

KANEMATSU CORPORATION

Kanematsu Expands Premium Threading Business in North America: Benoit Premium Threading to Build a Second Plant

Kanematsu Corporation is pleased to announce that Benoit Premium Threading, LLC (Head office: Louisiana, USA, hereinafter “BPT”), which it owns through a holding company jointly established by Kanematsu USA Inc. (Head office: New York, USA), a 100% subsidiary of Kanematsu Corporation, and JFE Steel Corporation (Head office: Chiyoda-ku, Tokyo), has decided to build a second plant to respond to the increasing demand for premium threading in North America and has purchased the land.

BPT has a plant for the premium threading of oilfield tubing in Houma, Louisiana, USA and is engaged in the premium threading of oilfield tubing and the manufacture and sale of downhole accessories. Since the commencement of operations in November 2012, order quantities have been increasing steadily, and the demand for premium threading has exceeded its initial expectations in association with the accelerated development of shale oil. To tap into the demand that the existing plant would not be able to meet, BPT will expand its facilities in order to meet the needs of customers.

The second plant to be built will be located in Waller County, Texas, USA. The location is convenient for establishing a base close to the Eagle Ford shale play in Texas. The total amount of investment for building the plant is expected to be 31.85 million US dollars (around 3.5 billion yen). We aim to start operations in the summer of 2016. Before the commencement of operations at the second plant, we will lease a plant near the location of the plant. We will hire employees and will introduce the facilities there. Through these initiatives, we will increase production capacity at an early stage. At the same time, we aim to shorten the period for cultivating human resources after the completion of the second plant and to expedite the commencement of operations.

In its medium-term vision, VISION-130, Kanematsu Group positions the North American shale market as one of its priority fields. With the establishment of the second BPT plant, the Group will strengthen the value chain in its North American premium threading business, including manufacturing, processing, and sales, aiming to achieve development in cooperation with customers and to expand its revenue base.

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<Reference>

Profile of Benoit Premium Threading, LLC.

Established: July 2012

Location: Louisiana, USA

CEO: Ronald L Pederson

Number of employees: 218

Paid-in capital: US\$60,000,000

Outline of the second plant

Location: Waller County, Texas, USA

Land area: 70.9 acres (around 29 hectares)

Investment: US\$31,850,000 (around ¥3.5 billion)

Number of employees: Around 50 (at full capacity)

Commencement of operations: Summer of 2016 (schedule)

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