

8.4

CAPITAL EXPENDITURE

Throughout 2014, we continued our capital expenditure projects, which are focused on increasing our share of high value-added products, enhancing our production capacity for premium products, and reducing unit costs.

	2014	2013	Change	Change
	in million dollars	in millions dollars		in %
Russia	293	450	(157)	(35)%
America	41	44	(3)	(7)%
Europe	17	22	(5)	(21)%
CAPITAL EXPENDITURE	351	516	(165)	(32)%

Our key projects are the following:

- construction of a new Fine Quality Mill (“FQM”) at STZ: main equipment of the mill was commissioned in the 4th quarter of 2014, currently the construction and commissioning of auxiliary facilities are continued;
- implementation of complex Pipe Rolling Shop-3 development program at VTZ which aims to meet increasing customers’ requirements for product quality control and to increase the share of OCTG pipes with premium connections;
- installation of the threading equipment and modern hydraulic press installation as a part of the program to improve the quality of OCTG at SinTZ;
- completion of the main phase of the modernization of the production of seamless and welded pipes of stainless steels at TMK-INOX;
- organization of the site for the production of pipes for hydraulic cylinders on TMK-ARTROM as framework of development of production for mechanical engineering;
- expanding finishing capacities at Koppel plant of TMK-IPSCO, PA, including heat treatment capacity increase and installation of additional non-destructive testing equipment.