

Allegheny Techn looks for long-term relationships

By Miel Bingen and Esther Martensen

As one of the major and most diversified producers of specialty materials in the world, Allegheny Technologies Incorporated (ATI) has been a leading name in the industry for decades. At the company's headquarters in Pittsburgh, Pennsylvania, USA, Stainless Steel World met with Mr. L. Patrick Hassey, Allegheny Technologies' new Chairman, President and CEO. He explained what he feels distinguishes his company from other players in the market.

"We are not only one of the largest suppliers of specialty products but, due to our strong technology-based approach, we also have an unparalleled capability to customize our products to best suit the end users' needs. In addition, we can offer our products and services to clients across the globe as we have offices in most industrialized countries of the world", Mr. Hassey says.

Elaborating on the diverse product range Mr. Hassey explains that ATI can indeed do it all, in both the specialty materials field and the commodity market: from stainless steel and high nickel-based alloys to titanium and exotic

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Pulpit at ATI Allvac's new high-performance metal long products rolling mill, located in Richburg, South Carolina. A \$30 million investment, which began operation in April 2004. The line enables ATI to grow market positions for high-performance metal products.

makes his company different: "The fact that we have such a strong, technology-based, orientation makes us unique. Product development and innovation are key issues for us. Our philosophy is that you have to keep on putting new things on the front of the wagon because there will always be something rolling off the back. We have always maintained a large technical staff for this purpose, ensuring the constant development of new alloys and products. This has been implemented across all of our companies, and is a major advantage to our customers as it allows us to better customize our products for end users."

INVOLVED IN A MYRIAD OF INDUSTRIES

When asked to name some of these end user industries in which ATI is involved, Mr. Hassey answers that his customers are in a myriad of industries. Client industries include, the oil & gas, chemical processing, aerospace automotive, power generation and medical industries and everything in between. To best service these customers, ATI maintains a strong focus on service, quality and reliability. "Moreover," Mr. Hassey continues, "we like to work closely with our customers to solve any problems before they occur. We feel that we perform best when a customer comes to us with a project and its materials challenges at an early stage, giving us the opportunity to work with the engineers and the designers to provide the optimal solution. We try to explain to our customers to come to us, no matter what the application is, even if they are unsure whether or not we can help them. Often, they are not fully aware of our true capabilities. I always tell customers that if we know what you need we might often be able to surprise you with what we can do."

Company history has proven time and time again that this is not just a bold statement. ATI has an impressive track record of projects in which it worked directly with end users to develop products for many applications. This holds especially true for the more sophisticated markets. A textbook example is the Goro project, where ATI Wah Chang took

Melt shop upgrade at ATI Allegheny Ludlum, located in Brackenridge, Pennsylvania. A \$35 million investment. The first arc furnace began operation in November 2003. The second arc furnace is scheduled to be completed during the fourth quarter 2004. Projected annual cost savings of \$20 million.

metals and from long products and flat-rolled products to precision strip and other precision products. The acquisition of the J&L facilities in Ohio and Pennsylvania has allowed the company to move part of the production process for commodity flat-rolled products to the low-cost melt shop and low-cost continuous automated finishing line at the Midland, Pennsylvania facility. This has not only expanded the production of commodity products but also opened up space for the production of additional specialty flat-rolled products at other ATI Allegheny Ludlum facilities. Mr. Hassey continues with another aspect that he feels

the lead. In 2002, the company won a big order from the fabricators working on Inco's Goro laterite project. Until that moment, there had been quite a few problems regarding materials selection for this as well as other laterite projects. The equipment was failing because of design and material flaws. The designers at Inco came to ATI and asked what material would do the job. ATI Wah Chang worked with these engineers to find and supply the right material, which turned out to be titanium grade 28, a highly corrosion resistant, ruthenium-enhanced titanium alloy.

GLOBAL EXPANSION

It is clear that a company working on the scale of Allegheny Technologies operates world-wide. Mr. Hassey's comments emphasize this. He feels that in order for a company like ATI to continue to grow, it needs to be a global producer, participating in the growth of markets around the world. "We have the ability to deliver and market products in many different countries, to speak many languages, to understand the cultures of the countries where we are operating and to produce many of these products within the geographic regions that they are being used in. Today, nearly 25% of all our revenues result from products that are either produced outside the USA or produced for consumption outside the USA. We have operations in the United Kingdom and China as well as representatives or sales offices in most industrialized countries. These sales functions can use all of our brands and offer the service that ATI is famous for."

One particular growth market for the company is China, where the ATI joint venture facilities are now running at full capacity. "At the moment we have a finishing and re-rolling plant in the Shanghai area where we make highly engineered Precision Rolled Strip® products. In addition

to this production facility, we also have a distribution facility in Shen-Zhen city of the Guongzhou area for Southern China, and another facility in Taiwan. Right now, we are looking at what steps to take next." When asked what sets ATI apart in the Chinese market, Mr. Hassey explains that, compared to other players, the company's aim is not to just move production to China and bring the finished products back into the US or into other western countries. "Our intent is to participate in the growth and development of China and the country's own market."

One area where the company would like to grow further is the high performance and exotic metals business

There are other ways to operate internationally though. With Uniti LLC, which is active in the titanium market, ATI has established a joint venture with VSMPO from Russia. This joint venture allows both companies to maximize their strengths in reaching the industrial titanium markets, combining low cost titanium sponge production and high-tech fabricating facilities to make long products, flat-rolled products, and tubular products.

BUILDING PARTNERSHIPS

Allegheny Technologies has many plans for the future and the continuing development of the company. Mr. Hassey feels that one area where the company would like to grow

Allegheny Technologies – Key points in the oil and gas industry

ATI Allegheny Ludlum's new lean duplex stainless steel, AL 2003™, is targeted as a replacement for 316 and 2205 as well as other alloys. Lower raw material costs and lean manufacturing have attracted the interest of the oil and gas sector for subsea flow lines, risers and umbilicals, along with topside and refinery piping systems.

ATI Allegheny Ludlum's superaustenitic stainless steel, AL-6XN®, combines excellent corrosion resistance with high strength in harsh offshore environments.

ATI Allvac's AL-6XN® extrusion billet is used for wellhead tubing and for high and low-pressure seamless tubing for subsea control lines and umbilicals.

ATI Allvac's patented 718Plus™ alloy is a forging die material for valves and other flow control equipment for the oil and gas industry. Development is under way to produce 6-6-2 titanium rotary-pierced tubing targeting well logging equipment. Development of pierced 6-4 titanium tubing is planned for oil and gas applications ranging from subsea risers to above ground wellhead tubing.

ATI Allvac's Datalloy™ 2 stainless alloy, introduced into the down-hole directional, MWD and LWD markets, operates in increasingly aggressive drilling environments. Current developments focus on enhanced process control to further improve its pitting corrosion resistance.

Developments on a third generation Datalloy™ high strength stainless material for the same market application will offer further increased corrosion resistance, high tensile (140ksi yield) characteristics and adequate galling properties.

The ATI Wah Chang titanium-casting foundry has been approved to produce and supply titanium rammed graphite castings for NORSOK oil and gas approved applications. It can cast valve and pump components up to 1800 pounds in weight.

ATI Metalworking Products is a market leader in the supply of tungsten carbide components for the oil and gas industry. The components are used for drill bits and nozzles, hard facing, logging products and hard trim.

further is the high performance and exotic metals business. "We just completed and brought on stream a major expansion of our long products continuous automated line at ATI Allvac in Richburg, South Carolina. This facility produces nickel-based alloys and superalloys and specialty steel products as well as premium titanium alloy long products. It is one of the most advanced long products facilities in the world with a large capacity and an effective cost structure. We plan to make this a global player in the corrosion market. Our ability to market these capabilities and these high quality products on a global basis form a key part of our expansion strategy."

It is clear that Mr. Hassey foresees a bright future for ATI. "The industry has been through a period of major consolidation in recent times and has become more international than ever. As a result, it has become far more efficient in its methods of operation. The technology certainly has improved, not only in materials production and quality control but also from an environmental standpoint. I feel that this holds even more so for Allegheny Technologies as a company. At the same time though, we have developed closer relationships with our customers enabling us to meet their needs and expectations even better. We will ensure that this continues in the future."

Mr. Hassey concludes: "A lot of people feel that the metals business is aging. I don't believe this and it certainly does not hold for ATI. The new alloys we have been developing, new limits, better formability, and the new corrosion properties achieved are pushing back the boundaries of what is technically possible. We are better today than we were 10 years ago, we were better 10 years ago than we were 20 years ago and of course, we aim to be better in 10 years from now than we are today, so we can build even better and longer-lasting partnerships with our clients."



ATI Wah Chang's new niobium furnace located in Albany, Oregon. First year in production 2003. It enables growth in niobium products, such as Medical - MRI and High-energy physics.

Facts & figures

Allegheny Technologies Incorporated is one of the largest and most diversified specialty materials producers in the world, with about 9,000 full-time employees world-wide and revenues of approximately USD 1.9 billion in 2003. The company's extensive product portfolio includes nickel-based and cobalt-based alloys and superalloys, titanium and titanium alloys, specialty steels, super stainless steel, exotic alloys, which include zirconium, hafnium and niobium, tungsten materials, and highly engineered strip and Precision Rolled Strip® products. In addition, the company produces commodity specialty products such as stainless steel sheet and plate, silicon and tool steels, and forgings and castings.

Allegheny Technologies Incorporated consists of the following companies:

- ATI Allegheny Ludlum, including ATI Allegheny Rodney,
- ATI Allvac, including ATI Allvac Ltd and ATI Titanium International
- ATI Wah Chang
- ATI Metalworking Products, including Alldyne Powder Technologies, Tungsten Products, Firth MPD, Firth Sterling, Landis Threading Systems, and Stellram
- ATI Portland Forge
- ATI Casting Service
- Rome Metals
- Shanghai STAL
- Uniti LLC



Pat Hassey, Chairman, President and Chief Executive Officer