



Mannesmann Stainless Tubes: Investing in partners & innovation to further growth

With a global presence and brand recognition in almost every market demanding high-quality tubes, Mannesmann Stainless Tubes follows a strategy of continual re-investment to achieve ongoing growth and innovation. Not content to simply enjoy its success in the international marketplace, the company is boldly expanding by embracing partnerships and joint ventures, in addition to strategic acquisitions that allow it to venture into new, high-value markets. Stainless Steel World spoke to four of the company's top team members to find out more: Michael Bellinghausen, Group CEO; Christophe Le Rigoleur, Group Managing Director; Cyril Olivier, Managing Director of SOTEP and Vitali Zeis, General Export Manager.

By Joanne McIntyre

The current five-year plan of Mannesmann Stainless Tubes is supported by two main strategic pillars: internal and external investments. This strategy means the company continues to invest in advancements within the Group as well as in external partnerships that offer

new opportunities. Company CEO Mr. Michael Bellinghausen explained how this strategy has been developed in a practical sense.

Internal investments

Mannesmann Stainless Tubes has a strong focus on entering new markets

while also expanding its presence with high-quality products in existing sectors. An example is the large press at the company's Montbard (France) plant which means Mannesmann is one of the very few companies in the world that can extrude ten-inch stainless steel pipe. Two very significant investments



entire length and then corrects these by moving itself along the tube, which remains stationary. It sounds simple but this is a 1,000-ton machine which can straighten tubes ranging from Ø 80 – 400 mm. Together the cold pilger mill and the stamp straightener represent a very large investment at our Remscheid site and will go a long way to satisfy our desire to expand in both new and existing markets.”

“These internal investments are indicative of how we are concentrating our operations portfolio on new opportunities. An important part of our strategy is to constantly look for new products to produce and also new ways to work with partners, which brings me to the second strategic pillar: external investments.”

External investments

Mr. Bellinghausen continues: “The current political instability around the world proves that situations we previously took for granted can change quickly and dramatically. We need to adjust our intellectual approach, diversify our portfolio and geographic presence, and focus on a wide range of markets. While Europe and the US have historically been our largest markets and production centres we are rapidly diversifying to evolve to the changing circumstances and maintain our leading global position.”

To this end, and in parallel to its ongoing investments in technology, Mannesmann

has sought complementary partners with whom it can work. These partnerships may be in the form of a joint venture or an acquisition. “The advantage of such partnerships is that absorbing and integrating the expertise and experience of a new partner is a very rapid process. You take on a company’s skills and experience in one shot and both parties immediately start to reap the benefits”, explains Mr. Bellinghausen. “Our latest ventures are the acquisition of SOTEP in France and a joint venture with Chandan Steel Ltd in India.”

Acquisition of SOTEP

Just three short weeks before Stainless Steel World met with the Mannesmann team at their headquarters in Mülheim, Germany, the company acquired the French company SOTEP, a specialist supplier of cold finished seamless stainless-steel tubes which is positioned in the premium segment for sectors such as aerospace, power plants, and oil & gas. SOTEP Managing Director Cyril Olivier explained the reasoning behind the acquisition. “The acquisition of SOTEP by the Mannesmann group is a huge opportunity which allows us to utilize our know-how and expertise on a much larger scale. The sales force of the Mannesmann division will multiply our sales force by a factor of 25 alone, allowing our customers to access our products around the globe.”

in the past six months are also excellent examples of this strategy.

“We have made some significant investments this year, the largest of which is a very large cold pilger mill for our Remscheid facility in Germany,” begins Mr. Bellinghausen. “The SMS Meer machine, which will start production in April 2019, is by far the largest machine we have ever installed. Cold pilgering is a process which rolls metal tubes under pressure to reduce the diameter and wall thickness. A large proportion of the tubes produced with the new machine will be destined for the OCTG market, although it will also produce nickel alloy tubing for the chemical and petrochemical industries.”

“The second large investment we have made is a stamp straightener. This almost fully-automated machine automatically straightens tubes and pipes. As tubes are fed into the machine it measures any deviations along the



The SOTEP team, pictured here in the company’s plant in Issoudun, France, have a long history of working together with Mannesmann Stainless Tubes.



An aerial view of the SOTEP tubes plant in Issoudun, France.

“Joining a company such as Mannesmann allows us to reach new aerospace customers outside of France, such as the US, UK, Germany, and China as we further develop our activities in this sector. The same can be said of other sectors in which we are active. Mannesmann is very strong in the nuclear power generation and oil & gas industries, two key market segments where we have complementary strengths. By uniting our forces both companies will emerge much stronger.” The two companies have a long history of working together as Mannesmann has supplied raw products to SOTEP for many years. “This is a great opportunity to have our main supplier integrated into our supply chain,” continues Mr. Olivier. “Customers at the end of the supply chain will experience this as a very positive development with better lead times and a hugely expanded product offering. From a technical and quality management point of view there are synergies for both companies. The markets we serve within the Mannesmann group are highly demanding where quality management is key. Combining the strengths of SOTEP and Mannesmann will make both of us stronger.”

Mr. Le Rigoleur adds: “From a Mannesmann perspective SOTEP is very complementary to our activities in oil & gas and nuclear power generation as well as other sectors such as medical, automotive, etc. It will give us more flexibility to tackle demand for increased flexibility in terms of shorter lead times, small quantities,

small diameters and the supply of components. SOTEP manufactures tubes with diameters as small as 0.2mm, which offers great synergy to our current portfolio. They supply applications with very stringent demands and in special metals and alloys, with the quantities measured in meters of material, not tonnes. Furthermore, the Mannesmann factories are essentially focusing on pilgering technologies, while the acquisition of SOTEP brings us cold drawing technology and provides a good base to start producing cold finished tubes. Therefore this acquisition brings technological improvements to both companies.”

Mr. Bellinghausen added: “SOTEP’s expertise in producing components in addition to tubes will be a significant

and welcome addition to our portfolio offering. Component production is a new area for us which will in turn trigger new investment ideas. It fits perfectly with our strategy of continuous improvement and we plan to expand this production throughout Europe and into our US plant. Salzgitter Mannesmann Forschung GmbH, the central research company of the Salzgitter Group, is available to assist with this if necessary. Components are a very interesting addition to our portfolio for applications ranging from aerospace to automotive and everything in between.”

Chandan Mannesmann partnership

Another example of the company’s focus on external investments is its recently announced (April 2018) joint venture with Chandan Steel Ltd in India, India’s only fully integrated stainless steel pipe and tube mill.

Mr. Vitali Zeis, General Export Manager at Mannesmann, explained that the venture is based on three core factors. “Firstly, the venture will achieve better availability of Mannesmann’s European and American manufactured products within the Indian market. Secondly, under the brand name ‘Chandan Mannesmann,’ we will be able to supply fully controlled Indian origin material to the global market. Finally, under an agency agreement we have created a joint sales agreement whereby some Chandan staff are now dedicated to selling Mannesmann products manufactured in Europe and the US as well as making sales of Chandan Mannesmann products made in India.”



In April 2018 Mannesmann Stainless Tubes entered into a joint venture with Chandan Steel Ltd, India’s only fully integrated stainless steel pipe and tube mill.

Together Mannesmann Stainless Tubes and Chandan have jointly implemented sales teams in Europe and India who will interface with both companies' headquarters to coordinate sales from Chandan's seamless tube facility in India and those produced in the mills of Mannesmann Stainless Tubes Group all around the globe.

Mr. Zeis continues: "The use of the Mannesmann trademark will be done under technical supervision. Experts from our European plants regularly travel to India to carry out regular technical audits, thereby guaranteeing production consistency for all products carrying the Chandan Mannesmann brand."

Mr. Le Rigoleur adds: "India is one of the world's largest consumer markets as well as being a production based country with many manufacturing plants. This joint venture is our first step in becoming both industrially and commercially present in India, which is the fastest growing market in the world nowadays, also ideally located to supply other regions where competition in the commodity sector is rapidly increasing."

The joint venture offers synergies to both partners, explains Mr. Zeis. "Chandan will benefit from collaboration with a major global brand while raising their quality of production. For Mannesmann, it's an exciting venture because we can develop our activities on the Indian continent. There is a very good understanding between the two companies even though we are from different cultures and we anticipate making great developments with Chandan in the years ahead."



The acquisition of SOTEP by Mannesmann will enable both companies to expand their presence and product offerings for aerospace components such as those pictured here.

Evolving production

The company's production facility in Houston was historically dedicated to the US local market, which demands shorter lead times and a correspondingly large inventory. However the changing global situation has also prompted the evolution of this plant, explains Mr. Le Rigoleur.

"We decided to give the Houston plant a more global focus and today a significant part of its products are destined for export to China, the Middle East, India, Europe, etc. We consolidated and strengthen the plant's production while maintaining the short delivery time so the plant is not dependent on the US market."

"From a logistical point of view the approach we have in Houston is also valid for SOTEP; both sites are able to supply with a short lead time and also

in small quantities. The business model for the German, French and Italian plants are different because they tend to handle large project-based business. However, as part of our strategy going forward, the supply of cold finished parts will allow us to supply a combination of large quantities and a short delivery time from our European plants as well. This would be welcomed by the market which is requesting this combination at the moment."

Clearly, as the international market evolves Mannesmann Stainless Tubes is keeping pace, anticipating changes and investing in securing an expanding and successful presence around the globe.



10 inch NB pipe in duplex manufactured with the Montbard/France extrusion press

Facts & Figures

Name:	Mannesmann Stainless Tubes GmbH
Headquarters:	Mülheim an der Ruhr, Germany
Founded:	1994
Production sites:	Remscheid (Germany), Costa Volpino (Italy), Montbard (France), Issoudun (France), Houston (USA)
Key products:	Seamless stainless steel & nickel-based alloy tubes and pipes, component
Application:	Oil & gas, power generation, chemical and petrochemical, mechanical, automotive, fertilizer, aerospace etc.
Employees:	approx. 1.100 worldwide
Website:	www.mannesmann-stainless-tubes.com