

Press Release



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Sohar Aluminium signs first local metal sale agreement

MUSCAT: The future of the downstream aluminium industry in Oman has received a major kick-start following Sohar Aluminium's signing of its first local liquid metal sales agreement.

Sohar Aluminium will supply SAGTAK, a joint venture between a soon-to-be-formed Omani company, Takamul Investments, and Austrian Salzburger Aluminium AG (SAG), with 20,000 tones of liquid aluminium metal per year.

Mr Tony Kinsman, Sohar Aluminium's CEO, said the agreement with SAGTAK was in keeping with Sohar Aluminium's overall strategy of ensuring the development of a vibrant downstream 'aluminium cluster' in Oman.

"The sale of this metal to a local company, rather than exporting the metal, will result in additional employment opportunities and will generate new income streams for the companies involved, as well as for the people in the Batinah region," Mr Kinsman said.

SAGTAK, will be strategically situated in a specially-designed downstream industrial park adjacent to the Sohar Aluminium smelter. The metal can then be easily transported in liquid form from Sohar Aluminium to the SAGTAK casthouse, where a value-added product in the form of aluminium busbars will be produced. These busbars will then be sold to third parties, including other aluminium projects in the region.

In the process, both parties benefit, as Sohar Aluminium does not have to solidify the metal prior to delivery to a customer, and SAGTAK benefits because it does not have to re-melt the metal prior to producing the product.

Mr Josef Wöhrer, CEO of joint venture partner SAG, said: "We are excited about the opportunity to offer our global customers a dedicated facility in the Middle East to serve their needs in a rapidly growing economy.

"With an annual increase of around 4% in worldwide primary aluminium demand, and the fact that new projects will no longer be in Europe, SAG have made a clear strategic decision. New Greenfield projects will be established in the Middle East, East Asia,

India and Russia and thus by making this investment in Oman, adjacent to the smelter we are convinced there will be a strategic advantage.

"SAG are market leaders in many aluminium sectors and we aim to leverage our new agreement to the benefit of our partners, our customers and our new Oman national employees. SAG is committed to the principle of Omanization and the positive effect our venture will have on this region."

Sohar Aluminium's shareholders are Oman Oil Company, Abu Dhabi Water & Electricity Authority, and Alcan. The company was established in September 2004 to construct and operate a single AP35 potline aluminium smelter with an associated power plant.

The smelter is targeted to start its first production of hot metal in 2008, at which time the first deliveries of liquid metal to SAGTAK will also occur.

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