FUNKY metallurgy

INTERPIPE NIKO TUBE: through investments into production to investments into people

DANIEL VALK: always find a common ground with our customers
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ON THE COVER:
Interpipe Steel metallurgist Mikhail Andrienko with wife participates in the wedding photoshoot by E. Stelmakh. Details at the p. 19.
INTERPIPE NIKO TUBE: THROUGH INVESTMENTS INTO PRODUCTION TO INVESTMENTS INTO PEOPLE

40 million USD - investments into projects, aimed at the enhancement of quality and increase in the production capacities of Interpipe Niko Tube.

WHAT PROJECTS ARE CURRENTLY IN PROGRESS?

Two large-scale investment projects are coming close to completion. At the tube-rolling mill No 2 we have already launched the new ring furnace for billet heating LOI THERMROCESS (Germany) that is now being tested. At the tube-rolling mill No 7 we are going to finish the construction of the second flow line. In the 2nd quarter of 2013 here will also be installed a new turning machine SMS MEER (German). Implementation of these projects will ensure the increase in the production capacities of the mill.

WHAT DO YOU MEAN BY TERM A «PRODUCTION CULTURE»?

A production culture is a new approach to the personnel, adjustment of the way of thinking. Lots of things may be re-equipped from the technical point of view, but it is extremely important to understand that all these units and equipment will be operated by people, for whom we should create comfortable labor conditions and ensure opportunities for their professional and personal development. I strongly believe that we are moving towards these crucial objectives.

IS THERE ANY INVENTORS AND RATIONALIZERS AT THE MILL, AND IF YES, WHAT ARE THE RESULTS OF THEIR PROJECTS?

In 2012 we received 1072 rationalization ideas on the enhancement of mill’s operations. Around 50% of them have been already implemented. As a result, approximately 500 thousand USD has been saved.

LOTS OF INNOVATIVE TECHNOLOGIES ARE SUCCESSFULLY INTRODUCED AND IMPLEMENTED AT THE MILL, AND YOU ARE JUSTLY CALLED A “SUCCESSFUL MANAGER”. COULD YOU PLEASE SHARE THE SECRET OF YOUR SUCCESS?

I had a huge number of good teachers in my life. And I always did my best to achieve a success and worked really hard. I always wanted to change and improve something, make it more convenient, effective, and interesting. And as I went higher along the career ladder, I got more opportunities for that and my wish to do that became even stronger.

WE NEED TO CREATE A SITUATION, WHEN A PERSON WANTS TO GO TO HIS/HER WORK AND IS PROUD OF THE RESULTS OF SUCH WORK.

INTERPIPE NIKO TUBE CEO VLADIMIR GORNSTEIN HAS SHARED HIS VISION ON THE MILL’S DEVELOPMENT CONCEPT WITH THE INTERPIPE CORRESPONDENT.

SINCE YOU HAVE HEADED INTERPIPE NIKO TUBE, THE MILL HAS BEEN SIGNIFICANTLY TRANSFORMED. WHAT IS YOUR CONCEPT OF CHANGES?

Speaking about three major areas of changes, I would single out the following: enhancement of the product quality, increase in mill’s productivity, and, finally, arrangement of the new production culture at Interpipe Niko Tube.

WHAT INVESTMENT PROJECTS HAVE BEEN ALREADY IMPLEMENTED?

The mill has already implemented a large-scale program of technical re-equipment. In the framework of integration with the new electric steel-melting complex, we have built from the scratch a new preproduction workshop with the capacity of approximately 30 thousand tons of steel billets. The preproduction workshop has two LINSINGER billet-cutting saws and a number of centering machines installed. We have commissioned several new pipe finishing lines: facing and chamfering line, non-destructive testing line and the hydro-press. We have launched the new line for finishing of line pipes at workshop No 7. Thanks to these investment projects, the mill’s productivity has been increased and the quality of the final products has been improved.

UP-TO-DATE PRODUCTION: INVESTMENT PROJECTS

TUBE-ROLLING MILL NO 2

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>OBJECTIVE</th>
</tr>
</thead>
</table>
| Pipe nondestructive testing and finishing line:  
- Pipe body nondestructive testing line by FORSTER (Germany)  
- Wall thickness ultrasonic inspection line by GENT (Germany)  
- Pipe end finishing line by RENKA (Germany)  
- Transport-and-transfer equipment by PRESTAR (the Czech Republic) | Compliance with requirements for oil and gas pipes with regard to the nondestructive inspection and cutting of pipes in accordance with API 5L, API SPEC 5D3-8, and GOST R 53366 standards |
| Ring furnace for billet heating by LOI THERMROCESS (Germany) | Increase in the workshop-production capacities and improvement of the product quality |
| Hydro-press by Fives Bronse | Compliance with requirements of GOST pipe standards - API J5, GOST 53366, and line pipes - API 5L with regard to hydrostatic testing of pipes, expansion of the workshop-production capacities, enhancement of the production efficiency, and improvement of product quality |
| Facing and chamfering line by RENKA (Germany) | Compliance with requirements of API 5L, ASTM, and GOST standards with regard to boening |
| Billet cutting saws by Linsinger (Austria) | Improvement of the product quality, optimization of the tube-rolling process, and reduction of the metal discharge coefficient |
| Centering machine by Linsinger (Austria) | Improvement of the product quality, reduction of the metal discharge coefficient, and optimization of the pipe production process. |

TUBE-ROLLING MILL NO 7, TUBE MILL NO 6

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>OBJECTIVE</th>
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<tbody>
<tr>
<td>Unit for descaling with high hydraulic pressure by PRE-ENGINEERING (Russia)</td>
<td>Improvement of the rolled pipes’ quality due to the cleaning of the shell outer surface from the scale</td>
</tr>
<tr>
<td>Saw for cutting of the jammed pipe front end by the Nikopol Maintenance Plant (Ukraine)</td>
<td>Enhancement of the product quality and speed of production due to reduction of rejects on the outer surface and geometry of pipes</td>
</tr>
<tr>
<td>Unit for application of the technological graphite-bearing lubrication by the Nikopol Maintenance Plant (Ukraine)</td>
<td>Improvement of the rolled pipes’ quality due to reduction in the number of internal surface defects</td>
</tr>
<tr>
<td>New coupling screwing unit by AMC (Scotland)</td>
<td>Compliance with API SPEC 5D3-8, and GOST R 53365-2009 standards with regard to documenting of the pipe-coupling power screwing moment</td>
</tr>
</tbody>
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PERSONNEL DEVELOPMENT: FROM THEORY TO PRACTICE

INTERPIPE NIKO TUBE IQ 267 TRAINING CENTER HAS OPENED A FACILITY WITH THE UP-TO-DATE PRACTICAL TRAINING SITE. NOW ALL MILL’S EMPLOYEES CAN TAKE NOT ONLY THEORETICAL, BUT ALSO PRACTICAL TRAINING CLASSES UNDER CONDITIONS CLOSE TO THE PRODUCTION ONES.

The practical training site includes: workshop of electro-mechanics and production supervisors, electromechanical workshop, hydraulics and pneumatics workshop, nondestructive testing training class, and a workshop for strappers and crane operators. The practical site provides the possibility to train machine operators, crane operators, metalworkers, engineers, etc. – a total of 62 professions.

The new IQ 267 site has been equipped with the up-to-date devices having no analogues at any production training center of Ukraine. For instance, at one of the classrooms we have installed a radio-controlled beam crane for practical training of strappers and crane operators. This training method ensures the highest possible efficiency of the educational process.

Natalya ZVONENKO, Interpipe Niko Tube HR Director:
The IQ 267 major objective is to ensure the comprehensive development of the personnel. It has not only working professions’ training, but also a management school, computer courses, online seminars, as well as workshops from well-known trainers.

The use of the state-of-the-art approaches in training allows Interpipe to ensure the best personnel for the production of the high-quality products, complying with market requirements.

CUSTOMER’S OPINION:

- Things I have seen at Interpipe Niko Tube are important and truly impressive. School and college graduates are specifically trained here to work at the mill. Interpipe provides its employees with professional skills to produce high-quality pipes.

Franco BEUX, Italy

VECTOR OF DEVELOPMENT: PRODUCTION CULTURE

IN THE FRAMEWORK OF THE NEW PRODUCTION CULTURE INTRODUCTION INTERPIPE NIKO TUBE HAS RECONSTRUCTED THE ADMINISTRATIVE AND PERSONNEL SERVICE COMPLEX OF THE PREPRODUCTION WORKSHOP, INSTALLED UP-TO-DATE MODULAR BUILDINGS AT MILL’S WORKSHOPS, AND PROVIDED NEW WORKING UNIFORMS TO ALL EMPLOYEES.

Our major objective is to turn the mill into an up-to-date and effective facility. Introduction of the high production culture standards and arrangement of comfortable labor conditions will facilitate the change of the workers’ mind, their attitude towards work. Employees will be proud of working at such mill, and young people will strive to become metallurgists.

Natalya ZVONENKO, Interpipe Niko Tube HR Director:
The process of the new production culture introduction at Interpipe Niko Tube is continued by the creation of comfortable working space at the production workshops. 5 modern light modular buildings, manufactured by Containex (Austria), have been already installed.

New buildings have been equipped with everything employees need: comfortable and beautiful furniture, computers, and office equipment. The modular premises have been divided into the functional space zones. Each building has a separate room for shift meetings and offices for management.

Three such facilities will be installed at the tube-rolling mill No 7 and pipe shop No 6 by the end of the year.

Personal service rooms, shower rooms, a shift room, and a cafeteria have been fully renovated at the administrative and personal service building of the preproduction workshop. The administrative area was arranged under the open-space principle.

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Vladimir GORNSTEIN, CEO INTERPIPE NIKO TUBE
A MILLION TONS OF INTERPIPE STEEL

The state-of-the-art IntePipe Steel mill, launched at the end of 2012, aims at the achievement of its planned production capacity - 1.32 million tons of steel a year. In March 2013 the mill reached the monthly designed capacity rates (110 thousand tons per month). And on June 6, 2013 the millionth ton of steel was melted at the mill. The first million of tons was conquered by metallurgists in just 15 months after the launch of the facility and in just 5 months after the melting of the first 500 thousand tons.

TO COMPLY WITH REQUIREMENTS OF THEIR CUSTOMERS, INTERPIPE STEEL EMPLOYEES MASTER NEW STEEL GRADES. 41 STEEL GRADES HAVE BEEN ALREADY MASTERED BY JUNE 2013:

<table>
<thead>
<tr>
<th>Grade</th>
<th>09G2S</th>
<th>20X A</th>
<th>36G2S (K)</th>
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<tr>
<td>Grade</td>
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<td>25XM</td>
<td>37G2S</td>
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<tr>
<td>Grade</td>
<td>10G2</td>
<td>28HM2 TR U</td>
<td>37G2SF (K)</td>
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<td>Grade</td>
<td>10U</td>
<td>2 (X)</td>
<td>ER7</td>
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<tr>
<td>Grade</td>
<td>12G2M5T Y</td>
<td>30G2</td>
<td>ER8</td>
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<td>Grade</td>
<td>13HF U</td>
<td>35H6SA</td>
<td>KIT-Нетеп</td>
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<td>Grade</td>
<td>15G2</td>
<td>32G2 U</td>
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<td>Grade</td>
<td>18G2 U</td>
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<td>Steel 45</td>
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Focus on the quality: IntePipe Steel quality management system has been certified in accordance with ISO 9001. European customers have already been convinced by the high quality of the mill’s products – the Spanish railway wheel producer CAF S. A. has ordered 150 tons of railway wheel billets, produced at IntePipe Steel.

Interpipe Steel builds up its production indices month after month. We have made to achieve the results of the previous year after only 5 months of 2013. At present IntePipe Steel ensures 90% of Interpipe facilities’ needs in pipe billets and 100% of needs in railway wheel billets.

WORLD CLASS PRODUCTION

THE LAUNCH OF INTERPIPE STEEL ELECTRIC STEEL-MELTING COMPLEX HARKED THE NEW STAGE IN COMPANY’S DEVELOPMENT. HOWEVER, PROCUREMENT OF NEW EQUIPMENT AND EMPLOYEES’ TRAINING ARE NOT ENOUGH. IT IS EXTREMELY IMPORTANT TO HIGHLIGHT THE PRODUCTION SYSTEM COMPLYING WITH HIGH INTERNATIONAL STANDARDS. THE “WORLD CLASS PRODUCTION” PRACTICE IS AIMED TO IMPROVE THE PRODUCTION PROCESS. ANDREA MICHELIAN, INTERPIPE STEEL OPERATIONAL DIRECTOR, HAS TOLD US ABOUT THE PROJECT PARTICULARS AND ITS IMPLEMENTATION AT THE MILL.

WHAT DOES “WORLD CLASS PRODUCTION” MEAN?

The world class production is an aggregate of the global practices, aimed at the enhancement of organization’s productivity and efficiency. Introduction of such practices allows raising the sustainability and ensures not only the effective production, but also the efficient team work and motivation system. At the end of the process we will get an enterprise, complying with all global standards.

HOW THIS PROJECT WILL INFLUENCE ON THE FINAL PRODUCT QUALITY:

In the course of the project implementation all employees of the mill have been divided into operational teams under the “Objective and influence” principle - people, united in a team, should be consolidated by a joint objective and a possibility to exert certain influence upon its achievement. All teams work in a single chain under the “customer-supplier” principle. For instance, the first team supplies the batch mixture and additional materials for the customer team No 2, while the second team is the liquid steel supplier for the customer team. Being the next link in the chain, thus, each team makes its own contribution into the production process. By fulfilling its own tasks, every team brings the mill closer to the strategic objectives: 1.5 million tons of high-quality products a year and employees, satisfied with their work.

THE GREEN METALLURGY:

“Safety and environmental protections’ practice is responsible for this issue introduction. The mill currently operates a unique gas and dust purification system, allowing the reduction of the hazardous substance emission into the city atmosphere to the minimum. The closed cycle of water treatment and supply provides for the absence of any waste water discharge into the river – this has a positive impact on the ecological system of the Dnipro River. In addition to that, we have recently launched a project, aimed at the reduction of dust content inside the workshop to zero level.

IMPLEMENTING THE 5S SYSTEM:

The list of objectives for 5S practice introduction includes not only the ergonomic working place and proper order at the production facilities, but also positive indirect influence upon the enterprise’s economy. When all things are in the right places and all processes and procedures are regulated and clear – it is much easier to comply with high production standards and accomplish everything planned in time. We are getting first results, but it does not mean that the objective has been already achieved, because the objective of this project consists in continuous perfection, and continuous processes never end. At the moment I am satisfied with the results of 5S implementation.

“I’VE GOT AN IDEA!” PROGRAM:

In the framework of this program our employees suggest various ideas, focused on the enhancement of production indices and labor conditions reduction of the manual labor share, resources saving, removal of environmental pollution sources, and improvement of the equipment operation conditions. This idea exerts beneficial influence on the working process in general. Top priority is given to ideas with economic effects, with low capital investments, and short payback periods. The preference is given to organizational solutions, boosting our production indices. First projects of our metallurgists have been already launched and make their contribution into the strengthening of the mill’s position.

ABOUT THE PROJECT PECULIARITIES AND ITS IMPLEMENTATION AT THE MILL.

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SHELL AND INTERPIPE: DETAILS OF COOPERATION

SHELL AND INTERPIPE ANNOUNCE THE DETAILS OF COOPERATION. IN 2012 SHELL AND INTERPIPE SIGNED A MEMORANDUM OF UNDERSTANDING (MOU) THAT OUTLINED THE STEPS REQUIRED TO BRING INTERPIPE’S PIPE PRODUCTS IN LINE WITH SHELL’S GLOBAL STANDARDS. SINCE THEN THE COMPANIES HAVE SUCCESSFULLY COME THROUGH THE CRUCIAL STEPS OF THE MEMORANDUM. AS A RESULT SHELL HAS APPROVED INTERPIPE MILLS AND CERTAIN PRODUCT LINES.

As of today the companies announce the progress status on the crucial steps of Memorandum:
- Shell has approved the steel manufacturing plant of Interpipe Steel for production of steel billets for use in rolling of casing and tubing.
- Shell has audited Interpipe NTRP and Interpipe Nikotube pipe rolling mills and confirmed that plants’ technological processes and quality management system comply with international standards. Qualification orders of casing and tubing have been transported to the US for inspection and verification of meeting Shell standards. Initial results are under review.
- Interpipe NMPP mill has been approved by Shell for manufacturing of Line Pipe for a limited product range.
- Shell has approved Interpipe to thread API specification connections, and is working with Interpipe on new premium connections. Premium connections are required for high pressure fracturing of gas wells to ensure well integrity and thus safe operations.

SHELL
Shell is a global group of energy and petrochemicals companies. With around 90,000 employees in more than 80 countries and territories, Shell helps to meet the world’s growing demand for energy in economically, environmentally and socially responsible ways.
Shell has been operating in Ukraine since 1992 and is currently involved in exploration and production of hydrocarbons, natural gas marketing, lubricants and fuel retail. Shell employs over 2000 people in Ukraine.

Today Shell is involved in three separate exploration projects in Ukraine. Firstly, the joint Activity Agreement with PJSC “Ukrvydobuvannia” provides for hydrocarbon exploration and production in Kharkiv oblast. Drilling of the first well within this project commenced in October 2012. Secondly, on January 24, 2013 “Shell Exploration and Production Investments (IV) B.V.”, LLC “Nadra Yuzivska” and the Government of Ukraine signed a PSA for the exploration, development and production of hydrocarbons in the Yuzivska area. The agreement involves staged exploration, development and production of hydrocarbons.

we have approved certain product lines with Shell and working on development of new pipe products with premium connections to meet company’s requirements to operate in tough geological conditions”.

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INTERPIPE NIKO TUBE HAS PASSED PETROBRAS AUDIT

Interpipe seamless pipes production plant Interpipe Niko Tube has passed the prequalification audit of Petrobras Company. Subsequent to the inspection results it has been proved that Interpipe Niko Tube pipes meet the requirements of API 5L and ASTM A 106 standards, as well as the internal requirements of Petrobras.

Passing of the prequalification audit of Petrobras Company opens the wide possibilities for Interpipe. Today South America is a very promising market for our company, and the development of partnership with the major companies of the region such as Petrobras is our strategic goal.

Petrobras is a semi-public Brazilian multinational energy corporation, specializes in operations in the entire oil and gas productive chain and in the production of biofuels and of other alternative energy sources in Brazil as well as the other countries such as USA, Angola, Argentine, Bolivia, Columbia, Nigeria etc. Petrobras is the 7th biggest energy company in the world.

QUALITY CONFIRMED

- American Petroleum Institute has confirmed the compliance of Interpipe NTRP pipe products with API 5CT and API 5L standards and has also extended casing certification up to the highest level – PSL3 under API Spec. 5CT.
- TÜV NORD GmbH international certification center has confirmed the compliance of Interpipe NMPP pipe products with EN 10219-1 European standard and issued certificates of conformance with requirements of AD 2000 WO industry standard and Directive 97/23/EC.
- TÜV NORD GmbH has also re-certified Interpipe NTRP for the production of pipes under DIN EN 10210 standard and DIN EN 10219 and DIN EN 10216 standards.
- The re-certification audit at Interpipe Niko Tube, conducted by TÜV NORD, has confirmed the compliance of pipe products with requirements of AD 2000 Wo industry standard and European Directives 97/23/EC and 89/106/EC.

QUALITY AS A TOP PRIORITY

Robin Naughton, Well Engineering Team Lead, Shell: “Shell has approved and is satisfied with certain Interpipe products and continues to work with Interpipe on other aspects so that a significant and relevant product range is approved for Shell both in Ukraine and internationally. Once relevant product lines are approved Interpipe will be able to bid for supply tenders for Shell.”

Denis Marozov, Director for Strategic Development, Interpipe: “The cooperation with Shell gives us a challenge to meet the highest quality standards in the industry. And I’m delighted that Interpipe has successfully passed Shell qualification audit. At the moment...
INTERPIPE IN UKRAINE AND ALL AROUND THE WORLD: KEY EVENTS

3 DAYS, 3 MILLS, 30 GUESTS

IT WAS THE FIRST TIME WHEN CUSTOMERS FROM POLAND, ITALY, BULGARIA, ROMANIA, GERMANY AND THE BALTIC STATES HAVE MEET INTERPIPE REPRESENTATIVES NOT AT THEIR EUROPEAN OFFICES, BUT AT THE METALLOGICAL PRODUCTION FACILITIES – MILLS, WHERE INTERPIPE PIPE PRODUCTS ARE BORN.

Radoslav Curilo (American Interpipe - Houston, the USA) about the partnership:

“I have been at a number of other metallurgical mills, but I have to say that you have achieved results I have never seen before. Interpipe is in our major pipe suppliers, and such visit to the mills is very useful for our company. Since we use the entire manufacturing process of the product we subsequently use in our lifting and transportation systems, Interpipe’s introduction of up-to-date technologies and its involvement into quality are the best to prove the reliability of our partner.”

Rodolfo Corio (Centinental Mail, Poland) about the product development:

“Such conferences and tours at Interpipe mills promote the development of our relationship. We have seen the production facilities and heard about your capabilities, product range, technologies, and approaches to the quality. In their turn, we believe that Interpipe representatives will have a better understanding of our needs and would know what products they should develop.”

CONFIDENTIAL PARTICIPANTS HAVE SHARED THEIR IMPRESSIONS WITH THE EPIX COORDINATOR.

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INTERPIPE: HOW TO SELL PIPES

INTERPIPE HAS CONDUCTED THE TRAINING FOR SALES MANAGERS OF THE LARGEST AZERBAIJAN TRADER - МЕТАK COMPANY IN THE COURSE OF THE EDUCATIONAL WORKSHOP INTERPIPE EMPLOYEES HAVE LEARNT ABOUT THE TECHNOLOGIES OF SEAMLESS AND WELDED PIPE PRODUCTION AND UNDERGO THE TRAINING TO DEVELOP THEIR NEGOTIATION SKILLS. NAIYA VEKILZADEH, МЕТАK PROCUREMENT DEPARTMENT MANAGER, HAS SHARED HER OPINION ABOUT THE TRAINING.

HOW WOULD YOU ASSESS THE EFFICIENCY OF THIS TRAINING FOR YOUR FUTURE WORK?

- This workshop has not only introduced our colleagues to interesting aspects of communication with customers, but has also enabled a new look at the collaboration between Interpipe and МЕТАK. Such a training has facilitated the approach of our companies and provided an opportunity to test common tasks and objectives.

DO YOU THINK STRAIGHT COMMUNICATION WITH TECHNICAL EXPERTS OF INTERPIPE HAVE BEEN USEFUL FOR YOU?

- Direct communication with technical experts of Interpipe has been useful for us. After these sessions, we can see the entire manufacturing process of the product we buy, and it helps to better understand the quality of pipes. It is also very important to meet the representatives of Interpipe and get to know their capabilities, product range, technologies, and approaches to the quality.

WHAT IS YOUR OPINION ON THE FURTHER COOPERATION BETWEEN INTERPIPE AND МЕТАK?

- To achieve even higher efficiency in collaboration, we need to fine-tune the mechanism for information exchange. We would like to receive prompt information about the innovations and improvements in Interpipe’s technological process and work out joint ways to improve the quality of our products. We hope that such events will be conducted on a regular basis and will help to expand our loyalty towards the existing partners. We do not want to lose our partners, as we are convinced that Interpipe is a reliable and easy-to-deal-with partner.

DO YOU THINK THE TRAINING WILL IMPROVE YOUR PERFORMANCE?

- Thanks to such events we can meet with the representatives of Interpipe, get a better understanding of their products, and receive prompt information about the improvements in Interpipe’s technological process. I think everybody will agree that people, directly involved in the pipe production, are the best to provide the most comprehensive and complete information about the product. As a result, we will be able to provide our customers with prompt and accurate information, which is very important for our company. We believe that Interpipe is a reliable partner and that the training will improve our performance.

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IRAQ: BEGINNING OF COOPERATION

The introduction of the new Commercial Officer and Operating Officer positions is the result of a major reorganization. Providing staff with highly-skilled and international managers will develop people and ensure a present in various markets, and balance of company’s operational management.

The modification of Interpipe in Iraq part of our overall growth strategy. This modification is the result of a thorough vision passed by our founder and the world-class knowledge that we have accumulated over the past years and Interpipe in coordination with our partner Aydin Boru.

The agreement from South Oil signifies the company’s commitment to Iraq. With the approval from South Oil signifies the company’s commitment to Iraq. With the approval from South Oil, we have the possibility to understand what offers other suppliers.

The meetings in Iraq also show us that the company is looking to provide a better service of transporting the oil fields due to the increasing need for our products.

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INTERNATIONAL TEAM

TO ESTABLISH AND MAINTAIN COMMUNICATION BETWEEN REPRESENTATIVES OF VARIOUS DEPARTMENTS AND OFFICES, INTERPIPE CONDUCTS THE TECHNICAL STUDY TOUR – TECHNICAL TRAINING OF THE FOREIGN OFFICES’ PERSONNEL. THE UNITED STATES AND THE UNITED ARAB EMIRATES EMPLOYEES WERE THE FIRST TO VISIT THE MILLS.

The aim of this program is to introduce the production process and the mills’ quality control system to Interpipe representatives. This will allow the salespeople to increase the quality of service.

First of all this program will be useful for young employees, who only start their work for the Company. The confidence they have gained thanks to TST will let them work with their customers more effectively.

Maxim Dashevsky, Market Development Manager for MENA. The idea struck me during my training at Interpipe Niko Tube. I have immediately understood that the salespeople should see their mills and products with their own eyes. It is impossible to include everything you can see and understand here into a catalogue. These are both the work atmosphere, the production culture, and the management system.

All employees have noted that this program does not only allow seeing the size of the Company, but also promotes communications between employees from various offices. They can share their problems and learn about the peculiarities of work in other regions.

FUNKY METALLURGY

DR. STEEL HAMMER ASSESSED THE QUALITY OF STEEL

Will Paine, sales representative from North American Interpipe: The understanding of the pipe production process makes our dialogue with the customer much easier. Now we do not need to spend additional time to find out the specific details about the pipe production and the product quality control measures.

Dinesh ADVANI, employee from Interpipe Middle East

World Heavyweight Boxing Champion Wladimir Klitschko has visited Interpipe Steel and communicated with the team of metallurgists, whose everyday functions include the production of steel. Young workers have introduced the universally known boxer to innovative steel-melting technologies and demonstrated the trade-mark of the mill - contemporary art objects by famous Danish artist Olafur Eliasson. The Champion, in his turn, has answered the questions about the sports and successes in business and has taken part in the autograph- and photo sessions with mill’s employees.

I am truly delighted to visit a metallurgical production facility, where progressive technologies and contemporary art are that well-combined. For Ukraine INTERPIPE STEEL is a huge step forward towards European standards of business conduct. I would like to wish to INTERPIPE metallurgists to move only forward, proving their championship metallurgy with their work.

Edward STELMACH, photographer: Interpipe Steel mill has helped to move away from the trivial photography, to see new non-typical sites and solutions for implementation of creative ideas. Despite the fact that this is a metallurgical mill, nowadays this is the only place in Ukraine that inspires for creation.

NEW RALLY FOR MAZ

INTERPIPE SUPPLIES TO MINSK AUTOMOBILE PLANT SEAMLESS AND WELDED PIPES, USED FOR MANUFACTURING OF BUSES AND FREIGHT VEHICLES, INCLUDING THE RALLY RAID ONES. THE BELARUS SPORTS TEAM MAZ-SPORT AUTO HAS ARRIVED TO THE MILLS IN DNIPROPETROVSK, NIKOPOL, AND NOVOMOSKOVSK TO SAY THEIR SINCERE “THANK YOU”!

Employees of Interpipe NTRP, Interpipe Niko Tube, and Interpipe NMPP could see with their own eyes where the results of their work are used.

MAZ is the one of our key partners in the mechanical engineering business. We not only supply pipe products for MAZ vehicles, but also support the sports team of the mill. For instance, we have been MAZ partners in the Silk Way Rally and Dakar Rally Raid. We can say that Interpipe pipe products have been Dakar-tested! We are glad that our partners have found some time to visit the mills of our Company.

Andrew BIBIK, Interpipe Sales Director for mechanical pipes
MARKET TRENDS

CIS

In 2013 the market demonstrates negative dynamics on the background of weak macroeconomic expectations. The global oil demand at the level of 2012, as well as the price of approximately $100/barrel lead to preservation of the oil production level in the region. Russia has achieved an acceptable production level.

A potential in the growth of production rates and, as a consequence, in the growth of threaded pipe and line-pipe consumption can still be found in the Central Asia countries, such as Kazakhstan, Azerbaijan, and Turkmenistan. Both construction and mechanical engineering industries will hardly render any significant support to the pipe demand. Weakening of the demand in the construction sector is the result of the fact that a number of large infrastructure projects are close to completion, including the preparation for Sochi Olympic Games 2014. Partial support to the demand is given by gasification program in Kazakhstan.

The stable consumption in 2013 in the region is connected with the preservation of the positive economic situation both in the energy sector and other industries. The demand for pipes in the oil and gas sector will be supported by the boost in the oil extraction by 815,000 barrels per day - up to 7.5 million barrels per day, (EIA) mainly at the deposits in the North Dakota and Texas.

NAFTA

Canada expects a 9% growth in oil production in 2013 and boring of 12,000 new wells; besides, the completion of the TransCanada Gulf Coast Project branch line construction with the length of 780 km (485 miles) is also expected in the 4th quarter of 2013.

The construction sector expects a 6% growth of expenses - up to $483.7 billion (according to the data from McGraw-Hill 2013 Construction Forecast), the increase of investment into industrial projects is expected at the level of 8%, comparing with 2012 - reaching approximately $12 billion.

Despite political instability in the region, the growth in the pipe demand in 2013 will be ensured by such countries as Saudi Arabia, the United Arab Emirates, Iraq, Nigeria, Angola, South Sudan, etc. The growth will be based on the oil and gas sector. And if the Persian Gulf countries expect to retain the stable high level of oil production, the growth in Africa (to the South from Sahara) will fall on Nigeria (the production will rise up to 3 million barrels per day), where international oil companies (IOCs) have announced their plans to invest $165 billion over the next 5 years. A considerable growth of production is also expected in Angola (up to 1.9 million barrels per day), and recommencement of the extraction activities is expected in the South Sudan.

EU

The European market still shows the stagnation. The GDP of the EU countries is expected at the level of 2012, and the forecasted growth will be 0.3% pa (IMF evaluation).

The Purchasing Manager Index (PMI) points out negative expectations in the economy of this region. The region still has a quite low level of stock resources (according to the polls by Metal Bulletin), and market participants tend to purchase products only for specific projects.