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ESI's Vision to contribute globally as a leading supplier of steel reinforcing bars.

Emirates Steel Industries (ESI), formerly Emirates Iron & Steel Factory (EISF) is a wholly owned government factory strategically located at the recently developed Industrial City of Abu Dhabi (ICAD). The factory is the largest steel plant in the UAE, utilising the latest rolling mill technology to produce reinforcing bars for the construction industry. Established in 2001 to satisfy the growing demand for quality steel products for the UAE's fast developing construction sector, ESI is the only significant domestic supplier of deformed reinforcing steel bars (rebars). The rolling mill has a design capacity of 600,000 tons of rebar per year and the Company is currently running at full capacity.

ESI produced 165,000 tons of rebar in 2002; 385,000 tons in 2003; 500,000 in 2004; and 600,000 in both 2005 and 2006. ESI currently sells 100% of its production within the UAE. ESI is a certified quality producer, having secured Quality System Certification from the UK Certification Authority for Reinforcing Steel. Using the latest steel rolling mill technology and equipment, we produce rebars conforming to British Standard BS4449/97 Grade 60 in varied sizes from 10mm to 32mm, in lengths of 12m - supplied in bundles of 2 tons theoretical weight. Our products are quality tested - both in-house and by reliable testing firms such as Bodycote and Al-Hoty Stanger Laboratories.

ESI takes pride in being a prime supplier of rebar to the local and neighbouring markets and we have been involved in prestigious projects such as the Emirates Palace Hotel in Abu Dhabi, the Corniche Development project, the Dubai Airport Expansion project, the Dubai Marina Towers, Shangri La Hotel in Dubai, the Four Seasons Hotel in Doha and water and power projects in Sharjah and Fujairah amongst others. ESI is currently undertaking a major expansion project (additional details provided elsewhere) which will substantially increase our rolling capacity and will establish the factory as a fully integrated plant: with the establishment of the first steel making facility in the UAE.

Mission

To manufacture and supply high quality steel reinforcing bars to the construction sector whilst adopting safe and environmentally friendly practices. In terms of employment opportunities: To provide an environment to engage, develop and inspire the UAE national employees to excel.

Vision

To be recognised globally as a leading supplier of steel reinforcing bars of the highest quality standards, matched with market leading standards of customer service

Following is an In-depth conversation with Eng. Hassan Sha'sha'a

How do you see the prospects of iron & steel industry in GCC region and particularly in UAE for the next few years?

As GCC countries diversify their investments in non-hydrocarbon industries

And invest in the necessary infrastructure to support growth in various economic sectors and to diversify the industrial base, the demand for steel will continue to increase in the coming years. Once the infrastructure investments are substantially

completed, demand for steel will inevitably decrease to be in line with other developing countries. Infrastructure projects that the GCC countries are undertaking in the short term include: sea ports, power stations and networks, railways, roads, airports, gas pipelines etc. Other non-infrastructure projects being executed in the GCC countries in the short/medium term include: real estate development, tourism projects, ship building, industrial projects, services etc.

Amongst the GCC nations, the UAE has the highest per capita steel consumption driven mostly by strong growth in real estate development as well as other sectors of the economy. Currently, UAE is the least dependent on hydro-carbon exports among GCC countries, and oil accounts for only 47% of its GDP. Steel producers in the GCC countries can thus expect continued strong markets in the short and medium term.

What are the present capabilities of ESI?

ESI currently operates 2 rebar rolling mills with a production capacity of Around 1.5 million tons per year and a Wire Rod Rolling Mill with a capacity of around 0.5 million tons per year.

We understand you are implementing brownfield expansion programme. Can you share some details about it?

ESI is currently executing its first phase development which includes a HyL DRI plant of 1.6 mtpa and a steel melt shop with 1.4 mtpa capacity. The project is being constructed by Danieli Spa and is expected to go into operation by Q2 2009.

On 4th February 2008, GHC / ESI signed an EPC contract with Danieli Spa for ESI's second integrated steel plant which will comprise a second DRI plant of 1.6 mtpa and a Steel Melt Shop of 1.4 mtpa capacity for the production of billets, blooms and beam blanks. The project also includes a Medium and Heavy Sections Mill for 1.0 mtpa which will be completed by Q4 2010. Other potential future projects for ESI include: flat products, specialized steels and pelletizing plants.

What are ESI's short term and long term objectives in steel sector?

ESI's mission and vision are:

1. To supply the construction, oil & gas and

shipping sectors with their requirements of high quality steel products.

2. To become the pre-eminent steel producer in the region and a world class company.

3. To adopt safe and environmentally friendly work practices across our business.

4. To engage, develop and aspire our workforce to excel.

5. To be recognized as the leading supplier in the region of the highest quality products to our customers.

6. To contribute to the creation of employment opportunities locally and to the development of our community.

To achieve these objectives, ESI's strategy is:

1. To diversify its steel products to cover both the long and flat spectrum of products.

2. To integrate backwards to become a truly integrated steel producer to

ensure its competitiveness in the long run by being in the top 25% percentile

worldwide in terms of cost effectiveness.

By following this strategy, ESI shall achieve:

1. An expanded steel business from 0.6 ktpa of rebars to 6 mtpa of hot rolled bars, wire rods, heavy/medium sections, flat products and other high value steel products.

2. Providing a foundation for further manufacturing in its own downstream facilities and facilities of other manufacturers.

3. We understand availability of energy (electricity and gas) is somewhat a problem in UAE. What are your thoughts on this issue?

The availability of electricity and gas in Abu Dhabi is well planned, and the UAE is the most developed country in the region in terms of its power and gas network. Future planning of power generation and increase in gas production capacity takes into account the industry requirements. Appropriate allocations of gas and electricity have already been made for ESI's expansion plans. In particular, ESI firmly believes in the importance of early planning and interfacing with the relevant public entities at very early stages of project planning to ensure availability of project requirements of gas and electricity.

