

Oct start for 2nd Big River Steel EAF; coil in Nov: CEO



CHICAGO

Big River Steel plans to strike an arc at a second electric-arc furnace (EAF) at its steel mill in Arkansas next month and produce its first commercial-grade coil for sale in November, the company's top executive said.

"Our original start-up date was scheduled for Jan 27, 2021. And where I sit today, I would expect that prior to my next board of directors meeting on Nov 18, we will have a successful start of our Phase II expansion," Big River Steel chief executive officer David Stickler told Fastmarkets in an exclusive interview on Friday September 25.

That expansion will double the mill's rated capacity from 1.65 million tons per year to 3.3 million tons per year.

While the first commercial-grade coil will come off a new, second down coiler in mid-November, it won't be until early in the second quarter of 2021 that the facility is running at its rated capacity, Stickler said.

"Sometime right around the April timeframe, I would expect us to be at or above rated capacity," he said.

The quick ramp up is possible in part because the configuration of the second EAF - including a second ladle metallurgical station, a second caster, a second tunnel furnace and a second down coiler - is a "mirror image" of the first, Stickler.

That means staff members are already trained on the equipment and familiar with its operation. And the rolling mill can handle 4 million tons per year, so a second one was not necessary, he said.

Big River Steel is also installing a covered coil storage building featuring automated equipment. That will make it easier for trucks to come and go from the mill, as well as safer and more efficient in the handling of coil, Stickler said.

There will also be more bag house and water treatment capacity, he said.

And the expansion came in ahead of time and under budget despite the Covid-19 pandemic. "That doesn't mean that we haven't had individuals come down with Covid - we have. That doesn't mean we haven't asked people to quarantine for 14-day periods - we have. But all of that has been managed extremely well," Stickler said.

Once the second EAF has ramped up, Big River Steel will make 5,000 tons of steel per employee, up 66.7% from 3,000 tons of steel per employee with a single furnace. And that figure includes not only operating employees but everyone else at the company - from Stickler to accounting teams to janitorial and security staff, he said.

"There are certain companies, steel producers in North America, that struggle to produce 1,000 tons of steel per employee," Stickler said.

And in part for that reason, he said, Big River Steel is not worried about increased sheet capacity - whether that should come in the form of slab from Brazil re-entering the market under quota next year; existing capacity being restarted; or new capacity such as Steel Dynamic's Texas EAF flat-rolled mill, which is scheduled to come online over the next two years.

"People ask, 'Is the demand-capacity balance in North America appropriate?' My only answer over the last 20-some years is demand and consumption of steel has generally remained flat, yet there has been significant capital investment made in new capacity. And at the end of the day, it's a game of takeaway," Stickler said.

And the case for a new flat-rolled EAF is strong, given that 25 years ago, almost all flat-rolled steel produced in the world was made by integrated mills. That figure might be as low as 35% in

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the United States now and could drop to 15% within the next five years, he said.

“The facilities that have a low-cost, high-quality footprint tend to do better than the facilities that have [something] other than a low-cost, high-quality footprint,” Stickler said.

Big River Steel is set to double its capacity in a market characterized by high flat-rolled steel prices in the short term - though participants are concerned that big additions of supply could pressure prices unless demand improves.

Fastmarkets daily steel hot-rolled coil index, fob mill US was calculated at \$30 per cwt (\$600 per ton) on Friday, up 0.4% from \$29.87 per cwt on Thursday September 24 and 4.8% from \$28.62 per cwt on Friday September 18.

The gains have come amid a raft of outages and idlings; a strike, and resulting long lead times; and limited spot availability.

It remains to be seen if the gains can be sustained as more than 10 million tons of new sheet capacity - at a cost of more than \$6 billion - is added to the market over the next two years.

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