

Surviving (and thriving) in a global economy

Niche manufacturer of high tensile and abrasion-resistant quenched and tempered (Q&T) steel plate, Bisalloy Steel Group has been subject to the same competitive pressures that all the Australian manufacturing and supply chain has been recently experiencing through the combined challenges of a high Australian dollar and flood of imports.

However ASI member Bisalloy is not only surviving the current crisis, it's growing.

The company reported that despite the challenges stemming from the strong Australian dollar intensifying competition in the domestic market from overseas producers, the Group increased tonnes sold by 43 percent during the half year to 31 December.

Back in the early 2000s, the majority of its Bisplate® business utilised in the mining sector was used in refurbishment and maintenance (R&M) with a smaller proportion generated from the manufacture of new (original) equipment and fixed plant expansions. In recent years Bisalloy saw leakage of new plant and equipment requirements associated with current mining expansions going to overseas production.

"With the manufacturing of new equipment going offshore using competitors' Q&T plate, there was a real danger that Bisalloy would not only miss out on the original equipment (OE) business but also the replacement as the mining companies sought to refurbish their equipment with Q&T product produced from the OE supplier," Bisalloy's CEO, **Robert Terpening** said.

The strategy employed was to pursue opportunities with overseas companies making the OE for the mines so that the intellectual property would not be lost to Australia and a return would be gained from offshore. In exchange, the replacement business for the mining equipment would most likely be assured in Bisalloy Q&T plate and the work retained in Australia.

This strategy has seen a marked change in Bisalloy's business with a significant sales volume now directed towards OE equipment.

Mr Terpening said that the company's success in supplying the new resource projects was primarily due to two factors – the intellectual property it owns for manufacturing its well respected high tensile and abrasion-resistant steel grades and having an established footprint in the Australian market where the mining work is occurring and in Asia where the main customers are for coal and iron ore.

"We work with specifiers for global supply of Bisplate wherever it is to be made and have good relationships with EPCMs and are able to provide the designers' EPCMs with either Australian product or Australian IP product at a consistently high level of quality," he said.



Australian-made Bushmaster protected infantry mobility vehicles which take advantage of high hardness steel plate produced by Bisalloy.



"This approach provides our customers with a full life cycle support of their projects from design through to operational readiness. Without it, much of the work would have just gone away so we needed to do that to remain competitive in this market."

Bisalloy currently manufactures its patented Bisplate product range at its NSW facility as well as through a joint venture in China. An initial 10 year agreement has been reached with Jinan Iron and Steel. The joint venture commenced in July 2011 but Jinan has been a feed plate supplier to Bisalloy since 2006. The process of selecting a Chinese steel manufacturer capable of maintaining the stringent quality standards required by Bisplate has been the key to the initial success of the Chinese joint venture with Jinan.

The company now has capacity to produce 65 kilotonnes a year from its Australian facility and up to a further 150 kilotonnes from the Chinese joint venture.

And while that means the lion's share of the specialist plate production has been effectively off-shored, Mr Terpening explained that the local benefits of that approach go beyond better supply assurance for its customers.

"There are supply chain leakages of fabricated steelwork overseas, that's the reality," he said.

"If project steelwork leaks offshore, having that established footprint in Asia often means heavy plate sections are still specified to Bisplate technology which conforms to Australian standards."

He said that much of the R&M work for resource projects uses exclusively Australian fabricators.

Apart from realising unfolding opportunities from the current mining upturn, defence and construction represents a growth potential for the company's customer base.

In the defence market, Bisalloy has most recently distinguished itself in supplying its patented armoured plate for the Australian-made Bushmaster patrol vehicles that have already found acceptance with Coalition forces serving in Afghanistan.



The building and construction sector also represents a significant market potential for Bisalloy product.

He said the valuable work done by **Professor Greg Hancock** through the ASI, which now allows Bisalloy product to be designed to AS4100, is a powerful boost for the use of its plate in high-rise construction.

For instance, the company supplied about 150 tonnes in high strength columns and beams for the steel framed Ernst & Young building at World Square in Sydney's CBD with its high tensile plate helping to lighten construction as a cost competitive alternative.

Mr Terpening is confident for the future.

"We have seen tough times but we are looking at sharing in the considerable growth forecast for coal and iron ore projects over the next few years."

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