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PRESS RELEASE

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Greefield project in Abu Dhabi

SMS group to supply turn-key production facility for large-diameter pipes to Al Gharbia Pipe Company

Al Gharbia Pipe Company has awarded the consortium of Larsen & Toubro Limited and SMS group (www.sms-group.com) as the EPC (Engineering, Procurement, Construction) contractor with the supply of a turn-key LSAW (Longitudinal Submerged Arc Welded) pipe production facility. SMS group will be responsible for the engineering and supply of process equipment for the large-diameter pipe production facility to be built in Abu Dhabi. Larsen & Toubro Limited – SMS's partner in the consortium – will be responsible for the civil works and erection of the equipment.

The new LSAW large-pipe production facility, which will be located within the Khalifa Industrial Zone Abu Dhabi (KIZAD), will start producing in 2018. Material grades up to X80 will be processed at a production capacity of 240,000 tons per year. The pipes will be suitable for use as offshore line pipes and onshore applications. The new line will be designed to make pipes up to 12.2 meters long with an outside diameter ranging from 18 to 56 inches. The maximum wall thickness will be 44.5 millimeters.

Besides the engineering and project planning, scheduling and coordination, SMS group will supply all key machinery as well as the process equipment. This also includes workshops, laboratories and MES (Manufacturing Execution System) equipment. The production

line will consist of an edge miller, a crimping press, a JCOE[®] pipe forming press, tack welder, inside and outside welder, mechanical expander and a hydrostatic pipe tester.

The JCOE[®] pipe forming process developed by SMS offers a whole range of advantages as the plant operator can change over to other pipe dimensions quickly, allowing him to produce even smaller batch sizes economically with the utmost precision. All presses are equipped with variable speed pumps (VSP) providing for an efficient hydraulic system with pressures up to 450 bar, which reduces energy consumption by 30 percent compared with conventional hydraulic systems. The Shape automation system developed by SMS performs the fully automatic control of the forming process. It improves the performance as well as compensates the influences of plate inhomogeneity in the forming process. Thus a consistently high pipe quality can be guaranteed.

Al Gharbia Pipe Company will manufacture high-grade large-diameter longitudinal welded steel pipes mainly for the energy sector and is targeting at markets in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE (United Arab Emirates).

With the development and production of oil and gas forecast to be robust in these countries, the demand for high-quality steel pipelines to transport these resources is expected to grow.

Al Gharbia Pipe Company is a joint venture of investment company Senaat, JFE Steel and Marubeni-Itochu Steel (MISI). The new company is leveraging JFE Steel's technology for high-quality large-diameter longitudinal welded steel pipes, MISI's sales capabilities and Senaat's industrial footprint in Abu Dhabi.

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Present during the contract signing ceremony were (from left to right): Pinaki Chakraborty, Amit Swarnkar, Derek Michael Shah (all Larsen & Toubro Limited), Tadayuki Baba (Marubeni-Itochu Steel), Tariq Al Wahedi, Jamal Salem Al Dhaheri (both Senaat), Marcel Fasswald, Frank Lüth (both SMS group).

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The SMS group is, under the roof of SMS Holding GmbH, a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. Its 14,000 employees generate sales of over EUR 3,4 bn.