



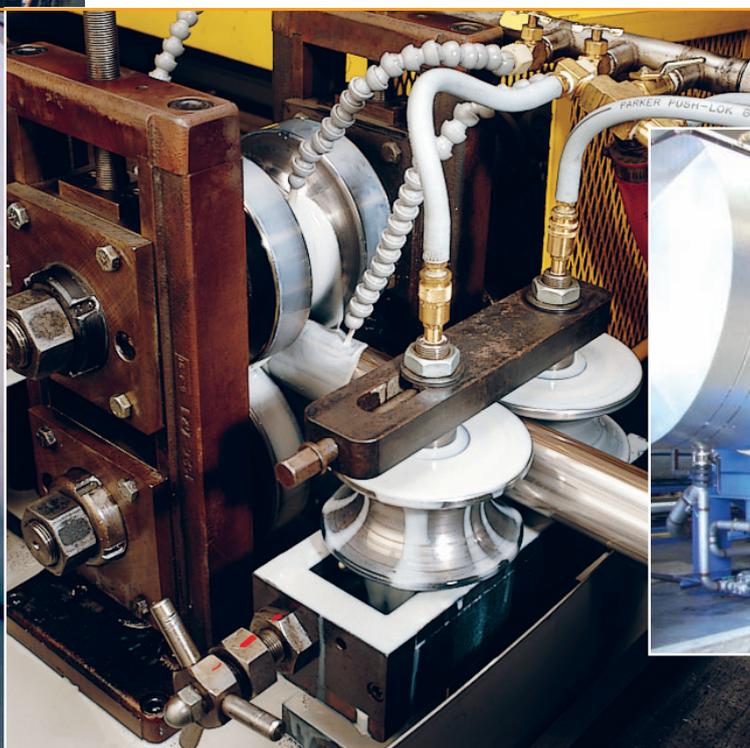
## RathGibson: a growing global force in stainless tubing

The RathGibson Group of Companies is known for manufacturing the finest quality Precision Engineered Tubing for Industry. Materials used include stainless steel, nickel alloys, and titanium. Tubing is available in precision welded straight lengths and coil, welded and drawn, and seamless. The RathGibson Company has been a dynamic presence in the international stainless steel and nickel alloy tubing market since 2005. That was the year that Gibson Tube, Inc., established in 1962, merged with Rath Manufacturing Company, established in 1954. "In the intervening three years, we've identified and participated in numerous exciting opportunities within the global tubing industry", explains Michael Schwartz, President and Chief Operating Officer. "RathGibson has achieved impressive growth through strategic acquisitions, as well as expansion of our product portfolio, resulting in greater market penetration. We have moved to the next level in technology and growth."

*By John Butterfield and Joanne McIntyre*

In August 2006, the company purchased Greenville Tube Company, a premier seamless tube manufacturer located in Clarksville, Arkansas. "This acquisition enabled us to add seamless and welded and drawn tubing to our portfolio of products," explains Dave Pudelsky, Vice President of Strategic Marketing, who keeps a keen eye on the market to identify meaningful acquisitions for the company. Greenville

Tube has a first-class reputation in the industry for providing quality stainless steel and nickel alloy tubing products within an extremely short time frame. "The ability to provide lead times of one to two weeks was a key differentiator that attracted us to the Greenville Tube operation. As we continue to expand capabilities and capacity at Greenville Tube, we have been careful not to jeopardize the elements that make



◀ Duplex 2205 tubing undergoes a "sizing" operation on the weld mill.



▲ "Green" cleaning/degreasing system installed in the Clarksville, Arkansas facility in 2008.

◀ RathGibson utilizes both laser and gas tungsten arc welding technologies. A gas tungsten arc weld mill is pictured here.

it so special: quick turn-around/short lead times, coupled with the consistency of the highest quality products," stated Dave Pudelsky.

In February 2008, RathGibson acquired Mid-South Control Line Inc., a leading supplier of control line tubing and well completion accessories for the Oil & Gas industry. Located in Marrero, Louisiana, the company is a global source for a wide range of down-hole control line tubing products for land-based and subsea oil and gas wells. Mid-South's bare and/or encapsulated flatpacks are used

in conjunction with Surface Controlled Subsurface Safety Valves (SCSSV), Chemical Injection Mandrels, Intelligent Well Completion Systems and Permanent Down-hole Gauge Systems for well completions around the world.

"Mid-South Control Line had been a long-standing customer for RathGibson," said Dave Pudelsky. "As the relationship evolved, it became clear that there could be some very beneficial synergies if we joined forces." Led by Rick Lore, President of Mid-South Control Line, the company has built tremendous relationships among key people in the Oil and Gas industry. These customers range from large oil companies like Shell, BP, and ExxonMobil to those companies who are involved in well completions such as Halliburton, Schlumberger, Baker Oil Tools, and Weatherford. Mid-South provides a service unparalleled in the industry; hence they are widely recognized as the leading global supplier of tubing for down-hole well completions. According to Dave Pudelsky, "They fit perfectly into our strategy, as their expertise and understanding of the market solidifies our supply chain position to the well completion sector of the Oil & Gas industry."

Michael Schwartz added, "Both Greenville Tube and Mid-South Control Line are leaders in their respective markets, with great reputations in the industry. Equally important is that both companies are well positioned to serve growing markets domestically and internationally."

## Building relationships for growth

Though the company has sold products internationally for many years, RathGibson did not make this a primary focus until 2005. Michael Schwartz explains, "The time had come to promote our unique specialty capabilities internationally to diverse markets around the world. RathGibson has committed significant resources to develop a dedicated international organization under the direction of Andrew Yeghnazar, Vice President of International Business. The motivation for the expanded focus is based upon attractive opportunities in areas like China, India, Southeast Asia, the Middle East, Australia and South America."

RathGibson's stainless steel and nickel alloy offerings have allowed the company to make inroads globally for Heat Exchanger applications within the Petro-Chemical processing industry. Its High Purity and Ultra-High Purity products have been welcomed by Food, Beverage and Pharmaceutical businesses from Europe to China. Efforts to market titanium and stainless steel tubing for the Power Generation industry are gaining global momentum, including recent successes in India.

Having identified advantageous worldwide opportunities, RathGibson has invested in finding the right people to expand its international sales network. A dedicated team in the United States supports sales, technical exchanges, and logistics for the various international offices. Recently opened offices in Singapore and Austria complement offices in China, Bahrain, India, South Korea, and Australia. According to Michael Schwartz, "It's a very exciting and dynamic time for our business as we prepare to establish new sales offices in Europe and South America."

In June 2008, RathGibson hosted its inaugural Global Vision Team meeting at its Wisconsin facility. "Thirty of our largest customers from around the world joined us for three days of interaction, seminars, and information exchange," Dave Pudelsky reports, "We were thrilled with the turnout; obviously, it's quite a commitment for someone to travel from as far away as China or Brazil to spend time with us. We believe it's vital to understand our customers' expecta-



Down-hole 316L control line tubing being reeled at the Mid-South Control Line facility in Marrero, Louisiana.

tions. During the event, we were pleased to note that many of the guests expressed their surprise and genuine pleasure that we were asking for their opinions. This is essential so we can continue to evolve and craft our value propositions to meet their needs. Companies can't be so presumptuous as to assume that they are doing everything right without getting feedback from their customers. The customer's opinion is the most important thing, after all."

Michael Schwartz agreed, "Good associations are important to any business, and the RathGibson team has worked hard to build solid relationships with all its key partners. Supply chain partners and distributors are very carefully chosen to reach the various markets. RathGibson has always been extremely selective in who it sells through and chooses partners and distributors who truly add value." This policy has been followed for years in North America and has now been implemented internationally. Joint sales and developmental efforts which combine RathGibson personnel and its partners and distributors are commonplace in providing end user solutions. Similarly, fostering strong relationships with carefully selected and quality raw material suppliers has enabled RathGibson to bring top quality products to the global market.

### Innovating to meet demand

RathGibson is developing new products to meet marketplace demands as well as expanding capabilities. The pace of product development continues to accelerate. Over the past six years, the company has increased its presence in the subsea Umbilical Tube market with its zinc clad, lean duplex stainless steel product. The anticipated growth in subsea exploration and drilling makes this an extremely exciting market. By increasing the pressure capability and size range of its tubing to keep pace with the trend towards deeper offshore explora-



RathGibson Ultra-High Purity tubing destined for a critical Pharmaceutical application.

tion, RathGibson is meeting the needs of the industry. New titanium products have been introduced with a broader range of sizes including thinner walled titanium tube. Tubing sizes down to 0.20" (0.51mm) are made for steam condensers for the Power Generation market and Thermal Type Desalination Installations. Desalination and Water Treatment, whilst not new markets, are providing significant global opportunities for the company.

Recently, RathGibson moved to expand the product range in the Feedwater Heater/Power Generation market sector by providing U-Bend tubes. This investment in the Janesville, Wisconsin facility (scheduled to be operational by year-end), is a way to continue to provide value to our clients by enhancing the portfolio of product offerings.

The company plans to continue developing new products to meet the needs of its various markets. "We are also finding the markets for alternative energy to be very exciting. We've identified and are currently participating in the development of the Solar and Geothermal products. These have presented technically-oriented challenges and opportunities for us," said Michael Schwartz.

RathGibson takes very seriously the establishment of environmentally friendly production. A new state of the art cleaning and degreasing system was recently commissioned for its Clarksville facility in Arkansas. At a cost of \$1.7 million, RathGibson installed this closed cleaning system that utilizes vacuum technology to reduce solvent emissions by a factor of 10. According to the system's supplier, it is the largest installation of its type anywhere in the world. This project is part of RathGibson's commitment to corporate responsibility. RathGibson constantly monitors its processes to look for areas where the company can improve its environmental friendliness. "Green policies are important to RathGibson; it relates to our care of our employees and customers, as well as the community. RathGibson recognizes the significance of protecting the planet and will do all we can to facilitate that," smiles Michael Schwartz.



Cross sections of subsea assemblies that utilized RathGibson lean duplex, 19 chrome, zinc clad coiled tubing.



RathGibson High Purity tubing undergoing "cleanroom" inspection at the Janesville, Wisconsin facility.

### Expanding the RathGibson quality portfolio

"At RathGibson, we base our value proposition around four key qualities," explains Michael Schwartz. "First and foremost is our commitment to the customer. Second is our pride and emphasis on expertise as a technical leader in our industry. Our efforts and activities are focused on making sure that we provide outstanding service that is second to none. This goes hand in hand with our commitment to quality which is well recognized by our customers. The final key component is our dedication to ongoing and continuous improvement. These four attributes are what really define RathGibson in the tubing industry."

RathGibson's broad product portfolio is one of the company's greatest strengths. Having the ability to offer various tubing products from basic to exotic stainless steels, nickel alloys and titanium is what sets the RathGibson companies apart. Customers appreciate that RathGibson is able to supply such a diverse range of products, many of which are available in coil form. RathGibson's breadth of product offerings makes them a value service provider. It enables customers to analyze

various product options in order to best satisfy their needs. For years, RathGibson has been a key supplier to large Chemical and Petro-Chemical players such as DuPont and Dow. As these companies have expanded globally, RathGibson's products have gained greater exposure and acceptance internationally.

Michael Schwartz said, "As RathGibson plans for the future, we will continue to focus on understanding the dynamics of what's going on globally in terms of the markets, infrastructure, development and new technology. This will ensure we are well-positioned to work with those various market segments and provide value-added solutions to our customers needs. This translates into our company strategy through potential acquisitions, product extensions, and new alloys that we bring



Alloy 825 down-hole control line tubing being manufactured at the North Branch, New Jersey facility.

to the marketplace. However, it all focuses on understanding the markets, understanding our customers' needs, and positioning our products so we can help them and at the same time grow our business." The four manufacturing facilities at RathGibson stress 'Safety First'. Likewise, each continues to evolve via lean manufacturing initiatives and 'Value Stream' production methods.

"The RathGibson company slogan: 'Make the connection' will continue to encapsulate our value-added strategy as we satisfy customers around the world," Michael Schwartz concludes. ■

### FACTS & FIGURES

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| <b>Name:</b>                        | RathGibson, Inc.   |
| <b>Headquarters:</b>                | Lincolnshire, Illinois, USA  |
| <b>Products:</b>                    | Stainless steel, nickel, and titanium tubing in welded, welded & drawn and seamless; straight lengths and coils up to 80,000 feet (24,300 meters); encapsulated control line, well completion products; pneumatic spooling units |
| <b>Key markets:</b>                 | Chemical/Petro-Chemical, Power Generation, Energy - Oil and Gas, Food, Beverage, Pharmaceutical, Biopharmaceutical, Medical, Biotechnology, and General Commercial   |
| <b>USA manufacturing locations:</b> | Janesville, Wisconsin; North Branch, New Jersey; Clarksville, Arkansas (Greenville Tube Company); and Marrero, Louisiana (Mid-South Control Line, Inc.).   |
| <b>Employees:</b>                   | Approximately 500  |
| <b>USA Sales Offices:</b>           | Janesville, Wisconsin; North Branch, New Jersey; Marrero, Louisiana; and Houston, Texas  |
| <b>International Sales Offices:</b> | Shanghai, China; Seoul, South Korea; Knoxfield, Australia; Manama, Bahrain; Mumbai, India; Singapore; and Austria  |
| <b>Websites:</b>                    | <a href="http://www.rathgibson.com">www.rathgibson.com</a><br><a href="http://www.controlline.com">www.controlline.com</a><br><a href="http://www.greenvilletube.com">www.greenvilletube.com</a>                                 |