



Stellar Tube & Pipe Group continues to excel

The Stellar Group Manufacturing Base.

The Stainless Steel World team first visited the Stellar Tube & Pipe Group in the first quarter of 2011 to find out how this newcomer to global stainless steel pipe manufacturing was managing to make such a name for itself in this competitive industrial segment. In just five years, from being established in 2006 as part of Tsingshan Steel Group (one of the largest producers of stainless steel long products in the world), the company had joined the ranks of the best players in the stainless steel tube and pipe industry in China. Talking at the time to Mr. Chen Shangsong, the Group's Chairman, at their production facilities in Lishui, China, the company's dedication and determination to make further inroads into the global export market quickly became apparent. A little over a year later and we're back again – this time for a further update on their most recent achievements and plans from Mr. Wan Chenbei, the General Sales Manager of Stellar Group. We found Stellar continuing to make rapid progress, with terms like “premium quality”, “organization”, “attention to customers' needs”, and “rapid deliveries” deeply embedded in their company culture.

By Huang Juan and John Butterfield



markets, the Group had invested over ten million euros in 2008 to establish Zhejiang Stellar Pipe Industry Co., Ltd. and Songyang Stellar Precision Stainless Steel Co., Ltd. – two new workshops for seamless stainless steel pipes. Similarly, in 2010, Stellar Group established the Tsisco Industrial Ltd (TSISCO) in Shanghai –TSISCO offering a more comprehensive product range in stainless steels tubes, pipes, plates, and sheets.

In 2011 the company went on to acquire more shares in its welding pipes and subsidiary Irestal (Shanghai) Stainless Pipe Co., Ltd. a joint venture with the Spanish Irestal Group specializing in the production of welded stainless steel pipes. Recently, Stellar and its sister group have respectively invested in a chrome ore mine in Zimbabwe and a nickel ore mine in Indonesia to ensure a supply of these key elements for their stainless steel production. In this way they will be able to minimize the influence of fluctuating market prices on raw materials and keep project costs down.

Improving all the time

Plans have been drawn up to invest in the production of welded pipes with a current maximum outer diameter up to 2500mm for bending line production and 273mm for continuous line production which is expected to be further expanded to 508mm. This was a logical move as many projects that they work on nowadays need both welded and seamless pipes. By providing their own welding production lines, their services to customers also become more complete. The story does not end here, however, as in the past two years the company has focused its attention on optimizing its existing facilities, rather than expanding its production further, in order to ensure better quality products. For instance, to ensure a better quality control in the production of their small diameter pipes, the company has invested in advanced endoscopic equipment, which will enable them to enhance the inspection of the inner wall of those pipes.

Strategy and competitive edge

One of the reasons why Stellar has been so successful in recent years can be put

For our readers who are new to the Stellar Group, their largest seamless stainless steel tubes production base can be found in Tsingian county, less than an hour's drive from Wenzhou airport. This facility includes the two main workshops of the Group – Zhejiang Tsingshan Steel Pipe Co., Ltd. and Zhejiang Stellar Pipe Industry Co., Ltd. where the company's comprehensive and advanced production lines, and specialized testing equipment, are testament to the Stellar Group's dedication to attaining a growing presence in global markets.

Adapting to market growth

When we spoke to Mr. Chen Shangsong in the spring of 2011, it was evident that he

was very proud of the group's rapid development. Mr. Chen: "Compared with other companies, Stellar has seen the fastest growth in the Chinese stainless steel pipe industry." For example, in early 2004, monthly production at the Group's first seamless stainless steel pipe workshop, Zhejiang Tsingshan Steel Pipe Co., Ltd. was only 500 tonnes. In contrast, only five years later and the Group was producing a five-fold figure. In fact, their output figures for 2009 achieved Stellar first place in China's domestic stainless steel pipe market in that year. A further two years down the track in 2011 and capacity had reached 4,000 tonnes per month. Moreover, to ensure a leading position in both domestic and international



Inspection at Stellar plays an integral part of ensuring quality.

down to the fact that it has been able to maintain and increase its competitive edge. Delivery time has played a significant role in this. In many cases, Stellar has won orders through its ability to make fast deliveries which cannot be equaled by its competitors. Take its award of a contract for a state-owned project with the Jingtang Steel Group, for example. "This was granted to Stellar because of our outstanding delivery time." Mr. Wan further explains: "We are able to guarantee tight delivery time because we have the support of a strong mother and sister company. We can therefore benefit greatly from having quick access to raw materials." Moreover, their sister company Tshingshan Holding Group, has 70% of the market share in the semi-finished products materials industry in China. Additionally, it has its own steel-making workshop. In this way Stellar is assured of steady supplies.

Stellar is also noted for its internal production management system by which the progress of products through the various departments involved in the production cycles can be tracked from the arrival of the raw materials in the workshop right through to the finished item on a series of forms. Mr. Wan: "We use these forms to monitor every stage of the production process so we can provide our customers with an online information search system where they can check the progress of their order, once placed. This not only helps improve efficiency and leads to a short delivery time but also gives our customers confidence in our abilities as well."

Quality is the key

Mr. Chen and Mr. Wan are both keen to emphasize the importance of producing quality products within the company. "As a member of Tshingshan Steel Group, one

of the world's largest producer of stainless steel long products, Stellar is acutely aware of the significance of its brand name and the reputation of the whole Tsingshan Steel Group, which is closely focused on the production of quality goods," says Mr. Chen. "Moreover," relates Mr. Wan "Stellar goes to great lengths to ensure this quality is maintained. In addition to a full range of inspection facilities for semi-finished and finished products, where for example, spectrometry and chemical analysis tests can be carried out, each of Stellar's workshops operates strictly in line with ISO9001:2008.

The Group has also achieved certification in accordance with DNV, BV, TUV, CCS, ABS and RINA standards and has been awarded PED 97/23/EC. Further, all the normal products conform to standards such as ASTM A312/213/269/511/789/A790; JIS 3463/3459; DIN 2462/17458/17456 and EN 10216.5 and GOST 9941/5632. During recent years Stellar has acquired supplier qualifications from KOC as well as some EPC companies such as Saipem, Samsung Engineering, Hyundai and American KBR. What is more, through the quality of their products, Stellar has achieved approvals and become a reliable supplier for well known customers such as CNOOC, CNPC, KOC, EIL and SK E&C.

Sales balance

Until recently 40% of Stellar's total exports went to Europe. However, this percentage has been considerably reduced due to the impact of European anti-dumping legislation. The European stockists that they used to deal with increasingly only purchase specialized products such as those with extra thicknesses and widths.



Stellar's finished products nowadays are sent to all four corners of the World.



Ronin and Brazil customers of Stellar at Tube Dusseldorf.

Despite this, the company has still been able to keep a balanced sales ratio of 50% domestic and 50% export markets. New areas of export for Stellar at the expense of Europe have become the South Korean market where they export to both the ship building and heat exchanger pipe industries. In addition, they also supply to a number of EPC contractors for projects scattered around the world, particularly South Korean contractors who are increasingly influential with regard to Middle East projects. Mr. Wan adds: The South American market is also totting up to become an interesting market for us, in particular exports to Brazil. Our orders have picked up there and sales volumes have increased rapidly from initially just a few dozens of tons to now hundreds of tons a year. We are also now concentrating on getting approvals from end users such as Dow Chemicals, Shell, and the Kuwait National Petroleum Company."

Further to the future

"Looking ahead to the next three to five years," says Mr. Wan "one of Stellar's major advantages is its financial strength, which will enable it to maintain stable growth and development. Whilst remaining a presence in the stainless steel industry, Stellar will further concentrate on

penetrating the markets dominated by high-end/critical specifications for projects such as Japan and South Korea. Mr. Wan: "We have supplied semi-conductor tubes and automobile pipes to Sony and Toyota and in South Korea are negotiating with several companies in connection with engine fuel pipe projects, for which Stellar is about to deliver semi-finished stainless steel pipes. We are keen on these critical requirement projects but having said this, even our supply of basic, non-critical products is up by 20% to our client Sumitomo, for example. With regard to the domestic market, Stellar will pay more attention to the

coal-chemical and nuclear industry. Following on from the establishment and opening of a Northern China Stainless Steel Marketplace in Shenyang in 2011, the company is currently in the process of setting up a location in Wenzhou in Zhejiang province. This is being carried out to enable Stellar to be in closer contact with its clients and local market sentiments.

Stellar is also hoping to cooperate with foreign enterprises in various ways, which does not rule out even establishing a joint venture outside China, for example, in Europe. Moreover, Stellar plans to become more involved in the production of flanges and fittings to enable it to provide full product portfolios and to improve its services on projects.

The company is also looking to sustain development and will invest more in its R&D center to develop technology in producing super duplex and ferrite stainless steel pipes, whilst enhancing the existing production capacity of austenitic pipes from a current 4000 tonnes per month to a planned 6000 tonnes per month in three to five years' time. With its state-of-the-art production facilities, strong support from the mother group, and sound financial position, the future looks bright for Stellar. As it looks to serve an increasingly international market with customer-orientated services, quick delivery, premium products and brand, its expansion will undoubtedly continue. Mr. Chen: From the very first day of our existence, quality, service and brand awareness have always come first for Stellar, profit remains second," he concludes.

Facts & Figures

Name:	Stellar Tube & Pipe Group Co., Ltd.
Founded:	2006
Main products:	Stainless steel seamless tube & pipe: OD: $\phi 6$ - $\phi 830$ mm, WT: 0.5-45mm Stainless steel welded tube & pipe: OD: $\phi 8$ - $\phi 273$ mm, WT: 0.5-10mm for continuous line production; OD: 273-2500mm, WT: 1.5-50mm for bending line production Titanium welded tube: OD: 168-220mm, WT: 2.00-20mm
Main Materials:	Austenitic stainless steel 300 series, 904L, duplex
Employees:	2000
Website:	www.stellarpipes.com