

# IRON & STEEL REVIEW

A GLOBAL PUBLICATION ON STEEL & HEAVY ENGINEERING



## Cover Story

# UNICOIL CEO on taking its inheritance to *a million milestone*

Eng. Rayed Abdullah Al-Ajaji  
CEO, UNICOIL



A PUBLICATION OF ISR INFOMEDIA PRIVATE LIMITED  
MAHANTI MEDIA GROUP





A close-up portrait of Eng. Rayed Abdullah Al-Ajaji, CEO of UNICOIL. He is wearing a white thobe and ghutra with a black agal, and glasses. He has a slight smile and is looking directly at the camera. The background is a blurred indoor setting.

Eng. Rayed Abdullah Al-Ajaji, CEO of UNICOIL, sees the MENA steel industry as a *rising sunshine* for the national steel industry

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**Universal Metal Coating Company (UNICOIL), the first and the largest company in the coated steel sheet industry in the MENA region, has immensely contributed towards the workforce nationalization of the Kingdom of Saudi Arabia. Technology, skilled professionals, world class innovations, production performance, sustainability and corporate social responsibility – UNICOIL has achieved milestones in all these aspects.**

**In this exclusive interview with Iron & Steel Review, Eng. Rayed Abdullah Al-Ajaji, Chief Executive Officer of UNICOIL, talks about the the company's achievements, the impact of the US Steel Tariff and the transformation Crown Prince Mohammed Bin Salman's "Vision 2030" is going to bring to the national steel industry.**

**UNICOIL takes much pride in being the first and the largest company in the coated steel sheet industry in the MENA region. In this respect, what has been UNICOIL's contribution towards nationalization of KSA?**

We pride the time we have been in this high-tech dynamic industry which is in a nut shell "the Experience". The knowledge we gained in national, regional and international markets is 360° – technical requirements and solutions are tremendously invaluable or comparable to any other business model.

We have always hired and developed Saudis to be part of our founded resources with an average of 35 per cent of our workforce. We were also the first to hire Saudi females with a leadership development program path in the Saudi steel industry. We believe in workforce diversification and have more than 16 nationalities since our inception. We maintain the highest standards of screening for our recruitment process and ensure that everyone becomes a passionate contributing person. Joining the UNICOIL workforce may not be something easy, but once accepted, no special efforts are required in career and Personnel Gain Advancement. I myself have graduated from UNICOIL in my early days as a sales and marketing manager and learned most of my career values and fundamentals at this honorable company. It is perhaps one of these reasons why I decided to rejoin UNICOIL when it needed the help of a new fighting spirit in 2013. UNICOIL's contribution to the workforce nationalization of KSA (Kingdom of Saudi Arabia) over the last 22 years has been quality conversion of national human resources to become passionate and skillful, and to graduate as high-end qualified professionals.

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**After UNICOIL became a 100 per cent Saudi-owned Company in 2004, what have been the major milestones achieved by the company?**

Well, we have maintained the same standards inherited from our previous reputed technical partner and in some cases improvised. However, we have taken this inheritance to a million milestone by further customizing it to cater for our nation and regional business solutions and needs.

**We would like to know about UNICOIL's state-of-the-art laboratories and quality management system.**

UNICOIL laboratories have been a hallmark of achievements right from maintaining the internal quality standards to making path-breaking findings of trade malpractices that were severely affecting the end users. Laboratories complement the quality standards being maintained in UNICOIL. The best way to measure success is achievement of 9 quality marks including ISO 17025 Laboratory Accreditation which is very unique for our flat rolled conversion industry.

This shows the high credibility of laboratory findings that have been acknowledged by national bodies like SASO and international organizations like ASTM.

**Tell us something about the recently launched CTOC-Gold. How does it differ from the previously launched CTOC-Blue?**

This new and first of its kind was developed exclusively in collaboration with our technical partner (Condoroil from Italy) and was launched by UNICOIL for the first time in the Arab World.



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We hold high expectations for this innovative coating system and, as you may know, changing consumer behaviour is not as easy task in our industry. UNICOIL has also developed another 13 coating solutions over the last 5 years and all were truly innovative and have been gradually realized in our region and demanded in overseas developed markets.

**How has been UNICOIL’s performance in HY2018 in comparison to previous years?**

2018 has been a challenging year for the regional economy in general and KSA in particular. The on-going international trade wars have impacted the steel industry, though the Saudi government is making all efforts to evolve as a strong economy through National Transformation Program towards Vision 2030. UNICOIL production figures are better than 2017 but revenues are under pressure. This is the fact for all conversion companies like UNICOIL where more than 80 per cent of the cost is the raw material. Nevertheless, we are fighting against all the odds, viz. abnormally high raw material price, dumping of steel from the Far East, low domestic demand, etc., to sail through the rough waters and get the benefit of recently introduced safeguards for PPGI that came through rigorous efforts by UNICOIL.

**How is the market for galvanized steel and pre-painted**

**coil in MENA and specifically in the GCC?**

Outlook is positive with news of various projects being revived as oil prices are healthy. The Saudi government under the leadership of the Crown Prince has a clear vision of diversifying into non-oil based economy. This opens new opportunities for the steel industry and companies like UNICOIL that continuously add value to their product profile and services. Some sectors like solar energy will have a very high usage of galvanized and pre-painted steel. In addition to this, concept of steel buildings as per building codes is also catching up fast.

**According to you, how is the market for prefabricated and structural steel in the MENA region with the background of growing population and infrastructure projects? What is the outlook for the market in the coming years?**

Many initiatives have been made to support the private sector in KSA, like ensuring local content is used in announced government projects, as well as many plans for various financial local and export support. But the maturity of these initiatives are yet to be felt or recognized in our industry. Nevertheless, we remain optimistic over the preferential demand of GI & PPGI coming back once the

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infrastructure projects are re-mobilized to support the population as well as industry growth.

**After the recovery in oil & gas prices in the Middle East, how are steel players there grabbing the opportunity?**

I think your question is assuming a theoretical-logical link. Frankly, this process takes time so the echo can only be felt maybe in 2019. We have not realized such a pattern of positive impact in the demand of our products. There may be other priorities of expenditures at the moment. However, being the only member of the region in the G20 places KSA in charge of leading and driving the regional economy. So I am really optimistic that all temporary turbulences will finally boil down to growth prospects in the near future.

“The national steel industry’s optimism is at its highest point thanks to his majesty’s leadership

**On the back of this, are there any plans to further invest in and renew new projects?**

We have always preached the need for more hot rolled flat products supply in KSA. Currently, the nation’s maximum production is 2 million MT with limited thickness and steel grades. While imports are twice the maximum production capability. If you add overall GCC imports, it will be at least triple this maximum production with limitations. We have always campaigned to add additional capacities of hot rolled to meet higher value added industries that contribute to the national economy, such as cars, ships, military and also the commercial needs of special products, etc. However, hot rolled factories as you may know, would require governmental support to provide gas, port access/logistics and electricity. We believe the potential of these extra capacities is far more than required in KSA and the GCC to replace the high volume of imports and to create thousands of national jobs.

**Will the MENA steel industry be affected by the US Steel Tariff?**

In absence of true applied or proactive protectionism measures in the whole GCC region and its interacting trade boundaries, yes it has been affected and will be further affected. It’s a natural negative impact. Controls are with WTO and government authorities to ensure fair trade.

**How has the Section 232 related policy impacted the region’s steel industry?**

The sanctioned countries affected from Section 232 and of the European countries will naturally seek a new land that has no protectionism. Thus, our national and neighbouring markets shall be an ideal target to host such diverted excess of material.

**Saudi Arabia’s Crown Prince Mohammed Bin Salman’s “Vision 2030” is to transform Saudi’s economy and to make it wean away from oil. Do you think this strategy to diversify the economy will boost up the region’s steel industry and lead to foreign investments?**

Absolutely, it will. I am a strong believer it will. However, implementation of any top strategic vision into a series of complicated channels to see final results is naturally part of the challenge in any change. Change to deliver precise expectations





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may take the natural time and process to meet its objectives. Yet, the national steel industry’s optimism is at its highest point thanks to his majesty’s leadership and persistence follow-ups to deliver the realistic change.

**What is UNICOIL’s approach to health, environment and safety?**

All are basic fundamentals for UNICOIL’s living and practicing style of day-to-day life. In fact, UNICOIL has ISO 14001 by Lloyds and won several awards after stringent audits by the Royal Commission. The latest feather in the cap is the first prize that UNICOIL was bestowed for environment by the Royal Commission.

**We would also like to know about the company’s initiatives in Corporate Social Responsibility.**

Our Shareholders are believers of social responsibility by true actions and not simply words. When we discovered excessive lead in the GI zinc and the PPGI paint, we banned all suppliers to our industry and UNICOIL approached national and international agencies to regulate excessive lead contents which is an abuse to society. We have spent a lot of financial and physical efforts to educate the public at large till it becomes the norm not to add lead during manufacture of these products. We further went to educate families of cancer and autism via social charity organizations. Despite financially unfavourable results, we stood up to protect our national environment by all means we could, as a limited resourced private sector company.

**Has innovation played a role in fighting unfair trade practices and competition imbalances in coated flat steel industry?**

Yes, actually it did. Lead time has been shortened from 3 weeks delivery to 4 working days as we installed a paint mix station in-house; we have also developed 16 coating systems to cater to different segments of the market and to provide various business solutions. Moreover, we have highly automated our production, customer service and after sales service significantly – automated and improved, as well as upgraded many of our production lines to offer the maximum range of thicknesses and zinc coatings previously unavailable. All those have added significantly to UNICOIL’s market share locally and internationally.

**How do you see the MENA steel market by 2020?**

I see it as a rising sunshine for the national steel industry: production and massive demand will take place in view of fair trade practices, matured implementation and mega spending on infrastructure. By 2020 a lot of the current national initiatives would have matured and positively contributed to our local steel content, and expansions would have taken place by that time. We are very optimistic over our national steel industry, despite the current temporary phase. KSA has the largest market and resources in the whole MENA region, and once all transformational processes are settled, an unprecedented economic boom shall follow and lead the whole MENA region. ■

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