



قطر ستيل
QATAR STEEL



ANNUAL REPORT 2013

QATAR STEEL // QATAR STEEL

WE MAKE STEEL MATTER





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



WE MAKE STEEL MATTER

ANNUAL REPORT 2013

Qatar Steel Company (Q.S.C.) (Qatar)

P.O.Box : 50090, Mesaieed Qatar
Tel. : +974 44778778 - Fax : +974 44771424

P.O.Box : 689 , Doha Qatar
Tel. : +974 44576666 - Fax : +974 44576650

Qatar Steel Company FZE (UAE)

P.O.Box : 18255, Jebel Ali Free Zone, UAE
Tel. : +971 48053111
Fax : +971 48053222

www.qatarsteel.com.qa





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“ Qatar Steel will strive to be a leading regional steel producer in the GCC and across the MENA region by leveraging advantaged natural resources ”



CHAIRMAN'S MESSAGE



Today, I take great pride to announce that the year 2013 was exemplary in many respects, setting positive records in both productivity and revenues.

Qatar Steel is constantly consolidating its regional and local position in the steel industry, and it is dedicated to the State of Qatar with the commitment of increasingly contributing to the national economy, which has witnessed a high growth rate in the past years.

In order to meet the growing steel demand in Qatar and to consolidate its competitive position in the regional markets within GCC, Qatar Steel continued its growth strategy of upgradation and new expansions. We are looking forward to achieving several 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 downstream products.

The growth strategies are addressed in our 5-year business plan and the last consolidated Business Plan 2014-2018 represents our operating units in Qatar and UAE, the completed Greenfield EF5 project in Qatar and all strategic investments namely Q-Coat, Solb Steel, Foulath Holdings and Qatar Steel International [JV Steel Project in Algeria].

As part of its commitment towards sustainability development, Qatar Steel launches a creative sustainability report every year, which demonstrates the company's commitment to the national sustainable development objectives while ensuring the alignment of its operations with the Qatar National Vision 2030 and the National Development Strategy 2011-2016. The sustainability reports also cover various sustainability initiatives and projects undertaken by Qatar Steel.

As for the Qatarization policy, endorsed by the State of Qatar, Qatar Steel is constantly striving, on a rolling-basis plan, to recruit quality Qatari employees, who are motivated, well-qualified and efficient.

Qatar Steel will strive to be a leading regional steel producer in the GCC and across the MENA region by leveraging advantaged natural resources, acquiring new technology and product diversification through partnerships and acquisitions.

H.E. DR. MOHAMED BIN SALEH AL-SADA



**“EF5” was successfully commissioned
in December 2013 ”**

MANAGING DIRECTOR & GENERAL MANAGER'S MESSAGE



The Year 2013 will be remembered as one of the most rewarding years in the history of Qatar Steel, as it has achieved exceptional financial and operational results. On the financial level, it has achieved outstanding profits and revenues.

As on the operational level, the SMS Greenfield Project [EF5] was successfully commissioned in December 2013, with an annual designed capacity of 1.1 million tons, boosting Qatar Steel's overall billet production capacity to over 3.00 million tons per annum.

As for the other products, the Rebar production volume in 2013 recorded 2.044 million tons with an increase of 4% over 2012, and the Rebar sales reached up to 2.109 million tons, with a 5% increase compared to the previous year. The Wire Rod production was 156 KMT with an increase of 28% over 2012 resulting in higher sales also.

Today, in its drive to reach its customers, Qatar Steel is expanding its regional marketing network, and our commercial and marketing team continued to serve customers locally and regionally with the company's high quality steel Rebar.

On the environmental level, Qatar Steel successfully reduced its energy consumption by 2.4% and its total greenhouse gas emissions (GHGs) by 3.3%, while increasing its overall productivity by 2.5%. The company also introduced a number of waste management initiatives such as recycling of by-products generated during production and through collaboration with some leading entities.

On safety front, Qatar Steel also improved its safety performance with 31% reduction in reportable injury rate for employees and zero fatalities among its employees and contractors. Qatar Steel has achieved re-certification of three ISO systems as a result of comprehensive audits conducted by BSI, and it has been awarded OHSAS 18001 for Occupational, Health and Safety Management Systems.

Together with our esteemed Board of Directors, chaired by H.E. Dr. Mohamed Bin Saleh Al-Sada, Minister of Energy and Industry, with our strategic loyal traders, and our dedicated employees, we are confidently embarking on a promising yet challenging journey.

ALI BIN HASSAN AL-MURAIKHI

BOARD OF DIRECTORS



H.E. Dr. Mohamed Bin Saleh Al-Sada
Chairman



AbdulRahman Ahmed Al-Shaibi
Vice Chairman



Ali Bin Hassan Al-Muraikhi
Managing Director & General Manager



Sh. Saoud Bin AbdulRahman Al-Thani
Director



Ibrahim Akber Ali Al- Mulla
Director



Ahmad Ali Abdulla Al-Mawlawi
Director



Khalid Mohamed Laram
Director

MANAGEMENT TEAM



Ali Bin Hassan Al-Muraikhi
Managing Director & General Manager



Mohammed Tahir Al-Hammadi
Projects Division Manager



Yousef Abdulla Q. Al-Emadi
Production Division Manager



Saad Rashid Al-Mohannadi
Supply Chain Division Manager



Kefah Mustafa Al-Mulla
Administration Division Manager



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



Salah Ibrahim Babiker Karga
Finance Manager



Hani F. Zahran
Legal Manager



Natarajan Gopal
Strategic Planning Manager

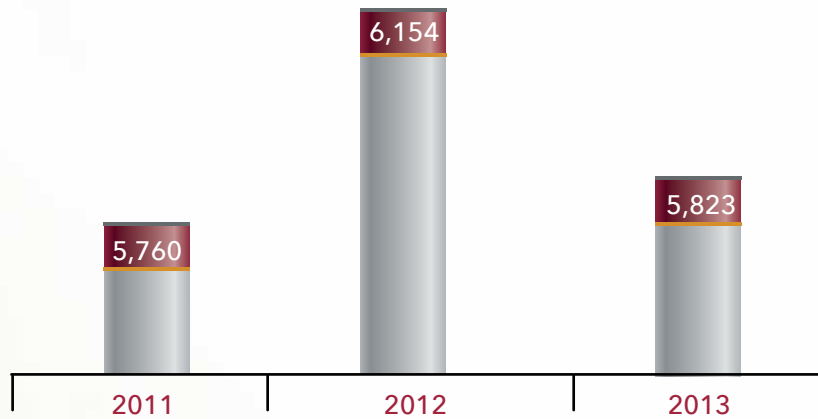


Dr. Abdellatif Laasraoui
Advisor, Managing Director & General Manager's office

FINANCIAL HIGHLIGHTS (Consolidated)

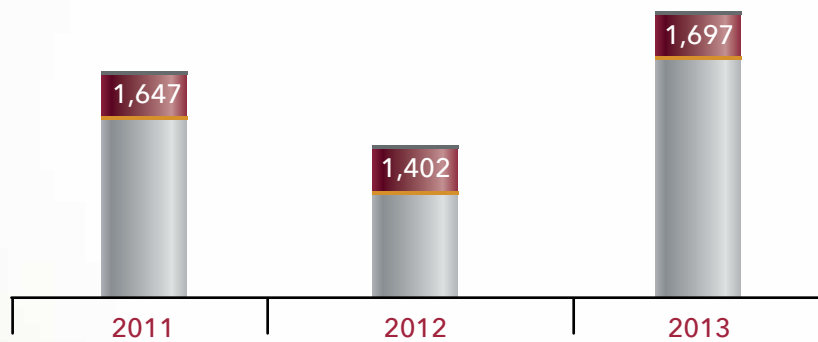
	Unit	2011	2012	2013
Revenue	QR Million	5,760	6,154	5,823
Net Profit	QR Million	1,647	1,402	1,697
Net Profit % of Revenue	%	29	23	29
Sales Volume	KMT	2,214	2,511	2,424
Production Volume				
DRI/HBI	KMT	2,213	2,423	2,385
Crude Steel (Billets)	KMT	2,005	2,148	2,236
Rebar	KMT	1,819	1,967	2,044
Coil(Wire Rod & Rebars in Coils)	KMT	126	122	156
Total Capital Employed	QR Million	8,004	8,792	9,298
Return on Capital Employed	%	21	17	19
Shareholder's Funds	QR Million	6,467	7,078	7,434
Return on Shareholder's Funds	%	25	20	23
Retained Earnings	QR Million	5,785	6,387	6,633
Earnings per Share	QR	55	47	57
Debt-to - Equity Ratio	%	22	23	27
Dividend paid % of Net Profit	%	39	71	94

Revenue -QR Million



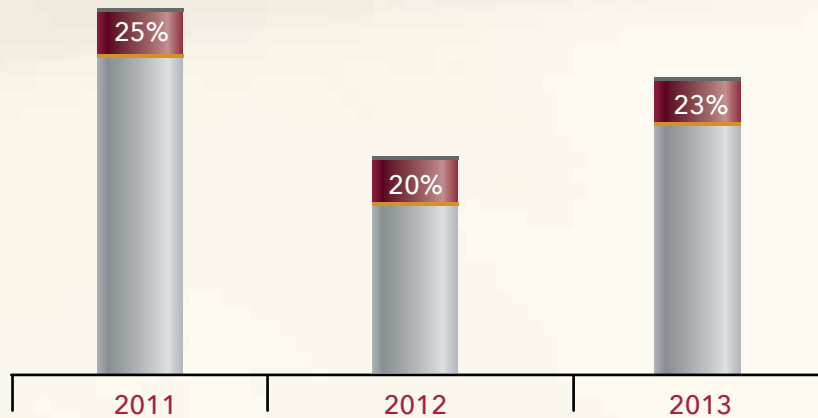
The reduction in Revenue by 5% in 2013 is mainly due to the drop of prices in both domestic and export markets across all products

Net Profit - QR Million



Net profit for the year 2013 is higher by 21% as compared to 2012 where the Net Profit took a hit due to impairment and operating losses of Affiliates by QR 287 Million as a result of poor performance of Affiliates.

Return on Shareholders Funds - %



Return on Shareholder's Funds in 2013 is higher by 3% as compared to 2012 due to the absence of impairment and operating losses in 2013.

(Return on Shareholder's Funds % = Net Profit / Shareholders Funds).

Earnings per Share-QR



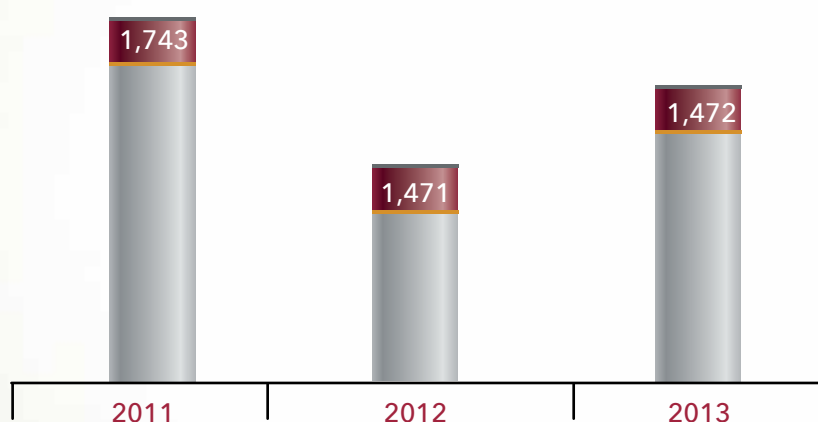
In 2013, the Earnings per share is higher by QR 10 per share mainly due to overall improvement in the performance in 2013.

AFFILIATES

Name of the Company (Book value in QR Million)	Shareholding	2011	2012	2013
Qatar Metals Coating Company W.L.L.	50%	26	26	26
SOLB Steel Company (Formerly South Steel Company W.L.L.)	31.03%	207	213	197
Foulath Holding B.S.C. (C)* (Formerly Gulf United Steel Holding Company(Foulath) BSC Closed)	25%	1,510	1,227	1,246
Qatar Steel International Company	50%	-	5	3
TOTAL		1,743	1,471	1,472

* Foulath Holding B.S.C (C) is a Bahraini holding company for 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. During 2013, Qatar Steel management has decided to dispose of this investment in the upcoming year. Accordingly, the carrying value of this investment amounting to QR 1.2 Billion was reclassified to Asset Held for Sale.

Investment in Affiliates - QR Million



In 2013, value of investments in affiliates has not changed significantly and no additional provision for impairment is deemed necessary.



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QATAR STEEL COMPANY

1- OVERVIEW

a. 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 2,000 spans 12 different nationalities and the mill runs on a 3-shift system.

b. 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 Rebars 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 a Rebar Mill installed with a capacity of 300,000 MT per annum.

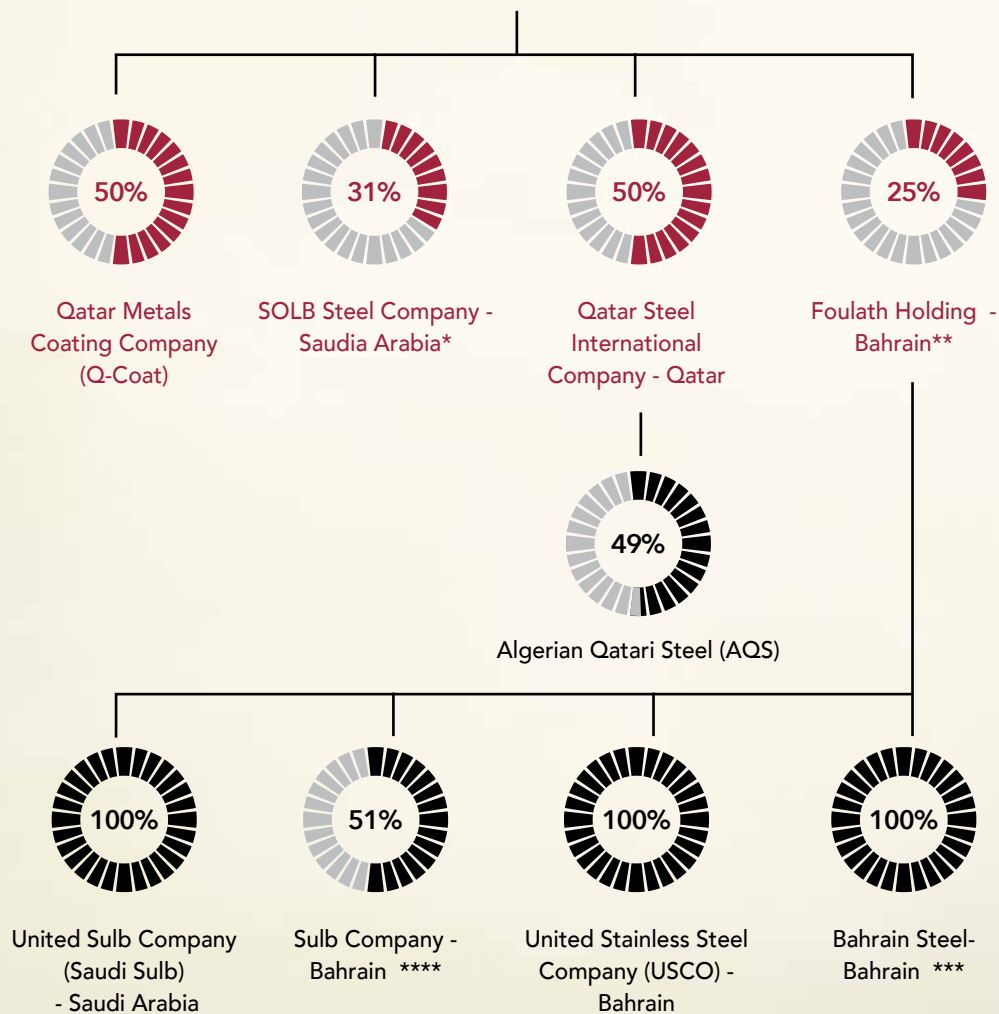


c. SUBSIDIARIES & AFFILIATES

SUBSIDIARIES



AFFILIATES



* Formerly South Steel Company

** Formerly Gulf United Steel Holding Company (Foulath) BSC Closed

*** Formerly Gulf Industrial Investment CO.(E.C)

**** Formerly United Steel Company(SULB) B.S.C.(Closed)

2- 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

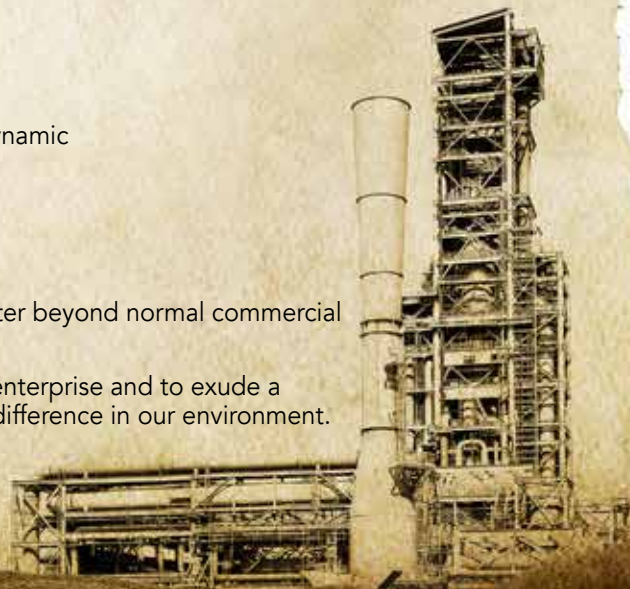
The drivers of our ambition are:

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)

Qatar Steel is always committed towards the Health, Safety & Environment and showed significant improvements in 2013 with excellent results. Qatar Steel made significant safety improvements at all plants with a well-established safety management in place. This resulted in zero fatalities, a 30% reduction in total personal accidents, and a drastic reduction in near-misses. These improvements included the provision of necessary training, guidelines, procedures, regulations, motivation awards, and HSE support to all employees.

Qatar Steel has gone ahead with key initiatives such as :

- **Housekeeping initiative**

With the objective of reducing accidents through good housekeeping, Qatar Steel developed campaigns to establish good housekeeping practices across the company that resulted in significant improvements.

- **Go Green initiative**

In this initiative new gardens were developed in different areas & plantation has been done. Around 400 new trees were planted in QS premises. In this initiative waste materials were used to prepare the gardens.

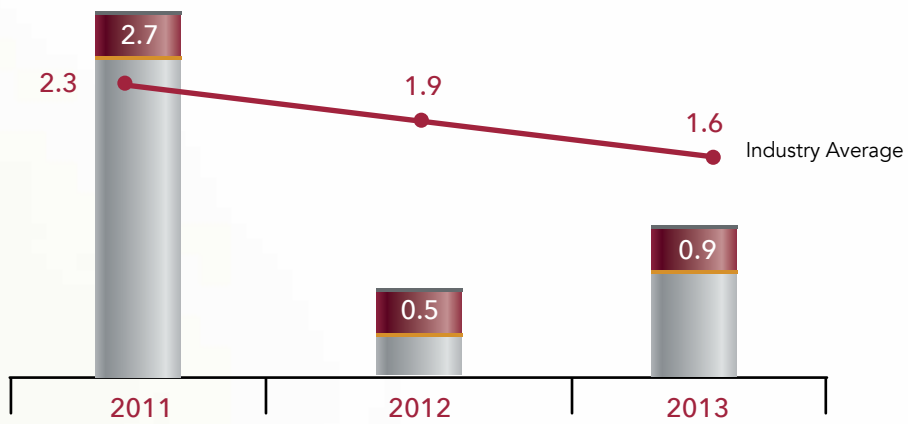
- **OHSAS 18001:2007 Certificate**

Qatar Steel had gone ahead to implement OHSAS 18001:2007 to support and promote good health and safety practices in balance with socio economic needs. A detailed gap analysis was conducted to know the requirements of OHSAS 18001 followed by Audits and closing of Non –conformities. The OHSAS 18001:2007 Certificate is expected to be released in Jan 2014.



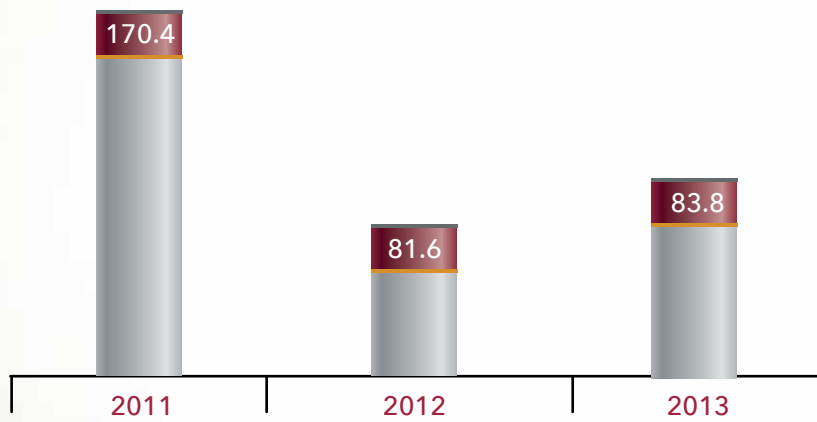
The Frequency rate for the year 2013 was 0.9 versus 0.5 for the year 2012 whereas the Industry average rate for the year 2013 was reduced to 1.6 from 1.9 for the year 2012.

Frequency Rate



The Severity Rate for the year 2013 was increased to 83.8 from 81.6 for the year 2012.

Severity Rate



Frequency Rate = Number of Lost time accidents * 1,000,000 hours / Man hours per year
 Severity Rate = Number of Lost days * 1,000,000 hours / Man hours per year
 Industry Average Source: www.worldsteel.org

SUSTAINABILITY

QatarSteel is committed to sustainability management and reporting as an integral part of its business strategy. Qatar Steel has developed its sustainability approach and framework since 2011 and is reviewing it on annual basis. Our sustainability approach and framework identify the key focus areas for improving our sustainability performance while taking into considerations our stakeholders' priorities and engagement.

Qatar Steel sustainability framework is aligned with the national priorities as identified in the Qatar National Vision 2030 and the National Development Strategy 2011-2016, and with



Qatar Steel Sustainability Framework

sectorial priorities. Qatar Steel has been participating in the Sustainable Development Industry Reporting (SIDR) Programme launched by His Excellency Dr. Mohammed Bin Saleh Al-Sada, Minister of Energy and Industry. The SDIR programme aims to report and then improve the sectors combined contribution to the national sustainable development objectives.

In 2013, Qatar Steel continued its efforts toward improving its sustainability performance and it was another excellent year with high productivity across all operating units and the company achieved high operational and financial performances. In 2013, Qatar Steel successfully reduced its energy consumption by 2.4% and its total greenhouse gas emissions (GHGs) by 3.3%, while increasing its overall productivity by 2.5%. The company also introduced a number of waste management initiatives such as recycling by-products generated during production and through collaboration with some concerned bodies.

Qatar Steel also improved its safety performance with 31% reduction in reportable injury rate for employees and zero fatalities among its employees and contractors. It was another year of low employee attrition rate of 3.6%.



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 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 downstream products.

The growth strategies are addressed in our 5-year business plan and the last consolidated Business Plan 2014-2018 represents our operating units in Qatar and Dubai and all strategic investments namely Q-Coat, Solb Steel, Foulath Holdings and Qatar Steel International [JV Steel Project in Algeria] and the completed Greenfield EF5 project.

Qatar Steel growth strategy is aligned to IQ's Group Growth Strategy that defines overall vision, strategic direction and 10-year aspirations across IQ's chemicals, fertilizer and steel businesses. Qatar Steel will strive to be a regional steel champion with operations in the GCC and across the MENA region by leveraging advantaged natural resources, acquiring new technology and product diversification through partnerships and acquisitions.

1- ORGANIC GROWTH

Electric Arc Furnace—EF5 Project

The Electric Arc Furnace [EF5] project is a Greenfield project with core equipment supplied by Siemens-Vai. The construction of the plant began during March 2011 and was successfully completed in December 2013 on Non-EPC mode at a total project cost of US\$ 330 million excluding working capital. The installed capacity of this plant is 1.1 million tons boosting Qatar Steel's overall billet production capacity to over 3.00 million tons per annum.

The special features of EF5 are:

- It can produce 110 tons/heat as against 80 tons/heat for other EAFs 1 to 4
- Efficient De-dusting system compared to existing furnaces with three separate De-ducting systems, one for EAF, one for DR material handling and one for MHS
- State of the Art Water Treatment plant with cooling Tower concept
- EF5 bottom shell is having spare shell and therefore refractory maintenance /shutdown is reduced from 32 hours [in existing furnaces] to 10 hrs.



2 - STRATEGIC INVESTMENTS & JOINT VENTURES

ALGERIAN STEEL JOINT VENTURE PROJECT

Algerian Qatari Steel is a joint venture steel project between Algerian Sider (46%), National Investment Fund (5%) and Qatar Steel International (49%) with phase 1 project in Bellara, in south-east of Jijel, Algeria for the construction of a 2.00 mtpa Direct Reduced Iron plant, 2.00 mtpa melt shop and rolling Mills (re-bar & wire rod) with a capacity of 2.00 mtpa at a project cost of US\$ 2 Billion.



Qatar Steel International had gone ahead with signing of the Shareholders Agreement in March 2013 and further the Articles of Association was initialized on 19th December 2013. The registration of the new company in Algeria is expected to be completed in Jan 2014 followed by appointment of Technical Project Management Consultant in Q2 2014.

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. During the year, SOLB produced 610 KMT of Billets and 414 KMT of Rebar, running at 60% and 80% capacity respectively. The construction of second Rolling Mill is underway and expected to be completed in the second half of 2014.



SPHERE MINERALS LTD

Qatar Steel holds 7.52% in Sphere Minerals Limited based in Sydney, Australia. It is engaged in the exploration and development of iron ore properties in West Africa. It's a wholly owned subsidiary of Glencore Xstrata plc, an Anglo-Swiss Company based in Switzerland formed through a merger of Glencore International PLC with Xstrata in May 2013.

The company has stakes in four early-stage green field West African iron ore projects: Askaf, Lebethaina and El Aouj in Mauritania, and Zanaga in the Republic of Congo. Glencore Xstrata holds a 90% interest in the Al Askaf project, which has the potential to become a 7.00 mtpa open-cut mine. Feasibility study and capital estimate are being finalised. A pre-feasibility study for a 15.00 mtpa first-stage development of the miner's 50% owned 7.5 million tonnes El Aouj project in Mauritania is nearing completion. A feasibility study for the Glencore Xstrata's 50% plus one share owned Zanaga project in the Republic of Congo is due to be published in the second quarter of 2014.

Iron ore has been identified as a key growth area by Glencore, which sold 33.2 million tonnes of iron ore in 2013, up from levels of 19.8 million tonnes sold in 2012.

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:

- **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.

- **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.



- **SULB COMPANY B.S.C (formerly United Steel Company)**

A Joint Venture between Foulath (51%) and Yamato Kogyo Japan (49%). Operation started in the 4th Quarter of 2012. The facilities include Direct Reduction Iron Plant with a nameplate capacity of 1.5 mtpa, Steel Melt Shop 1.0 mtpa and Rolling Mill (Medium & Heavy Sections) 0.6 mtpa. During the year SULB produced 783 KMT of DRI, 474 KMT Billets and 121 KMT Sections.



- **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 2013, the plant produced 247 KT of medium and light sections.

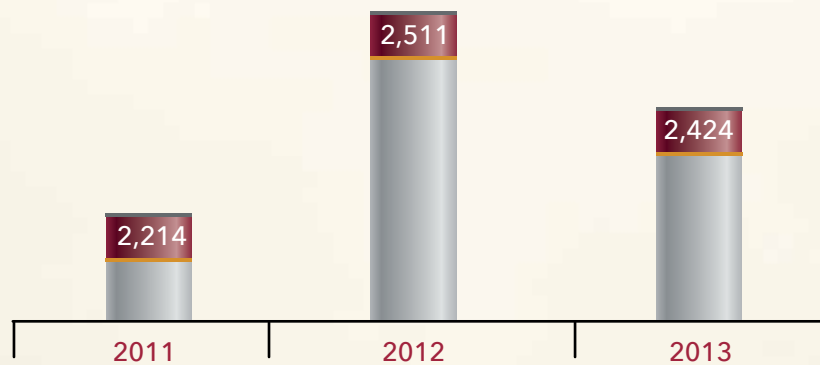


OPERATIONAL OVERVIEW

1 - SALES & MARKETING (Consolidated)

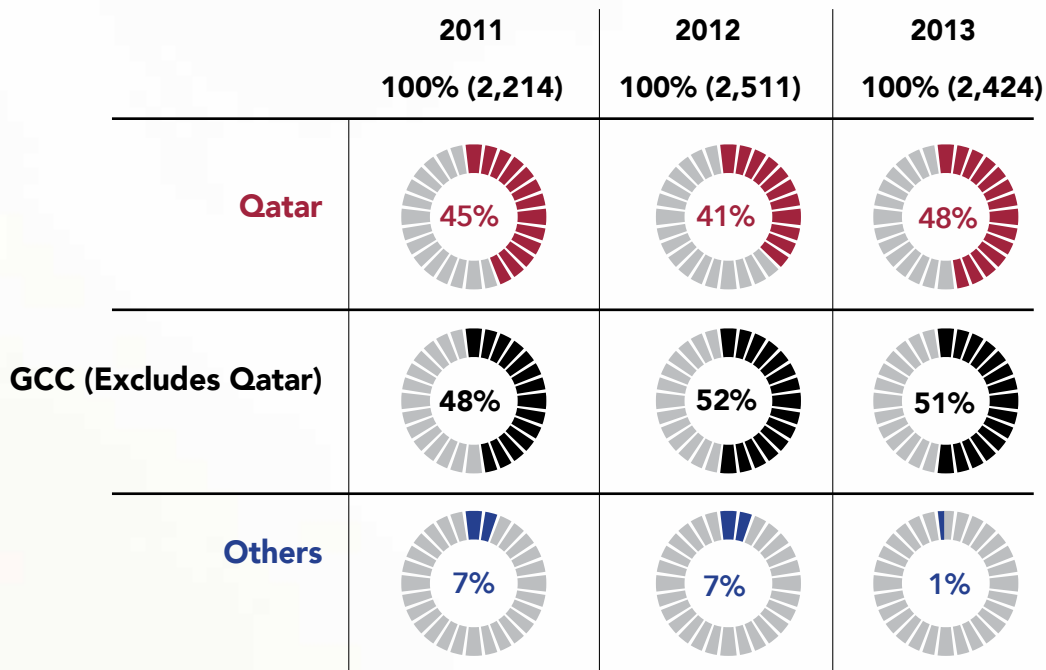
PRODUCTS (KMT)	2011	2012	2013
DRI/HBI	186	387	176
BILLETS	94	34	-
REBAR	1,828	2,005	2,109
COIL (WIRE ROD & REBARS IN COILS)	106	85	139
TOTAL	2,214	2,511	2,424

Sales Volume-KMT



COUNTRY (KMT)	2011	2012	2013
QATAR	992	1,031	1,162
GCC (Excludes Qatar)	1,073	1,310	1,241
OTHERS	149	170	21
TOTAL	2,214	2,511	2,424

Sales Volume - %



STEEL INDUSTRY IN 2013 (GLOBAL & REGIONAL)

Early indicators in 2013 from different regions had shown that global economy was on a downturn; however a mild recovery had set in by H2'13 mainly as Eurozone emerging from an 18 month recession turned into positive growth from Q2'13. Global economic growth in Y2013 was 3.0% YOY down marginally from Y2012 growth level. global steel demand reflected the sentiments in economy as steel demand remained weak in most regions during Y2013. Chinese steel domestic demand in Y2013 had moved strongly up by 6.1% driven by one trillion Yuan stimulus package announced end of 2012. Hence despite weak demand in rest of regions, driven by Chinese steel demand, the global steel demand in Y2013 had seen a moderate growth of 3.6% YOY.

Regional rebar demand at the start of the year was strongly driven by resurgence in projects in UAE, strong Saudi construction market and early pick up of demand in Qatar. However with the onset of summer, Holy Month of Ramadan followed by Eid holidays rebar demand dropped towards end of Q2'13. Thereafter the expectation was that demand would pick supporting the weakening prices and it would remain sustained through Q4'13. However demand growth was weak in Q4'13 pressured by slowing demand in UAE market, weakening construction activity in Saudi on account of labor shortages and large scale dumping into the region and by credit constraints in Qatar Market. As a result, construction steel demand dropped sharply in Q4'13 affecting the overall rebar demand growth in GCC which remained low at 2.2% YOY.

Strong domestic demand early in the year further bolstered by positive sentiments generated on account of huge Qatar Budget expenditure allocation of QR 210.6 bn (up 18% YOY) had seen Qatar Steel Domestic rebar sales surge 15% YOY. With higher allocation of the production to the domestic market, Qatar Steel export sales were down 4% in 2013. The overall Sales in Y2013 were higher by 5% YOY.

CUSTOMER FOCUS

In an increasing competitive business environment in 2013, Qatar Steel remained in the limelight by sponsoring various high profile events and business forums / conferences in the region besides developing signature gift items and advertising in various trade magazines.

Qatar Steel participated as the main sponsor in SteelOrbis Conference held in Doha and as the Golden Sponsor in Metals and Steel Expo held in Cairo. In the Arab Iron and Steel Union Conference 2013, Qatar Steel was the Platinum Sponsor. To enhance visibility, Qatar Steel positioned strategically as Gold Sponsor in the 17th ME Iron and Steel Conference held in Dubai. Also, Qatar Steel participated in the 7th IEEE Exhibition and Conference as SILVER PATRON, organized by Qatar Society Of Engineers.

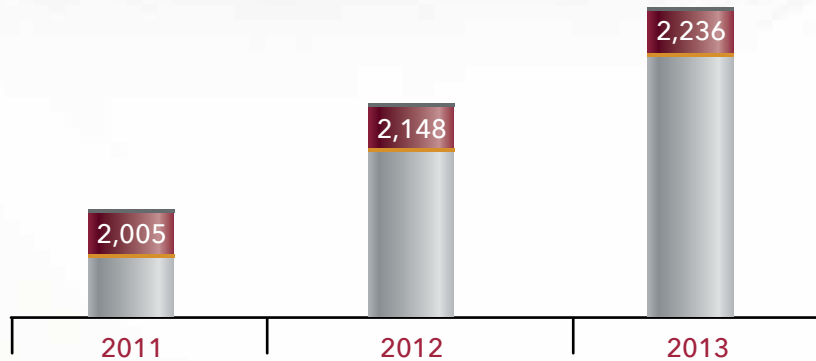
As part of Qatar Steel's tradition, Qatar Steel celebrated the 10th Annual Traders Gathering at St. Regis Hotel in Doha, with traders invited from all over GCC. This event aimed at recognizing the traders for their unstinted support and performance in their region.

All throughout the year, we participated in leading exhibitions held in Qatar, UAE And Saudi Arabia. Print advertisements were placed in show catalogues and in the special report. Advertisement was placed in Metal Bulletin Centenary issue and also in Qatar Business & Labor Guide 2013. On the occasion of publication of Qatar Chambers commemorative book to mark 50 years of excellence & achievement, Qatar Steel released advertisement in the magazine. Qatar Steel was also visible with leaderboard banner in Metal Bulletin Website (STEEL FIRST) on Middle East page.

2 - PRODUCTION (Consolidated)

PRODUCTS (KMT)	2011	2012	2013
DRI/HBI	2,213	2,423	2,385
CRUDE STEEL (BILLETS)	2,005	2,148	2,236
REBAR	1,819	1,967	2,044
COIL (WIRE ROD & REBARS IN COILS)	126	122	156

Crude Steel (Billets-KMT)



QATAR STEEL COMPANY Q.S.C.

Qatar Steel implemented several improvement and modification projects at different plants to increase productivity, enhance process control and stabilise product quality. Some of the key initiatives completed in 2013 are as follows:

- Direct Reduction (DR)

- Mass spectrometer installation and commissioning.
- Main air blower discharge piping and control system improvement, automation of control loops and plant operating system upgrading (DCS).
- Up-gradation of natural gas line in the transition and cooling zones.
- High pressure nitrogen backup from DR2.

- Steel Making

- Tap-to-Tap was reduced by converting jets into burner in EF4.
- AMI-GE SMART ARC regulation introduced in January in EF4 for savings in Electrode and Power, the system is under evaluation.
- Increased oxygen injection in EF1,2 & 3.
- Upgrading of shear Hydraulic system in CC1.
- Pursuing strategy of value-in-use. Several design modifications were implemented at EF3 reducing ferroalloys consumption by 6.5% compared to the 2012 resulting in cost saving of about 3 million Qatari Riyals.



Rolling Mill

- Introduced new technology for D16 Production in RM-2 Plant. This has resulted in increased production of D16 by reduction in the operational stoppages of RM2 and impacted quality positively.
- Increase of RRR of RM2 by about 2% from the reduced roll breakages and bearing failures.
- Improvement of mill throughput of RM2 from 125 to 127 tons/hr.
- Introduced looper 11 to improve the quality of higher size Rebars D32/D40 of RM2
- Reduced the Gas Consumption of pusher furnace by about 11 % by good insulation and changing of heating up regime of RM1
- Introduced new guides for intermediate and Finishing Mill resulting in increase of production by 6.5 % for D12 of RM1.
- Increased RRR of RM1 by about 2 % by modifying all roller guides of the HSBFM
- Replaced all items of quenching boxes for old mill and HSBFM for maintaining the quality of produced tempered bars of Qatar Steel of RM1
- Introduced new Grinding machine for grinding the composite rolls by profiling technique instead of plunging method for more accuracy of the product steel rebars and less stress on the TC roll and composite rolls.

Maintenance

- Qatar Steel implemented condition-based maintenance instead of time-based maintenance with the objective of enhancing the life of equipment, decreasing production losses and improving plants' reliability and availability. In 2013, condition-based maintenance was implemented at RM-2 plant.

QATAR STEEL COMPANY FZE-UAE

PRODUCTS	2011	2012	2013
PRODUCTION (KMT)			
REBARS	255	314	348
COILS			
- REBAR IN COILS	37	40	52
- WIRE ROD	89	82	104
TOTAL	381	436	504
SALES (KMT)			
REBARS	252	313	353
COILS			
- REBAR IN COILS	39	39	52
- WIRE ROD	94	73	108
TOTAL	385	425	513

2013 was a milestone year for Qatar Steel Company FZE with completion of a decade of manufacturing operations in UAE. Qatar Steel Company FZE (QS-FZE) continued its growth in production and sales to meet the needs of its customers. Our constant endeavors produced strong production results in 2013 which is the highest level of performance observed since our start up in 2003.

Some of the main achievements in 2013:

- About 15.5% growth in overall production and 20.7% growth in sales which was more than double of the target.
- WRM Reheating Furnace revamping project scheduled and started in Dec 2013 for 75 days. After revamping, 15-25% reduction in fuel consumption is projected.
- Reduced consumption of resources-fuel oil, electricity, and water also were marked in 2013 which was the resultant of improved utilization of mill (RRR %) combined with effective maintenance work that helped to cut un-scheduled delays.
- 14mm plain wire rod coil (Aug 2013) & 16mm rebar in coil (June 2013) also were produced for the first time in WRM in 2013
- DCL Certification secured for DC16 coils in grade BS4449:2005; B500B & ISO 6935-2; B500B-R.
- New low carbon wire rod SAE1006; SAE1006M with ultra-low silicon produced and tested at customer end successfully for the purpose of production of High Voltage power cable armoring.

The safe operating practices in all plant activities have helped to keep the mills running without any major incidents or accidents in 2013 and the lost time accident value was 1.59% against 1.79% recorded in 2012.

AWARDS & ACCREDITATIONS

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

- Saudi Arabian Standards Organization (SASO)
- UK CARES Quality Management System Certification which complies with the requirements of BS EN ISO 9001:2008 and conforming to standard specifications of BS 4449: 1997 GR460B, BS 4449: 2005 GRB500B and Sustainable Reinforcing Steel Re-Certification.
- Dubai Central Laboratory (DCL) of Dubai Municipality conforming to standard specifications of BS 4449: 1997 GR460B, BS 4449: 2005 GRB500B and ISO 6935-2: 2007.

Qatar Steel guarantees that the quality of its products satisfies all local and international requirements. In addition, Qatar Steel is also working to achieve ISO/IEC 17025: 2005 Laboratory Accreditation in Year 2014.



RESEARCH & DEVELOPMENT

At Qatar Steel, our approach towards innovation is driven by understanding market needs and developing that customer insight into the right solution. By working closely with Sales & Marketing, we turn our in-depth knowledge of customer requirements into optimized steel products and services that improve efficiency, give advantage and help to succeed in the market.

The Key Product Development & Sustainability Initiatives In 2013 :

1. (Figure-1) Under new product development initiative, Qatar Steel successfully produced CAQ (Cable Armoring Quality) wire rod with its 100% virgin DRI material for GSSI (Gulf Special Steel Industry), Oman. Supplied wire rods were successfully drawn up to 0.84mm sizes satisfying all the chemical, physical and electrical properties requirements for such application.



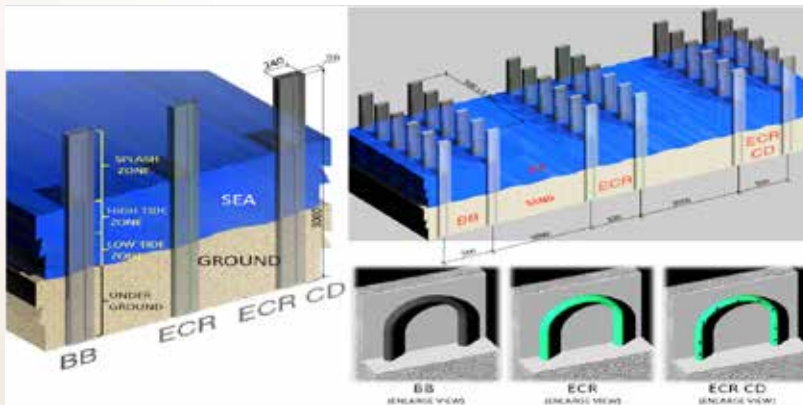
Cable Armoring Wire used for power transmission

FIGURE-1

2. (Figure-2) Under Sustainability and recycling objective, in collaboration with Qatar Aluminum (Qatalum) located adjacent to Qatar Steel is producing 600,000 T/annum of aluminum by electrolysis process. During their production process they generate around 350 ton/month different kind of wastes consist of carbon content (Fixed) in the range of 70% to 96%. Since the start-up of Qatalum these materials are lying at their yard occupying huge space and looking for some permanent disposable solution.

R&D department explored the opportunity to use these carbon bearing materials from Qatalum, in steel melting shop as replacement of lump coke and recarburizer. Trial was conducted at EF's and result was found encouraging. Anode butts were crushed and used in EF as replacement of lump coke and carbon powder is used as recarburizer in LF to produce sustainable steel.

3. (Figure-3) Research on Epoxy Coated Rebar (ECR) - In order to evaluate the actual performance of epoxy coated rebar and address the corrosion challenges in GCC's severe environment subjected to high temperature, high humidity and salinity of sea, research program was initiated last year in collaboration with Qatar University to conduct "Long Term Field Exposure Study" and "Accelerated Laboratory Exposure Study". The outcome of this research will be presented to all stakeholders including Government bodies.



BB- Black Bar, ECR- Epoxy Coated Rebar, CD – Controlled Damage

FIGURE-3

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Qatar Steel plays a proactive role in supporting various humanitarian, charitable, educational and cultural activities held by the local community, and the company evolved, over the years, as an encompassing culture of Corporate Social Responsibility that not only sustains, but, also enriches the lives of the community it supports.

Below are some activities sponsored by Qatar Steel during 2013 :

- An agreement was signed between Qatar Steel and the General Directorate of Civil Defense to sponsor all activities related to the 4th Civil Defense Exhibitions & Conference held at QNCC.
- Qatar Steel Supported Qatar Society for rehabilitation of people with special needs.
- A Blood Donation Drive was organized in November 2013, in coordination with Hamad Medical Corporation's mobile Blood Transfusion Unit.
- Sponsorship of the athletic tournament held by Al- Andalus independent school.
- Donation to Qatar Charity Society on the occasion of Qatar National Day celebration for Al Khor Community Development Center, managed by Qatar Charity Society.
- Sponsoring Qatar Sports Day activities organized by Qatar Petroleum.
- Sponsoring the Organ Donor Honoring Ceremony of Hamad Medical Corporation.

