

# Khalid Mohammed Laram



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CEO, Qatar Aluminium (Qatalum)

## Can you provide us with a history and introduction to Qatalum and its plans to increase production?

Qatalum has two shareholders, which each hold 50% of the company: Qatar Petroleum and Norsk Hydro. The plant started up toward the end of 2009 and by 2014 was producing 610,000 t/y, more than the 585,000 t/y for which plant was originally designed to produce. Today, Qatalum produces 640,000 t/y of primary aluminium in the form of extrusion ingots and foundry alloys. 95% of the products are export and 60% of Qatalum's ISO/TS 16949 certified products go to the automotive industry; a percentage which we hope to increase. At present, Qatalum is not looking to expand, but instead focuses on maximizing benefit out of the existing assets. We have studied the limitations in our plants and are trying to boost production to overcome them.

## Qatalum is placing a high focus on the automotive industry. Why is Qatalum more focused on the automotive sector than, for example, the infrastructure sector where there is a lot of domestic demand for aluminium pieces?

The global automotive industry is increasingly in need of aluminium parts and Qatalum is well-positioned to meet this demand. The automotive sector requires aluminium that must meet a minimum quality and producers must have ISO/TS 16949 certification. There is a lot of infrastructure demand in Qatar today, but the downstream industries are unable to meet the need of the local market. The majority of finished aluminium products for infrastructure are imported.

## Qatalum is 50% owned by Norsk Hydro. What value does Hydro provide to Qatalum?

If you mention Qatar to foreigners, they will likely refer to Qatar as an oil and gas country. Qatalum is the only smelter in Qatar and locally we did not have the experience or technology to operate this plant. Hydro provides us with its technology, which is constantly being improved and further developed in its research center, and Qatalum has an agreement with Hydro in which Hydro will supply us with people to assist in operating our plant for a certain period, during which time we are developing our own people. Hydro also provides support to us when it comes to marketing our products and helping us to obtain a good price for raw materials from the market.

## The GCC is very determined to promote Nationalization. How important is "Qatarization" to Qatalum?

"Qatarization" is one of Qatalum's goals, but it is the most

difficult target for us to achieve. The Qatari population is small and they have many opportunities in other industries such as oil and gas: a smelter is not an ideal place to work in. Qatalum has a five-year plan to attract more Qataris, but it will be difficult to achieve. For now, Qatalum relies on foreign expertise, employing people from 41 different countries.

To really grow Qatari participation in the aluminium industry, the country will have to grow its downstream sector, which right now only includes two extrusion companies. Until recently, investors have been focussing on high and quick return on investment, but we are now starting to see investors approach Qatalum to discuss the potential for downstream investments in Mesaieed Industrial City (MIC), where Qatalum is located. This is due in part to the education and advice Qatalum is imparting to the business community in Qatar through forums and conferences.

## How has Qatalum shifted its focus during this aluminium down cycle?

In this more difficult pricing environment, Qatalum is focusing on how to improve costs. This does not mean simply cutting costs, but improving productivity. This is done through increasing the utilization of our own people, reducing manning from contractors, and, very importantly, enhancing safety performance. Fewer incidents mean fewer breakdowns and stops to production. If we take an average of what we call recordable incidents and benchmark Qatalum against the other GCC smelters and Hydro smelters around the world, Qatalum is performing better, respectively.

Qatalum has a very strong HSE team and also coordinates with MIC. MIC has its own safety program, so we are learning from them and they are learning from us.

Improving productivity is one aspect to surviving a more difficult business climate, but it's also becoming more challenging to get new customers and so we must work to maintain our existing clients. To keep existing customers happy, Qatalum is working to improve on-time delivery. Clients, particularly those in the automotive sector, are looking for consistency in product delivery and this is one of the main reasons clients prefer to work with us.

As the newly appointed CEO, what are your strategic priorities for Qatalum in the next three to five years?

Qatalum's top priority is to be on top of the CRU cash cost curve. In 2012, our place was #22 and today we are #3, just behind Sohar and Ma'aden. Qatalum also wants to see more of its products utilised in the global automotive industry and downstream within Qatar and to depend more on our own people for the operation of our plant.