Iran Steel Industry & Mobarakhe Steel Company (MSC) Overview

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Part One

Iran Steel Industry Overview
Steel: A key driver of the world's economy

Key Facts

- The industry directly employs more than two million people worldwide, with a further two million contractors and four million people in supporting industries.
- Considering steel’s position as the key product supplier to industries such as automotive, construction, transport, power and machine goods, and using a multiplier of 25:1, the steel industry is at the source of employment for more than 50 million people.
- World crude steel production has increased from 851 megatonnes (Mt) in 2001 to 1,548 Mt for the year 2012.
- World average steel use per capita has steadily increased from 150 kg in 2001 to 215 kg in 2011.
<table>
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<tr>
<th>Country</th>
<th>2012</th>
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<th>2011</th>
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World Steel Association, World Steel in figures 2013
Crude Steel Production in Iran (m. tons)

<table>
<thead>
<tr>
<th>Year</th>
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World Steel Association, Steel Statistical Yearbook 2013
The steel production capacity will benchmark reached to 55 million tons.

Iran Steel Strategic Plan, IMIDRO, 2013
About 60% of total quantity of crude steel in the middle east is produced in IRAN.
Technology Production Portfolio

Iran Steel Industry
- Electric Arc Furnace: 83%
- Blast Furnace: 17%

Global Steel Industry
- Electric Arc Furnace: 30%
- Blast Furnace: 70%

World Steel Association, Steel Statistical Yearbook 2013
Production of Iron Ore in Iran (m. tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (m. tons)</th>
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<td>2009</td>
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<td>2013e</td>
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</table>

World Steel Association, Steel Statistical Yearbook 2013
MSC’s share of total apparent consumption of steel in middle east is about 45%.

World Steel Association, Steel Statistical Yearbook 2013
Per capita consumption of steel in IRAN is 20% less than middle east.
Part TWO

Mobarakhe Steel Company (MSC)
Overview of MSC

- Established in 1991 as the first flat steel plant in Iran.
- Headquartered in Esfahan city (in the middle of Iran) with 5 operating units.
- Largest integrated steel producer in MENA (Middle East and North Africa)
- Recorded amount of production in 2012: 6.65 million ton (around 3.9 billion USD)
- Key products: Hot rolled (65%), Cold rolled (20%), Slabs (9%), Tin Plate (2%), Galvanized coils (2%), Color coated coils (2%)
Operating units & Product portfolio (Forecast 2015)

- **SANGAN**: 5 mt
  - Products: Pellet, Iron ore (concentrate)

- **HORMOZGAN**: 3 mt
  - Products: Slab

- **SABA**: 1.6 mt
  - Products: Hot rolled coil

- **KASHAN**: .1 mt
  - Products: HDG coil

- **MOBARAKEH**: 7.2 mt
  - Products: Hot rolled coil/sheet, HR P&O, Cold rolled coil/sheet, HDG coil, Tin plate, PPG coil
A Brief Introduction of Development

Under Roof Expansion to 5.4 MT/Y

- Construction of Direct Reduction Mega Module 1.5 MT/Y
- Development of four EAF Capacity. (Additional Capacity: 1.2 MT/Y)
- Revamping of Continuous Casting Machine No.2 (up to 1.8 MT/Y)
- Utility Development of Energy and Fluid

Under Roof Expansion to 7.2 MT/Y

- Construction of Car dumper No.2 (8 MT/Y)
- Construction of Direct Reduction Mega Module 1.5 MT/Y
- Development of four EAF Capacity. (Additional Capacity: 1.8 MT/Y)
- Construction of Continuous Casting Machine No.5 (2 MT/Y)
- Construction of Hot Rolling Mill No.2 (4.5 MT/Y)
Saba Steel Making Expansion

- Construction of Load, Unload and Raw Material Handling. (8 MT/Y)
- Construction of Direct Reduction Mega Module 1.5 MT/Y
- Construction of Compact Strip Production. (from 0.7 to 1.6 MT/Y)
- Utility Development of Energy and Fluid

Hormozgan Steel Making Expansion

- Development of Iron Making
- Development of Steel Making. (from 1.5 to 3 MT/Y)
**Mission:** Play a pivotal role in the Iranian industrial, economic and social development, and elevating the Iran steel industry technology level, as a World-class organization.

**Vision:** Pioneer the Iranian steel industry by maintaining the 45% share of domestic steel Manufacture, and continuous presence in the world market.

**Energy**
- Gas based low cost electricity supply
- Long-term supply agreement

**Cost**
- Low cost manufacture as an integrated steel producer

**Market**
- High per capita steel consumption
- Supportive domestic market

**People**
- Motivated, stable & well trained workforce
- Continuous development of employees competencies

**Investment**
- New plant &
- Continuous development of facility & process

**Productivity Improvement**
- Manage Costs Effectively in All Cost Centers
- Increase Assets Utilization

**Income Growth**
- Achieve Sustainable forex earnings by Exports
- Increase Domestic Sales Earnings

**Competitive Price**
**Good and Stable Quality**
**Timely Delivery**
**Good Services**

**Procurement & Business Stability**
- Sustainable, Economical and Quality Procurement of Materials and Parts
- Promote Domestic Manufacture of Spare Parts and Equipment
- Maximal Quality Domestic Procurement
- Promote Value Adding Collaborations Along the Value Chain

**Excellent Product Fulfillment Processes**
- Continuous Increase in Production and Portion of Special Products
- Improved Performance of Production and Technical Assistance Processes
- Reduced Energy Consumption Rate and Other Consumptions in Main Centers

**Development & innovation**
- Advance Expansion & Engineering Projects at Optimal Cost and Time
- Develop Special Products Design & Production Capabilities
- Effective Technology Management
- Develop Quantitative & Qualitative Applied Research

**Social Responsibilities**
- Effective Role Play in Iranian Steel Industry
- Effective Cooperation with Society Towards Provincial & National Repositioning
- Improve Environment Performance
- Improve Peoples’ Health & Safety

**Human Capitals**
- Development of competencies and succession
- Increase productivity of human capital
- Increase peoples’ satisfaction and motivation

**Information Capitals**
- Develop IT infrastructure & integrated information system
- Continuous improvement of effectiveness, efficiency & process control
- Effective Enterprise Risk Management
- Strategic alignment, promote excellence culture, participation & KM

**Organizational Capitals**
- Learning, innovation, organizational participation and teamwork
- Excellence, continuous improvement and reformed consumption pattern
- Safe, quality & timely work
- Islamic and humane values

**Financial**
**Customer**
**Internal processes**
**Learning & Growth**
**Values**
Crude Steel Production in MSC (m. tons)

<table>
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<th>Year</th>
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