

## Interview with Ms. Barbara Steuler, Chief Commercial Officer of Almatris



*Ms. Barbara Steuler, Chief Commercial Officer of Almatris*

*Barbara Steuler is currently Chief Commercial Officer at Almatris and has served as a member of the Group's Executive Committee since 2010.*

*After finishing university, she joined Alcoa in 1985 as an application and development engineer for the ceramics market. Following the divestiture of Almatris from Alcoa in 2004, she held various global technical and commercial positions in product and market management, sales and marketing and strategic business planning.*

**Refwin:** Dear Ms. Barbara Steuler, thanks for the interview. Would you please give a brief introduction to Almatris' history and its current business structure?

**Ms. Barbara Steuler:** Almatris is the market leader in specialty alumina products and solutions for the high performance refractory and ceramics markets. At our core, we focus on customer centricity, innovative & sustainable products, operational efficiency, quality in everything we do, and the health & safety of our employees.

In 2020, we adjusted our strategy to focus on speed & organizational efficiency to serve our customers' needs. We executed this strategy throughout 2021, and despite all the supply-related challenges, were able to realize many improvements in our performance.

Our 1000 employees operate nine industrial sites and six application and development centers, across all major regions of the world. Each major region has dedicated manufacturing facilities to meet market demand. Specific global products are produced in every region to secure quality and ensure supply to global customers. This allows our customers to source the same product & product quality in each region of the world. This is a very unique operational structure that we have in the market, which supports our overall business philosophy of being closer to our customers and serve them locally. The regionally-based operational footprint has been further strengthened in the past year by the commencement of our new tabular plant in India and the launch of our additional distribution center in Singapore for the South East Asian region. We continue to evaluate ways to further improve our sourcing position and maintain reliable supplies to our customers in all regions.

**Refwin:** What challenges did Almatris face during the COVID-19 pandemic and how have those challenges changed during the period of economic recovery?

**Ms. Barbara Steuler:** COVID-19 had an major impact to our key markets of refractory and ceramics, which manufacture critical products for industries such as steel manufacturing, automotive, construction, glass, semiconductors and electronics. The outbreak first impacted our China Operations in January 2020, which seems like so long ago, and yet the entire world is still dealing with this terrible pandemic. Our people in our operations, as well as those working from home, showed excellent work ethic and did an incredible job managing through the crisis, despite the daily challenges of volatile demand and a (mostly) home-office work environment.

The recovery was very strong and started even earlier than we expected. Demand returned already in September 2020, and throughout 2021 we produced at pre-crisis levels. Throughout 2021 we encountered many logistic and supply chain challenges, which unfortunately have not subsided in 2022. Global logistics issues will continue to push the macro-trend towards regional sourcing and supply chains. Almatris is well-positioned to manage this trend as we already have the largest regionally-based operational footprint in the industry, which has been further strengthened in the past year by the commencement of our new tabular plant in India and the launch of our additional distribution center in Singapore. We continue to evaluate ways we can further improve our sourcing position and maintain reliable supplies to our customers in all regions.

**Refwin:** What do you think will be the new development trends of alumina-based refractory raw materials in the global market or regional markets in the future?

**Ms. Barbara Steuler:** The development trends for refractory raw materials will focus around the need for reduced heat losses and improved operational efficiency. Alumina-spinel refractories for steel ladle lining can reduce the heat losses by 10-20 Kelvin when compared to graphite-containing carbon bonded basic bricks, which saves energy, money and reduces CO2 emissions. Sustainable initiatives for steel production will be a main driver for the refractory market around the world. One example is the trend from traditional steel production via blast furnace to EAF technology, so that scrap can be used as direct feedstock. In the coming years and decades, direct reduction processes including hydrogen will eventually replace carbon-based reduction in blast furnaces. While many of the refractory solutions required to facilitate this trend are already available, Almatris is currently in partnership with many customers to develop additional products. We strongly believe that synthetic alumina-based raw materials will play an even more vital role to cope with the new process challenges, and are innovating around the concepts of improved performance, reduced CO2 footprint and sustainable solutions.

**Refwin:** Almatris has been focusing on alumina materials, which seems to be a single product strategy. Do you plan to expand your business into other raw material or mineral offerings?

**Ms. Barbara Steuler:** Almatris focuses on providing alumina and alumina-based products & solutions. With more than 500 different products into more than 50 end use markets, we have by far the broadest product portfolio in the specialty alumina industry globally. While the majority of our products are alumina, we produce specialty aggregates and calcium aluminate cements as well.

Our specialty aggregate products include alumina and magnesia-rich spinels, brown sintered alumina, and superlight weight calcium aluminate aggregates. These products were developed into our portfolio because they add value to our customers, not because they were alumina-containing. These specialty aggregate offerings allow Almatris to provide a more complete and full-purpose portfolio for refractory manufacturers, regardless of the application conditions. A simple all-alumina based portfolio, for example tabular alumina, would not allow us to provide premium performance for slag lines or alkaline resistant products for glass or cement kilns. We strive to offer as complete a portfolio as possible, and therefore continue to investigate additional mineral solutions that could complement and broaden our portfolio, and add value to the offerings we have for our customers. When our customers in the refractory market need additional products and solutions, we invite those ideas and are open and eager to cooperate with them.

**Refwin: What is your view on the global competitive landscape, and how it is changing? Specifically, how do you view the competitiveness of domestic manufacturing compared to imported goods and the role of regional vs global sourcing trends?**

**Ms. Barbara Steuler:** From a global standpoint, the refractory market Asia will continue to grow the strongest, driven by the development of key infrastructure projects requiring steel. While China has historically been the growth driver in that region, India is poised to take over the role of “market growth” and will demand significantly more refractory raw materials than in past years. We target to be the leader in alumina supply to the refractory industry in India, and our commitment is shown through our new fully integrated tabular plant. This state-of-the-art facility was successfully commissioned in Q4 2021, and is currently supplying the India market with locally-made quality tabular alumina products. Shifts in regulations (e.g. green energy, climate change), global logistics challenges and digitalization are also creating many opportunities all around the world. Those new trends will generate additional growth in the developed regions like Europe, North America and Japan, where the legacy growth drivers of steel and GDP contribute less in the long-term.

It's not clear if the logistics environment from the past 2 years is indicative of a new normal in the long-term, however it is clear that there was an over-dependence on an imported supply chains, and that dependence brought too much risk. The COVID pandemic, Suez Canal blockage, container shortages, an overall lack of vessel capacity, and now again COVID-related port delays have caused customers and consumers of raw materials to struggle to maintain operations. No region has been immune from these impacts. Without a development towards regional manufacturing and supply, the level of supply chain risk is very high. For many customers, it is still their highest concern. We are actively addressing these concerns through regional capacity expansions, and additional warehousing. Some of our expansions are incremental at existing operations, while others are greenfield expansions in a regional market, such as our new fully integrated tabular plant in India. Facilities such as this will reduce dependence on regional supplies from Europe or Asia, and will further increase the supply security for our customers. Our new distribution center in Singapore will further strengthen our supply chain, offering backup options and inventory into this region.

**Refwin: What role will sustainability play in changing the refractory market? What challenges & opportunities will this create in the refractory industry?**

**Ms. Barbara Steuler:** Sustainability is one of the trends that clearly accelerated during the pandemic. We are actively implementing sustainability measures and pursuing the necessary sustainability chain of custody, and carbon footprint certifications. Our corporate policy is to actively reduce or avoid energy consumptions, emissions, and waste. To succeed in this area, we actively evaluate technologies and methodologies that surpass regional and local regulatory requirements. While initially some of these changes require capital, it is an investment in our business that will pay dividends in the long-term.

Through the years, Almatris launched many products that focused on sustainable advantages, environmental impact, health & safety. Some examples are our SLA-92 as a replacement for ceramic fiber products, which not only shows a significant lifetime improvement, but also improves the occupational condition. Our Bonite and Bonite low density products offered a substantial reduction in energy consumption in lining concepts. Further we have MR66 magnesia-rich spinel that replace chrome ore in fired magnesia bricks for cement kilns and last October we launched ES-Y 88 in China to replace fine chrome oxide in gas purging plugs. BSA 96 is a regional offering to reduce dependency on imported BFA products, which reduces scope III emissions and further is lower density and reduces overall material consumption.

We believe that regional-sourcing is a supply chain macro-trend that will remain. Suppliers of raw materials that are able to manufacture in-region, will have an advantage of offering reduced CO2 footprints, simply based on logistics. The logistics CO2 footprint for many intercontinental shipments can be reduced by up to 75%, by regional sourcing. This represents a significant impact on overall CO2 emissions, considering the amount of refractory raw materials that are imported / exported around the world.

**Refwin: Many businesses are transforming their business to become more digital in their services, supply chains and ordering. What is your view and plans for digitalization to support the refractory market?**

**Ms. Barbara Steuler:** Digital tools are a great way to provide real-time information and improve transparency for customer interaction. The pandemic crisis accelerated the process of using digital tools and processes to efficiently run our business and we will continue on that path. Order entry, material availability & supply updates are critical parts of the supply chain so that customers can make the best decisions possible with regards to managing their demand. We have implemented Pull-Loop Systems with a few customers around the world, which is working very well. This can be done locally, regionally, and globally. The purpose of digitalization is not to simply implement a digital tool to replace an existing tool or application, but rather to ensure that overall interaction process is more simplified, efficient and user-friendly. We believe there is the potential to further improve our systems and also add information transparency through digitalization.

**Closing statement:**

Thank you for the opportunity for this interview and hope it gives insight into Almatris, and how we strive to be a customer centric organization. We are confident about the future outlook for refractory raw materials and look forward to working with our customers in the refractory industry to address their new opportunities and find solutions for their future challenges.