

International Public Tender of Two-Stages for the Manufacture and Supply of High Pressure Natural Gas Pipes

Israel Natural Gas Lines Ltd. (the "**Company**"), an Israeli governmental owned company, hereby publishes a Tender for: (a) the Submission of Bids by pipes' manufacturers for the manufacture and supply of 18", 24" and/or 36" diameters high pressure natural gas pipes, and/or casing pipes of 48" diameter, in 5 separate Batches (The "**Batches**"), for the Israeli Natural Gas Transmission System; and (b) qualifying the Company's list of Approved Suppliers from which the Company may order the manufacture and supply of high pressure natural gas pipes and casing pipes, included in the following Categories: (A) Pipes of 30" diameter or higher; (B) Pipes of 18" up to 30" diameters; (C) Pipes of 10" up to 18" diameters; and (D) Offshore Pipes for all diameters; As well. for smaller diameter Pipes not included in such categories (The "**Tender**").

The List of Approved Suppliers and the Contracts signed with the Approved Suppliers shall be valid for 5 years and the Company may extend such period for additional 2 years.

Threshold Requirements

(A) Qualifications & Capabilities

1. The Bidder is a manufacturer of high pressure natural gas transmission steel pipes and holds as of January 1, 2012, a valid API 5L certificate, indicating its capability to manufacture Level PSL2 pipes.
2. The Bidder is in full compliance with the NEN3650 Dutch standard, and with all of the requirements and specifications set forth in the technical Tender documents.
3. The Bidder has in place a management system that is certified as ISO 9001 compliant or an applied management system that meets the ISO 9001 certification requirements.
4. The Bidder operates an in-house coating facility for the pipes manufactured, and an in-house laboratory having the capabilities as further detailed in the Tender documents.

(B) Professional Experience

The Bidder manufactured and supplied, during the period as of January 1, 2010 until the Last Submission Deadline, steel pipes meeting all of the following criteria:

1. The pipes were designed for high pressure natural gas transmission (at least 70 bar).
2. The pipes were manufactured according to at least one of the following standards: NEN or API 5L or ISO 3183 (at least level PSL 2).
3. Regarding each Pipe Category for which the Bid is submitted, all of the following criteria shall be met:
 - 3.1. For Pipe Category "A" - pipes of 30" diameter or higher:
 - (a) Aggregate length of at least 150 km of steel pipes for natural gas transmission of 30" or above diameter, out of which at least 100 km of 36" or above diameter; and
 - (b) Spiral or Longitudinal, minimum X60 for 30" or X65 for 36".

3.2. For Pipe Category "B" - pipes of 18" up to 30" diameters:

- (a) Aggregate length of at least 100 km of steel pipes for natural gas transmission of 18" diameter or above but less than 30"; and
- (b) Spiral or Longitudinal or HFW or HFI or ERW, minimum X52.

3.3. For Pipe Category "C" - pipes of 10" up to 18" diameters:

- (a) Aggregate length of 50 km of steel pipes for natural gas transmission of 10" diameter or above but less than 18"; and
- (b) HFW or HFI or ERW, minimum X52.

3.4. For Pipe Category "D" - offshore pipes for all diameters:

- (a) Aggregate length of 20 km of steel pipes for natural gas transmission with no less than 20" diameter; and
- (b) Longitudinal or HFW or HFI or ERW, minimum X52.

4. The pipes (in the above Pipe Categories) were manufactured at the Bidder's plant located at a current OECD Country, or supplied (directly or indirectly) for use in a natural gas transmission system or project located in a current High Income OECD Country.

(C) Financial Requirements

1. The Bidder's last audited financial statements does not include a "Going Concern" notice.
2. The "weighted average" annual turnover of the Bidder was not less than the amount listed below (for the relevant Pipe Category) for 3 years of either: (a) the years 2015 – 2017, or (b) 2016 – 2018, according to the last audited financial statement of the Bidder (2017 or 2018, respectively).

Pipe Categories: (A) € 40,000,000; (B) € 20,000,000; (C) € 5,000,000; (D) € 20,000,000

3. The Bidder's equity for the end of last audited year (2017 or 2018), based on the Bidder's last audited financial statements, was not less than the amount below (for the relevant Pipe Category).

Pipe Categories: (A) € 10,000,000; (B) € 10,000,000; (C) € 3,000,000; (D) € 10,000,000

4. The Bidder's "weighted average" yearly cash flow from operating activities for 3 years of the years 2015 – 2017, or 2016 – 2018, according to the last audited financial statement of the Bidder (2017 or 2018, respectively), was positive or, if negative, less than 20% of its equity for the end of 2017 or 2018, as applicable.

For the purposes of compliance with any of the requirements regarding qualification and capabilities or professional experience set forth in Clauses (A) & (B) above, a Bidder may rely upon a subsidiary company in which the Bidder holds, directly or indirectly, more than 50% of the voting power or the power to appoint more than 50% of the directors in such subsidiary.

For the purposes of compliance with the financial requirements set forth in Clause (C) above, a Bidder may rely upon a parent company holding, directly or indirectly, more than 50% of the voting power in the Bidder or the power to appoint more than 50% of its directors.

General Conditions

1. A Bidder whose Bid includes Quotation to one or more of the above Batches shall attach to its Bid a Tender Bond in the amount of 200,000 NIS or 50,000 Euro, issued by a financial institution meeting the conditions and rating stipulated in the Tender documents.
2. The Bidder is not listed as an entity whose activity in Israel and the economic activity of Israeli entities with it are limited or prohibited.
3. Israeli Bidder shall hold and submit all the approvals required pursuant to the Law of Transactions of Public Entities, 1976.

Quality Score

Each Bidder who complies with the Threshold Requirements shall undergo a quality evaluation. Obtaining a Quality Score of at least 80 points and at least 50% of the maximum points allocated for each main category examined, is a condition to be qualified as an Approved Supplier.

General Information

The Tender documents may be viewed on the Company's website www.ingl.co.il. Collection of a complete set of all Tender documents is possible, upon registration at the Contracts Manager, Mr. Yoav Klemperer, e-mail: c-tender@ingl.co.il while providing Bidder's contact details and presenting a valid API 5L certificate.

Requests for clarification may be sent to the above e-mail address no later than **February 19, 2019**. The Company's clarifications shall be published in the Company's website.

Bidders should submit their Bids, **by hand delivery, in the "Tender's box" located in the Company's offices, Atidim Tower (Building No. 8), 2184 St., Kiryat Atidim, Tel Aviv, Israel (Contract & Procurement dept., 32 floor), during Sunday - Thursday, between 09:00 – 17:00, as of March 6, 2019 and no later than March 13, 2019, at 17:00 (Israel time).**

The Threshold Requirements and all other information and requirements concerning the Tender are only generally described hereinabove, and the sole binding version is set forth in the Tender documents. The Company reserves the right to change the said Threshold Requirements as well as additional conditions of the Tender, to initiate negotiations and a best & final process, all as set forth in the Tender documents. Bidders should follow the Company's publications in the above website. The Company neither undertakes to qualify any of the Bidders nor to award any of the Batches to any of the Approved Suppliers. The Company reserves the right to cancel the Tender, at its sole and exclusive discretion.