatar Security Services) is supporting Qatar Steel in managing external security of the Company by Manning at the gates, together with vigilance aided by CCTV Camera and Continuous patrolling of the site.

### **Emergency Preparedness**

Provides Emergency services using a wide range of firefighting and fire prevention methods, by taking proactive measures like providing regular training exercises and conducting mock / fire drills (Rescue / Evacuation drill and Emergency First aid), Periodic Inspection, Testing, Maintenance & Operation of Fire Fighting equipment's including Breathing Apparatus / Road Run of all fire vehicles /appliances Monitoring for Fault Fire alarm & Firefighting system.

# SUSTAINABILITY

Sustainability is one of the important component of Qatar Steel's business strategy. Our sustainability framework addresses economic, social and environmental performances for maximizing our stakeholder's value. Through constant innovation, new technologies, Responsible Sourcing in Supply Chain and processes, we achieved significant improvements in productivity, product quality, HSE standards, reduction of carbon footprint & GHG emissions and in recycling of byproducts comparable to global standards.

We are proactive in meeting customer needs in products and services. We are committed to the well-being of our employees as they are our greatest assets. Qatar Steel management fully supports Qatarization initiatives and local community services.

As primary integrated steel producer in Qatar, we are well aligned to Qatar's National Development Strategies, Qatar National Vision 2030 and Qatar's sustainability initiatives.

Our sustainability approach and performances for the period 2010-2015 were well outlined in the five sustainability reports released till 2015. Qatar Steel makes best efforts to provide cradle to-gate assessment of its products. For Year 2015 we completed a life cycle assessment (LCA) on our products through a third party evaluator (BRE Global Certification Organization).

We recognize that transparency is crucial to the fostering of trust in our performance. In 2016 we improved our materiality analysis which has helped us to identify sustainability areas on which to focus our reporting and accountability. We will continue to report publically through our sustainability report.



# Growth Strategy

Qatar Steel pursues its growth strategy of upgrades and new expansions in order to meet the growing steel demand in Qatar and to consolidate its competitive position in the regional markets within GCC.

We strive to grow by leveraging available and cheap natural resources, acquiring new technology and product diversification through partnerships and acquisitions. We look for strategic investments by way of acquisitions and joint ventures in iron ore and steel related production facilities to secure basic raw materials for production and to seize market opportunities for down-stream products.

During 2015 - 2016, the strategic priorities for the company had changed with focus on operational excellence (safety and cost). Global economy down with Chinese real GDP growth trending down to 6.9% in 2015 and 6.7% in 2016. Over supply of steel products had badly affected the global steel market resulting in price drop by around 35-40% in the last two years. Signs of price recovery seen in Q4 2016. Due to lower Brent crude prices and fiscal deficits among oil exporting countries, GCC economics in general are moving towards new revenue streams.

Under these circumstances, to stay competitive, we have gone ahead with full- fledged cost optimization program with committed reductions in Operations. A continuous improvement team and committees have been formed for implementation and monitoring.





## Strategic Investments & Joint Ventures

### **SOLB STEEL COMPANY (Formerly South Steel Co.):**

Qatar Steel owns 31.03% of SOLB Steel Company, commenced commercial operations of a 1.0 mtpa Steel Melt Shop and a 0.5 mtpa Rolling Mill in January 2013. The second rolling mill of 0.5 mtpa started production after successful commissioning in July 2014. During 2016, the Steel Melt Shop and Rolling Mills were operating at average capacity levels of 46% and 53%, respectively.



### **Investments in Foulath Holding B.S.C. (Formerly Gulf United Steel Holding Company B.S.C)**

Foulath is a Bahraini closed Joint Stock Company established in June 2008, primarily focused on investing in the growth of steel industry in the Gulf Cooperation Council (GCC) Countries and Middle East and North African (MENA) region. **Qatar Steel owns 25% of Foulath. The group comprises the following companies:**



### **BAHRAIN STEEL B.S.C (Formerly Gulf Industrial Investment Company):**

Established in 1984 and fully owned by Foulath, is a leading producer of Iron Ore Pellets in GCC with total capacity of 11 mtpa. It is one of the three major merchant pelletizing producers in the world. The Plants are operating at below capacity and expected to improve performance from 2018 onwards as the ramp-up issues



### **UNITED STAINLESS STEEL COMPANY B.S.C (USCO):**

Fully owned by Foulath and started operations in 2008 to produce cold rolled stainless steel coils and sheet with capacity of 90,000 TPA. Due to ongoing challenges in the stainless steel business USCO's operations have been idled since December 2011. On August 15, 2016 USCO signed a Production and Sales Agreement with Chromium Trade, Switzerland and expected to start operation from Q2 2017.

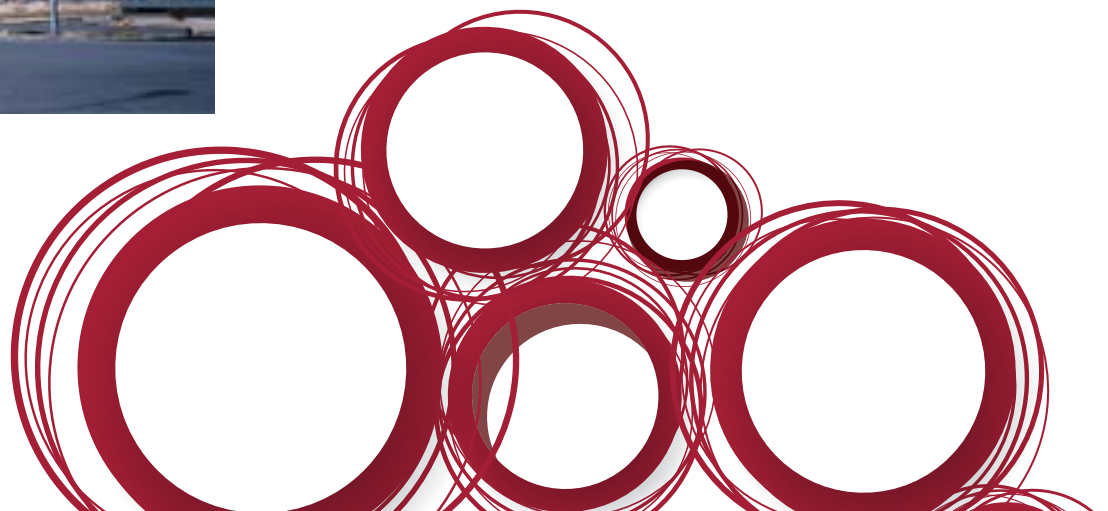
### **SULB COMPANY B.S.C (Formerly United Steel Company):**

It is a Joint Venture between Foulath (51%) and Yamato Kogyo Japan (49%). Their Operations started in 4th Quarter of 2012. The facilities comprise Direct Reduction Iron Plant with a nameplate capacity of 1.5 mtpa, Steel Melt Shop 1.0 mtpa and Section Rolling Mill (Medium & Heavy Sections) 0.6 mtpa. During 2016, the DR plant, SMS and SECTION Mill operated at 84%, 106% and 66% capacity levels respectively.



### **UNITED SULB COMPANY (SAUDI SULB) L.L.C:**

Foulath acquired a medium and light section mill in Saudi Arabia in September 2011 with production capacity of 0.45 mtpa; during 2016 the plant produced 292 KMT medium and light sections.



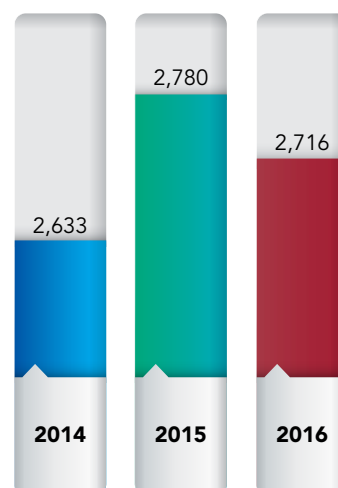
# OPERATIONAL OVERVIEW

## SALES & MARKETING (Consolidated)

PRODUCTS (KMT)	2014	2015	2016
DRI/HBI	91	191	116
BILLETS	361	206	103
REBAR	2,056	2,251	2,316
COIL (WIRE ROD & REBARS IN COILS)	125	132	181
<b>TOTAL</b>	<b>2,633</b>	<b>2,780</b>	<b>2,716</b>

### Sales Volume-KMT

Sales volume for the year 2016 is lower by 2% as compared to previous year mainly due to lower sale of Billets and DRI/HBI.



COUNTRY (KMT)	2014	2015	2016
QATAR	1,305	1,543	1,770
GCC (Excludes Qatar)	1,191	1,155	802
OTHERS	137	82	144
<b>TOTAL</b>	<b>2,633</b>	<b>2,780</b>	<b>2,716</b>

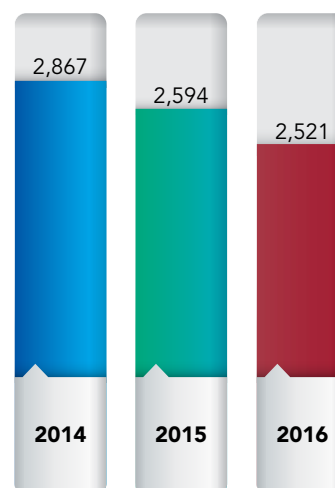
## Sales Volume - %

	2014 100% (2,633)	2015 100% (2,780)	2016 100% (2,716)
Qatar	50%	55%	65%
GCC (Excludes Qatar)	45%	42%	30%
Others	5%	3%	5%

## PRODUCTION (Consolidated)

PRODUCTS (KMT)	2014	2015	2016
DRI/HBI	2,547	2,631	2,506
CRUDE STEEL (BILLETS)	2,867	2,594	2,521
REBAR	2,123	2,162	2,272
COIL (WIRE ROD & REBARS IN COILS)	150	163	173

## Crude Steel (Billets-KMT)



## **STEEL INDUSTRY IN 2016 (GLOBAL & REGIONAL)**

Global economic GDP growth in Y2016 was at 2.5%, down from 2.8% registered in 2015. Global steel demand slightly increased in 2016 (0.2% YOY) due to revival of demand in China. The global long steel products market had generally enjoyed a better year in 2016 compared to 2015 as supply and demand were a lot more in equilibrium mainly due to less Chinese exports that followed trade actions and measures against China. With China remaining a major importer of iron ore and exporter of billets and due to continued price speculations, international steel prices (raw materials, semis and finished) were affected and saw similar fluctuations.

Regionally, rebar demand was negatively affected as a result of continued geopolitical unrest in the Middle East and prolonged low oil prices. Crude oil prices had sharply dropped in 2016 to levels seen decades back. GCC countries which are highly dependent on oil revenues got significantly affected which also resulted in national budgets deficits. This had forced the GCC governments to take measures to cut costs. With the result, total value of new awarded construction and infrastructure projects in GCC had dropped by over 12%. Saudi was the most affected market due to major cut in project spending and political tension with Yemen. Fierce competition from increased domestic rebar production and cheap imports from Turkey, have put pressure on prices on the GCC mills. In 2016, the regional prices were lower than that of 2015.

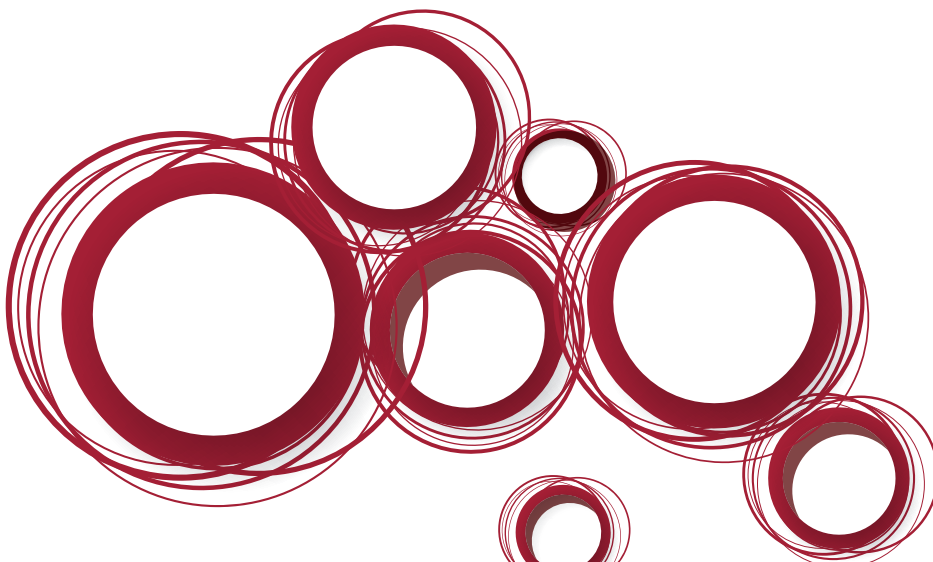
In Qatar market, demand and sentiments remained positive in 2016 mainly supported by government infrastructure projects related to the sporting event and Qatar's national vision 2030. Qatar Steel's domestic sales picked up remarkably 15% higher than 2015. Qatar Steel's overall sales in domestic and export markets in 2016 grew 3% YOY and achieved record rebar sales volume.

## **CUSTOMER FOCUS**

With an objective to enhance visibility, foster customer loyalty and outperform market competitions in the region, a series of customer-focused brand building activities was initiated to reinforce the brand promises across the region and to add value of the brand.

Guided by a clear drafted customer focused communications strategy to provide leadership brand image, Qatar Steel remained visible in Al Jazeera television sponsoring 'People and Economy' program, participated in the leading exhibitions (i.e., Project Qatar, Big 5 Saudi and Big 5 Dubai) and sponsoring high powered business conferences organized by MEED, Metal Bulletin, etc. to name a few. 12th Annual Trader's Gathering was a remarkable success.

In nutshell, Qatar Steel brand was thoughtfully managed, which strengthened the company's competitive advantages in the region and that delivered a vital value to trade partners and associates, as well.



# QATAR STEEL COMPANY Q. S. C.

## Direct Reduction Department

**Highlights of Direct Reduction Department performance and activities throughout 2016 are;**

**DR-1** Module Prime Production for year 2016 was 794,126 tons against design capacity 400,000 MT. with Excellent Product Quality (Met $\geq$ 94.5% & Carbon $\geq$ 2.3%) was maintained throughout the year. Major Shutdown was completed 1.23 Days ahead of schedule (Plan 26 days vs Actual 24.77days). During November 2016 shutdown Cooling Zone Venturi throat water line modification was implemented to prevent fouling. Throughout year Various Safety Improvement Activities like Oxide & Product conveyor pulley safety guards, Furnace feed & Silo feed conveyor hand railing replacement, Safe access platform at different areas were implemented.

**DR-2** Module CDRI Production for year 2016 was 1,711,812 tons with Average CDRI quality for the year are metallization 94.74% carbon 2.39%. A monthly production record of 171,279 T was achieved in the month of MAY 2016. The plant availability for the year 2016 was 7718.56 hours (88.3%) and plant reliability was 99.4%. After successful completion of debottleneck project in DR2 Module, same achieved a consistent production Rate of 232Ton Per Hour of cold DRI. Up gradation project carried out was Main air blower & Ejector Stack fan capacity enhancement, installed new independent dilution air blower and Cooling gas bleed to PG mist eliminator existing valve with a larger size.

- Both DR Modules combined produced 2.5 Million Tons of DRI in the year 2016 against a budget of 2.3 Million Tons (9% more production compared to Budget).
- Various Safety related initiatives, Du Pont Related action items were completed in DR Both module.

### DR 1 Major Milestones

- Prime Production for year 2016 was 794,126 tons against design capacity 400,000 MT.
- Excellent Product Quality (Met $\geq$ 94.5% & Carbon $\geq$ 2.3%) was maintained throughout the year.
- DR-1 Cooling Zone Venturi throat water line modification was implemented to prevent fouling.
- Various Safety Improvement Activities like Oxide & Product conveyor pulley safety guards Furnace feed & Silo feed conveyor hand railing replacement, Safe access platform at different areas were implemented during the year.
- Successful completion of Major shutdown 1.23 days ahead of schedule.

### DR 2 Major Milestones

- Module CDRI Production for year 2016 was 1,711,812 tons.
- Monthly production record of 171,279 T was achieved in the month of MAY 2016.
- Plant availability for the year 2016 was 7,718.56 hours (88.3%).
- Plant reliability for the year 2016 was 99.4%.
- Average CDRI quality for the year are metallization 94.74% carbon 2.39%.
- After the debottlenecking projects completed successfully during the major shutdown, DR-2 has achieved to produce 232 tons/hr and further optimized to 235 tons/hr.

### Steel Making Facilities

- New facility (EF/CC5) achieved 1,118,208 ton molten steel where design capacity is 1,040,000 ton
- EF#3 New Fume Treatment Plant (FTP) project have been completed during Nov. 2016 and it is under hot commissioning, PGT planned during Jan 2017, This will provide clean, safe and healthy environment and conformity with international legal requirements.

## STEEL MAKING DEPARTMENT

- All CCM's (3,4 &5) achieved highest casting time in single tundish (82.75, 137.83 & 173.67) hrs and highest TD refractory life (110, 183 & 220) heats / TD.
- Achieved lowest average refractory consumption for steel making shop 8.0 KG / Ton.
- Achieved highest average LD purging cone life 44.67 heats/ cone.
- Introduced new refractory LD bricks (Dolomite), reached to 30% from total LD bricks consumption.
- Achieved highest LD wall life 184 heats.

## ROLLING MILL DEPARTMENT

- In the year 2016, Rolling Mill Department's both plant (RM1 & RM2) has achieved remarkable Production Records and several improvement.

### ROLLING MILL 1

#### HIGHLIGHT / IMPROVEMENT

- Improvement of the safety culture at the plant by implementation of new system for regular visits and corrective actions in the plant on daily and weekly basis.
- Successful commissioning and startup of AC variable speed motors at roughing mill trains in the beginning of the year 2016.
- Preparation and design of speed tabulation required for the new motors of roughing stands, Inhouse.
- Achievement of new Annual Production record of 816,101 Tons against last annual record of 791,320 Ton achieved in the year 2005.
- Sustaining of the Yield result 97.42 % even after decreasing the percentage of Market share of the short length.
- Improvements of time utilization factor at RM-1 91.83% against 90.4% at 2015.
- Improvement of productivity Rate at RM-1 to be 107.4 Ton /hour against 105.9 Ton /hour at 2015.
- Decrease the loss of the speed during summer peak months by enhancement the quenching boxes spare elements by modification in the design of pipes elements.
- Enhancement of the Reheating Furnace operation parameters to decrease the scale propagation inside the furnace.
- Finalizing the operational study for implementation of new SASO marking logo for identification of the bar size and grade.

#### Yearly Production Record:

Present Record		Previous Record		Difference
Tonnage	Year	Tonnage	Year	Tonnage
816,101	2016	791,321	2005	24,780

### Rolling Mill-2

#### HIGHLIGHT / IMPROVEMENT

RM2 yearly Production has been maintained over 1 million tons in 2015 and 2016 against the mill rated capacity of about 700,000 t.

RM2 yearly Production increased is about 67,000 Tons with 1,076,951 Tons at 2016 against 1,010,045 Tons at 2015.

This is a remarkable Performance of a Rebar Mill in comparison to similar mills of rebar production with a designed output of 130 tons per hour.

There has been a continuous increase of Mill Utilization by about 6% and Productivity by about 8 tons per hour during the last four years by the in-house initiatives and without any major CAPEX investment.

The Bench Marking Performance of this mill has been improved

- From the highly committed and Motivational Team
- By Optimization of Product Mix and Planned stoppages
- By Reduction of unplanned delays such as Preparation, Operation and Maintenance to a level of below 5%
- By close monitoring of the daily operational activities and taking necessary counter measures.
- By maintaining the yield of about 99%
- By sustaining the reputation of Qatar Steel Standards on Quality and Safety.

### Yearly Production Record:

Present Record		Previous Record		Difference
Tonnage	Year	Tonnage	Year	Tonnage
1,076,951	2016	1,010,045	2005	66,906

### Improvements in Maintenance Practices and Asset Management.

## QATAR STEEL COMPANY FZE-UAE

Despite a more challenging year with tough market conditions and economic downturns, 2016 ended with a progress in production and sales. We achieved higher production and sales in 5 consecutive years since 2012 proving the consistency and steady growth in performance. 552 KMT overall productions & 568 KMT overall deliveries observed in 2016 were the highest we achieved.

Production(KMT)	2014	2015	2016
Rebars	370	378	379
Coils:			
Rebar in coils	73	81	63
Wire Rod	77	82	110
Total	520	541	552
Sales(KMT)	2014	2015	2016
Rebars	368	375	382
Coils:			
Rebar in coils	73	75	70
Wire Rod	74	79	116
Total	515	529	568



### **Main Achievements in 2016:**

Our good operating performance is underpinned by a 2.2% growth in overall production, 7.5% growth in overall sales compared to 2015. 6% growth in coil production and 21% growth in coil sales were remarkable amid the challenging steel market in 2016.

Fuel and electricity consumptions reduced and a record 6-7% reduction observed in power consumption for RM3 & WRM compared to 2015. Fuel consumption reduced by 0.5% in RM3 & 4% in WRM. Tungsten carbide (TC Rolls) rolls introduced in the finishing stand of D16 production in 2015 continued the success story, fetching a record production of 1471MT in Jan 2016 against previous year record of 1433MT/day.

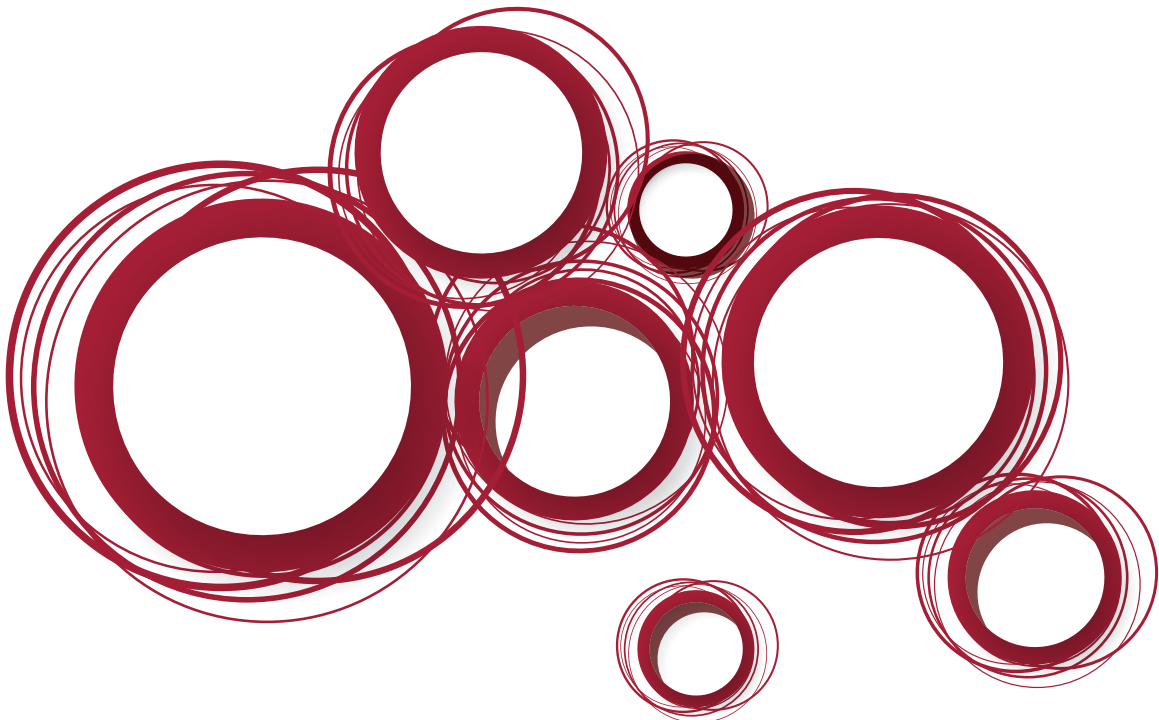
In WRM, new rebar in coil, 14mm- introduced to meet the customer requirement and found successful. New grade SAE1013 also introduced in size 6mm in WRM to enhance the product range. Achieved zero environmental & regulatory non-conformances in 2016.

2017 is expected to be a yet another challenging year and our prime aim will be cost optimization in production by enhancing productivity; reducing delays & utility consumptions.

### **AWARDS & ACCREDITATIONS**

As a result of the company's determination to produce quality products, Qatar Steel has received and is maintaining many prestigious certifications including the following:

- Product Certification by Saudi Arabia Standardization Organization (SASO)
- Product, Quality Management System (ISO 9001) & Sustainability Certifications by UK CARES
- Product Certification by Dubai Central Laboratory (DCL)
- KUCAS Product Certification by Kuwait Public Authority for Industry
- Lab Accreditation Certificate (ISO/IEC 17025) by Dubai Accreditation Centre (DAC)
- OHSAS 18001 Certification by Applus Velosi
- Environment Management System (ISO 14001) by ABS Quality Evaluations



# Research & Sustainability

## Key Highlights

### Recycling of EAF Slag in Road Construction

Background: Qatar Steel is producing around 2.5 million T/Annum of steel with around 10 % of slag generation as a by-product. In addition, there are approximately 1.5 million tonnes of slag stockpiled that is not being utilized currently at Qatar Steel slag yard.

Research Project: Accordingly research project was initiated in year 2014, in collaboration with Transport Research Laboratory (TRL), Ministry of Municipality and Environment – Qatar Standards, Public Works Authority (Ashghal) and a range of stakeholders from the construction industry. The aim of the project was to study the basic properties of slag and its compliance with the Qatar Construction Specification (QCS 2014) and its potential use as aggregate to replace imported gabbro for use in asphalt, concrete, bound and unbound subbases, and fill applications by conducting lab scale and actual site trials.

**In phase I**, Laboratory investigation was conducted to develop slag asphalt and concrete mixes by replacing 20% and 50% of imported gabbro. Additional road sub base mixes are developed by replacing the dune sand with slag fine aggregate. The laboratory results indicated compliance with the Qatar Construction Specification (QCS 2014).

**In phase II**, construction of 600 m x 10 m pilot road started in Sept'2016 by Ashghal approved contractor M/s Boom Construction Company, inside Qatar Steel premises using steel slag in sub base, asphalt and concrete crash barriers application. Accordingly road is divided into 3 subsections of 200 m each with control, 20 % slag and 40% slag sections in both sub base and asphalt application to assess its performance compare to control sections made with conventional materials.

Final asphaltting of pilot road was witnessed by Dr. Mohammed Saif Al-Kuwari, Ministry of Municipality and Environment – Qatar Standards, Mr. Khaled Al- Emadi, Public Works Authority (Ashghal), and other top delegates from Ministry of Environment, Qatar Standardization, Radiation Section, Ashghal, Transport Research Laboratory and Qatar Steel top management.

Pilot road is free for trafficking now and its performance is monitored by Ministry of Environment, Radiation Department, Qatar Standardization on regular basis to include EAF Slag as one of the aggregate material in QCS Standard to utilize in road construction as a partial replacement of imported gabbro.



Testing by Ashghal



#### Recycling of By-Product from Lime Calcination Plant

Lime Calcination Plant generates around 100 T/day of undersize (<10mm) lime and dololime fines, which was not being utilized from many years. There was stock of ~ 15,000 T of this undersize material at LCP yard occupying huge space.

In Q4 2016, R&S conducted a lab scale and pilot plant study to convert this waste material into a value added product by briquetting. After successful trial, currently around 350 - 400 T/month of lime briquettes are produced on regular basis at Briquetting Plant and consumed by Steel Making.



# CORPORATE SOCIAL RESPONSIBILITIES (CSR)

## COMMUNITY INVESTMENTS

In line with its commitment to support important social issues, Qatar Steel sponsored several community activities in 2016, which included the following:

### **Qatar Steel took part in Waste Free Environment Drive at Al-Wakra Beach 2/11/2016**



In support of the environmental awareness drive “Waste Free Environment” (WFE), launched by Gulf Petrochemicals and Chemicals Association (GPCA). Qatar Steel proactively took part in the environmental activity organized by Qatar Petrochemical Co. (QAPCO) at Al-Wakra Beach. The event’s program included contests, games and quizzes about environment preservation, in addition to beach cleaning activities.

### **Qatar Steel organizes blood donation drive 11/23/2016**

In coordination with the blood donor Centre at Hamad Medical Corporation, Qatar Steel organized a blood donation drive at its plant site in Mesaieed. Employees from various departments and sections took part in the drive.



The blood donation drive comes in line with the company's partnership and cooperation with the local medical organization, and in alliance of its corporate social responsibility policy, and in compliance with its humanitarian role to support the patients who are direly in need for blood, and to sustenance the blood stock in the hospital.

### **Supporting Charitable Programs for People with Special Needs**

As part of its Corporate Social Responsibility during the Holy Month of Ramadan, Qatar Steel donated to Qatar Society for Rehabilitation of People with Special Needs (QSRSN), in support of societal and communal development within the State of Qatar.

QSRSN launched charitable programs during Ramadan to raise funds to purchase food, clothes and other necessary items to cater to the basic requirements of families with children and disability and help them sustain their normal life and achieve self-sufficiency in society during Ramadan and Eid Al-Fitr.

### **Supporting Qatar Paralympic Committee**



In line with its corporate social responsibility and as part of its community initiatives, Qatar Steel supported Qatar Paralympic Committee's (QPC) sporting activities for people of special needs.

