

Evraz opens pipe expansion project

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REGINA -- The head of Evraz Inc. North America officially opened the company's \$90-million large-diameter pipe mill expansion project in Regina Thursday and expressed confidence in the energy sector, despite the recent downturn in oil prices.

"We're absolutely committed to the energy business," Jim Declusin, president and CEO of Evraz Inc. NA, told invited guests and Evraz employees at the official opening.

"That's why we made the acquisition," Declusin said, referring to Evraz's purchase of the Ipsco Inc. from Stockholm-based SSAB for \$4 billion US this spring.

The Russian steelmaker then sold off Ipsco's U.S. tubular assets to another company and retained Ipsco's Canadian assets, including the Regina steel mill and pipe facilities, for \$2.4 billion US.

Included in those Canadian assets was the \$90-million expansion project, which was begun in January 2007, months before Ipsco was acquired by SSAB.

The project will expand the capacity of the large-diameter pipe mill by two thirds to about 500,000 tonnes per year. An additional \$23 million was spent on modifications to the steelworks and other facilities to accommodate the increased pipe production.

Shaw Pipe Protection Ltd., which applies a protective coating on the pipe, also invested \$15 million to expand its facilities to handle the increased pipe production.

Declusin said the investment of more than \$100 million is proof of Evraz's confidence in demand for large-diameter pipe, which is used in oil and natural transmission pipelines.

He said the investment also shows Evraz's commitment to its 1,000 employees in Regina, roughly half of whom work in the pipe division. Another 100 employees were hired as a result of the expansion project.

"We're going to be here for a long time. We have the commitment ... to our customers ... to our employees, and to the communities and provinces and states where we do our business," said Declusin, who is based in Evraz Inc. NA's headquarters in Portland, Ore.

Jim Clarke, vice-president of tubular operations for Evraz Inc. NA, said the expansion



CREDIT: Bryan Schlosser, Leader-Post
Evraz Inc. held the official opening of a \$90-million expansion in Regina on Thursday.

will solidify Evraz's leadership role in large-diameter pipe, with twice as much production capacity as its nearest competitor.

Having completed its expansion project in less than two years, Evraz has another leg up on its competition, Clarke said. "This quick decision and rapid construction has secured jobs in Regina for years to come," said Clarke, who joined Ipsco in 1981.

It will also better position Evraz to bid on large-scale pipeline projects, such as the Mackenzie Valley pipeline project, a proposed 1,220-kilometre natural gas pipeline system to connect northern gas fields with North American markets.

"This is truly an exciting time to be in the large-diameter pipe business," said Clarke, who is based in Regina, but responsible for Evraz's tubular operations in North America.

Greg Maindonald, vice-president and general manager of Evraz Regina Steel, who is responsible for the Regina steelmaking operations, said expansion projects will help ensure the legacy of the founders of Ipsco will live on for another 50 years.

"We not only survived, we flourished to become one of the most successful operations in North America, if not the world," said Maindonald, who joined Ipsco in 1974. "And we're excited to move forward as a proud member of the Evraz family."

Evraz Inc. NA, which was formed from the merger of Ipsco's Canadian assets, Oregon Steel and its subsidiary companies, has about five million tonnes of production a year and \$6 billion US in revenues.

"We're not quite the largest in North America, but we're certainly in the top seven," Declusin said. Evraz Inc. NA is part of Evraz Group, which has just under \$13 billion US in annual revenues.

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