Russia and Italy: Prospects for Co-operation in Steel Industry

Alexander Abramov

“Russia & Italy, Seizing New Business Opportunities”, SACE Conference, Moscow, 2 December 2005
Russian and Italian Steel Exports

Structure in 2004, 000’ tons

Russia
- Semi-products: 46%
- Flat Products: 36%
- Long Products: 11%

Average price per ton
- Russia: $406
- Italy: $850

Italy
- Semi-products: 3%
- Flat Products: 52%
- Long Products: 45%

Source: UN
Russia: Cost Advantages in “Hot End”

Average wholesale price estimates for summer 2005
Russian Steel Export to Italy, 2004, 000’t

5.3% of Total Russian Export
8.4% of Total Italian Import

1,493 kt

Source: UN
Direct Export of Steel Making Equipment from Italy to Russia, 2001-2004, US$ m

Source: UN
**Evraz Strategy in Europe**

- **Developing markets outside Russia**
  - Achieve growth by capturing additional margins through focused acquisitions of re-rolling and other complementary assets outside Russia, which can be supplied by its fast growing slab production capacity.
  - As part of this strategy, Evraz acquired Palini e Bertoli, a producer of quality steel plate located in Italy and Vitkovice Steel, a heavy plate producer. Evraz is also considering further acquisitions of steel production assets outside Russia.

**European producers of steel plate, 2004, 000’t**

- Dillingen Hütte, GTS (Arcelor)
- Mittel Gaiati
- ThyssenKrupp Düsseldorf
- Riva (Ilva Taranto)
- Duferco (Belgian-Globeloch)
- Salzgitter (Unibergunter, Danzell)
- Vitkovice (Evraz Group)
- Arcelor (Aceraslua Giron)
- SSAB
- Czestochowa (KM)
- Dandell (HMK)
- Rautiluuki
- Malacalza (Trametal, Spartan)
- Palini e Bertoli (Evraz Group)
- Stomana Sidenor
- Dunaferr (CSC – Duferco)
- Arcorit

1.136 kt, 8.4% of European plate production
Palini & Bertoli

Foundation

- Rolling mill operator, founded in 1963 in Spinadesco (Cremona). Since 1992, it has been producing steel plate using a 4-high mill at its new San Giorgio di Nogaro plant (in the province of Udine). In 1999 was realized modernization program

Production

- 2004 – 354,000 t
- 2005(E) - 415,000 t
- Max - 450,000 t

Labour

- 115 persons

Markets

- Italy, 45%
- ROW, 24%
- Other Europe, 2%
- France, 6%
- Spain, 4%
- Austria, 4%
- Germany, 15%
- Other Europe, 2%

Tonnes by Country (’04 – Total Sales 340,000 t)
Evraz Group

- Evraz is one of the largest vertically-integrated steel and mining businesses with operations mainly in the Russian Federation.
- The Evraz Group S.A. aims to strengthen its position as a world-class, low-cost and vertically-integrated steel producer.
- More focus on strategic acquisitions:
  - Downstream assets complimentary to Russian steel semis exports.
  - Steel-making in low cost regions.
  - Greenfield / brownfield ore and coal mining.
Alexander Abramov,
CEO and Chairman
Evraz Group