



# Salzgitter Mannesmann Stainless new name for a trusted partner



**Salzgitter Mannesmann Stainless Tubes has worked hard to build a new sales organisation while at the same time improving logistics: it now drives a global commercial, logistics and production network harnessing the many benefits of its up-to-date market intelligence. Stainless Steel World recently went to the company's headquarters in Germany to learn about the changes that have taken place... including its brand new name.**

## Stainless Tubes: Growth in excellence

*By John Butterfield & Joanne McIntyre*

For many years Mannesmann DMV Stainless has been recognised as one of the world's leading producers of seamless stainless steel and nickel-based alloy tubes and pipes. As part of its ongoing commitment to ensure further future success, the company is proud to announce that it will now be known by a new name: Salzgitter Mannesmann Stainless Tubes.

The company's CEO, Mr. Michael Bellinghausen, explains the logic behind the name change. "The Salzgitter group wants to show the world that our companies are one united family. Our new name will enable the market to clearly identify us as being part of the strong and successful Salzgitter group and also identify our key products."

The key to the company's ongoing success lies in its strategy of pursuing growth with a selective range of premium niche products rather than simply increasing the quantity it produces. New specialist products have been created, and clients have received added value in the form of tailor-made services. This has been particularly successful for projects where close customer collaboration can ultimately determine the success – or failure – of these often high-cost ventures.

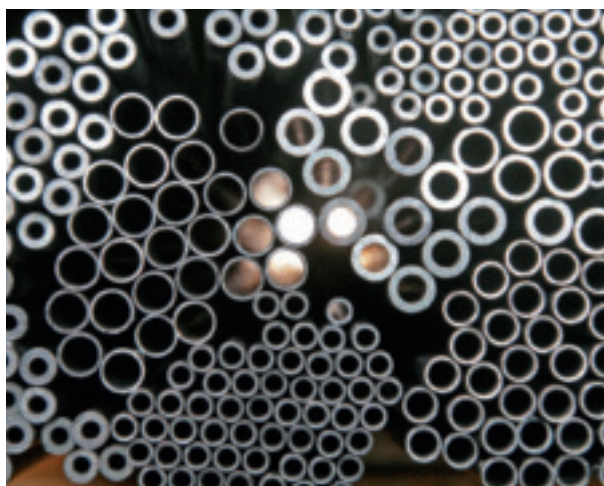
### New sales organisation

"We are actively pursuing our goal of providing a new level of service to the market over a wide range of fields" explains Mr. Christophe Le Rigoleur, Head of

Sales and Global Marketing. "Whenever possible we provide added value to the tubes we supply. We organised our sales organisation last year to create special departments for each field of application. Previously our sales managers were mostly divided into geographical regions; now they approach the market by focusing on specific fields of application, for instance boilers, engineering, OCTG etc. This means we are focused on the world-wide application of our products. Every niche has its own team of experts who focus on how our products are used around the globe in order to assist people in their fields of activity. It's a highly technical marketing approach which allows our team to support clients and anticipate market needs. Our experts regularly visit top customers to gather market intelligence on how they are using our specialist products, what their needs are today and what they anticipate their needs will be tomorrow" Mr. Le Rigoleur continues.

"Gathering and processing so much market intelligence means it is easier to rapidly respond to the specific challenges which our customers face. Much of our specialists' work consists of looking into the future to anticipate market needs, and this in turn secures our own position for the future. Every day the requirements for each field of application are becoming more stringent, and we will be able to understand what the market will need tomorrow and anticipate future investments. In addition to serving our clients this strategy will assist us to adapt production sites for the future. We will position our international production to meet specific trends which will emerge."

The company believes this strategy will also provide it with the flexibility to adapt to the constantly increasing pressure of environmental legislations. "I believe that the market is at a crossroad today" says Mr. Le Rigoleur. "Many contractors must now adhere to protocols such as the Kyoto agreement which are in force at an international level. Our highly technical products, including specialised stainless steel and nickel-based alloy steel, are ready to supply these demanding market requirements. End users are concerned with how their suppliers are producing their products. They don't want to be associated with suppliers who are not environmentally aware or who are not able to provide the full traceability of the material in their products."



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### Focus on energy

Following its strategy of investing in premium niche products, Salzgitter Mannesmann Stainless Tubes is paying more attention to the energy markets without losing sight of its other, traditionally strategic market segments.

"We are increasingly focusing on the project business" Dr. Joachim Martin, COO, informs us "particularly in power generation and the oil and gas business. The energy sector is a major issue which is being addressed by all countries and governments, and extensively covered in the media. Every country needs to approach this issue from two levels: first, the raw materials from which the energy is sourced, such as oil, gas or coal; and secondly, the production of electricity from this same raw material. These two faces of the same coin are now two main sectors of growth for us, and will continue to grow in importance. Our increased focus on energy can be seen throughout the supply chain for which we provide many types of tubular forms, from the extraction of oil and gas right through to the final production of energy. Key areas in which our stainless tubes are used include OCTG (Oil Country Tubular Goods) – a product used in oil and gas wells to raise oil up to the surface; umbilicals for the remote control of wellheads in offshore applications; engineering for the fabrication of systems necessary for the oil and gas industry; and power plants which transform the raw material into electricity."

Commercially, 2006 and 2007 were record years for the company, despite the high volatility of nickel prices.

The company's investments over this period were strongly influenced by the booming energy market. In this sector – and without compromising its strategy of pursuing growth with a select range of niche products – the company will more than double its production capacity in supercritical boiler tubes up to 10,000 metric tons per year. "The motivation for this decision was the highly publicised growth in the number of power plant projects in the future" explains Dr. Martin. "This growth is the result of the dual drivers of rapidly increasing demand for energy and the need to renovate and replace equipment in existing power plants. The number of coal-fired power plant projects will almost double from 2007 to 2008, and planned global projects indicate that there will be a further strong surge in the future. The main regions which will invest in coal-fired power stations are North America, Europe, China and Japan."

### Substantial investments

"Healthy profits reflected in double-digit growth in our returns last year have enabled us to invest for the future" explains Mr. Bellinghausen. "Our success can be summarised in the content of our portfolio which has become very well balanced over the past three years. We've repositioned ourselves in geographical terms and also in the wide range of applications such as power generation, oil and gas, nuclear and fertilizer. While our US and European markets are stable, Asia is now providing an important share of our business. For us the booming Asian market is not a threat but a great



opportunity to sell our state-of-the-art products.”

The company is utilising its existing global production network to increase capacity where needed. “Our strategy to follow the specific needs of the energy sector have led us to add additional cold forming capacity. In Germany capacity to produce hollows and cold pilger capacity will be increased and some tube finishing capacity will be added. At our US facility we are also investing to cover the demand for cold finished tubing, and we are installing new heat treatment facilities to produce special boiler grades.”

The company has already invested successfully in shot peening equipment at its Italian plant. Here a second machine will be added in 2008 – to serve the market with this special interior surface treatment of super-critical boiler grades, which increases the corrosion resistance of tubes in power plants. In addition, thanks to the untiring efforts of its employees, the company developed almost “on the run” a non-destructive quality control method for shot peening. The method minimises the number of samples cut for destructive testing and reduces reliance on machine parameters for quality control.

“In France we are optimising logistics, investing in new buildings and the internal production flow in the finishing area to get products to market more quickly and shorten lead times. This demand from custom-



ers has always been important but it is increasingly so today. Our French plant has responded to this demand with fine-tuned CTS (central tube stock) and new xS-Programs: planned-in-advance, regular deliveries of defined quantities of tubes and pipes. These two improvements will increase flexibility, ease production planning and offer an outstanding service to customers” explains Mr. Bellinghausen.

This package of investments, the largest the company has ever made, is a further milestone in its success story.

“Our field specialists around the world will pick up signals as to what the future needs of each sector will be. We can then use their ideas to make investments and improve facilities in that area. This is another example of how we can use market intelligence effectively. The

combined expertise of our area managers and engineers allows us to make constructive decisions. It’s a very proactive approach. Our overall goal is to optimise international production and integrate intelligence to meet market needs faster.”

Future investment may also include acquisitions or joint ventures, particularly to strengthen the company’s position in Asia. “China is a fast-growing market but it’s not yet ready for our products. When the time comes, we will be there. Whatever acquisitions or partnerships we develop in future, they must adhere to our standards of top quality, precision, and highly technical levels.”

### Visualising the future

Ms. Uta Niewerth, Marketing and Sales Coordinator, tells us more about the company’s revamped corporate image. “Today it is important to be able to provide information quickly and efficiently. Our website: [www.smst-tubes.com](http://www.smst-tubes.com) is fully updated and contains a wealth of information about our products and services. It is highly informative for existing and future customers and also for potential new employees who are seeking a career with Salzgitter Mannesmann Stainless Tubes.”

While the company is satisfied to look back on its impressive past, it continues to search for the best solutions to offer its customers. In its new marketing film these values are represented by a tightrope artist: he combines experience, extensive know-how and the highest technical abilities. Due to careful preparation, self-confidence and enthusiasm, he is able to balance securely between creativity and critical consideration to achieve success. Just like Salzgitter Mannesmann Stainless Tubes. ■

### FACTS & FIGURES

<b>Name</b>	Salzgitter Mannesmann Stainless Tubes (formerly Mannesmann DMV Stainless)
<b>Founded</b>	1994
<b>Headquarters</b>	Muelheim an der Ruhr, Germany
<b>Products</b>	Seamless stainless steel and nickel-based alloy tubes, pipes and hollow bars
<b>Dimensions</b>	Outer diameters from 6 up to 250 mm (0.24 up to 9.84 inches) Wall thicknesses from 0.5 up to 50 mm (0.02 up to 1.97 inches) Lengths up to 25 m (in U-shape longer)
<b>Main industrial sectors</b>	Oil and Gas Industry: Upstream and Downstream, Chemical and Petrochemical Industry, Fertilizer Industry, Power Generation, Environmental Technology, Mechanical Application, Automotive Industry
<b>Workforce</b>	approx. 1.100
<b>Homepage</b>	<a href="http://www.smst-tubes.com">www.smst-tubes.com</a>
<b>Contact</b>	<a href="mailto:welcome@smst-tubes.com">welcome@smst-tubes.com</a>