



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



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



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CHAIRMAN'S MESSAGE



Saad Rashid Al-Muhannadi

It was a year of positive results on all business fronts from the operating plant in Qatar especially as the company had to confront and overcome the biggest challenge of selling higher volumes in Non-GCC markets throughout the year brought about by blockade since June 2017. The company successfully adapted to meet all market requirements like consistently delivering desired product quality and supplies to ASEAN markets like Singapore and Hong Kong.

After strong real GDP growth of 3.8% in 2017 and in early 2018, global economic activity slipped notably to lower growth in H2-2018 reaching to 3.2% for the whole year, reflecting a confluence of factors affecting advanced economies. While the real GDP growth in China has been trending down in the last 3 years reaching 6.3% in 2018, their consumption driven economy continues to support domestic steel sector with subdued export markets. In essence, this has helped steel players to compete with improved prices including Qatar Steel which focused predominantly on growing ASEAN markets.

In order to adapt to the highly competitive steel markets in exports, the company had maintained

high operational efficiencies with all production facilities running to full capacities with emphasis on highest safety standards and improvements.

Industries Qatar [IQ] had set about a new strategic direction for Qatar Steel operations by changing its business model to be only a Production Entity effective 1st May 2018 leaving the selling, marketing and distribution to Muntajat through an off-take agreement. This arrangement comes as part of IQ's efforts to maximize its shareholder's value and strengthen the national economy through its continuing initiatives of commercial and cost optimization and expand the strong capabilities of national entities that include Qatar Steel from the metals industry.

To build on its strong operational and financial performances over the years, Qatar Steel has embarked on a new journey of delivering a new vision for QS of becoming a leading high performing company through QS Integrated Transformation Program in H2-2018 with the start of its implementation in 2019. The objective is to keep adding value to its employees, its shareholders and to the State of Qatar.

MANAGING DIRECTOR & CEO'S MESSAGE



Mohammed Nasser Al-Hajri

Qatar Steel has achieved an impressive operational and financial performances amidst many internal and external challenges in 2018. Predominantly there was a need to shift closer to 100% of the rebar export sales to Non-GCC markets due to continued blockade in the neighboring countries and to sell over 40% of re-bars produced in Qatar to export markets with downslide in domestic demand. The company prepared for such challenges in creating opportunities in 2017 itself in developing new markets.

The global and regional markets were stable in terms of steel demand and prices as the interference from China in Middle East & ASEAN markets and from Turkish Mills in GCC were limited supporting Qatar Steel business in 2018. At the consolidated level, the sales revenues increased by 25% in 2018 mainly due to higher sales volumes and netbacks as compared to 2017 and consequently the net profit increased to QAR 789 million in 2018, 20% higher than QAR 659 million achieved in 2017.

The plants were utilized to more than their full capacity with DR production remained more or less same as that of 2017, crude steel [billets] down by 3% and rebar achieving 5% more than 2017. The domestic re-bar demand has been trending down with the consumption in 2018 reducing to 1.10 Million tons in comparison to 2017. Consequently, around 45% of the rebar sales from Qatar had predominantly gone as exports to Non-GCC only.

Qatar Steel launched a 3-Year cost optimization program in 2015. All initiatives planned as part of this effort were successfully executed and the challenge for 2018 was to sustain the improved level of performance, but still maintaining to be competitive especially in the Non-GCC markets. With SAMARCO out of operation since 2015, availability of raw material at a competitive price

and quality was one area where all steel makers have been facing challenges. While the company has been managing supplies through long-term contracts with other suppliers, attempts were also made to use alternate material for DR grade pellets. The shooting up of Electrode prices since H1-2017 brought new challenge to keep the consumption levels to the minimum. Qatar Steel responded exceptionally well by achieving 30% lower than the comparable benchmark level. Hence, significant improvement was noticed in saving electricity cost annually and approximately QAR 53 million was saved. Long-term agreement with KAHARMA substantially enhanced energy efficiency and sustainability aspects.

Qatar Steel has gone ahead with an Integrated Transformation Program structured around a set of result-oriented and step-change initiatives to boost Qatar Steel into a "Leading High Performing Company". The project which started during last quarter of 2018 is expected to be concluded through a Management Seminar by early second quarter in 2019. Implementation for some of the quick wins have already been initiated with attainment of positive results confirming program approach 'on-track'. In pursuit of our vision to be one of the world's great companies, the company made long-term investment in introducing world's best safety practices and initiatives with improved performances during the past 12 months. Performance indicators, such as, LTIR, TRIR, Severity Rate, as well as fatalities in 2018 showed remarkable enhancement.

One of the major strategic transformation in 2018 occurred when Qatar Steel embraced the change in the operating business model. Effective 1st May 2018, the company has been operating as a Production Entity appointing Muntajat as marketer, seller and distributor of its production through an off-take agreement. This agreement comes as part of Industries Qatar (IQ) efforts to maximize its shareholders' value and strengthen the national economy through its continuing initiatives of commercial and cost optimization, and expand the strong capabilities of national entities. It will enable Qatar Steel to focus on steel production and to enhance its operational and financial performance through efficiency improvement, cost reduction and other operational synergies. On the other hand, Muntajat will apply its knowledge and accumulated know-how in global marketing to reach a wider customer base for Qatar Steel's products internationally, which will in turn augment Qatar Steel's ability to achieve higher netbacks in newly penetrated markets. It will further improve Qatar Steel's performance by decreasing the transportation and shipping costs as well as provide more innovative and efficient logistic capabilities.

With the support of you all, I am sure that we will remain committed to building trust, adhering to Life Saving rules, and commendable performance in all aspects of HSE showing zero tolerance to unsafe behavior.

BOARD OF DIRECTORS



Saad Rashid Al-Muhannadi Chairman



Abdulla Mohamed Al-Mahmoud Vice Chairman



Mohammed Nasser Al-Hajri Managing Director & CEO



Khalid Jaham Al-Kuwari Director



Adel Abdulla Al-Rumaihi Director



Khalid Thamer Al-Hemaidi Director



Khalid Mohammed Al-Hitmi Director

MANAGEMENT TEAM



Mohammed Nasser Al-Hajri Managing Director & CEO



Yousef Abdulla Q. Al-Emadi Production Division Manager



Khalid Ali Al - Emadi Procurement and Warehousing Division Manager



Mohamed Saleh Al-Mahdi Administration Division Manager



Salah Ibrahim Babiker Karga Finance Division Manager



Natarajan Gopal Strategic Planning Manager



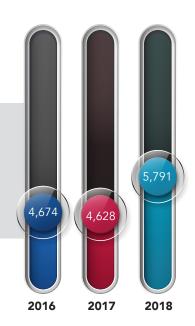
Dafa Allah Khatab Legal Manager

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

	Unit	2016	2017	2018
Revenue	QR Million	4,674	4,628	5,791
Net Profit	QR Million	1,074	659	789
Net Profit % of Revenue	%	23	14	14
Sales Volume	KMT	2,716	2,617	2,945
Production Volume				
DRI/HBI	KMT	2,506	2,548	2,525
Crude Steel (Billets)	KMT	2,521	2,645	2,575
Rebar	KMT	2,272	2,044	2,142
Coil (Wire Rod and Rebars in Coils)	KMT	173	118	109
Total Capital Employed	QR Million	8,049	7,618	7,772
Return on Capital Employed	%	14	9	10
Shareholder's Funds	QR Million	7,609	7,419	7,567
Return on Shareholder's Funds	%	14	9	10
Retained Earnings	QR Million	6,749	6,876	7,024
Earnings per Share	QR	36	22	26
Debt-to- Equity Ratio	%	9	3	-
Dividend paid % of Net Profit	%	84	80	63

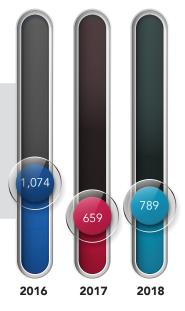
Revenue - QR Million

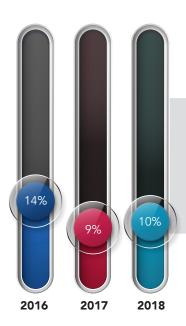
Revenue increased by 25% in 2018 is mainly due to higher sale volumes and netbacks as compared to 2017.



Net Profit - QR Million

Net Profit for the year 2018 is higher by 20% mainly due to higher sale volumes and margins as compared to 2017.





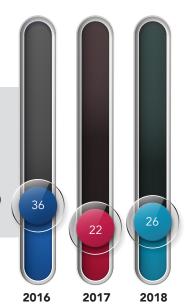
Return on Shareholder's Fund - %

In 2018, the Return on Shareholder's Funds increased by 1% due to higher Net Profit as compared to 2017.

Earnings per Share - QR

Earnings per share in 2018 is higher by QR 4 per share due to higher Net Profit as compared to 2017.

(Return on Shareholder's Funds-%=Net Profit/Shareholder's Fund)



AFFILIATES (Book Value)

QR Million

Name of the Company	Shareholding	2016	2017	2018
Qatar Metals Coating Company W.L.L.	50%	62	28	15
SOLB Steel Company (Formerly South Steel Company W.L.L.)*	31.03%	217	118	-
Foulath Holding B.S.C. (C)	25%	1,172	1,293	1,392
(Formerly Gulf United Steel Holding Company (Foulath) BSC Closed)				
TOTAL		1,451	1,439	1,407

*During the year ended 31 December 2018, the remaining carrying investment value of QAR 118 Million was fully impaired due to significant losses incurred by SOLB Steel for the past few years. Therefore, SOLB Steel is having severe liquidity and working capital management difficulty, which leads to payment default of various external borrowings and breach of several debt covenants. This may warrant recall of entire loans anytime upon which Qatar Steel is one of the guarantors and possibility of impairment on SOLB Steel's property, plant and equipment due to indicators present at the associate level.

Investment in Affiliates - QR Million

In 2018, value of Investments in Affiliates is lower by 2% due to under performance of Associate Companies as compared to 2017.



QATAR STEEL COMPANY

Overview

QATAR STEEL Company was formed in 1974 as the first integrated steel plant in the Arabian Gulf. Extending its pioneering commitment from an expansive mill site located in the Mesaieed Industrial City, today, Qatar Steel is widely recognized as a foremost leader in the steel industry.

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.

State-of-art technically advanced plant facilities have come to include a Midrex process based DRI/ HBI Combo Mega Module, Electric Arc Furnaces with a Ladle Refining Furnace, a Continuous Casting plant and Rolling Mills with the latest automated features. 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.

Qatar Steel Products

Qatar Steel's main business is the production and supply of reinforcement bar (D8 to D40), Hot Briquette Iron (HBI)/DRI, Steel billets, Wire-rod and Re-bars in coil manufactured through modern and state of the art production technology and process.

Vision, Mission, Values and Purpose

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 as a sustainable producer, safeguarding Health, Safety & Environment, maximizing stakeholder value and contributing to Qatar National Vision 2030.

VALUES

- The drivers of our ambition:
- Trustworthy
- Reliable
- Creative
- Dynamic
- 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.

Qatar Steel Company FZE-Dubai

The Company also operates a UAE based subsidiary-Qatar Steel Company FZE established in August 2003 to meet the growing demand for high-quality steel wire-rod products within the GCC as well as in international markets.

The company operates two primary facilities at its Jebel Ali Free Zone site: State-of-art Wire Rod Mill with a capacity of 240,000 metric tonnes [MT] per annum and the advanced Rebar Mill with a capacity of 300,000 MT per annum. The company has been successful in obtaining approval from UK CARES for complying with requirements of BS EN ISO 9001: 2015 and the relevant CARES quality requirements for Rebar's in diameters 8mm to 32mm and Rebar's in coil in diameters 8mm to 16mm in grade BS 4449:2005 Grade B500B.

Dubai Central Laboratory (DCL) of Dubai Municipality has granted QATAR STEEL COMPANY FZE a license to use 'DLC Conformity Mark' on its product and is the first Company in the region eligible to use the DCL quality marking.

Annual Performance report - Qatar Steel Company FZE.

2018 was yet another challenging year since the blockade of Qatar in 2017. The year 2018 began with lurking uncertainties tainted by geo-political crisis in the GCC region and maiden introduction of Value Added Taxes in the U.A.E, truly tested the mettle of the company and eventually ended with bountiful resilience and abundant confidence as we step in the year 2019. Despite recessionary headwinds faced by economy and tough market conditions for the industry, company was successful in consolidating its market position. QS FZE managed to achieve 83% of the annual target for production & sales.

Production & Sales Data:

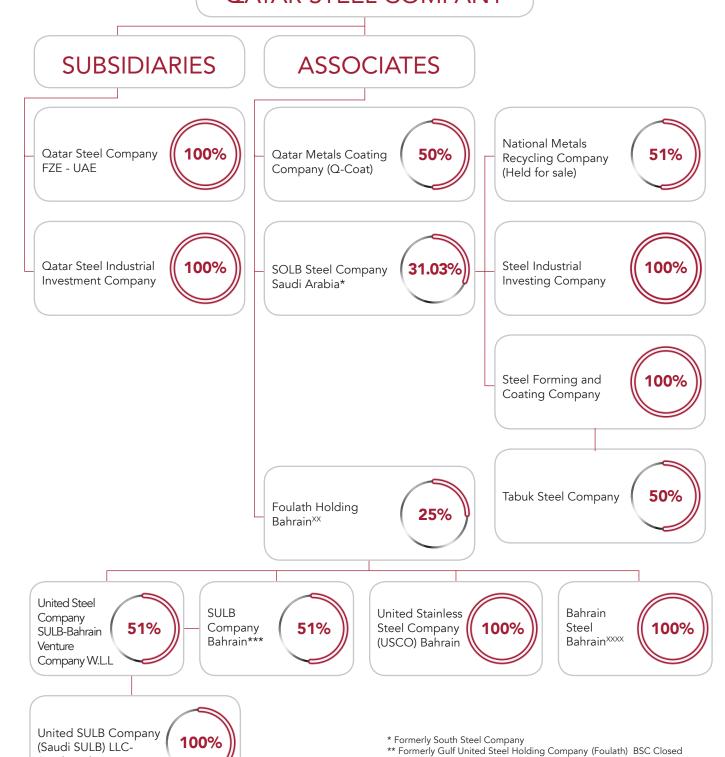
Production & Sales Data:			
Production (MT)	2016	2017	2018
Rebars	379,365	298,701	295,920
Coils:			
Rebar in coils	62,713	30,201	12,698
Wire Rod	110,067	87,986	96,625
Total	552,145	416,888	405,243
Sales(MT)	2016	2017	2018
Rebars	381,676	292,178	302,044
Coils:			
Rebar in coils	70,047	29,547	11,953
Wire Rod	116,325	90,639	93,154
Total	568,048	412,364	407,151

Achievements in 2018:

RM3 sales observed 3.4% growth compared to 2017. Quality management system and Environmental management system upgraded to 2015 version of ISO 9001 & 14001. Health & Safety management system OHSAS 2007 certification obtained. Initiatives taken for establishing sustainability & Responsible sourcing management system and it's certification from UKCARES; preliminary audit completed. Achieved zero environmental & regulatory non-conformances in 2018.

SUBSIDIARIES & AFFILIATES

QATAR STEEL COMPANY



Saudi Arabia

*** Formerly United Steel Company (SULB) B.S.C (Closed)
**** Formerly Gulf Industrial Investment CO.(E.C)

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

Qatar Steel is subjected to legal, regulatory and license conditions surrounding occupational health, safety, security and environmental compliance. Our HSSE performance is assessed through various leading and lagging performance indicators, of which some are reflected below.

The HSSE department consists of a Medical Centre (Clinic), Safety, Fire and Security, and Environment Management sections.

A significant effort has been put into HSSE strategy and operational execution, starting with Leadership commitment, visible felt leadership, and a change in culture amongst Qatar Steel employees as well as contractors engaged in operations at the Mesaieed Steel making plant. The company has invested on a large scale in the introduction of world's best practice safety philosophies and initiatives, with visible results achieved in terms of HSSE performance. Qatar Steel is also a member of the World Steel Association, and liaise with the association regarding new initiatives, best practice, lessons learnt, and awareness programs.

All the lagging indicators such as LTIR, TRIR, Severity Rate, as well as fatalities show a remarkable improvement during the past 12 months. Different charts in this report reflects the downward trends. This would not have been possible without the total team work and commitment from all departments and the contribution of each and every individual.

Qatar Steel is having International Certification / Accreditations from ISO 14001: 2015 and ISO 45001. We were the first company in Qatar to have been certified according to the new ISO 45001 standard during 2018.

FIRE, SECURITY & GATE- PASS SECTION

Emergency Preparedness

The Fire Water network has been improved by upgrading the fire alarm & firefighting system at various locations like Rolling Mill, Warehouse, SMD, Jetty area and improving monitoring system with centralization of the fire alarm system at the Emergency control room. We are in the process of procuring a Rapid Intervention vehicle (RIV) to enhance the emergency response time. The section 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 firefighting equipment, such as Breathing Apparatus / road run of all fire vehicles /appliances monitoring for fault fire alarm & firefighting system. Various contracts are in place with local service providers to assist with monitoring and maintenance of critical firefighting and monitoring equipment and systems.

Security

The Security section is outsourced, and are actively involved in securing the production facilities through coordination, communication, and monitoring of the entire plant. The Security staff is responsible for manning the access gates, monitoring and controlling vehicles leaving the premises with products, together with vigilance aided by CCTV Camera and Continuous patrolling of the site.

Medical Centre

The New Medical Centre building has been approved, and construction will start in 2019.

Phlebotomy room License obtained from the Ministry Of Public Health.

New HMS software approval (in last stage of the procurement), which will enhance the level of service.

Achieved >100% of the targeted Periodical Medical Examinations - All employees who were exposed to hazards, as well as employees aged 50 and above were covered.

Initiated for the Drug Dispensing Unit license during 2018.

Initiated access controlled fire proof medical records storage facility.

Equipped medical facility with state of art emergency care equipment which can cater to provide immediate care during emergencies

Two new policies & procedures introduced:

- First Aid box Requirements
- Emergency response care

Flu Vaccinations were offered free of charge to employees.

Blood test screening done for trained first aiders.

Qatar Steel Medical services are available round the clock to cater for emergency services and needs.

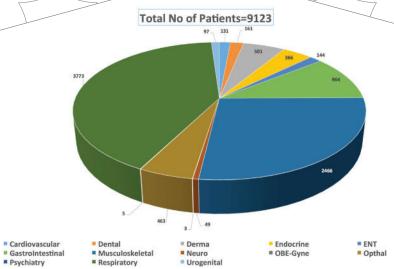
All nurses in QS clinic are now Certified Occupational Health Nurses from IBOEHS and all health practitioners are certified professionals in advance cardiac and trauma care.

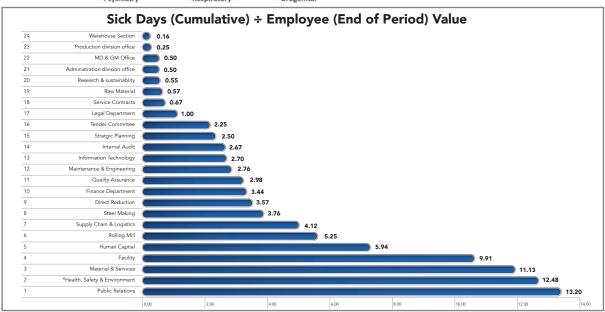
Qatar Steel medical center is now closely aligned with Ministry of Public health, Qatar as an active member for surveillance of communicable diseases.

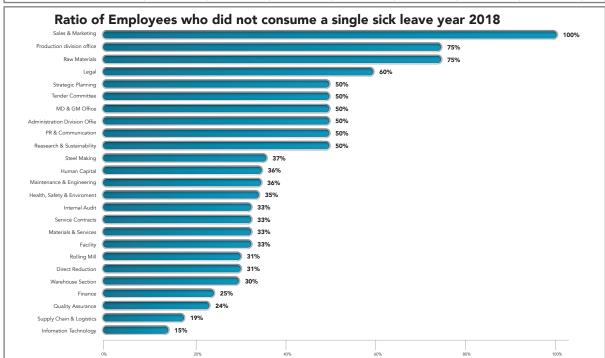


Red Crescent ambulance service available for 24 hours daily–always ready to support Medical services & rescue operation

First Aid, Ergonomics & Smoking related training were carried out to QS employees







Highlights (Medical Centre)

- Strengthen primary care as well as emergency care
- Streamline the clinic processes
- Prioritizes the things according to the organizational requirements
- $\bullet \ \ {\hbox{\it Efficient medical surveillance program implementation}}$
- More focus on health promotion & wellness at workplaces
- Effective budget utilization
- Looking forward for better facility to work in a New Qatar Steel Clinic

SAFETY

The Safety Organizational structure has seen major changes during the past 12 months, not only growing in size, but also ensuring that we have sufficient technical expertise to provide a professional advisory service to the operational staff and leadership. The title of the Safety Inspectors has also changed to Safety Coordinators, to assist with changing the perception of workers from "catching people out doing the wrong things" to "assisting and helping to ensure a safe and healthy workplace".

Qatar Steel has an integrated SHEQ Policy (Sustainability) signed by the Managing Director & General Manager, to show support and commitment at the highest level, and it is readily available in both English & Arabic. QS has a well developed Hazard Identification and Risk Assessment mechanism in place along with adequate control measures to mitigate and reduce the risk levels.

The Qatar Steel Safety Management program puts a lot of emphasis on continuous improvement, and has made changes in many areas, some of which are mentioned below:

- Updating and reviewing its procedures,
- Review and changes to PPE specifications
- Assessment of location and applicability of safety signage and road markings
- Defined Roles and Responsibilities
- Implemented and reviewed Permit to Work procedure
- Implement the Lock-Out-Tag-Out (LOTO) system with new equipment to replace the Red Flag system previously used
- Contractor management system
- Conducting bi-monthly walkabouts by Head of Sections as well as Managers
- Implemented and monitoring Behavioral Observation program

Various Safety training interventions were initiated, ranging from Working at Heights, Confined Space entry and Rescue, Permit to Work, LOTO, HIRA, Crane Operation, and many more.

Number of LTI's comparison from 2015 - 2018



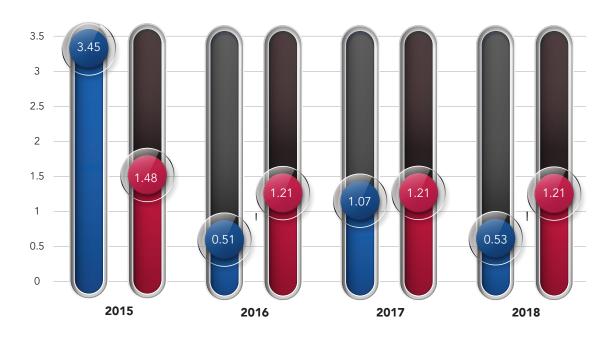
	2015	2016	2017	2018	Combined
QS LTI	10	2	3	2	Qatar Steel
Contractors LTI	5	5	4	2	Qalai Steel
Combined LTI	15	7	8	4	Contractors

Qatar Steel HSE KPI

Yearly Comparsion for Last five years

KPI's Yearly Comparsion					
Year	LTI	Frequency Rate	Day Lost		
2014	11	2.36	6550		
2015	10	2.30	328		
2016	2	0.51	75		
2017	4	1.07	6088		
2018	2	0.53	73		

QS LTIFR vs World Steel AssociationLTIFR



	2015	2016	2017	2018
QS FR	3.45	0.51	1.07	0.53
World Steel	1.48	1.21	1.21	1.21*

LTIFR = Lost Time Injury Frequency Rate

^{*} This is the 2017 value, the 2018 value will be available by October 2019

CERTIFICATE OF APPROVAL



Occupational Health and Safety Management System Certification

This is to certify that

Qatar Steel Company (QPSC)

at its establishment at

Mesaieed, Qatar

has been approved by the Authority to the following Management System standard using the processes and procedures registered with the Authority:

BS ISO 45001:2018

Scope of certification:

Production of direct reduced iron (DRI), hot briquetted iron (HBI), continuously cast steel billets and hot rolled steel bars

This certificate remains the property of the Authority and is issued subject to the Regulations of the Authority. This certificate is uncontrolled when printed. To check the validity of this certificate please visit www.ukcares.com or contact us on +44 1732 450000.

CERTIFICATE NUMBER

FIRST APPROVAL

ISSUE DATE

EXPIRY DATE

1641

December 2018

07 December 2018

07 December 2021

SIGNED FOR UK CERTIFICATION AUTHORITY FOR REINFORCING STEELS

Lee Brankley, Chief Executive Office

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 002. UK Certification Authority for Reinforcing Steels, Pembroke House, 21 Pembroke Road, Sevenaals, Kent, TN13 1XR, UK.

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HSE Day Celebration





Qatar Steel celebrated the Occupational Health and Safety Day at its Head quarter in Mesaieed Industrial city, a celebration where the company takes into consideration of its community responsibility and the importance of maintaining health, safety and the environment.

The ceremony was attended by Eng. Mohammed Bin Nasser Al-Hajri, Managing Director & CEO, along with Division and Department Managers, employees from various Departments and Contractors. The program started with a welcome note by MD & CEO and latter presentations by the various government agencies, like, Civil Defense, Drug Enforcement Administration, Traffic and Patrol Department, Al Fazah Police, Qatar Cancer Society and Du Pont.

"As a member of the World Steel Federation, Qatar Steel attaches great importance to this event to ensure a safe and accident-free work environment, as well as to commit more efforts to improve HSE standards," MD & CEO said.

Qatar Steel collaborated with a specialized international company in 2015 to develop and improve the occupational safety and health regulations and regulations, which led to a reduction in risk and accident indicators in recent years.

"I need your support and commitment to maintain safe and healthy work environment and achieve our goal of a safe and accident-free place to work', he added.

MD & CEO honored many distinguished departments for maintaining the best practices of health, safety and environment in the workplace. He also thanked all employees of Qatar Steel for their continuous efforts to enhance achievements and considered that a strong culture of safety and security in the workplace is the result of the commitment of all to implement the principle of "safety first' and take necessary measures to avoid occurrence of any risks and accidents.

ENVIRONMENT

Qatar Steel has an effective EMS- Environment Management System in place, complying with the ISO 14001:2015 standard (certification under process by UK Cares) and meeting the environment Protection Regulations set by the Ministry of Municipality and Environment (MME) .As part of our continuous improvement internal audits were conducted by QS internal auditors and UK Cares certification body conducted an external audit during December 2018 reflecting our commitment to conduct our operations according to globally accepted environmental standards, moreover to align in our environmental objectives, targets and programs.

Environment Management Program

We conducted a noise mapping project in Qatar Steel premises to locate and defined the risky areas wherein excessive noise is observed in the workplace. Procedures were reviewed, revised and circulated for effective implementation to address related aspects & impacts within Qatar Steel premises. Combined studies were done with QP/MIC for Air shed Management , to develop the appropriate mitigation and management plan as well to develop modeling and assess the impacts of emission.

Water Management (NZLD)

An Environmental permit was granted for the Process wastewater recycling project as compliance with the MME legislation for Near Zero Liquid Discharged (NZLD) as well as to re-use the wastewater in the production process in order to reduce freshwater consumption.

Waste Management

Qatar Steel is studying & 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

Pollution Control Measures

Qatar Steel has installed one stationary AAQMS (Ambient Air Quality Monitoring Station), at Qatar Steel Dormitory and one mobile station inside the plant to monitor the air quality at community area and inside the QS premises. CEMS (Continuous Emission Monitoring System) was also installed in our stacks to monitor the emission emitted from our operations. In addition, bag filters installed at the stack were replacing regularly to ensure emission emitted in the stacks is filtered before it was emitted to air.

WORLD STEEL Recognition (Climate Change and CO2 monitoring)

As a part of the global focus on Climate change, Qatar Steel participated in the CO2 emission data collection program for all steel industry. The World Steel Association (WSA) has recognized the participation and granted QS with a certificate for the year 2018 -2019. WSA has set an ambitious program for every steel company in the world to measure its CO2 emissions/ton of crude steel produced using a common methodology. They developed a CO2 data collection system compiling CO2 emission data; and provides a highly credible overview of emissions for the entire steel industry using a standard methodology.









Our HSSE goal remains Zero Harm to people, assets, and the environment, and we do realize that we need continuous commitment and effort on this journey to excellence, which is also regarded as a journey without a destination.

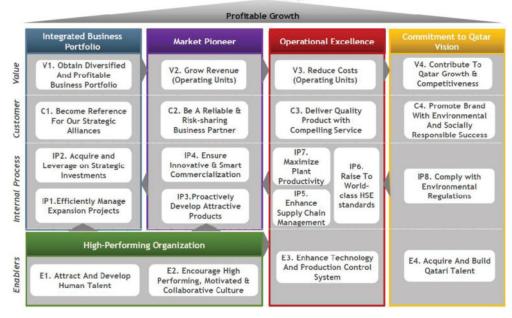
RESEARCH & SUSTAINABILITY DEPARTMENT

Sustainability is integral to Qatar Steel's business strategy, as it both derives from and influences the sustainability management program. This is demonstrated through the wider stakeholder input in development of our Corporate Strategy Map as well as the key operational priorities which are crucial for Qatar Steel's sustainability. These include Qatar Steel's record of developing new products and achievement of operational excellence. The Strategy Map translates stakeholder expectations into corporate objectives, which are then tracked and managed through a set of key performance indicators (KPIs). These indicators are then integrated into a Balanced Scorecard at personal, departmental, division, and corporate levels, allowing the entire organisation to align with the Corporate Strategy.



Qatar Steel Strategy Map 2018 – 2020

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



Under pin of our principal values: Trustworthy, Reliable, Dynamic, Creative and Perceptive

Sustainability Roadmap 2020

In 2015, we implemented the Sustainability Roadmap 2020; a transformative document created to present key objectives with targets and timelines that will fulfill Qatar Steel's corporate strategy, sustainability management programme and support the company's leadership position in sustainability.

The Roadmap is an important milestone in Qatar Steel's sustainability journey; one that sets a clear and sustainable path forward for the corporation.

In order to achieve sustainability priorities, the Roadmap specifies a five-year plan, from 2016 to 2020, across 6 thematic objectives. These are:

- 1. Sustainable steel supplier of choice in the region
- 2. Breakthrough low carbon footprint steel industry
- 3. World class energy consumption rates for the steel industry
- 4. Leader in recycling and reusing among companies in the Qatar energy and industry sector
- 5. Zero-harm culture and performance
- 6. Leading water management practices for Qatar and the steel industry internationally

The Roadmap builds on the foundation of Qatar Steel's Sustainability Framework. The six Roadmap objectives align with the elements of the Sustainability Framework as follows:

QS Sustainability Management Framework



Each of the six objectives of the Roadmap carries specific targets with implementation timelines and action items that are assigned to their commensurate departments. These targets are measured against a previous year's baseline and prioritized according to impact and resources required. By setting targets, timelines, an implementation plans, the Roadmap is a strategy for operational success in sustainability and it is updated on a quarterly basis and reviewed during the Balance Score card meeting.

This ecosystem of programs (Corporate Strategy Map, Sustainability Framework, Sustainability Roadmap 2020), comprise Qatar Steel's Sustainability Management System. This system is designed to enable Qatar Steel to achieve its sustainability objectives and optimize the value generated for its stakeholders.

Additionally, the company had established its Stakeholder Advisory Group comprised of representatives from key stakeholder groups to act as an advisory body during the journey towards sustainability. In 2016, Qatar Steel had developed a charter for the Group, by mapping the external and internal representatives of different stakeholder groups and by establishing internal governance structures for effective engagement with the Group.

The Sustainability Report is organized in sections according to the seven pillars of the sustainability framework. Within each section, pertinent material issues are discussed and the company's progress and initiative towards sustainability is evaluated.



Product Diversification:

In 2018, Qatar Steel has successfully developed rebar conforming to ASTM A706 Grade 60 through thermo mechanically treated (TMT) route for seismic zone application with high TS/YS ratio (>1.25) and it is certified by CARES UK.





Product Conformity Certification - ASTM A615/A615M, A706/A706M

This is to certify that

Qatar Steel Company (QPSC)

at its establishment at

Mesaieed, Qatar

has satisfied the Authority that it operates a quality management system that complies with the requirements of BS EN ISO 9001 and the relevant CARES Quality and Operations Assessment Schedules. Where appropriate, and as listed below, it has further satisfied the Authority that it manufactures and/or supplies products that conform with the stated product standards and is entitled to use the CARES marks on its products using the processes and procedures registered with the Authority.

Scope of certification:

Production of ASTM A615/A615M:2016 Grade 60 Bar 8 to 40mm Production of ASTM AZ06/AZ06M:2016 Grade 60 Bar 10 to 40mm

This certificate remains the property of the Authority and is issued subject to the Regulations of the Authority. This certificate is uncontrolled when printed. To check the validity of this certificate please visit www.ukcares.com or contact us on +44 1732 450000.

CENTICATE NUMBER

FRSI APPROVAL

ISSUE DATE

180101

February 2018

01 January 2019

31 December 2019

SIGNED FOR UK CERTIFICATION AUTHORITY FOR REINFORCING STEELS

UK Gerification Authority for Reinforcing Steels, Pentrole Plane, 21 Pentrole Rood, Sevenoria, Kent, Th FS 198, UK.

Bankley

Car. No. ABCT 10010 JOSEP 255

Recycling and Sustainability:

Under Recycling and Sustainability initiative, Qatar Steel successfully recycled around 100,000 Tons of by-product briquettes and also consumed around 10,000 Tons of carbon material from neighboring companies in steel making as a raw material in line with QNV 2030 Environmental Development Pillar.

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 - 2018, the strategic priorities for the company had changed with focus on operational excellence (safety and cost).

The global economic real GDP growth for 2018 – 2019 projected to remain at 3.7 percent, at the same level of 2017 with promising growth of 5.2—5.4 % per annum in Asian countries (excluding china) between 2018 and 2023.

Under these circumstances, to stay competitive, we have gone with full-fledged cost optimization program with focus on improving efficiency and reliability of process and assets. Implementing a cost optimization strategy is an ongoing continuous improvement exercise that results in healthy balance of cost savings and innovation for sustaining the results. The focus for the coming 3 - 5 years would continue to be an organizational and operational improvements leading more cost efficiencies and further raising HSE standards and also to seize possible growth opportunities through prudent investments in line with IQ's strategies.

The major change in the business model in 2018 has been that Qatar Steel is operating as a Production Entity effective 1st May 2018 after appointing Muntajat as the exclusive marketer, seller and distributor of QS's entire production through an off-take agreement. Through this arrangement, Qatar Steel is expected to benefit from Muntajat on international sales due to its wider global presence, export logistics & marketing expertise.

MACRO-ECONOMIC ACTIVITIES (Global & Regional)

World real GDP growth is projected to slow from 3.2% in 2018 to 2.9% in 2019 and 2.8% in 2020 and 2021 which was characterized by numerous political uncertainties: the future development of the trade disputes between the USA and China, the negotiations on the forthcoming Brexit, the Italian budgetary policy, the economic and political development in Turkey and much more. Unfortunately, these insecurities will not diminish in 2019. Global economic growth could therefore be weaker in 2019 than in 2018. The global expansion continues to lose momentum. Growth has been revised downwards in almost all G20 economies, with particularly large revisions in the euro area in both 2019 and 2020. High policy uncertainty, ongoing trade tensions, and a further erosion of business and consumer confidence are all contributing to the slowdown. A confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects.

Growth in the Middle East is expected to remain subdued at 2.4 percent in 2019 before recovering to about 3 percent in 2020. Multiple factors weigh on the region's outlook, including weak oil output growth, which offsets an expected pickup in non-oil activity (Saudi Arabia); US sanctions (Iran); and, across several economies, geopolitical tensions. Recent political developments in Middle East and North Africa have been redesigning the regional economic prospects for the medium and long term. Under condition of military stabilization in Syria, Libya, Yemen and some rebound of oil prices, the regional growth is expected to strengthen over the next several years. The intra-regional investments from the

oil exporting countries may give an initial push for such acceleration. A number of MENA countries have a strong demand for housing, as population is growing fast and urbanization continues. Infrastructure spending and oil price recovery will drive regional demand for steel in the short & medium term. The recent political disruption in Algeria – if continued – will drag development plans despite the ambitious investment program. North African steel use has been growing at a rate of 5.7% per year since 2006. This contrasts with 3.1% across the rest of the world and even the 3.4% recorded in the Middle East.

The decline in oil prices and severe problems with budget revenues forced GCC countries to accelerate their move to more diversified economic structure. In Saudi Arabia the government approved the Vision 2030 program aiming to reduce the reliance on oil exports. In UAE and some other GCC countries similar programs are expected to be implemented. Resumption of sanctions significantly complicated long term prospects of Iranian economy. Iran will need to implement substantial reform agenda to enhance growth in the medium term. GCC will remain in deficit in 2019 due to planned expansionary budgets; GCC spending to increase by 5.7% in 2019. Steel demand in GCC will contract by around 4% during 2019 mainly on account of:

- Slowing construction demand
- Lack of liquidity in the market
- Uncertainty related to signals of a global economic slowdown



STRATEGIC INVESTMENTS & JOINT VENTURES

SOLB STEEL COMPANY (Formerly South Steel Co.):

Qatar Steel owns 31.03% share in SOLB Steel Company, having production capacity of 1.0 mtpa for Steel Melt Shop and 0.5 mtpa for Rolling Mill. Commercial operations started in January 2013. During the year 2018, the Steel Melt Shop and Rolling Mills were running at capacity levels of 49% and 27% respectively.



QATAR METALS COATING COMPANY W.L.L

Qatar Metals Coating Company W.L.L. (Q Coat) was established in 1990. A joint venture between Qatar Steel, owns 50% shares and Qatar Industrial Manufacturing Company owns balance 50% shares. Q Coat is having production capacity of 100,000 metric tons per year. During the year 2018, the plant was running at a capacity level of 33%.



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 steel industry in the Gulf Cooperation Council (GCC) Countries, Middle East and North African (MENA) region. Qatar Steel owns 25% share in 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 Pellet in GCC with total capacity of 11 mtpa. It is one of the three major merchant pelletizing producers in the world. During the year 2018, the Plant was running at a capacity level of 71%.





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 re-started operation from Sep 2017. On 22nd May 2018, a very intensive fire broke out at USCO's Annealing & Pickling plant, completely damaged the plant.



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

A Joint Venture between Foulath, owns 51% shares and Yamato Kogyo Japan owns balance 49% shares. Operations started in 4th Quarter of 2012. The facilities comprise of Direct Reduction Iron Plant, Steel Melt Shop and Section Rolling Mill (Medium & Heavy Sections) are having production capacity of 1.50 mtpa, 0.86 mtpa and 0.60 respectively. During the year 2018, the plants were running at capacity levels of 106%, 124% and 75% 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 0.40 mtpa. During the year 2018, the plant was running at capacity level of 59%.

OPERATIONAL OVERVIEW

SALES & MARKETING (Consolidated)

PRODUCTS (KMT)	2016	2017	2018
DRI/HBI	116	91	-
BILLETS	103	448	687
REBAR	2,316	1,959	2,148
COIL (WIRE ROD & REBARS IN COILS)	181	119	110
TOTAL	2,716	2,617	2,945

Sales Volume-KMT

Sales volume for the year 2018 is higher by 13% as compared to previous year mainly due to higher sale of Billet and Rebar.



COUNTRY (KMT)	2016	2017	2018
QATAR	1,770	1,396	1,809
GCC (Excludes Qatar)	802	549	706
OTHERS	144	672	430
TOTAL	2,716	2,617	2,945

Sales Volume- %

	2016	2017	2018
	100% (2,716)	100% (2,617)	100% (2,945)
Qatar	65%	53%	61%
GCC (Excludes Qatar)	30%	21%	24%
Others	5%	26%	15%

PRODUCTION (Consolidated)

PRODUCTS (KMT)	2016	2017	2018
DRI/HBI	2,506	2,548	2,525
CRUDE STEEL (BILLETS)	2,521	2,645	2,575
REBAR	2,272	2,044	2,142
COIL (WIRE ROD & REBARS IN COILS)	173	118	109

Crude Steel - Billets (KMT)



Direct Reduction Department DR-1

Highlights of Direct reduction Department DR-1 Peformance and activities throughout 2018 are as below

Major Milestones

- DR-1 module prime production for year was 776,830 Tons against the budget of 799,740 Tons.
- Excellent product Quality Met 94.64% & Carbon 2.42% was maintined througout the year
- Milestone of 186 days continuous operation supressing the previous record of 135 days achieved
- New LOTO system implemented successfully during Nov-2018 shutdown.
- The Plant operation hours for the year 2018 was 8,162 hrs.
- Total schedule stoppage of 592 hrs and unscheduled stoppage of 6 hrs .

Initiatives

Throughout the year various safety & environment improvement activites carried out detailed below

- Postive isolation in main burner NG line
- Process and Product dust collection system interconnection
- Belt wall conveyor system (EAF-4 link) safety improvements ,
- Drager CO detector installation in varous location in plant
- Emergency diesel generator installation

With continuous improvement, training, motivation DR department has achieved and maintains higher quality of safety standards.

DR-1 Successfully completed 15 years without any LTI.

DR-2

Highlights of Direct reduction Department DR-2 Peformance and activities throughout 2018 are as below

Major Milestones

- DR-2 module prime production for year was 1,748,033 tons against the budget of 1,688,170 MT
- Excellent product Quality Avg Met 94.70% & Carbon 2.54%) was maintained througout the year
- Record of continuous operation of 166.06 Days was achieved in this year crossing the previous year record of 128 days
- The plant operation hours for the year 2018 was 7,992 Hours.
- In the year of 2018 DR2 had a total scheduled stoppage of 695 hrs which includes the capital repair and a total of 73 hrs. of unscheduled stoppages

Initiatives

Throughout the year various safety & environment improvement activites carried out are detailed below DR2 capital repair was held in 2018 from Feb 17 to Mar 15. Some of the important works done in the repair were: -

- Reformer top & bottom CO/Combustible analyzers & sensors replaced with new and the monitoring display units were placed at outside to overcome the analyzers getting faulty due to high temperature.
- Reformer Tube E35 removed as is was leaking & Reformer Tube F30 & F36 tube blinded as those were more bulged at top portion
- RG duct east side (RGC area) new platform installed.
- DR-06 tail end dust pick up points interconnected with silo dc system.
- Instrument airline backup provision for product fines bin gate operation.
- CP_A57 & 58 discharge temperature element relocation done.
- Furnace and product cooler temperature elements were replaced.

Safety initatives and improvements:

- To further improvise the personal safety in the plant combustible detectors & sensors installed at NG supply & distribution station.
- A new breathing air system of mass trolley type is procured for safe & effective usage.
- DR-2 has established the new LOTO system by using BRADY locking devices from Dec-2018 to have a better & effective safe working atmosphere during the job execution as a part of PTW system.
- As a part of improvement in the safety system, Safety & PPE signage boards provided at different working locations in DR-2 for better accomplishment in personal safety.

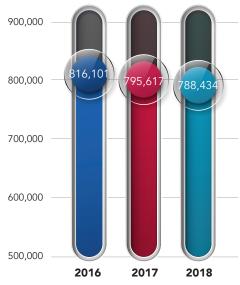
Steel Making Department

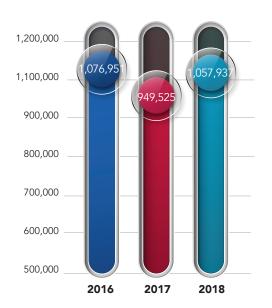
- 1. Achieved Production of 2,598,764 MT/Y of molten steel from EF3,4,& 5 in 2018.
- 2. CC3,4,&5 had achieved 2,574,938 MT/Y in 2018
- 3. CCM (4 &5) achieved highest annual average no. of heats in a single Tundish (109 &103 heat/Tundish)
- 4. CC3, 4 &5 had achieved annual casting yield (99.0%, 99.06%, &99.17%) during 2018.
- 5. Increasing the Dolomite ladle bricks consumption ratio to 73% from total LD bricks consumption.

Rolling Mills

The following charts illustrate the performance of the rolling mills during the last three years despite of the challenges from changed Market Conditions such as the increased share of Export, development of different rebar sizes and grades.

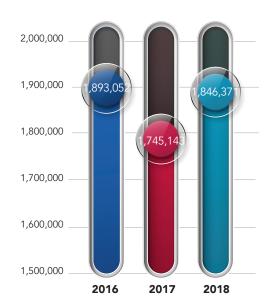
RM1 Annual Production





RM2 Annual Production

RM Total Annual Production



AWARDS & ACCREDITATIONS (QSC)

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)
- BS ISO 45001: 2018 Certification
- Environment Management System (ISO 14001) by ABS Quality Evaluations

2018 Rolling Mills Achievements:

- RM1,RM2 and Roll Shops of Rolling Mills have been continuously improving on HSE by the active
 participation of employees in reporting of Safety Observations, Safety Walks, Risk Assessment, SOP,
 Training, Implementation of 5S etc.
- Achievement of one prize in every quarter of the HSE competition.
- All SOP's are modified taking into account the safety aspect of the job activity along with the operations of the equipment.
- Lot of Safety Fencing Guards are fabricated and erected in the critical areas of rolling mill to regulate the movement of personnel from the moving equipment and suspended loads.
- Achievement of two GM gold prizes in Quality Control Circles (QCC) of Qatar Steel
- Quality of the rebar production has become the major focus in meeting the international market requirements.
- The export market share has increased to 50% of the total rebar production in 2018.

RM1:

- In old Line, Modification of Pinch Roll Design is made to improve the quality of last portion of the rebar.
- Modification of Roll Pass Design of size D25 for distribution of deformation in Intermediate Mill.
- Replacement with Modified Troughs between Line Selector and Breaking Pinch Rolls in High Speed Line.

RM2;

- Optimization of billet length for Rebar sizes D40mm and D16mm to improve the Yield.
- Auto chopping at Roughing Mill Shear in case of clamp opening of stands in Intermediate and Finishing Mill.
- Modification for auto billet chopping in case of malfunctioning of any of the quenching pumps.

Roll Shops:

- Installation of New CNC Grinding Machine to improve the reliability in the preparation of rings/rolls.
- Complete Transformation of LOGO from QATAR STEEL to QS with minimum losses in rolls and carbide rings.
- Optimization of rolls/rings at scrap diameter to increase their life and reduce the consumption cost.

Corporate Social Responsibility

Change is Evolution and transformation is progress.

To keep CSR activities thriving, every year Qatar Steel undertakes diverse initiatives and plans to contribute positively to the realization of a sustainable society. To realize a sustainable future, society has many challenges yet to overcome. In 2018, it was a great opportunity to work with Qatar Cancer Society (for cancer patient registered with them) and Qatar Society for Rehabilitation of Special Needs and join them in the way to creation of a safe and secure society. Within the framework of its commitment to corporate social responsibility, and in line with its ongoing support to the local community, Qatar Steel organized blood donation drive at its plant premises in Mesaieed Industrial City, in co-operation with the Blood Bank Unit at Hamad Medical Corporation. Through this drive, Qatar Steel aims at promoting the employees' awareness towards the importance of blood donation, as a humanitarian initiative that serves the community at large.

Sport has become an important part of Qatar Steel's societal development



With an objective of promoting a healthy lifestyle among its local population in Qatar, the Sport Day was launched as a national event under the leadership of Shaikh Tamim to be followed every year to emphasize the importance of sport in the life of every individual and following a fit life by indulging into some kind of physical activity.

As part of the event, Qatar Steel organized family sport day at the MIC Sports Complex in Mesaieed. Employees from various departments participated along with their families between 8AM to 2PM.

Visit of Abdelrahman Bin Jassim Preparatory School (Al-Wakra) to Qatar Steel on 7-March-2018



WASTE FREE ENVIRONMENT - An Environmental Awareness Drive

Qatar Steel proactively took part in the environmental awareness drive "Waste Free Environment" (WFE), launched by Gulf Petrochemicals and Chemicals Association (GPCA), and organized by Qatar Petrochemical Co. (QAPCO) on Wed. 1st Feb 22, 2018, at Al-Wakra Beach



Qatar Steel honors 211 employees with Long Service Award



Qatar Steel honored 211 of its employees during the long-service honoring ceremony in recognition of their achievements, tireless efforts and loyalty shown towards the company for the duration of their work, ranged from 10-40 years

Qatar Steel Organizes Blood Donation Drive





Within the framework of its commitment to corporate social responsibility, and in line with its ongoing support to the local community, Qatar Steel has recently organized, in cooperation with the Blood Bank Unit at Hamad Medical Corporation, Organized a blood donation drive at its premises in Mesaieed Industrial City.

Through this drive, Qatar Steel aims at promoting the employees' awareness of the importance of blood donation, as a humanitarian initiative that serves the community at large.

Celebration of Qatar National Day (Dec 18, 2018)

Qatar Steel, the leading steel and Iron Company in the State of Qatar and the Gulf region, celebrated the National Day of the State in the presence of the Managing Director& General Manager, the Divisions and Departments Managers and the Company's employees at the Qatar National Conference Center, Doha.



As part of the Qatar National day program, a series of cultural programs was hosted and a number of Qatari kids group displayed traditional dance performances.

Along with number of cultural programs hosted, face painting, henna, and display of traditional crafts were most significant.

The celebration aimed to promote loyalty, solidarity and unity amongst all in the country.

Qatar Steel showcases its products at Project Qatar





Qatar Steel participated in the recently held Project Qatar, showcasing its products used in building and constructions projects along with sales and marketing partner Muntajat. More than 280 international exhibitors from across 21 countries and 126 local exhibitors participated in the high-impact four-day event, which provides networking opportunities that have been designed to foster the formation of new partnerships to help bolster Qatar's already flourishing construction industry.

Raising awareness on human rights





Within the framework of cooperation and collaboration, the National Human Rights Commission visited Qatar Steel and presented a lecture elaborating on the establishment of Human Rights Commission in Qatar and principles followed on the occasion of celebration of 70th anniversary of the Universal Declaration of Human Rights.

Annual Sport

In an effort to effectively promote the wellbeing of employees and engage them towards developing a collaborative culture, annual sport is held every year including various kind of sport competition spanned over a period of 6-7 weeks culminating in final. The overall aim of the activity is to help boost mental health issues across the organisation, remove personal barriers impeding to work efficiency and provide them with suitable platform to improve health and develop collaborative culture.

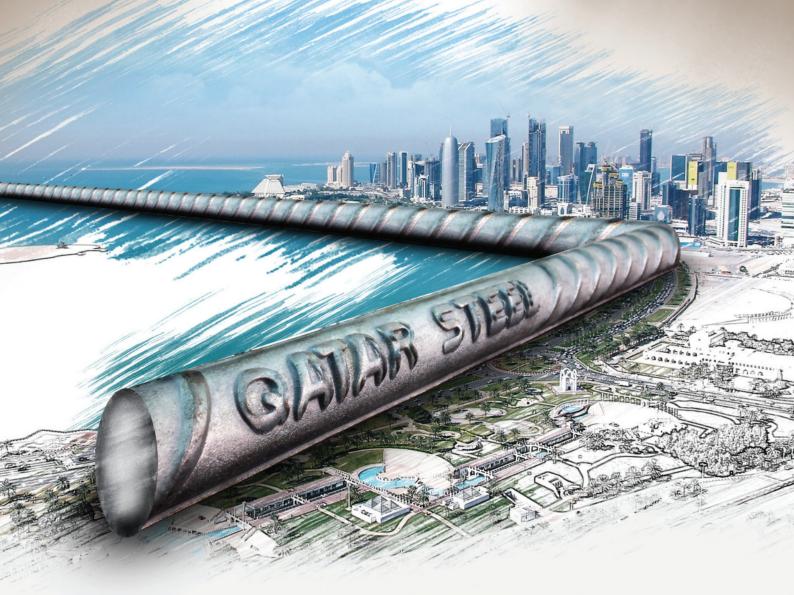


Qatar Cancer Society

Under the broad framework of Corporate Social Responsibility, and service commitment to Qatari society, Qatar Steel Company, one of the largest integrated steel plant in Middle East, announced its support to the Qatar Cancer Society (QSC), a non-profit organization working towards generating awareness on cancer and cancer prevention in Qatar. Qatar Steel is delighted to showcase its CSR activities along with other societal activities sharing Vision, Mission and Values in an effort to enhance social investment in Qatar in support of the Qatar National Vision 2030.















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