

iPipe

A man in a dark suit, white shirt, and dark tie is climbing a heavy metal chain. He is positioned in the center-left of the frame, looking towards the right. The background is a large industrial facility with several large, circular, glowing green lights. The overall scene is lit with warm, yellowish light, suggesting an indoor industrial environment. The man's right hand is gripping the chain, and his left leg is also hooked onto it. The chain is thick and made of dark metal links.

INTERPIPE
No 3, 2013

Customer Bulletin

FUNKY metallurgy

INTERPIPE NIKO TUBE:
through investments
into production to investments
into people

DANIEL VALK:
always find a common ground
with our customers

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ON THE COVER:
Interpipe Steel metallurgist Mikhail Andrienko with wife participates in the wedding photoshoot by E. Stelmakh. Details at the p. 19

INTERPIPE NIKO TUBE: THROUGH INVESTMENTS INTO PRODUCTION TO INVESTMENTS INTO PEOPLE



INTERPIPE NIKO TUBE HAS BEEN THE CENTER OF COMPANY'S INVESTMENTS FOR THE LAST SEVERAL YEARS. THE KEY PRIORITY HAS BEEN GIVEN TO IMPLEMENTATION OF INVESTMENT PROJECTS, FOCUSED ON THE ENHANCEMENT OF PRODUCT QUALITY AND THE INCREASE OF PRODUCTION CAPACITIES. HOWEVER, THIS IS JUST A BEGINNING...



VLADIMIR GORNSTEIN WAS APPOINTED AS INTERPIPE NIKO TUBE CEO IN AUGUST 2012. PRIOR TO THAT, STARTING FROM JUNE 2011, HE HAD HELD THE POSITION OF THE FIRST VICE CEO AT INTERPIPE NIKO TUBE. BEFORE JOINING INTERPIPE NIKO TUBE HE WORKED AS VICE CHIEF EXECUTIVE OFFICER AT CHELPIPE GROUP.

INTERPIPE NIKO TUBE CEO VLADIMIR GORNSTEIN HAS SHARED HIS VISION ON THE MILL'S DEVELOPMENT CONCEPT WITH THE IPIPE CORRESPONDENT.

SINCE YOU HAVE HEADED INTERPIPE NIKO TUBE, THE MILL HAS BEEN SIGNIFICANTLY TRANSFORMED. WHAT IS YOUR CONCEPT OF CHANGES?

Speaking about three major areas of changes, I would single out the following: enhancement of the product quality, increase in mill's productivity, and, finally, arrangement of the new production culture at Interpipe Niko Tube.

WHAT INVESTMENT PROJECTS HAVE BEEN ALREADY IMPLEMENTED?

The mill has already implemented a large-scale program of technical re-equipment. In the framework of integration with the new electric steel-melting complex, we have built from the scratch a new preproduction workshop with the capacity of approximately 30 thousand tons of steel billets. The preproduction workshop has two LINSINGER billet-cutting saws and a number of centering machines installed. We have commissioned several new pipe finishing lines: facing and chamfering line, non-destructive testing line and the hydro-press. We have launched the new line for finishing of line pipes at workshop No 7. Thanks to these investment projects, the mill's productivity has been increased and the quality of the final products has been improved.

40 million USD - investments into projects, aimed at the enhancement of quality and increase in the production capacities of Interpipe Niko Tube.

WHAT PROJECTS ARE CURRENTLY IN PROGRESS?

Two large-scale investment projects are coming close to completion. At the tube-rolling mill No 2 we have already launched the new ring furnace for billet heating LOI THERMROCESS (Germany) that is now being tested. At the tube-rolling mill No 7 we are going to finish the construction of the second flow line. In the 2nd quarter of 2013 here will also be installed a new turning machine SMS MEER (German). Implementation of these projects will ensure the increase in the production capacities of the mill.

WHAT DO YOU MEAN BY TERM A «PRODUCTION CULTURE»?

A production culture is a new approach to the personnel, adjustment of the way of thinking. Lots of things may be re-equipped from the technical point of view, but it is extremely important to understand that all these units and equipment will be operated by people, for whom we should create comfortable labor conditions and ensure opportunities for their professional and personal development. I strongly believe that we are moving towards these crucial objectives.

IS THERE ANY INVENTORS AND RATIONALIZERS AT THE MILL, AND IF YES, WHAT ARE THE RESULTS OF THEIR PROJECTS?

In 2012 we received 1072 rationalization ideas on the enhancement of mill's operations. Around 50% of them have been already implemented. As a result, approximately 500 thousand USD has been saved.

LOTS OF INNOVATIVE TECHNOLOGIES ARE SUCCESSFULLY INTRODUCED AND IMPLEMENTED AT THE MILL, AND YOU ARE JUSTLY CALLED A "SUCCESSFUL MANAGER". COULD YOU PLEASE SHARE THE SECRET OF YOUR SUCCESS?

I had a huge number of good teachers in my life. And I always did my best to achieve a success and worked really hard. I always wanted to change and improve something, make it more convenient, effective, and interesting. And as I went higher along the career ladder, I got more opportunities for that and my wish to do that became even stronger.



We need to create a situation, when a person wants to go to his/her work and is proud of the results of such work.

UP-TO-DATE PRODUCTION: INVESTMENT PROJECTS

TUBE-ROLLING MILL NO 2

PROJECT	OBJECTIVE
Pipe nondestructive testing and finishing line: - Pipe body nondestructive testing line by FOERSTER (Germany) - Wall thickness ultrasonic inspection line by GE&IT (Germany) - Pipe end finishing line by REIKA (Germany) - Transport-and-transfer equipment by PRESTAR (the Czech Republic).	Compliance with requirements for oil and gas pipes with regard to the nondestructive inspection and cutting of pipes in accordance with API 5L, API 5CT, GOST 632-8, and GOST R 53366 standards
Ring furnace for billet heating by LOI THERMROCESS (Germany)	Increase in the workshop production capacities and improvement of the product quality
Hydro-press by Fives Bronx	Compliance with requirements of OCTG pipe standards - API 5CT, GOST R 53366, and line pipes - API 5L with regard to hydrostatic testing of pipes, expansion of the workshop production capacities, enhancement of the production efficiency, and improvement of product quality
Facing and chamfering line by REIKA (Germany)	Compliance with requirements of API 5L, ASTM, and GOST standards with regard to beveling
Billet cutting saws by Linsinger (Austria)	Improvement of the product quality, optimization of the tube-rolling process, and reduction of the metal discharge coefficient
Centering machine by Linsinger (Austria)	Improvement of the product quality, reduction of the metal discharge coefficient, and optimization of the pipe production process.



PIPE NONDESTRUCTIVE TESTING AND FINISHING LINE



RING FURNACE FOR BILLET HEATING

TUBE-ROLLING MILL NO 7, TUBE MILL NO 6

PROJECT	OBJECTIVE
Unit for descaling with high hydraulic pressure by PIK-ENGINEERING (Russia)	Improvement of the rolled pipes' quality due to the cleaning of the shell outer surface from the scale
Saw for cutting of the jammed pipe front end by the Nikopol Maintenance Plant (Ukraine)	Enhancement of the product quality and speed of production due to reduction of rejects on the outer surface and geometry of pipes
Unit for application of the technological graphite-bearing lubrication by the Nikopol Maintenance Plant (Ukraine)	Improvement of the rolled pipes' quality due to reduction in the number of internal surface defects
New coupling screwing unit by AMC (Scotland)	Compliance with API 5CT, GOST 633-80, and GOST R53365-2009 standards with regard to documenting of the pipe-coupling power screwing moment.



UNIT FOR APPLICATION OF THE TECHNOLOGICAL GRAPHITE-BEARING LUBRICATION



NEW COUPLING SCREWING UNIT BY AMC

PERSONNEL DEVELOPMENT: FROM THEORY TO PRACTICE



INTERPIPE NIKO TUBE IQ 267 TRAINING CENTER HAS OPENED A FACILITY WITH THE UP-TO-DATE PRACTICAL TRAINING SITE. NOW ALL MILL'S EMPLOYEES CAN TAKE NOT ONLY THEORETICAL, BUT ALSO PRACTICAL TRAINING CLASSES UNDER CONDITIONS CLOSE TO THE PRODUCTION ONES.



operators, crane operators, metalworkers, engineers, etc. – a total of 62 professions.

IQ 267 major objective is to ensure the comprehensive development of the personnel: it has not only workmen professions' training, but also a management school, computer courses, on-line seminars, as well as workshops from well-known trainers. The use of the state-of-the-art approaches in training allows Interpipe to ensure the best personnel for the production of the high-quality products, complying with market requirements.

Natalya ZVONENKO, Interpipe Niko Tube HR Director:

The new IQ 267 site has been equipped with the up-to-date devices having no analogues at any production training center of Ukraine. For instance, at one of the classrooms we have installed a radio-controlled beam crane for practical training of strappers and crane operators. This training method ensures the highest possible efficiency of the educational process.



The practical training site includes: workshop of electro-mechanics and production supervisors, electromechanical workshop, hydraulics and pneumatics workshop, nondestructive testing training class, and a workshop for strappers and crane operators. The practical site provides the possibility to train machine

CUSTOMER'S OPINION:



- Things I have seen at Interpipe Niko Tube are important and truly impressive. School and college graduates are specifically trained here to work at the mill. Interpipe provides its employees with professional skills to produce high-quality pipes.

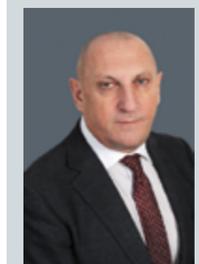
Franco BEUX,
Italy

VECTOR OF DEVELOPMENT: PRODUCTION CULTURE

IN THE FRAMEWORK OF THE NEW PRODUCTION CULTURE INTRODUCTION INTERPIPE NIKO TUBE HAS RECONSTRUCTED THE ADMINISTRATIVE AND PERSONAL SERVICE COMPLEX OF THE PREPRODUCTION WORKSHOP, INSTALLED UP-TO-DATE MODULAR BUILDINGS AT MILL'S WORKSHOPS, AND PROVIDED NEW WORKING UNIFORMS TO ALL EMPLOYEES.



Our major objective is to turn the mill into an up-to-date and effective facility. Introduction of the high production culture standards and arrangement of comfortable labor conditions will facilitate the change of the workers' mind, their attitude towards work. Employees will be proud of working at such mill, and young people will strive to become metallurgists.



Vladimir GORNSTEIN,
CEO
INTERPIPE NIKO TUBE

Personal service rooms, shower rooms, a shift room, and a cafeteria have been fully renovated at the administrative and personal service building of the preproduction workshop. The administrative area was arranged under the open-space principle.

The turn-key supply of the new working uniforms has been arranged by the Lindström (Finland). Every employee has received three sets of the working clothes, custom-tailored for each individual.

At present Interpipe Niko Tube employees work under comfortable conditions and wear convenient working clothes, which are looked after by the company.

We are doing our best to change the existing stereotypes on the work at a mill and make these professions attractive for young people. I strongly believe that arrangement of comfortable labor conditions and investments into the comprehensive staff development will help to achieve these aims.



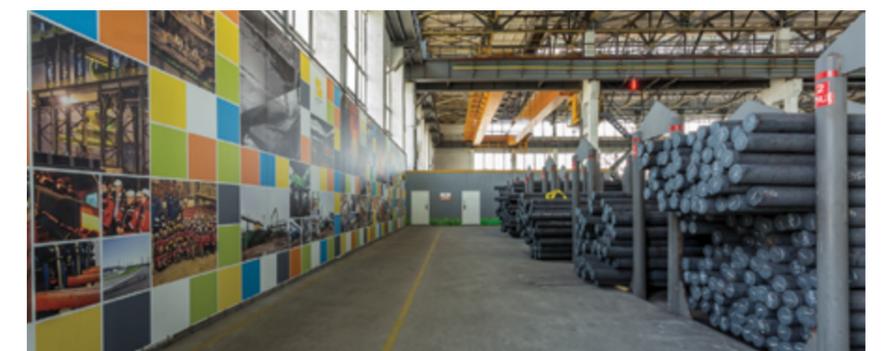
Natalya ZVONENKO,
INTERPIPE NIKO TUBE
HR Director

The process of the new production culture introduction at Interpipe Niko Tube is continued by the creation of comfortable working space at the production workshops. 5 modern light modular buildings, manufactured by Containex (Austria), have been already installed.

New buildings have been equipped with everything employees need: comfortable

and beautiful furniture, computers, and office equipment. The modular premises have been divided into the functional space zones. Each building has a separate room for shift meetings and offices for management.

Three such facilities will be installed at the tube-rolling mill No 7 and pipe shop No 6 by the end of the year.



A MILLION TONS OF INTERPIPE STEEL



The state-of-the-art Interpipe Steel mill, launched at the end of 2012, aims at the achievement of its planned production capacity - 1.32 million tons of steel a year. In March 2013 the mill reached the monthly designed capacity rates (110 thousand tons per month). And on June 6, 2013 the millionth ton of steel was melted at the mill. The first million of tons was conquered by metallurgists in just 15 months after the launch of the facility and in just 5 months after the melting of the first 500 thousand tons.

Interpipe Steel builds up its production indices month after month. We have managed to achieve the results of the previous year after only 5 months of 2013. At present Interpipe Steel ensures 90% of Interpipe facilities' needs in pipe billets and 100% of needs in railway wheel billets.



Gennady YESAULOV,
INTERPIPE STEEL
Director

TO COMPLY WITH REQUIREMENTS OF THEIR CUSTOMERS, INTERPIPE STEEL EMPLOYEES MASTER NEW STEEL GRADES. 41 STEEL GRADES HAVE BEEN ALREADY MASTERED BY JUNE 2013:

09G2S	20XA	36G2S (K)
09G2S-1	25XM	37G2S
10G2	28HG2TR U	37G2SF (K)
10U	2 (KP)	ER7
12G2МБТ У	30G2	ER8
13HF U	30HGSA	КП-Индия
15G2	32G2 U	DU
15G U1	32G2 U1	DUH
18G2 U1	32G2F U	K2
20G U	32HA	Steel 35
20 U	35G	Steel 45
20 U1	35G2F U	T
13HFA	18G2FM U	20 HFA
45 GF	A 2	

Focus on the quality: Interpipe Steel quality management system has been certified in accordance with ISO 9001. European customers have already been convinced by the high quality of the mill's products – the Spanish railway wheel producer CAF S. A. has ordered 150 tons of railway wheel billets, produced at Interpipe Steel.

WORLD CLASS PRODUCTION

THE LAUNCH OF INTERPIPE STEEL ELECTRIC STEEL-MELTING COMPLEX HAS MARKED THE NEW STAGE IN COMPANY'S DEVELOPMENT. HOWEVER, PROCUREMENT OF NEW EQUIPMENT AND EMPLOYEES' TRAINING ARE NOT ENOUGH. IT IS EXTREMELY IMPORTANT TO HAVE THE PRODUCTION SYSTEM COMPLYING WITH HIGH INTERNATIONAL STANDARDS. THE "WORLD CLASS PRODUCTION" PRACTICE IS AIMED TO IMPROVE THE PRODUCTION PROCESS. ANDREA MICHIELAN, INTERPIPE STEEL OPERATIONAL DIRECTOR, HAS TOLD US ABOUT THE PROJECT PECULIARITIES AND ITS IMPLEMENTATION AT THE MILL.

WORLD CLASS PRODUCTION at INTERPIPE STEEL:

- Leadership development and change management
- Motivation system
- Structure, roles, and responsibility
- Efficient teams
- 5S system
- Continuous perfection
- Safety and environmental protection
- Management of production processes



WHAT DOES «WORLD CLASS PRODUCTION» MEAN?

The world class production is an aggregate of the global practices, aimed at the enhancement of organization's productivity and efficiency. Introduction of such practices allows raising the sustainability and ensures not only the effective production, but also the efficient team work and motivation system. At the end of the process we will get an enterprise, complying with all global standards.



HOW THIS PROJECT WILL INFLUENCE ON THE FINAL PRODUCT QUALITY:

In the course of the project implementation all employees of the mill have been divided into operational teams under the "Objective and influence" principle - people, united in a team, should be consolidated by a joint objective and a possibility to exert certain influence upon its achievement.

All teams work in a single chain under the "customer-supplier" principle. For instance, the first team supplies the batch mixture and additional materials for the customer team No 2, while the second team is the liquid steel supplier for the customer team, being the next link in the chain. Thus, each team makes its own contribution into the production process. By fulfilling its own tasks, every team brings the mill closer to the strategic objectives: 1.5 million tons of high-quality products a year and employees, satisfied with their work.

THE GREEN METALLURGY:

«Safety and environmental protection» practice is responsible for this issue introduction. The mill currently operates a unique gas and dust purification system, allowing the reduction of the hazardous substance emission into the city atmosphere to the minimum. The closed cycle of water treatment and supply provides for the absence of any waste water discharge into the river – this has a positive impact on the ecological system of the Dnipro River. In addition to that, we have recently launched a project, aimed at the reduction of dust content inside the workshop to zero level.

IMPLEMENTING THE 5S SYSTEM:

The list of objectives for 5S practice introduction includes not only the ergonomic working place and proper order at the production facilities, but also positive indirect influence upon the enterprise's economy. When all things are in the right places and all processes and procedures are regulated and clear - it is much easier to comply with high production standards and accomplish everything planned in time. We are getting first results, but it does not mean that the objective has been already achieved, because the objective of this project consists in continuous perfection, and continuous processes never end. At the moment I am satisfied with the results of 5S implementation.

«I'VE GOT AN IDEA!»PROGRAM:

In the framework of this program our employees suggest various ideas, focused on the enhancement of production indices and labor conditions, reduction of the manual labor share, resources saving, removal of environmental pollution sources, and improvement of the equipment operation conditions. This idea exerts beneficial influence on the working process in general. Top priority is given to ideas with economic effects, with low capital investments, and short payback periods. The preference is given to organizational solutions, boosting our production indices. First projects of our metallurgists have been already launched and make their contribution into the strengthening of the mill's position.

SHELL AND INTERPIPE: DETAILS OF COOPERATION

SHELL AND INTERPIPE ANNOUNCE THE DETAILS OF COOPERATION. IN 2012 SHELL AND INTERPIPE SIGNED A MEMORANDUM OF UNDERSTANDING (MOU) THAT OUTLINED THE STEPS REQUIRED TO BRING INTERPIPE'S PIPE PRODUCTS IN LINE WITH SHELL'S GLOBAL STANDARDS. SINCE THEN THE COMPANIES HAVE SUCCESSFULLY COME THROUGH THE CRUCIAL STEPS OF THE MEMORANDUM. AS A RESULT SHELL HAS APPROVED INTERPIPE MILLS AND CERTAIN PRODUCT LINES.



we have approved certain product lines with Shell and working on development of new pipe products with premium connections to meet company's requirements to operate in tough geological conditions".

As of today the companies announce the progress status on the crucial steps of Memorandum:

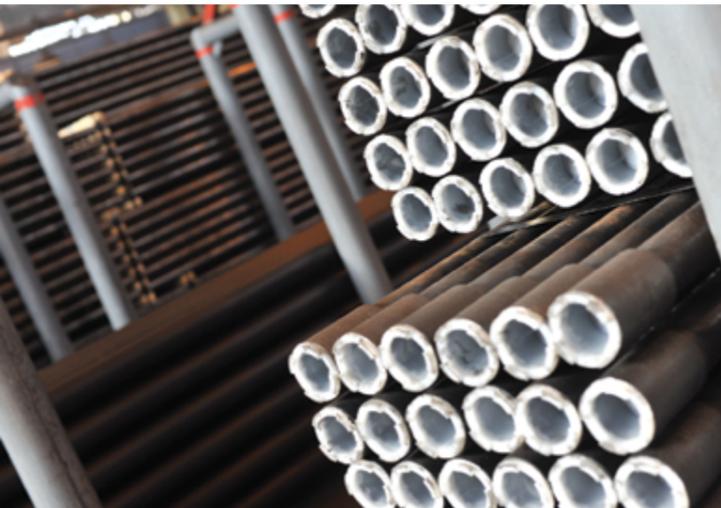
- Shell has approved the steel manufacturing plant of Interpipe Steel for production of steel billets for use in rolling of casing and tubing.
- Shell has audited Interpipe NTRP and Interpipe Nikotube pipe rolling mills and confirmed that plants' technological processes and quality management system comply with international standards. Qualification orders of casing and tubing have been transported to the US for inspection and verification of meeting Shell standards. Initial results are under review.
- Interpipe NMPP mill has been approved by Shell for manufacturing of Line Pipe for a limited product range.
- Shell has approved Interpipe to thread API specification connections, and is working with Interpipe on new premium connections. Premium connections are required for high pressure fracturing of gas wells to ensure well integrity and thus safe operations.

SHELL

Shell is a global group of energy and petrochemicals companies. With around 90,000 employees in more than 80 countries and territories, Shell helps to meet the world's growing demand for energy in economically, environmentally and socially responsible ways.

Shell has been operating in Ukraine since 1992 and is currently involved in exploration and production of hydrocarbons, natural gas marketing, lubricants and fuel retail. Shell employs over 2000 people in Ukraine.

Today Shell is involved in three separate exploration projects in Ukraine. Firstly, the Joint Activity Agreement with PJSC "UkrGasvydobuvannya" provides for hydrocarbon exploration and production in Kharkiv oblast. Drilling of the first well within this project commenced in October 2012. Secondly, on January 24, 2013 "Shell Exploration and Production Investments (IV) B.V.", LLC "Nadra Yuzivska" and the Government of Ukraine signed a PSA for the exploration, development and production of hydrocarbons in the Yuzivska area. The agreement involves staged exploration, development and production of hydrocarbons.



Robin Naughton, Well Engineering Team Lead, Shell: «Shell has approved and is satisfied with certain Interpipe products and continues to work with Interpipe on other aspects so that a significant and relevant product range is approved for Shell both in Ukraine and Internationally. Once relevant product lines are approved Interpipe will be able to bid for supply tenders for Shell.»

Denis Morozov, Director for Strategic Development, Interpipe: "The cooperation with Shell gives us a challenge to meet the highest quality standards in the industry. And I'm delighted that Interpipe has successfully passed Shell qualification audit. At the moment

INTERPIPE NIKO TUBE HAS PASSED PETROBRAS AUDIT

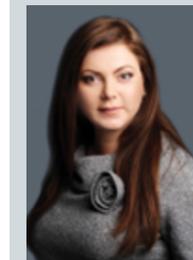


Interpipe seamless pipes production plant Interpipe Niko Tube has passed the prequalification audit of Petrobras Company. Subsequent to the inspection results it has been proved that Interpipe Niko Tube pipes meet the requirements of



API 5 L and ASTM A 106 standards, as well as the internal requirements of Petrobras.

Passing of the prequalification audit of Petrobras Company opens the wide possibilities for Interpipe. Today South America is a very promising market for our company, and the development of partnership with the major companies of the region such as Petrobras is our strategic goal.

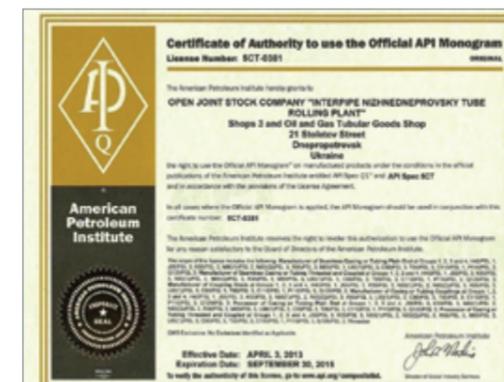


Vera SMAL, Sales Director for CIS and Europe countries

Petrobras is a semi-public Brazilian multinational energy corporation, specializes in operations in the entire oil and gas productive chain and in the production of biofuels and of other alternative energy sources in Brazil as well as the other countries such as USA, Angola, Argentine, Bolivia, Columbia, Nigeria etc. Petrobras is the 7th biggest energy company in the world.

QUALITY CONFIRMED

- American Petroleum Institute has confirmed the compliance of Interpipe NTRP pipe products with API 5CT and API 5L standards and has also extended casing certification up to the highest level - PSL3 under API Spec. 5CT.
- TUV NORD GmbH international certification center has confirmed the compliance of Interpipe NMPP pipe products with EN 10219-1 European standard and issued certificates of conformance with requirements of AD 2000 WO industry standard and Directive 97/23/EC.
- TUV NORD GmbH has also re-certified Interpipe NTRP for the production of pipes under DIN EN 10210 standard and DIN EN 10208 and DIN EN 10216 standards.
- The re-certification audit at Interpipe Niko Tube, conducted by TUV NORD, has confirmed the compliance of pipe products with requirements of AD 2000 Wo industry standard and European Directives 97/23/EC and 89/106/EC.



WORKSHOP: HOW TO SELL PIPES

INTERPIPE HAS CONDUCTED THE TRAINING FOR SALES MANAGERS OF THE LARGEST AZERBAIJAN TRADER - METAK COMPANY. IN THE COURSE OF THIS EDUCATIONAL WORKSHOP METAK EMPLOYEES HAVE LEARNT ABOUT THE TECHNOLOGIES OF SEAMLESS AND WELDED PIPE PRODUCTION AND UNDERGONE THE TRAINING TO DEVELOP THEIR NEGOTIATION SKILLS. NAILYA VEKILOVA, METAK PROCUREMENT DEPARTMENT MANAGER, HAS SHARED HER OPINION ABOUT THE TRAINING.



every day. I think everybody will agree that people, directly involved in the pipe production, are the best to provide the most comprehensive and complete information about product.

WHAT IS YOUR OPINION ON THE FURTHER COOPERATION BETWEEN INTERPIPE AND METAK?

- To achieve even higher efficiency in collaboration, we need to fine-tune the mechanism for information interchange. We would like to receive prompt information about the innovations and improvements in Interpipe technological process and work out joint replies to inquiries of the final consumers and market needs.

HOW WOULD YOU ASSESS THE EFFICIENCY OF THIS TRAINING FOR YOUR FUTURE WORK?

- This workshop has not only introduced our colleagues to interesting aspects of communication with customers, but has also enabled a new look at the collaboration between Interpipe and METAK. Such joint training has facilitated the approachment of our companies and provided an opportunity to feel common tasks and objectives.

DOES DIRECT COMMUNICATION WITH TECHNICAL EXPERTS OF INTERPIPE HAVE BEEN USEFUL FOR YOU?

- Undoubtedly. Our employees involved in the pipe sales to final consumers, have to answer dozens of technical questions



3 DAYS, 3 MILLS, 30 GUESTS

IT WAS THE FIRST TIME WHEN CUSTOMERS FROM POLAND, ITALY, BULGARIA, ROMANIA, GERMANY, AND THE BALTIC STATES HAVE MET INTERPIPE REPRESENTATIVES NOT AT THEIR EUROPEAN OFFICES, BUT AT THE METALLURGICAL PRODUCTION FACILITIES – MILLS, WHERE INTERPIPE PIPE PRODUCTS ARE BORN.



Stanimir Angelov (the Balkan echo, Bulgaria) about the partnership:

- I have been at a number of other metallurgical mills, but I have to say that you have achieved results I have never seen before. Interpipe is our major pipe supplier, and such visit to the mills is very useful for our company. Here we can see the entire manufacturing process of the product we subsequently use in our lifting and transportation systems. Interpipe's introduction of up-to-date technologies and its investments into quality are the best to prove the reliability of our partner.

Radoslav Curilo (Centrostal Handel, Poland) about the product development:

- Such conferences and tours at Interpipe mills promote the development of our relationship. We have seen the production facilities and learnt about your capabilities, product range, technologies, and approaches to the quality. In their turn, we believe that Interpipe representatives will have a better understanding of our own needs and would know what products they should develop.

INTERPIPE IN UKRAINE AND ALL AROUND THE WORLD: KEY EVENTS

HOUSTON, THE USA THE COUNTRY-STYLE CUSTOMER DAY

30 representatives of oil and gas companies, distributors, and service providers have gathered for the North American Interpipe customer appreciation spring event "Fajita/Rita Bash". Attending the event gives guests an opportunity to have a fresh look at the Company and realized how large it is, while INTERPIPE employees have managed to establish a personal contact with the customers.

This is a perfect opportunity for informal communications with our customers. We have been delighted to present Interpipe to potential customers, announce the latest news, and demonstrate the Company's loyalty towards the existing partners. We do hope that such events will be conducted on a regular basis and will help to expand our business at the North American market.

Daniel VALK, President of North American Interpipe

Tripoli, Libya Oil & Gas Libya 2013 Conference

Along with Interpipe, a number of the largest oil companies from all over the world have taken part in the Conference. Libyan Oil Industry Minister Abdurrahman Ben Yezza and the Minister of Commerce Ahmed al-Koshli have also attended the event. The conference major topic was development of the Northern Africa oil and gas industry.

I would note the activity of the Conference participants, the readiness of all companies to get into contact and to search for cooperation opportunities. The Conference has unveiled a number of great opportunities for the Northern Africa market development, which, as we truly hope, will turn into a one of the major product markets for Interpipe.

Victoria Sokolenko, Regional Sales Manager

Dnipropetrovsk, Ukraine CONFERENCES FOR EUROPEAN AND RUSSIAN CUSTOMERS

There is a stereotype in Europe on the obsolete technologies of the Ukrainian metallurgy and, as a result, on the low quality of pipes. Having attended the innovative steel-melting mill and seen the Interpipe pipe production facilities with their own eyes, our European customers could make sure that our Company not only makes considerable investments into the state-of-the-art equipment, but also develops staff to ensure the high quality of products. Such cooperation with our partners will have a beneficial effect on the orders and will help to maintain Interpipe image as the producer of the high-quality pipe products in the EU countries.

Ivan MAZANKA, Sales Manager for Europe

Tashkent, Uzbekistan INTERPIPE CONFERENCE FOR UZBEKISTAN OIL AND GAS COMPANIES

"Interpipe. New technologies and strategic investments" conference has gathered the largest oil and gas companies: UZBEKNEFTGAZ, UZTASHKINEFTGAZ, CNPC, and Eriell Corporation. Interpipe representatives have offered their Uzbek partners a number of new solutions for the oil and gas industry of Uzbekistan, and Ukrainian Ambassador Extraordinary and Plenipotentiary in this Republic Yuriy Savchenko has spoken about the perspectives for development of the commercial and economic relations between two countries.

Thanks to such events we can meet with the direct consumers of our pipe products: technologists, engineers, and operators of the drill wells. For some of our customers it was the first time to hear about the Interpipe premium connections and our pipes for operations under most demanding conditions. We have opened an absolutely new front of cooperation.

Today for our consumers, it is not enough just to get pipes, complying with the requirements of a standard. Uzbekistan deposits have high hydrogen sulfide content in the gas; therefore, Uzbek specialists have shown great interest to the report about our experience in the production of pipes for the high-sulfur environment operations. Live communication with technical specialists of the oil and gas industry enables the unveiling of new perspectives for the development of our products.

Pavel BEGMA, Sales Manager for CIS countries

Dmitry BOGDAN, INTERPIPE NTRP Technical Department Manager

Baku, Azerbaijan 20TH JUBILEE EXHIBITION "CASPIAN OIL AND GAS 2013"

This international industry forum has gathered almost 400 companies from all over the world, including the key players of the energy sector. Interpipe team has not only conducted a number of meetings with the leading representatives of the Caspian region oil and gas industry the State Oil Company of Azerbaijan (SOCAR), Nobel Oil, Bahar Energy, Socar AQS, Global Energy, and BOS SHELFL, but also, as one of the exhibition sponsors, has shown Ukrainian culture to Azerbaijan partners.

Accra, Ghana 4TH GHANA SUMMIT

The Summit has become a platform for sharing of experience of the most authoritative energy companies from the entire Western Africa. Interpipe has managed to establish contacts with potential partners and define the trends for development of sales at the African continent.

The 4th Ghana Summit is the opportunity to gather at our stand a number of international and regional experts and key participants of the West Africa oil and gas market - potential dealers and contractors for expansion of the sales geography.

Maxim DASHEVSKY, Market Development Manager for MENA region

PARTNERSHIP AGREEMENT WITH AYDIN BORU

INTERPIPE HAS SIGNED A ONE-YEAR AGREEMENT WITH ONE OF THE LARGEST TURKISH DISTRIBUTORS – AYDIN BORU COMPANY. THE MINIMUM PURCHASE AMOUNT UNDER THIS AGREEMENT IS 15 MILLION US DOLLARS.



The partnership agreement defines Aydin Boru as the main distributor of Interpipe seamless line-pipes in Turkey.

Bulent Ketenci, Aydin Boru Vice President, has noted: "Interpipe has been present in the Turkish market for over a decade, and this new partnership highlights our ongoing commitment to providing quality service and improved delivery times".



Andrey Burtsev, Director for Market Development, Interpipe ME: "Interpipe has been present in the Turkish market for over a decade, and this new partnership highlights our ongoing commitment to providing quality service and improved delivery times. Aydin Boru has proven to be a reliable partner in the industry and is renowned for focusing on the customer's need. Partnering with them as our official distributor in Turkey allows us to be confident that our customers always receive our certified products according to the standard and quality required".

IRAQ: BEGINNING OF COOPERATION

INTERPIPE HAS RECEIVED APPROVAL FROM SOUTH OIL COMPANY (SOC), ONE OF THE MAJOR FUNDAMENTAL FORMATIONS OF IRAQI NATIONAL OIL COMPANY. BASED ON THE RESULTS OF SUCH APPROVAL, INTERPIPE HAS BEEN RECOMMENDED AS THE PREFERRED SUPPLIER FOR SOC PROJECTS. TO STRENGTHEN INTERPIPE POSITIONS AND TO ENSURE THE BEST POSSIBLE INTERACTION, COMPANY PUT IN PLACE A LOCAL SUPPORT TEAM TO WORK ON THE GROUND BASED IN BASRA.



Following several recent meetings in Iraq with South Oil and a lengthy audit of its steel mill in Ukraine, the approval allows Interpipe to participate in local tenders. The meetings in Iraq also saw a tour of the oil fields due to the increasing need to provide a better service of transporting and stocking pipes from the ports.

Interpipe has also appointed a local partner in Basra, Al Nukhba Oil Field Services, to provide company facilities and fulfill on-the-ground security requirements.



Duncan PELL,
Regional Director for MENA & Asia, Interpipe ME



Andrey BURTSEV,
Director for Market Development, Interpipe ME

The development of Interpipe in Iraq is part of our overall growth strategy across the wider Middle East and Africa region. Whilst at the World Economic Forum last week in Jordan, it was clear that the potential of Iraq will be realized over the next few years and Interpipe aim to contribute significantly to driving the Iraqi infrastructure, economy and development.

The approval from South Oil signifies Interpipe's commitment to Iraq which has the potential to reclaim its historical position as one of the most prosperous economies in the Middle East. With the National Development Plan well under way, we expect to see early signs of success in Iraq from our efforts in the latter half of 2013.

ALWAYS FIND A COMMON GROUND WITH CUSTOMERS



– DANIEL, WHAT ARE THE NORTH AMERICAN INTERPIPE CURRENT AIMS?

– The most important aim is to develop our work with oil and gas companies. They are the key contractors at the North and South America markets. At present we sell to small- and medium-size companies, and this is a quite good and strong market. However, if we want to raise our sales, we need to sell to large-scale companies - the global leaders.

– WHAT IS THE U.S. MARKET CHARACTERIZED BY? IS IT DIFFICULT FOR INTERPIPE TO STAY "IN THE MARKET"?

– The U.S. market is very extensive. They drill more wells here than in any other country of the world. At present the well-drilling in the U.S.A. is carried out with the help of the hydraulic fracturing process. Therefore all pipes are subjected to thorough inspections. And certain requirements, which have been once considered as the standard, for instance API, are now out-of-date. That is why our task is to convince our consumers that our pipes comply with all quality parameters.

– WHAT ARE THE MAJOR DIFFICULTIES AT THE MARKET?

– The U.S. pipe market is very transparent and subjected to market laws. All global pipe producers understand the market capacity and strive to import their products to America. This process started several years ago, when many producers also launched the new production facilities. That is why, in order to continue the business in this market we need to provide good service.

– WHAT DO YOU MEAN BY GOOD SERVICE?

– Speed of reaction upon our customers' inquiries. This factor exerts strong influence upon the success of our Company and

GOOD SERVICE MEANS THE FAST REACTION TO CUSTOMERS' INQUIRIES.

DANIEL VALK, PRESIDENT OF NORTH AMERICAN INTERPIPE, HAS SPOKEN WITH IPIPE ON THE CHARACTERISTICS OF BUSINESS IN THE UNITED STATES AND OTHER COUNTRIES, SECRETS OF RELATIONSHIP WITH CUSTOMERS, AND HIS TEAM.

will exert it in future. Many of our customers are not even interested in the origin of products. Top-priority issues they are truly interested in quality, price, delivery time, and service. When we get a new order, we have no time for thinking - we need to react as promptly as possible.

– WHAT ARE THE PECULIARITIES OF YOUR WORK WITH CUSTOMERS?

– Nowadays the market situation shows more offers than inquiries, therefore, the prices are lower than it has been expected and planned. I have one request for our customers: for our loyalty and our service I am asking to give us the "last look", i.e. the possibility to understand what offers other suppliers. We need this just to clear out whether we are ready to sell our products at the same price level.

– DO YOU HAVE YOUR OWN SECRETS OF COMMUNICATIONS WITH CUSTOMERS?

– You have to listen to your customer very attentively. The secret of communications with customers is communication at the eye level: you do not need to fall at your knees, but you also should not look down on them. You always have to find something common. If a customer like playing golf, I send my guys who play golf. If he likes fishing, we go to fish together.

– DO YOU HAVE ANY LOYALTY PROGRAMS?

– If there is a good product quality and an acceptable price, we can be notable only for the good service. At present we have introduced a loyalty program, under which our key customers will get bonuses when raising the volumes of purchases. This idea creates certain excitement and another point of contact with our customers. However, any program of loyalty to the customers consists not in bonuses or prizes, but in the everyday work with each and every of them.



– COULD YOU PLEASE TELL US MORE ABOUT YOUR TEAM?

– I think that the current team at North American Interpipe is the best in all aspects over the entire period. In addition to Americans and Ukrainians, we have employees from Taiwan, Mexico, Cambodia, Canada, and Colombia. Such situation is very favorable for us, because it is very important for a customer to get service at his/her native language. For instance, we have an employee from Colombia, who has done a great job and found customers in Colombia, Ecuador, and Bolivia. We have also received the pre-qualification of 20 end-users in Ecuador. Deliveries to these companies will be made in 2013. And we have a similar story in Colombia, where we have managed to strengthen our positions with Marubeni Company.

YOU NEED TO COMMUNICATE WITH YOUR CUSTOMERS AT THE EYES' LEVEL.



– WHAT ARE THE THINGS YOU CAN NOT WORK WITHOUT AS A MANAGER AND AS A PERSON?

– I truly love communicating with people and have a real hunger for communication. I love communicating with our customers and even with our competitors. Communication with the latter brings up new ideas for communication with the clients.

– WHERE ELSE DO YOU GET NEW IDEAS FROM?

– When I was young, I served in the air force. In this sub-unit all pilots, getting back from accomplished missions, must present a clear and detailed flight report. This is very important to ensure that the pilot analyses and understands every moment and share the experience with other fellow pilots. And we make the same "flight report" every week at our meetings, when all managers tell me about the work already done. And new ideas arise in this process.

NEW FACES



Alexander Kirichko,
INTERPIPE CEO

The introduction of the new Commercial Officer and Operating Officer positions is the result of INTERPIPE's management system restructure. Providing staff with highly skilled and experienced managers will develop people and ensure a premium efficiency and balance of Company's operational management.



Fadi Hraibe -
Chief Commercial Officer

Mr. Hraibi is responsible for planning and managing all of company's commercial activities, development and implementation of marketing strategy and sales channels development. Prior to this role, Mr. Hraibi took a position of Principal in the international consulting company - the Boston Consulting Group. From 2007 to 2010 Mr. Fadi Hraibi held the position of Director for Product and Resource Management at Interpipe.



Oleg Rosenberg -
Chief Operational Officer

Oleg Rosenberg has many years' experience in management of trading and industrial companies. Before joining Interpipe Oleg Rosenberg was the owner of "Kuzbassrazrezugol" Company, held the positions of the CEO at "KRUTrade" Company and Deputy General Manager of "Mechel".



Vladislav Shul'ga -
Chief Financial Officer

Vladislav Shulga has ten years of experience in financial management field. Before joining Interpipe he worked as Deputy CEO for Economics and Finance in UralPlatina Holding (Renova Group) and CFO of Khakas Aluminium Smelter construction project (RUSAL).

INTERNATIONAL TEAM

TO ESTABLISH AND MAINTAIN COMMUNICATION BETWEEN REPRESENTATIVES OF VARIOUS DEPARTMENTS AND OFFICES, INTERPIPE CONDUCTS THE TECHNICAL STUDY TOUR – TECHNICAL TRAINING OF THE FOREIGN OFFICES' PERSONNEL. THE UNITED STATES AND THE UNITED ARAB EMIRATES EMPLOYEES WERE THE FIRST TO VISIT THE MILLS.



Will Paine, sales representative from North American Interpipe: The understanding of the pipe production process makes our dialogue with the customer much easier. Now we do not need to spend additional time to find out the specific details about the pipe production and the product quality control measures.

Maxim Dashevsky, Market Development Manager for MENA: The idea struck me during my training at Interpipe Niko Tube. I have immediately understood that the salespeople should see their mills and products with their own eyes. It is impossible to include everything you can see and understand here into a catalogue. These are both the work atmosphere, the production culture, and the management system.

All employees have noted that this program does not only allow seeing the size of the Company, but also promotes communications between employees from various offices. They can share their problems and learn about the peculiarities of work in other regions.

FUNKY METALLURGY

DR. STEEL HAMMER ASSESSED THE QUALITY OF STEEL



World Heavyweight Boxing Champion Wladimir Klitschko has visited Interpipe Steel and communicated with the team of metallurgists, whose everyday functions include the production of steel. Young workers have introduced the universally known boxer to innovative steel-melting technologies and demonstrated the trade-mark of the mill – contemporary art objects by famous Danish artist Olafur Eliasson. The Champion, in his turn, has answered the questions about the sports and successes in business and has taken part in the autograph- and photo sessions with mill's employees.

I am truly delighted to visit a metallurgical production facility, where progressive technologies and contemporary art are that well-combined. For Ukraine INTERPIPE STEEL is a huge step forward towards European standards of business conduct. I would like to wish to INTERPIPE metallurgists to move only forward, proving their championship metallurgy with their work.



Wladimir KLITSCHKO, World Heavyweight Boxing Champion

The aim of this program is to introduce the production process and the mills' quality control system to Interpipe representatives. This will allow the salespeople to increase the quality of service.

First of all this program will be useful for young employees, who only start their work for the Company. The confidence they have gained thanks to TST will let them work with their customers more effectively.



Dinesh ADWANI, employee from Interpipe Middle East

WEDDING PHOTOSHOOT AT THE MILL

INTERPIPE HAS OPENED THE TERRITORY OF THE STATE-OF-THE-ART INTERPIPE STEEL MILL FOR WEDDING PHOTO SHOOTS. THE SEASON OF CREATIVE PHOTOS AT THE PRODUCTION FACILITY HAS STARTED WITH A TRASH THE DRESS WORKSHOP FROM A WELL-KNOWN UKRAINIAN PHOTOGRAPHER EDWARD STELMAKH.



Edward STELMAKH, photographer:

Interpipe Steel mill has helped to move away from the trivial photography, to see new non-typical sites and solutions for implementation of creative ideas. Despite the fact that this is a metallurgical mill, nowadays this is the only place in Ukraine that inspires for creation.

Interpipe Steel is a mill for young people, quite unusual and modern; therefore we do our best to keep up. We support new trends in the youth culture. The mill is open for visitors - anyone may visit the site tour around the mill, and now also to have a creative photo shoots against the background of art objects and production facilities.



Dmitriy Kisilevsky, Head of Corporate Affairs Department, Interpipe

NEW RALLY FOR MAZ

INTERPIPE SUPPLIES TO MINSK AUTOMOBILE PLANT SEAMLESS AND WELDED PIPES, USED FOR MANUFACTURING OF BUSES AND FREIGHT VEHICLES, INCLUDING THE RALLY RAID ONES. THE BELARUS SPORTS TEAM MAZ-SPORT AUTO HAS ARRIVED TO THE MILLS IN DNIPROPETROVSK, NIKOPOL, AND NOVOMOSKOVSK TO SAY THEIR SINCERE "THANK YOU"!

Employees of Interpipe NTRP, Interpipe Niko Tube, and Interpipe NMPP could see with their own eyes where the results of their work are used.



MAZ is the one of our key partners in the mechanical engineering business. We not only supply pipe products for MAZ vehicles, but also support the sports team of the mill. For instance, we have been MAZ partners in the Silk Way Rally and Dakar Rally Raid. We can say that Interpipe pipe products have been Dakar-tested! We are glad that our partners have found some time to visit the mills of our Company.

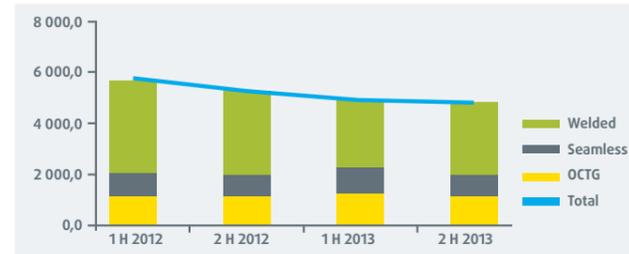


Andrei BIBIK, Interpipe Sales Director for mechanical pipes

MARKET TRENDS

CIS

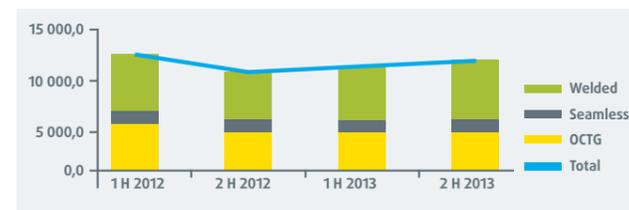
In 2013 the market demonstrates negative dynamics on the background of weak macroeconomic expectations. The global oil demand at the level of 2012, as well as the price of approximately \$100/barrel lead to preservation of the oil production level in the region. Russia has achieved an acceptable production level.



A potential in the growth of production rates and, as a consequence, in the growth of threaded pipe and line-pipe consumption can still be found in the Central Asia countries, such as Kazakhstan, Azerbaijan, and Turkmenistan. Both construction and mechanical engineering industries will hardly render any significant support to the pipe demand. Weakening of the demand in the construction sector is the result of the fact that a number of large infrastructure projects are close to completion, including the preparation for Sochi Olympic Games 2014. Partial support to the demand is given by gasification program in Kazakhstan.

NAFTA

The stable consumption in 2013 in the region is connected with the preservation of the positive economic situation both in the energy sector and other industries. The demand for pipes in the oil and gas sector will be supported by the boost in the oil extraction by 815,000 barrels per day - up to 7.5 million barrels per day, (EIA) mainly at the deposits in the North Dakota and Texas.

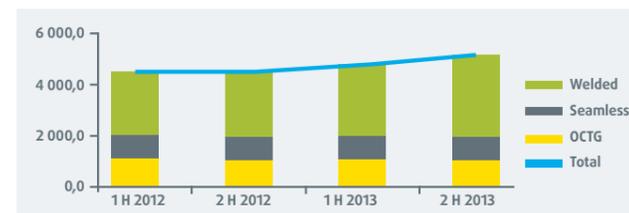


Canada expects a 9% growth in oil production in 2013 and boring of 12 000 new wells; besides, the completion of the TransCanada Gulf Coast Project branch line construction with the length of 780 km (485 miles) is also expected in the 4th quarter of 2013.

The construction sector expects a 6% growth of expenses - up to \$483.7 billion (according to the data from McGraw-Hill 2013 Construction Forecast); the increase of investment into industrial projects is expected at the level of 8%, comparing with 2012 - reaching approximately \$12 billion.

MENA

Despite political instability in the region, the growth in the pipe demand in 2013 will be ensured by such countries as Saudi Arabia, the United Arab Emirates, Iraq, Nigeria, Angola, South Sudan, etc. The growth will be based on the oil and gas sector. And if the Persian Gulf countries expect to retain the stably high level of oil production, the growth in Africa (to the South from Sahara) will fall on Nigeria (the production will rise up to 3 million barrels per day), where international oil companies (IOCs) have announced their plans to invest \$165 billion over the next 5 years. A considerable growth of production is also expected in Angola (up to 1.9 million barrels per day), and recommencement of the extraction activities is expected in the South Sudan.



ENI Company is aimed at the development of natural gas fields in the Republic of the Congo, Mozambique, and Zimbabwe, despite the geopolitical risks. Due to the growing oil and gas production in the region an increase in the investments into infrastructure is expected, first of all, in Saudi Arabia and the United Arab Emirates, as well as the West Africa countries. Construction of the 500-km 8"-14" pipeline by Future Energy Co. (Masdar) in Abu Dhabi is still in progress.

EU

The European market still shows the stagnation. The GDP of the EU countries is expected at the level of 2012, and the forecasted growth will be 0.3% pa (IMF evaluation).



The Purchasing Manager Index (PMI) points out negative expectations in the economy of this region. The region still has a quite low level of stock resources (according to the polls by Metal Bulletin), and market participants tend to purchase products only for specific projects.

