

Appreciating assets

Enlarging one's role in tube and pipe follows the path of prior profitable investments in organic growth and mergers

BY CORINNA PETRY

In October 2016, Nucor Corp. brought together three reputable organizations to create Nucor Tubular Products (NTP). Combined, the former Southland Tube, Independence Tube Corp. and Republic Conduit had roughly 85 years of experience in manufacturing hollow structural sections (HSS), piling, A53 pipe, mechanical tubing, automotive mechanical tubing, fire protection sprinkler pipe and electrical steel conduit.

NTP is part of North America's most diversified steel and steel products company, says Doug Rife, structural sales manager.

"Together, we are building a team forged around a vision for leading our industry by providing unparalleled customer care, building trusted partnerships and creating sustained value."

The now-integrated assets of NTP include eight locations across five states with a total capacity above 1.146 million tons per year and 2.3 million square feet under roof.

"We serve electrical distributors, service centers and manufacturers of agricultural, transportation, lighting, fire sprinkler and material handling equipment throughout the United States and Canada," says Rife. Other end users include public and private construction contractors and

structural fabricators.

Conduit

NTP is the only conduit manufacturer in the United States to electrogalvanize EMT and IMC, resulting in protective zinc coatings that do not flake or chip when subjected to extreme stress, says Ramiro Rodriguez Agusti, vice president—commercial for conduit.

Electrogalvanizing provides uniform protection to the entire tube—even the ends of the pipe commonly subject to exposure damage. "Together, these features ensure smooth bends, consistent welds and easy installs on the job site, minimiz-

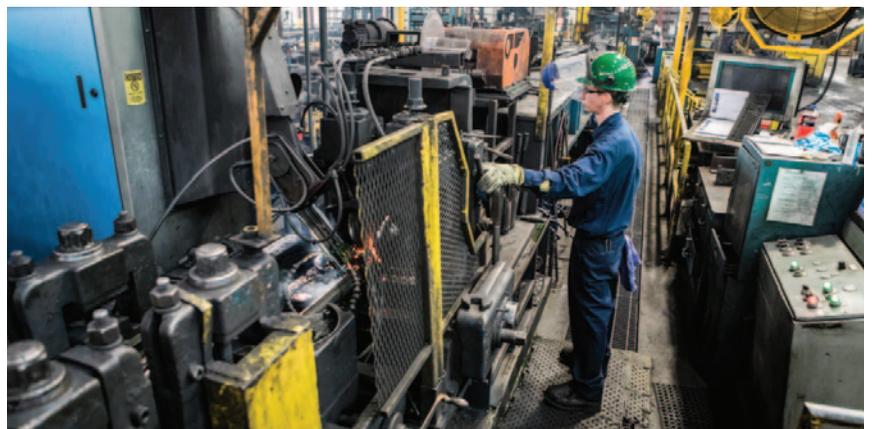


NTP on-site inventory allows for quick response time to orders. Inventory can be viewed on the NTP Portal.



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DOUG RIFE, NUCOR TUBULAR PRODUCTS



ing time and money lost to replacing faulty product,” Rodriguez Agusti says.

More generally, conduit products “are primarily used to protect and route electrical wiring in nonresidential structures, such as hospitals, schools, office buildings, hotels, stadiums, churches and shopping malls,” says Rodriguez Agusti.

NTP also serves the power and industrial sectors and is one of only two domestic manufacturers of electrical rigid metal conduit.

Value-added services

“We believe powerful results culminate from powerful partnerships that we create

High speed production lines allows NTP production to keep up with market demand.

with our customers. Powerful results start when we listen to our customers, leverage our collective strengths and deliver unparalleled value,” Rife says.

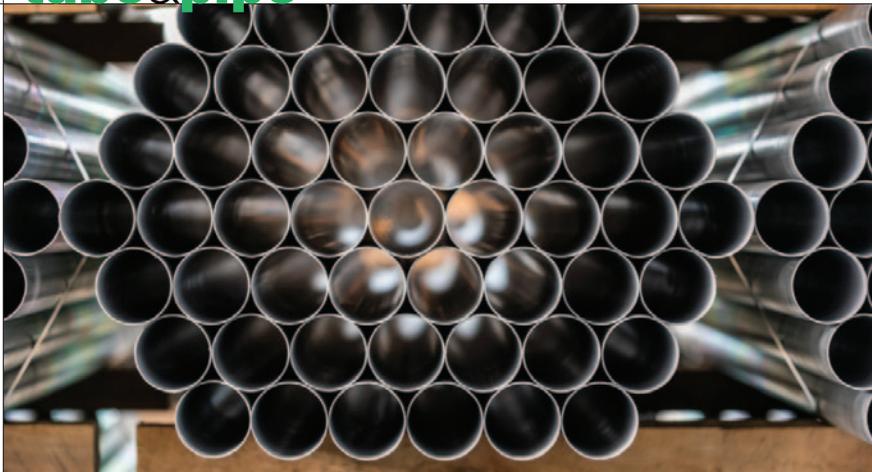
NTP has numerous value-added offerings so that customers can get exactly what they need in the shapes and quantities that work best for their own downstream requirements. These include such processes as in-house band saw cutting, inner diam-

eter flash removal, in-house testing of mechanical properties, Charpy V-notch testing, pipe beveling and miter cutting.

Real-time access

Because satisfying customers is the key to making the business work, NTP claims it has the most comprehensive and customer-friendly interactive e-commerce portal in the industry. Customer-specific information is available online in real time, with secure access 24/7.

Customers can browse and search stock inventory; order from floor stock or rollings; submit and view inquiries; receive notifications via email when their orders



Zinc particles adhere to the steel pipe due to electrostatic force, giving the final product a smooth, consistent and polished look. This is a unique feature of NTP's electrogalvanizing process.

PRODUCT RANGE

NTP produces steel pipe and tube to ASTM specifications, including A500, A513, A847, A252 and A1085. Square tubing is manufactured in sizes from ½ inch to 10 inch, along with comparable rectangles. Wall thickness ranges from 18 gauge to ½ inch. Round tubing is available in sizes from 0.84 OD (½-inch pipe) through 12.75-inch OD (12-inch pipe). NTP rolls HSS from 2 inch through 12 inch square (and corresponding rectangles) and rounds from 1.66-inch through 16-inch OD.

Other products include ASTM A53 Type E Grade B pipe; ASTM A135/A795 fire protection sprinkler pipe; and ASTM A53 standard pipes used to convey steam, water, gas and air. "It is suitable for welding, and suitable for forming operations involving coiling, bending and flanging," says Jeremy Cooper, tubular products sales manager.

All ASTM A53 and ASTM A135/A795 pipe has an exterior black coating and is treated with ITC MIC Guard to limit interior corrosion. ASTM A53 and ASTM A135/A795 is produced from 2-inch NPS through 8-inch NPS in schedules 10, 40 and 80. Nucor's ASTM A53 and ASTM A135/A795 are UL, C-UL and FM listed and approved.

ship; release shipments; view open orders, bills of lading and test reports; view price sheets; and much more, Rife says. NTP also offers vendor managed inventory (VMI), electronic data interchange (EDI) and bar coding.

"With a yearly published on-time rolling schedule second to none in the industry, you can manage your inventory more closely, knowing that material will be ready when promised," he says.

Market signals

For any manufacturer trying to become a leader in a fast-moving sector, having sales associates and employees act as listening posts is crucial. "We work very closely with our customers, so we are constantly gathering information on the level of demand and changes in the market," according to Rife.

"The tubular market has been down this year compared to last year," says Rife. "There was a heavy build-up of inventory

at service centers, and we saw aggressive destocking during the first half of the year," which caused mills to lower production volumes in certain markets.

When demand rises again, however, NTP will always be able to meet it, largely because it is backed by five Nucor sheet mills. "This gives us the ability to react to market fluctuations quickly and have the access to flexible raw material supplies," Rife says.

Growth strategy

In December 2018, NTP purchased the assets of a mechanical tube producer in Madison, Indiana, which rolls round, square, rectangular, oval and other special welded tubes in a 280,000-square-foot plant. The facility also specializes in induction heat-treated tubes for automotive applications and tubes for door intrusion beams.

Nucor Tubular Products has launched an expansion of its Trinity, Alabama, divi-

sion. The \$27.2 million expansion will include new production and finishing capacity, processing and packaging equipment. The division will hire more people to help support the new operations.

This new capacity, to start up during the third quarter of 2020, will allow the plant to produce 1-inch through 8-inch A135/795 sprinkler pipe Schedule 10 and Schedule 40; 1¼-inch through 4-inch Hydroflow Schedule 7 products; and NPS A53 Grades A and B in 1-inch, 1¼-inch and 1½-inch diameters.

Trinity will also add threading capabilities for 1-inch through 2-inch NPS Schedule 40 pipe.

Outsider view

Leo Nelissen, equities analyst and co-founder of BN Capital in the Netherlands, recently credited Nucor management with "doing an excellent job by increasing exposure in key markets and further enhancing shareholder value.

"Its business is long-term proof, and management is further investing in the right projects," he said in a post at Seeking Alpha.

Although pressure on cyclical commodities remains high and may increase if capital expenditures continue to drop, Nelissen cites Nucor's work "on long-term value-adding measures. The company has 10 significant organic investments in various development stages, representing a total capital investment of roughly \$3.5 billion." ■

Nucor Tubular Products,
www.nucortubular.com.