



**Hall  
Longmore**



**Fourth Multi year price  
determination applications**

# **Electricity price increase impact on the sustainability of Hall Longmore**

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Midrand



# Hall Longmore

90 YEARS  
Est. 1924

## Company Profile



Wadeville

Duncanville





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**Company Profile**

# Wadeville Facility



**ERW NB 200 – NB 600  
SAW NB 650 – NB 800**

**Coatings: 3 Layer / FBE / Wet Paint**



**Linings: CML**





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**Company Profile**

# Duncanville Facility



**SAW NB 900 – NB 2500**  
**Coatings: Sintakote**  
**Linings: SF Epoxy / CML**





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Costs

## Electricity as percentage of production costs

	2016	2017	2018
Total Production cost	100	100	100
Electricity	13.25%	11.92%	14.01%
Salaries and wages - Labour	56.86%	57.16%	49.78%
MT produced	40 296	81 276	62 963
Export MT	1 262	22 391	23 559
Electricity cost/MT produced	R397/MT	R247/MT	R345/MT
People employed	284	405	329



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Costs

## **Impact of a 15% yearly increase + 3-4% cost recovery**

- 1. Electricity is the single biggest cost component after labour in the manufacturing of carbon steel pipe & tube.**
- 2. Poor economic growth locally, made the export market the only viable option to sustain the business in the medium term.**
- 3. Increased cost of energy impacts both, HL's cost of production and our main HRC supplier AMSA negatively.**
- 4. Electricity has grown faster than the other main cost drivers in our business. Electricity as a percentage of total production costs. Increased by 17.5% over the last 3 years.**



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Costs

## **Impact of a 15% yearly increases + 3-4% cost recovery**

5. **Increases of 20% per annum over the next 3 years will negatively affect our ability to participate in exports and conversely our ability to supply/protect our local market against cheap Chinese imports.**
6. **AMSA has already been heavily protected against cheap Chinese imports. AMSA however also need sustainable export volumes to assist in keeping unit costs low and competitive, as a result these increases will make it more difficult to be internationally competitive.**



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THANK YOU

