



## TUBACEX GROUP: Growth and diversification

The Tubacex Group, a premium stainless steel tubular solutions partner, has boosted its growth strategy by strengthening its positioning in regions with high growth potential through strategic alliances, complimentary business integration and the development of own capacities. In this context, the company has recently entered into three strategic alliances: with the Egyptian government for the development of nuclear energy, with Midhani to assist energy growth in India, and with Senaat, Abu Dhabi's state-owned investment group, for the development of Oil & Gas projects in the Middle East. These alliances represent an opportunity to jointly take on large-scale projects in the energy sector, which will come to light in the forthcoming years. Moreover, TUBACEX has integrated complementary businesses in the upstream sector with the acquisition of NOBU Group within the framework of its alliance with SENAAT. With manufacturing plants in Saudi Arabia (NTS Saudi), Dubai (NTS ME) and Norway (PROMET), NOBU is specialised in the manufacture and repair of stainless steel machined components. In addition to the integration of new companies, TUBACEX is promoting the development of its capacities with the construction of a second production plant in the USA, Tubacex Durant, which strengthens its strategic positioning in the region.

*By Joanne McIntyre*





*The Tubacex Group has an extensive stock and service program with its own centers (TSS) in the main hubs over the world.*

capacities. Therefore, it will be analysing the possibility of building production facilities to manufacture OCTG in Abu Dhabi, a product used in the production and extraction of oil and gas, in high demand in the Middle East, and particularly in Abu Dhabi.

#### **Acquisition of NOBU Group**

In addition to the development of own capacities, within the framework of this alliance, TUBACEX and SENAAT have acquired the NOBU Group, a company specialized in the manufacture, repair and maintenance of machined stainless steel components for the oil and gas exploration and production sector

(upstream). This activity is channeled through Tubacex Upstream Technologies (TXUT), a business unit created in 2016 to provide added value to the OCTG segment. This way, TUBACEX offers the widest portfolio of tubular solutions and services aimed at optimising the client investment (CAPEX) and reducing its operational costs (OPEX).

This acquisition represents the first step of this joint commitment between TUBACEX and SENAAT in the development of energy projects in the region, contributing to their economic development through local investment. With its headquarters in Dubai (UAE), the NOBU Group is one of the few companies

#### **Growing in the Middle East**

TUBACEX is committed to expanding in the Middle East, where more investment projects in the oil and gas sector are concentrated. The company opened a sales office in 2007 in Dubai. Ten years later this was joined by the first stock centre in the region, TSS Middle East, which was opened to increase proximity to new clients and to take advantage of the growth perspectives.

The strong positioning of TUBACEX in the region, along with its leadership in the manufacture of OCTG tubes in corrosion resistant alloys (CRA) has brought about a strategic alliance with SENAAT, one of the largest investment holdings in UAE, to support the development of energy projects in the Middle East. This alliance aims to boost this key market with investment projects focusing on the development of local manufacturing



*The North American market represents 9% of the Tubacex Group's global turnover; its new manufacturing plant in Durant, Oklahoma with further increase its presence in the USA.*



*TUBACEX has expanded its manufacturing capabilities with the integration of NTS ME, NTS Saudi and PROMET.*

in the region capable of providing manufacturing and repair services of high precision machined tubular solutions in stainless steel. It has three production plants in important regions, such as Saudi Arabia, Dubai and Norway, with a workforce of more than 200 people and expected sales of USD 34 million in 2019, entirely in the premium segment. NOBU boosts the TUBACEX strategy and its positioning as a leading manufacturer of comprehensive solutions in stainless steel for the oil and gas extraction sector, enabling the provision of repair and maintenance services.

### **Consolidating its presence in the USA**

The industrial presence of TUBACEX in the American market dates back to 1995 when the company acquired Salem Tube, Inc. in Greenville, Pennsylvania, a company specialised in the manufacture of seamless tubes in stainless steel and high-nickel alloys for demanding applications, particularly in aerospace including commercial, military and deep space. In addition to this facility, Tubacex also has technical and sales offices (Tubacex America) and a service and distribution centre in Houston (TSS Houston), arguably the world centre of oil & gas activities.

Today, the North American market (the USA and Canada) represents 9% of the Tubacex Group's global turnover. With the new manufacturing plant located in Durant, Oklahoma, TUBACEX is committed to increasing its presence in the USA.

Tubacex Durant will serve the leading target strategic clients of instrumentation and hydraulic tubes as well as heat exchangers, which are concentrated mainly in the Gulf of Mexico and Oklahoma. The plant, which was designed in accordance with Lean 4.0 concepts, will have its own manufacturing technologies and the latest technological

breakthroughs, leading it to be one of the most efficient and sustainable plants worldwide. With this initial investment of more than USD 40 million and the potential to invoice more than USD 60 million, the company aims to create up to 140 jobs, which will be an important boost to the local economy.

The new plant will be the Group's centre of excellence for the manufacture of a new product that will complement the TUBACEX product range and will address the growing need to increase efficiency in the hydraulic tube, instrumentation and exchanger markets.

In short, with this industrial expansion of TUBACEX in the United States the company will achieve a dual objective: building a centre of excellence that will serve as a global platform for a key product, and expanding its production capacity in the country providing local manufacturing. This is of special relevance considering that the US has

limited local production compared to the total stainless seamless stainless tubular demand.

The construction and equipment installation project is at an advanced stage and it is expected that the new plant will be operational by the end of 2019.

### **Offering integrated tubular solutions**

This growth strategy responds to TUBACEX vision of improving its proximity to key regions by providing comprehensive tubular solutions. In recent years the company has extended its product portfolio with the development of new products, processes and services for highly-demanding applications, among others, giving the client an additional service ranging from design to after-sales operations, under the TUBACEX value proposal.

This approach requires the development of products, technologies and skills which go beyond the conventional tube and move into the solution concept. This more global concept is associated with a corporate capacity to offer the whole set of tubular products and services capable of optimising clients' processes while improving the efficiency of their projects. It will result in a network made up of clients, partners, suppliers, technology centres and universities working in collaboration to face the industry challenges.



*TUBACEX has developed its own operational system (TxPS) as part of its commitment to quality, safety, and service.*





*TUBACEX is able to supply the most complex components in the market for the nuclear energy sector.*

A good example of this is the launch of TUBACEX's own welding technology, thereby offering a complete solution to clients when steel grades which are not generally available on the market are required.

Another milestone is industrialisation TUBACOAT. TUBACEX has been working to develop ceramic coatings since 2009 but this effort intensified since the creation of the TUBACOAT start-up in 2012. After several years of product testing at the clients' facilities led to good test results, TUBACEX launched an industrial facility aimed at the automation of the manufacturing process and to respond to demand after the excellent acceptance by the clients. The ceramic coatings offered by TUBACOAT represent a new efficient solution to a large number of operative issues, both in the refining and

petrochemical processing realms, as well as in the field of power generation based on biomass or municipal solid waste.

It is also worth highlighting the strong growth experienced by TUBACEX's aerospace business, which is the result of joining together several R&D projects in technological as well as new product development.

### Highly demanding technical projects

The alliance between TUBACEX and the Egyptian state-owned company, MIDHANI, specialised in the manufacture of special steels and super-alloys, enables the company to move closer to highly demanding technical projects, which require materials exposed to extreme conditions. The experience of both companies in the manufacture of this type

of materials will allow the development of new technologies and solutions focused on increasing energy efficiency and competitiveness to continue advancements. More specifically, the nuclear energy sector in this region is in a state of growth and requires investments in large-scale energy infrastructures over the next decade, requiring local technology. TUBACEX has already proven its experience in the most critical environments with the development of the prototypes for a new coal-fired thermal power station technology at very high temperatures, currently under development in India and with high potential in the medium-long term. This new Indian technology will allow a significant cut in CO<sub>2</sub> emissions per energy unit produced, without renouncing the use of coal as a source of energy which is necessary for this country.

Another strategic market is Egypt. TUBACEX and the Egyptian Government have signed a letter of intent to analyze together collaboration channels for what will be the country's first nuclear power plant in El Dabaa, with the possibility of developing local manufacturing capabilities. This agreement represents an opportunity to position the company in a sector for which the company has its own manufacturing capabilities, able to supply the most complex and energy-efficient components in the market.

### Industry 4.0

TUBACEX is taking part in a global acceleration of the technological change facilitated by digitalization. Thus, the company is undertaking the adoption of digital technologies and Industry 4.0 concepts as a strategic need, implementing a growing number of technological innovation projects in production plants, which will enable the company to remain in a position of global leadership.

An intensified collaboration with external players as well as technological acceleration and the increasingly strong emergence of digitalization are all contributing to change Tubacex's innovation process approach. Open innovation is the correct way to innovate, the multi-disciplinary approach is becoming more and more necessary, and collaboration with technological start-ups is now emerging as a new skill to develop.



*TUBACEX is improving its proximity to key regions by providing comprehensive tubular solutions.*