

**SSTTAC Website Panel Discussion**  
**November 18, 2014**

Participants:

Phil Belejchak - Sandvik  
Gary Boberick - Sandvik  
Holly Both - Plymouth Tube  
John Coates - Handy & Harman  
Joe Handrahan - Summerill Tube Corporation  
Skip Hartquist - Kelley Drye & Warren (*moderator*)

Moderator: The first question is are there any new industries that are being served by SSTTAC members?

John Coates: I've seen on a couple of SSTTAC member companies' websites some interesting developments in fuel cell technology and where that is going, near term and long term. We work on developments for some applications that will eventually involve automobiles, it's nice to see. Also, there is significant movement with natural gas and the price of shale development in this country and LPG distribution plants. There have been two approved in the last eight months that will support exports. We like very much where this is headed and the opportunity it prevents for the seamless producers.

Moderator: Thanks John. Any other comments?

Joe Handrahan: Aerospace remains strong. I think everyone has seen that they have to continue to make new fuel efficient jet engines. Most of the airlines are really sucking in the profits right now, not giving back any to customers even with low fuel prices. The energy sector is continuing to grow and we have ancillary product that addresses that. We continue to have some growth and interest in the nuclear sector.

Moderator: Thanks Joe. Other comments?

Gary Boberick: What we see is more of the effects of technology on restarting old plants and building new plants. It's not so much a new application for our product, but it's an increased demand based on the availability of the shale gas and the low cost, so we see a lot of the business coming back to North America from other parts of the world. We expect that will continue to fuel demand going forward.

Moderator: That's great. Next question is the current market outlook for the industry. How do things look for the remainder of this year and 2015?

Holly Both: To echo what Joe said about aerospace, we see aerospace as a very strong market in the medium and longer term. In nuclear, we see some activity worldwide starting to get better. Also petrochemical chemical processing in shale.

Moderator: Okay Holly, thank you. Any other comments about the market outlook?

John Coates: With the price of crude, it's a little bit of "wait and see." So far it's been okay. But you know traditionally I think that our business, speaking only for myself, lags a bit. So we're on the completion side of whether it be chemical processing or infrastructure. That hasn't really felt the full effect. All in all we look at 2015 as an up year for us.

Gary Boberick: We also believe we will see a better 2015, more likely in the middle to the latter half of the year. We expect to see stronger growth start to happen.

Joe Handrahan: We have seen some high end products that previously were supplied by Japan and other countries now coming to us. So this is new business that was foreign before and is

coming back here. That's a positive thing. We're getting the business based on our quality and delivery.

Moderator: Excellent. The next question is one we've had on the list before. It's probably a little bit dated now. The question is what's happening with the economic recovery generally?. A significant part of that is that the economy seems to be moving along reasonably well these days. Would that be true?

Joe Handrahan: Yes. (Others concur.)

Moderator: Okay. The next question is what about any new examples of quality issues with the imports? The last few discussions we've had the reaction generally has been quality is not a significant issue any more as it was some years ago.

John Coates: That may be true that quality isn't a very significant issue, but there still remains resistance on the part of a good amount of the customer base against accepting Chinese material because of quality concerns.

Moderator: John, actually you mentioned during our last meeting that you had some testing of Chinese quality. You're now saying that you're seeing a continuation of such concerns?

John Coates: Yes. So you have some customers that are clear in the specification as to "no Chinese. So maybe they don't specify Handy Tube or Sandvik but it's got to be of a western production, if you will. A distributor who is generally open to receiving goods from anywhere specifically came to us and did not want the Chinese material. Handy Tube's experience in sourcing raw material from China has been hit-or-miss and therefore we've completely gotten away from it. That's not something we participate in any more.

Moderator: You mentioned in March, John, that you have some customers that actually put on their orders do not use Chinese material just a general prohibition.

John Coates: Yes. We've seen that in the chemical process business as well.

Gary Boberick: I would agree with John's assessment. We do see for various specific industries where there is a big reluctance to accept and approve material from China. For some of the more standard products there haven't really been any significant quality issues reported, and the performance consistency has seemed to have improved over time. Customers are now using product from China in standard applications. The quality of some of the specials still remain affected but I'm sure they will be the next target for Chinese.

Moderator: Thank you Gary. Let's move on to new production capability since we last met. Any new equipment or new certifications since last March? (None reported.) How about availability of raw materials or any problems with delivery of raw materials? That has not been a problem in recent meetings. (Some lengthening of lead times.)

Joe Handrahan: I think it really reflects that the market is better. That's always a good indicator.

Moderator: Okay. That concludes our conversation for this morning and I thank you all for your contributions.