

# RAJHI STEEL INDUSTRIES

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CORPORATE BROCHURE





# Reinforcing growth

Rajhi Steel Industries turns out more than one million tons of steel products each year; but the round figure keeps cropping up, as commercial vice president Abdul Aziz Al-Hudaib explains



“

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It was on December 31 2008 that the workers at the Al-Rajhi Steel plant in Jeddah knew they had hit their one million jackpot. They had vowed to have turned out by the end of that year one million tons of billet steel from the smelter that only started full production in June the previous year. It was quite an achievement given the difficult conditions in the steel market at the time, but the steel produced by Rajhi Steel does not have to be sold abroad and is all absorbed into the considerable demands of the Saudi economy, reducing the amounts that need to be imported and increasing the country's proclaimed goal of becoming more self-reliant in strategic raw materials.







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Work on the \$300 million steel plant began in June 2005 and it was completed in December 2006. This ultra-modern steel plant is designed to turn out 850,000 tons of billets annually, measuring 130 mm square and up to 16 metres in length. The bulk of the billets produced are consumed internally, feeding Rajhi Steel's rolling mills in Riyadh and Jeddah, says commercial vice president Abdul Aziz Al-Hudaib. "The principal market for our products is within Saudi Arabia, where there is strong demand from manufacturing and the construction industry—there is not enough capacity locally to supply these customers."

Demand is being driven, he says, by massive current investment in Saudi Arabia's infrastructure. "As one of the market leaders in the region it is our responsibility to provide these raw materials. Saudi Arabia has a huge government project coming up that will require a lot of steel bar among

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### Vesuvius

Vesuvius is a community of experts developing products and solutions and providing services in the molten metal, glass and renewable energy industries for its customers worldwide. Vesuvius has been the major supplier of refractory materials to the Rajhi Steel Meltshop since start up in 2007. Through close collaboration over designs and materials and with the technical assistance of highly skilled supervisors, global refractory consumption figures reached world-class levels within six months of operation.

Vesuvius has 10,000 employees and 70 manufacturing plants in 40 countries throughout the world delivering "best in class" service to its customers in every continent.

amount of the industrial market for items such as steel tube, hot rolled sheet between one and 12 mm, galvanised steel and sheet for industrial flooring known as chequered steel from its raised profile. "We are a major producer of steel rebar from 10 to 40 mm with a current annual capacity of about 760,000 tons. This is produced at our three rolling mills."

Two of the rolling mills at present operated by Rajhi Steel are in Riyadh, where about two thirds of output is generated. The third mill, with a capacity of 260,000 tons, is at the Jeddah site, which is in the process of undergoing a massive transformation. The existing rolling mill is to be joined by a brand new, state-of-the-art and environmentally friendly rolling mill that will produce a further one million tons of bar once it is opened in 2012.

Commitment was made to invest in the \$200 million plant following a study Rajhi Steel undertook on the market and the market needs going forward, says Al-Hudaib. "Apart from residential building, there is a lot of other expansion in hospitals, schools, social projects and industry that is going to take place over the next four years. There

other materials. King Abdullah recently announced a major development push in the country; part of that is to build 500,000 residential units and a simple calculation tells us that this will need about 20 million metric tons of steel bar just to reinforce all that concrete!"

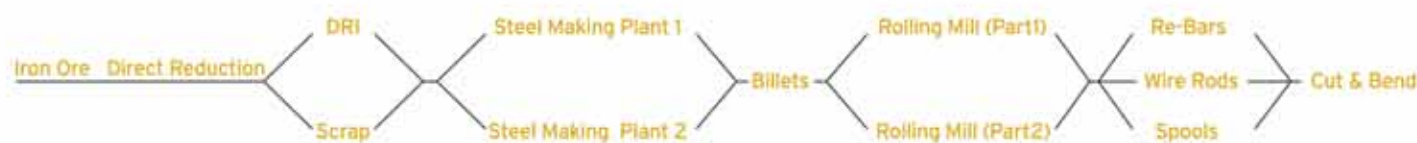
Now Rajhi Steel is rising to the challenge of meeting this demand, while maintaining its supplies to the oil and gas downstream processing industry, also in a period of considerable expansion. The kingdom is highly focused on its programme of Saudization, which aims to maximise the number of jobs being given to Saudi nationals, the transfer of skills, and of course bring as much of the raw materials procurement chain within the country as possible.

Rajhi Steel's rolling mills specialise in the production of rebar, which is simply short for reinforcement bar, the strengthening element in concrete structures. Currently it supplies around 17 per cent of the country's requirement for these products and about the same





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is annual growth from five to six per cent in our national economy, and a marked gap between production and consumption. Our projections show a considerable shortfall over that period and that we will have the need to import a massive amount of raw material.”

The new rolling mill was commissioned as a turnkey contract from the Italian steel plant design and manufacturing group Danieli. “We could have secured a rolling mill at a lower cost, but we wanted to have the best performance, the greatest efficiency, the most reliable and the most environmentally sustainable plant that was available.” The plant is being constructed from the foundations up, on a space adjacent to the existing Jeddah melt shop, and it is due to be commissioned in April next year. Clearly the new rolling mill is going to have to be fed. As part of the plan, the existing melt shop in Jeddah is being expanded from its current 850,000 to one million tons—that magic figure again—by the time the plant is commissioned.

Being one of the largest steel producers in the country carries a weight of responsibility, Al-Hudaib emphasises. “This is a strategic project for the whole country and the region and it puts more pressure on us to maintain ourselves as an industry leader, and to maintain and develop the market whether in raw material or finished product.”

The deal is that all the civil engineering, and as much of the engineered component of the rolling mill will be sourced locally, though the rolling mill itself will be imported from Italy and assembled on site. Closer to the time of completion, the company will start a recruitment effort to recruit and train workmen, engineers and plant operators.

In the past Rajhi Steel has positioned itself as a regional rather than a national supplier, and it still intends to grow its operations outside of Saudi Arabia. However, the domestic market must come first. “It is part of our plan to open up new markets in the region but we know that with all this growth there is market share to be taken both from local producers and from imported materials. In 2010 more than one million tons

### Suez Steel Co.

Established in 1997, Suez Steel Co. is a steel manufacturing company located in Egypt, Suez’s industrial area, overlooking the Red Sea Bay. Since the acquisition of Suez Steel in October 2006 by the Red Sea Group, the new management has invested in the plant and its people year-on-year. Today, it is a company of dedicated professionals, committed to quality products, efficient processes and continuous development. Environmental protection is significantly important to Suez Steel Co. Investing in green technology is as vital as investing in steel production improvement. Suez Steel Co. makes every effort to eliminate the adverse impact of steel production on the environment. The company has taken the necessary steps to meet environmental standards by implementing additional air protection processes and equipment, including dust collection systems and high efficiency burners.



of rebar was imported by Saudi Arabia. We are keen to replace that with locally produced product. We are accordingly putting on hold our plans for targeting other markets, just for the moment,” he says. [www.rajhisteel.com](http://www.rajhisteel.com)

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