

Office in Russia:

73, Volokolamskoye shosse, Moscow, 123424
tel/fax: +7 495 775-60-55

Office in Ukraine:

48b, Naberezhna Peremogy, Dnipropetrovsk,
49094

tel./fax: +38 056 370-12-07,
+38 056 370-12-03 (ext. 105)

email: expert@metalcourier.com

www.metalexpertresearch.com

**X International Conference
Steel and Raw Materials Export from Russia and Ukraine
April 20-21st, Kiev, Ukraine, InterContinental Hotel**

**Russian metallics market.
Export outlook**

**Nick Filkevich
Head of Research
Metal Expert Consulting**

Metallics – what is it?

Metallics is an aggregate of typical sources of iron used for steelmaking.

Scrap



DRI



Pig iron



HBI



Contents

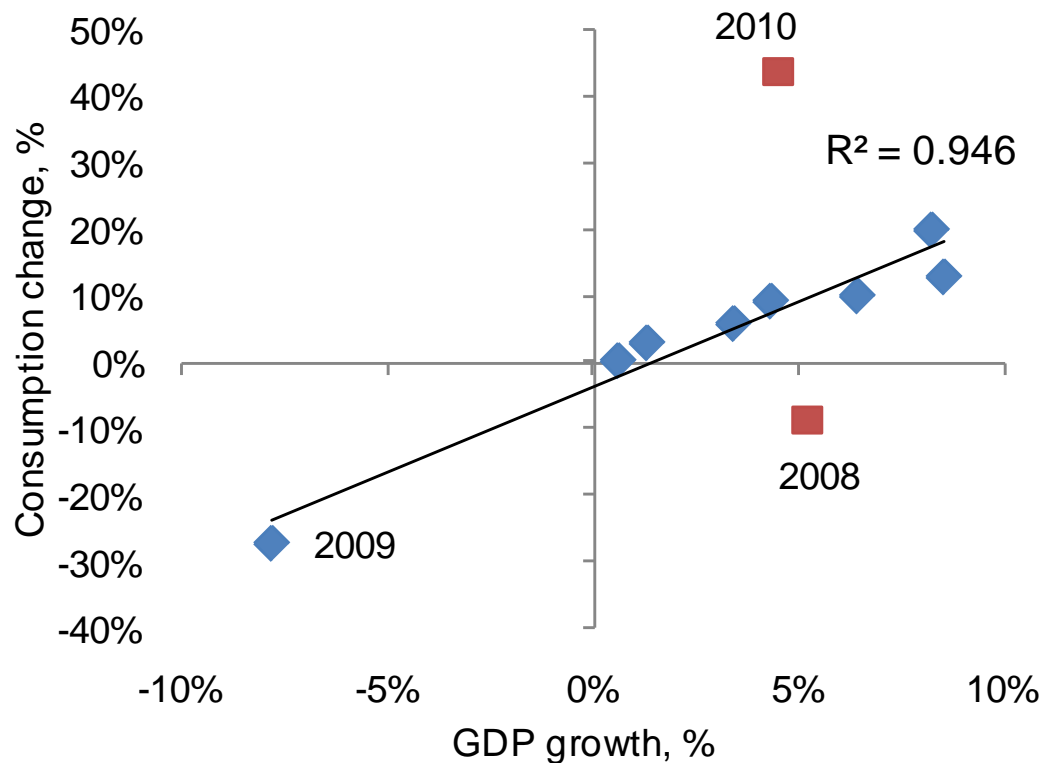
STEEL MARKET OUTLOOK

METALLICS MARKET OUTLOOK

EXPORT OUTLOOK

ABOUT METAL EXPERT CONSULTING

Correlation of finished steel consumption with economic growth in Russia



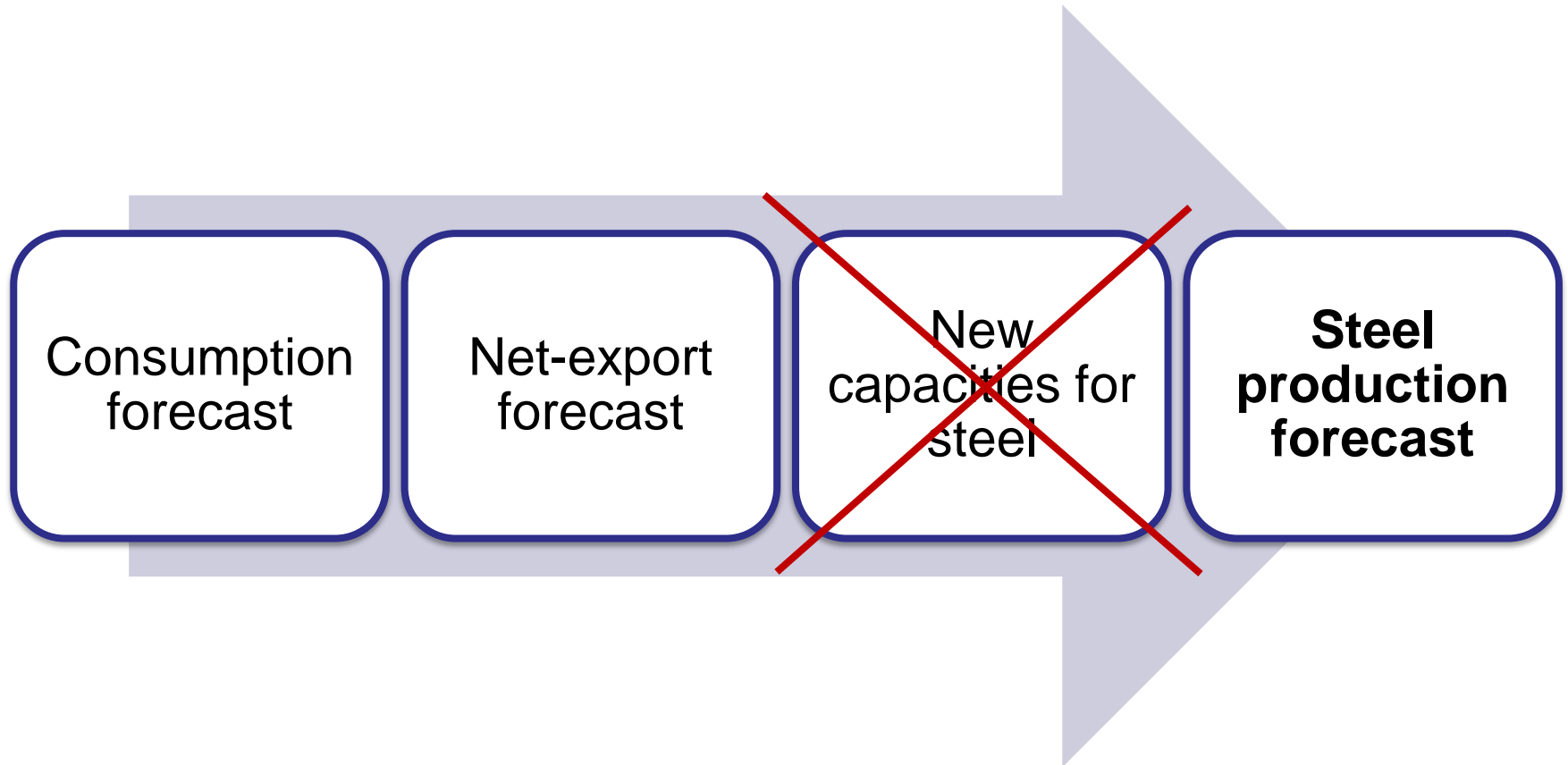
Source: Rosstat, Metal Expert Consulting

Year	Δ GDP	Δ Cons.
2014	0.6%	0.2%
2015	-2.9%	-5.8%
2016	0.1%	-0.1%
2017	1.1%	1.8%

Source: Metal Expert Consulting

Russian finished steel consumption will decrease in 2015-2016

Forecasting of crude steel production



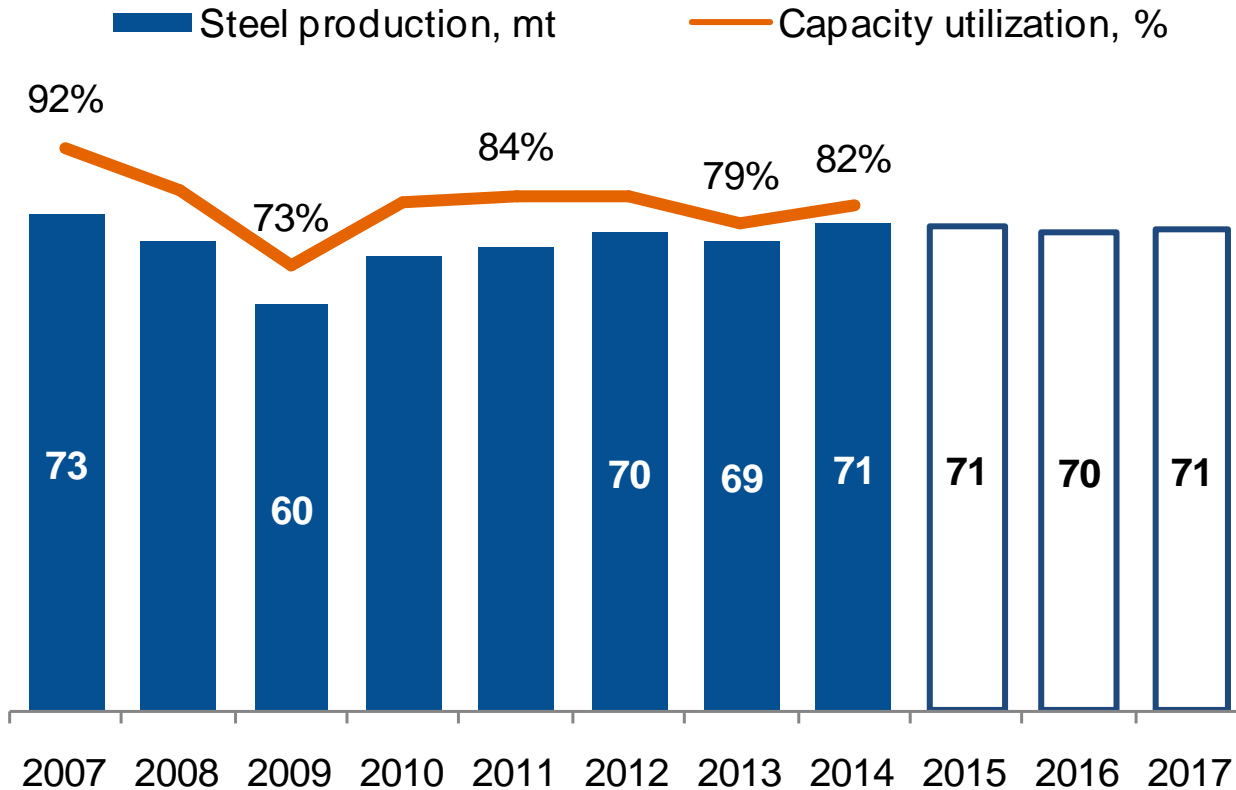
New steel projects

Region	Company	Capacity, '000 t	FP	Year	Status
--------	---------	------------------	----	------	--------

Total "plan & underway" – 5,55 mt
... but just 1-2 projects with a high probability of realization!

Total "on hold" – 7,55 mt

Russian crude steel forecast



Source: Metal Expert Consulting

In the next 3 years, steel production in Russia will not be able to reach the 2014 level

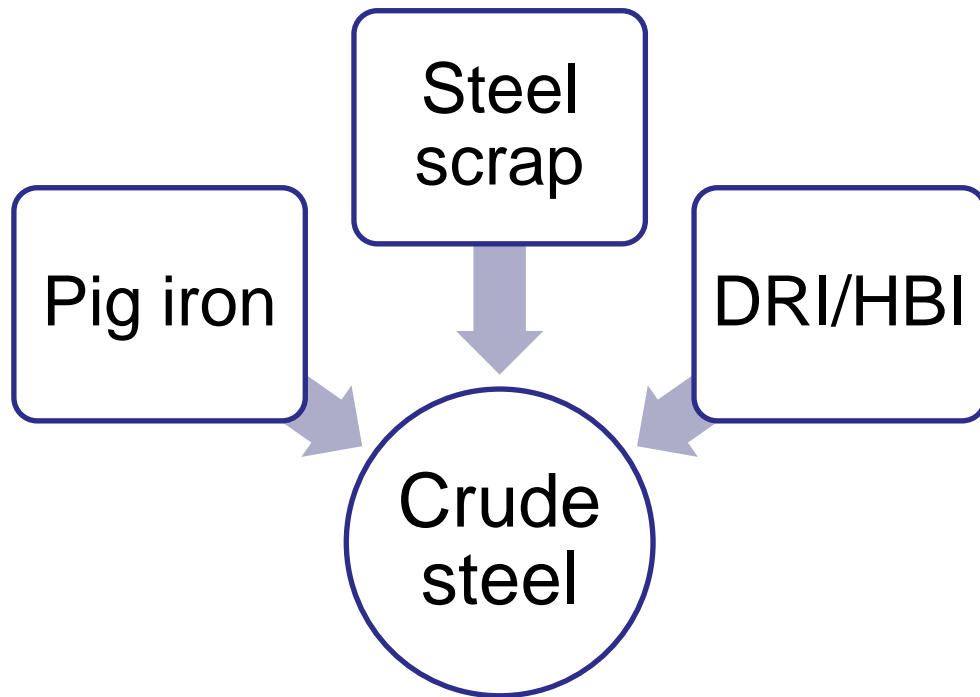
STEEL MARKET OUTLOOK

METALLICS MARKET OUTLOOK

EXPORT OUTLOOK

ABOUT METAL EXPERT CONSULTING

Metallics consumption typical structure



Integrated steel mill: BOF

- scrap ~20-25%
- pig iron ~75-80%
- DRI/HBI <1%

EAF

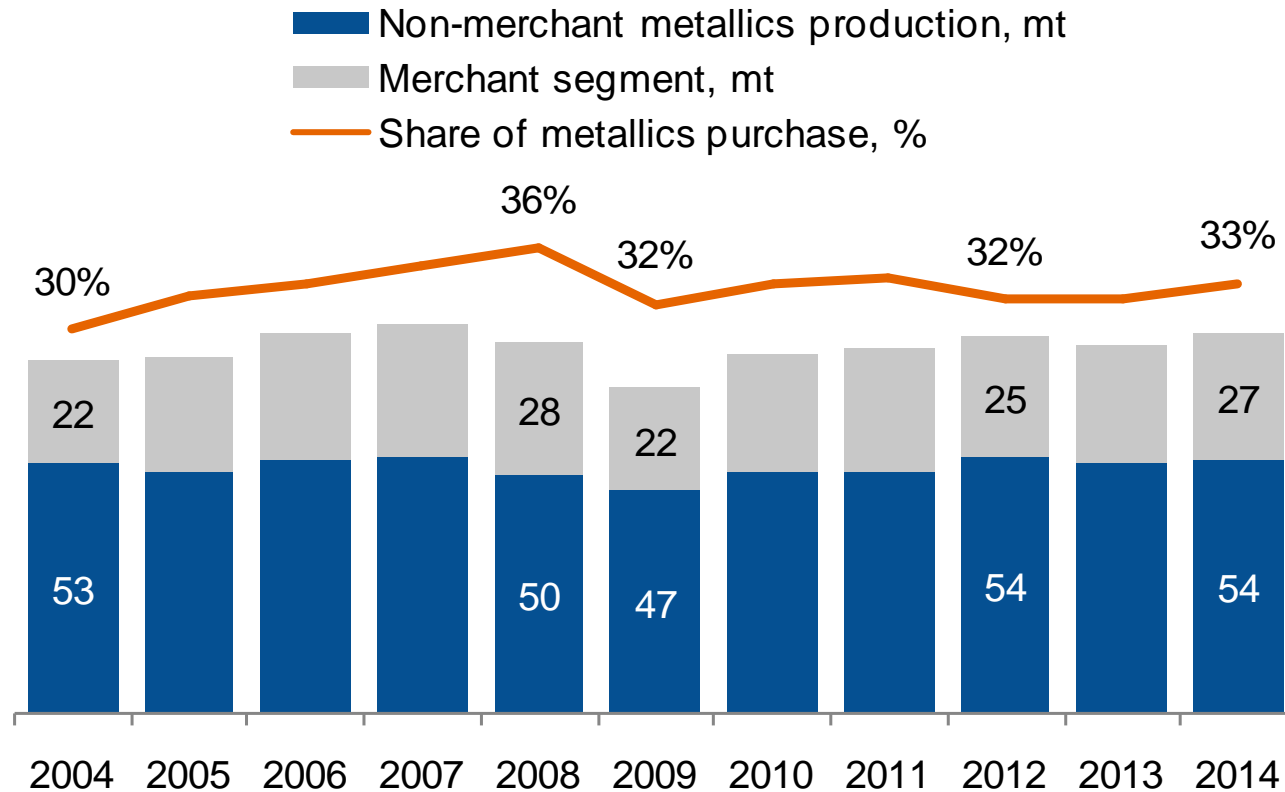
- scrap ~70-75%
- pig iron ~20-25%
- DRI <1%

Mini-mill:

- scrap ~95-100%
- pig iron+HBI <5%

Russian metallics market outlook (1)

Demand structure

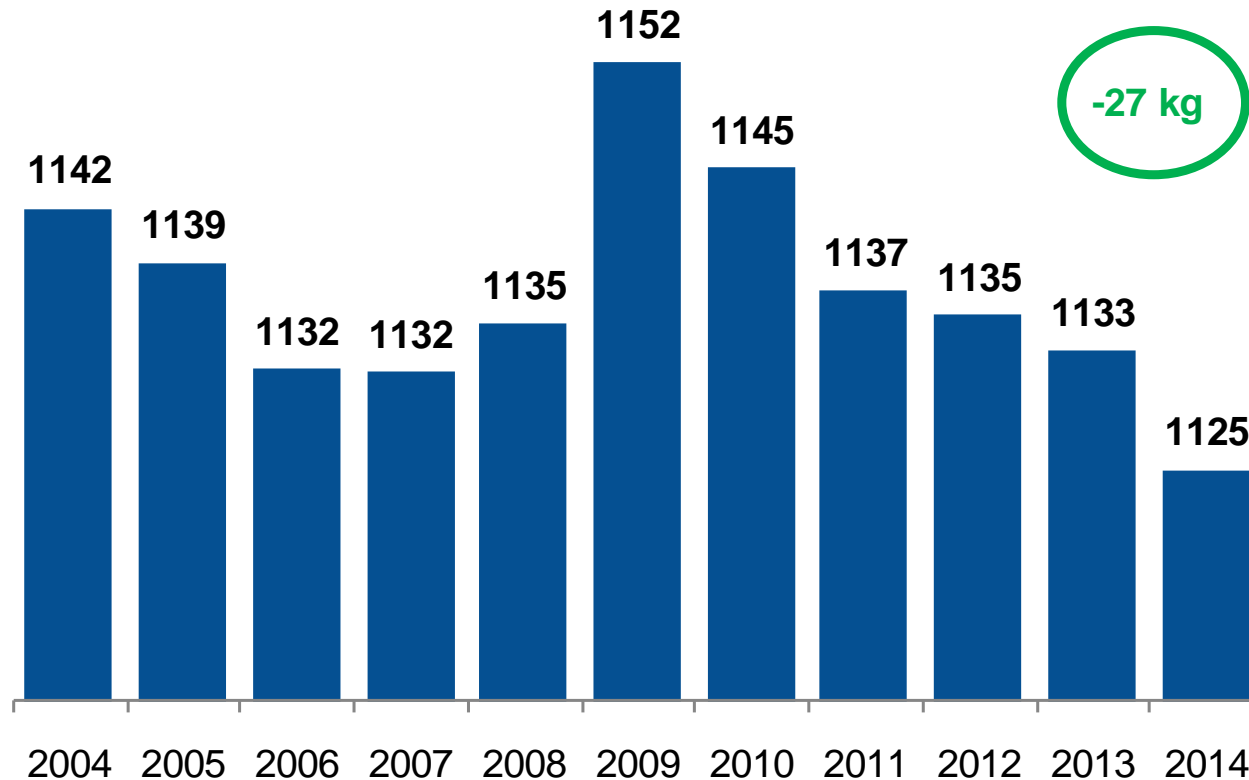


Source: Metal Expert Consulting

In hard times share of merchant segment decreases

Russian metallics market outlook (2)

Consumption per ton of steel, kg

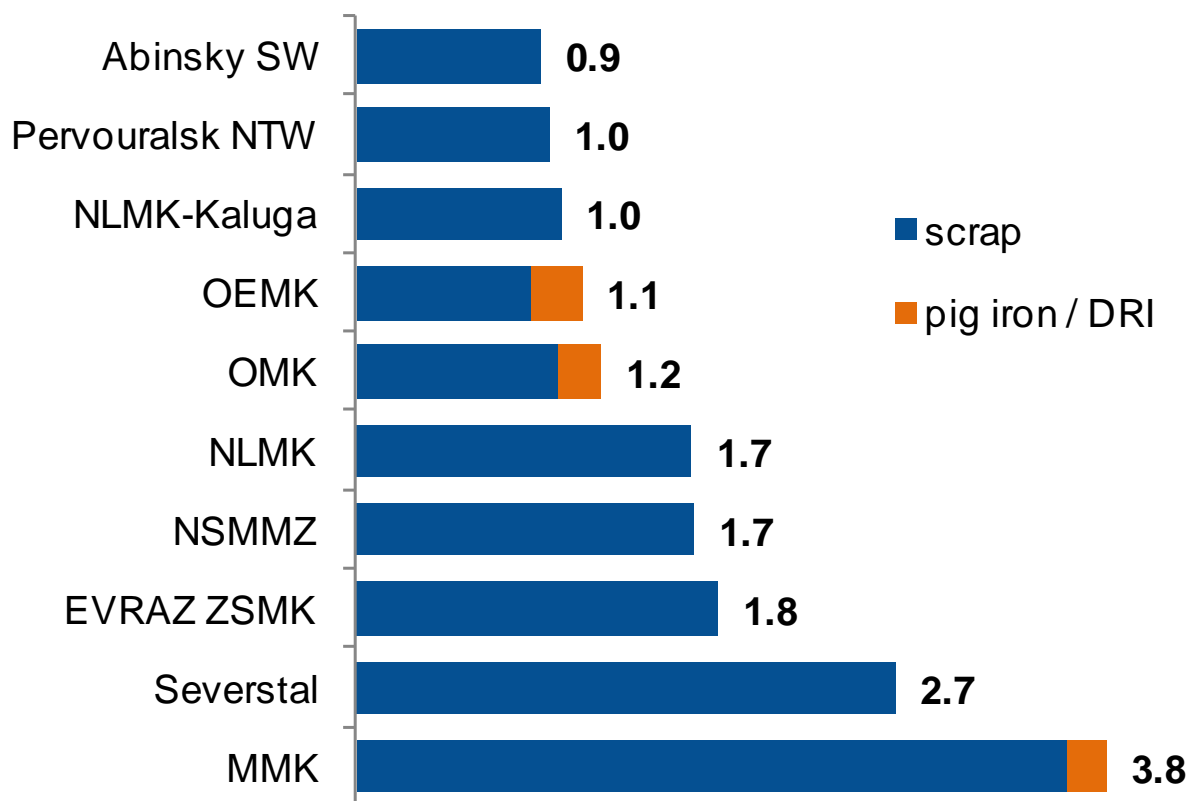


Source: Metal Expert Consulting

Metallics consumption per ton of steel reduced in recent

Metallics: merchant segment

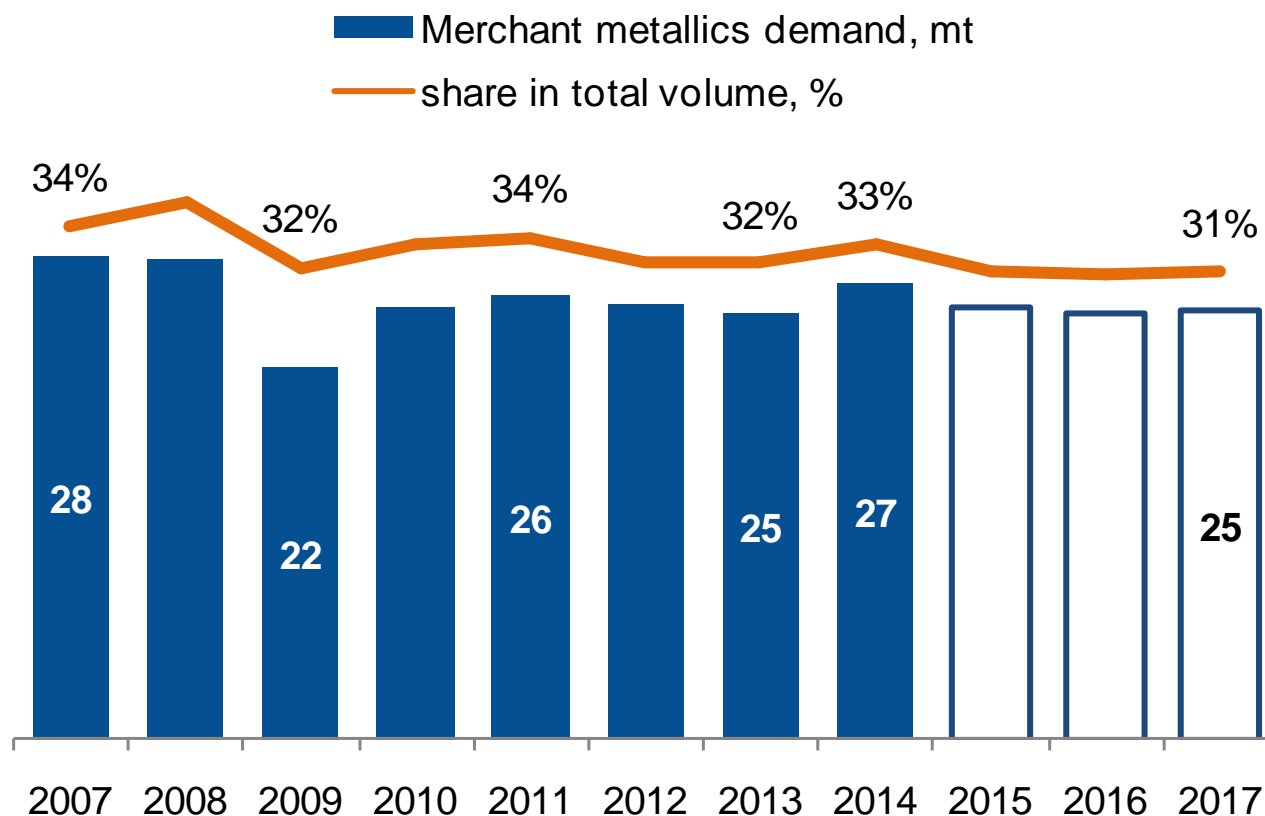
Purchase volume by TOP-10, mt (2014)



Source: Metal Expert Consulting

In 2014 Russian merchant metallics volume is estimated at 26.7 mt, incl. 25.5 mt of scrap

Russian metallics demand forecast



Source: Metal Expert Consulting

Decrease in Russian steel production in 2015-2016 will reduce metallics consumption.
Decline in merchant segment ~1.5-2.0 mt.

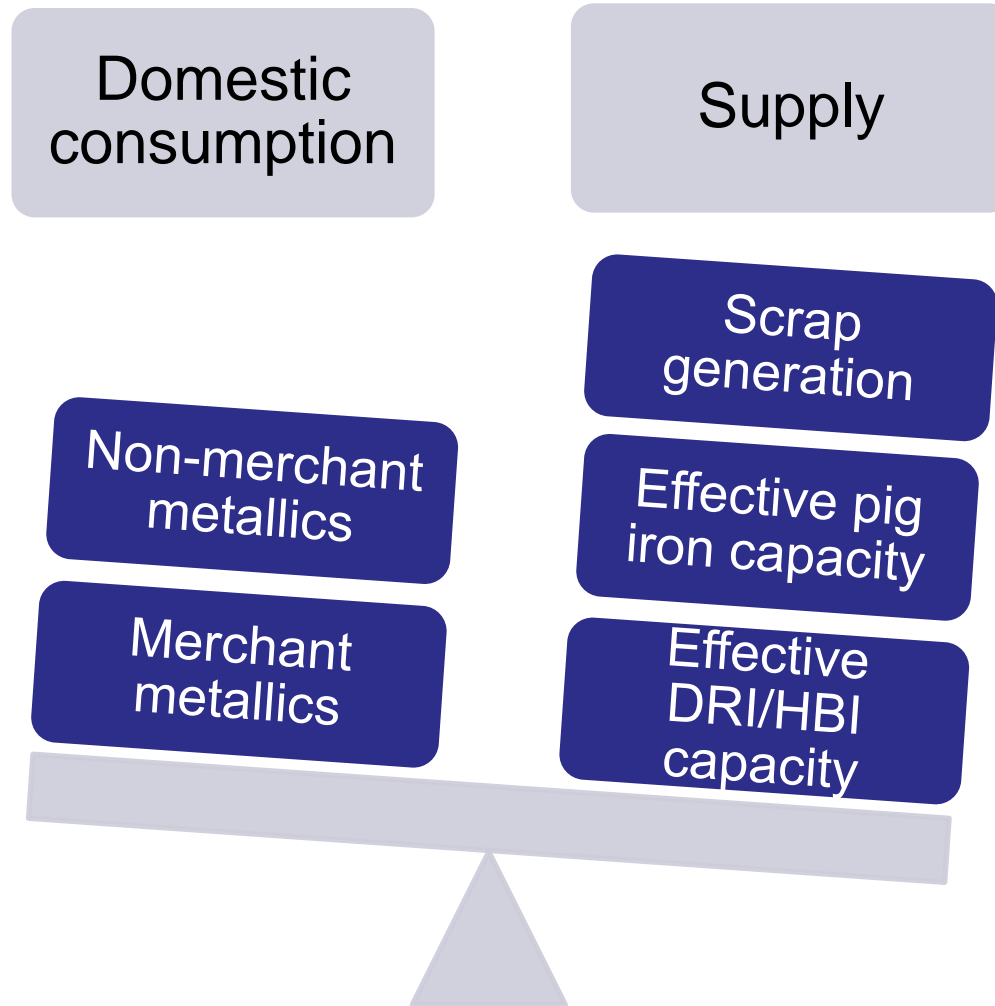
STEEL MARKET OUTLOOK

METALLICS MARKET OUTLOOK

EXPORT OUTLOOK

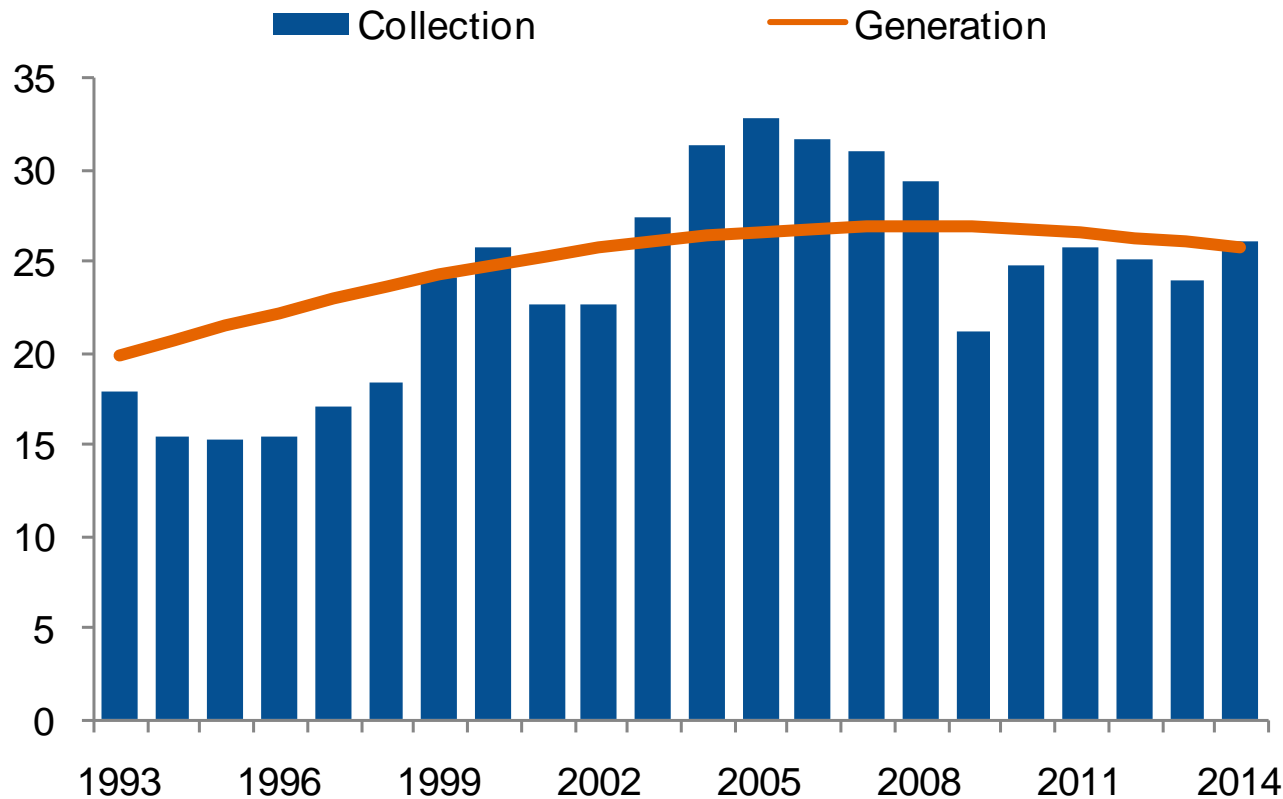
ABOUT METAL EXPERT CONSULTING

Method of export potential forecasting



Scrap generation outlook

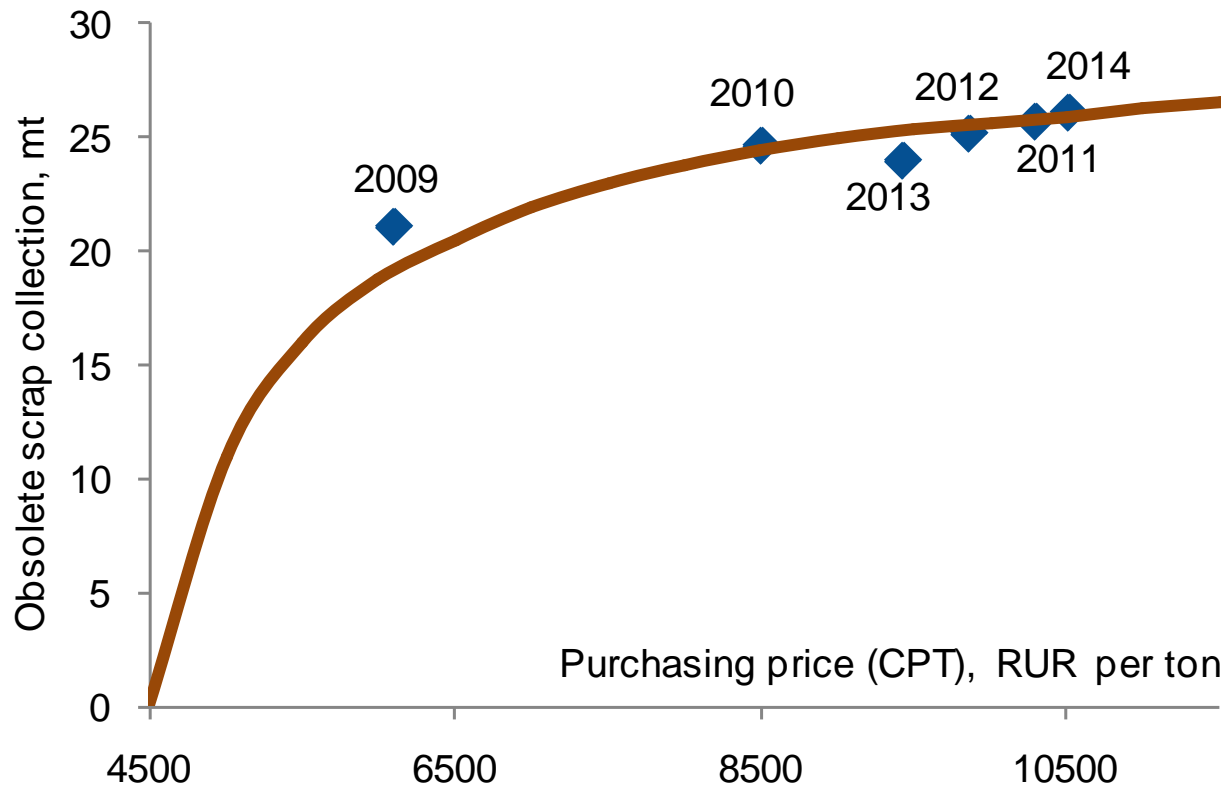
Russian obsolete scrap collection/generation, mt



Source: Metal Expert Consulting

Lack of investment in scrap processing will lead to reduction of the formation and collection of obsolete scrap.

Scrap collection and prices

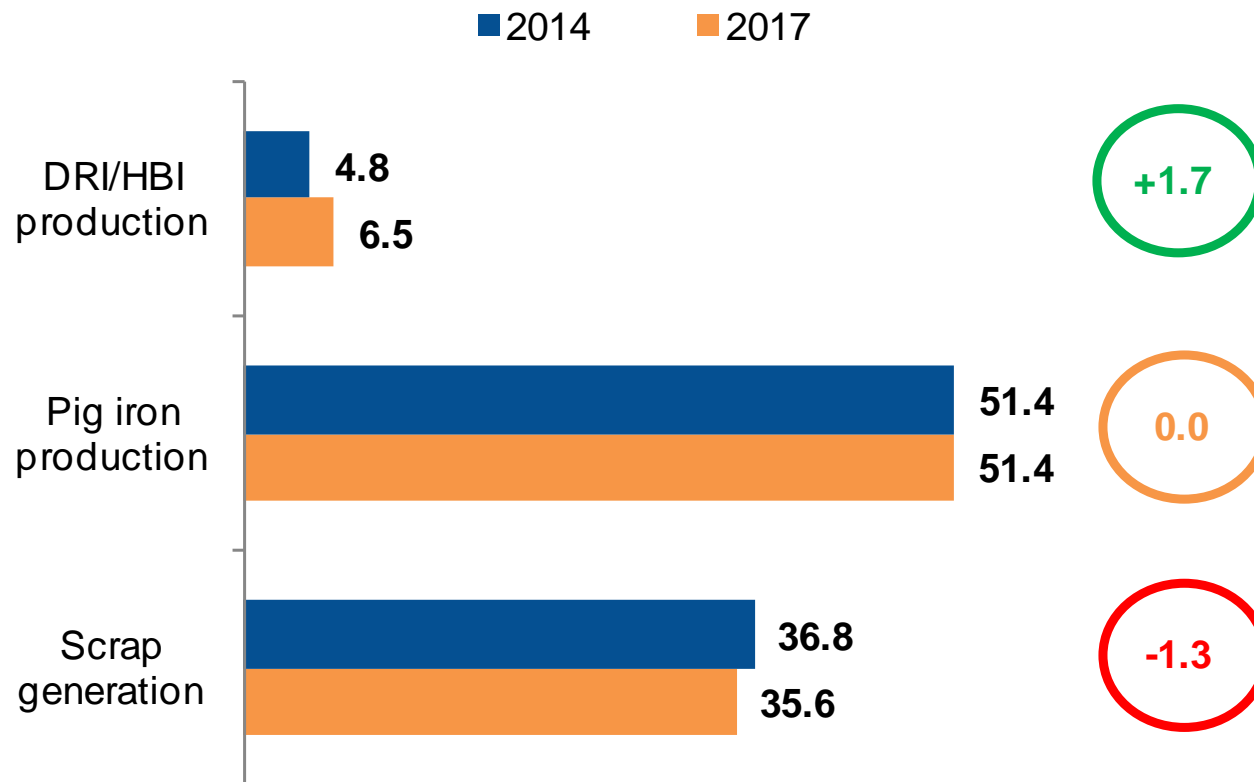


Source: Metal Expert Consulting

The potential for increasing of obsolete scrap collection in Russia is limited, even with a further increase in consumers' purchase prices

Metallics supply outlook

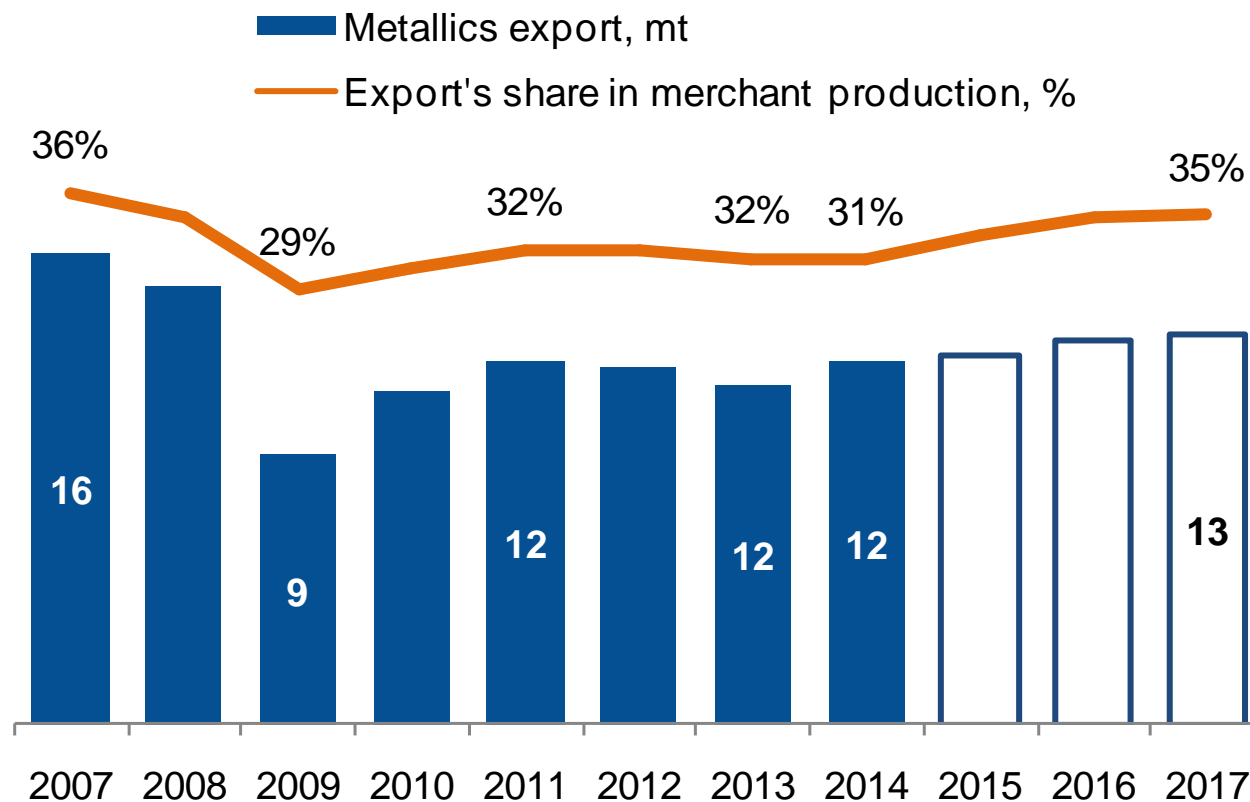
Production change in the next 3 years, mt



Source: Metal Expert Consulting

Reduction of scrap generation in Russia will be offset by increasing production of DRI / HBI

Russian metallics export forecast



Source: Metal Expert Consulting

Total exports of scrap, pig iron and DRI will grow by ~1 mt

STEEL MARKET OUTLOOK

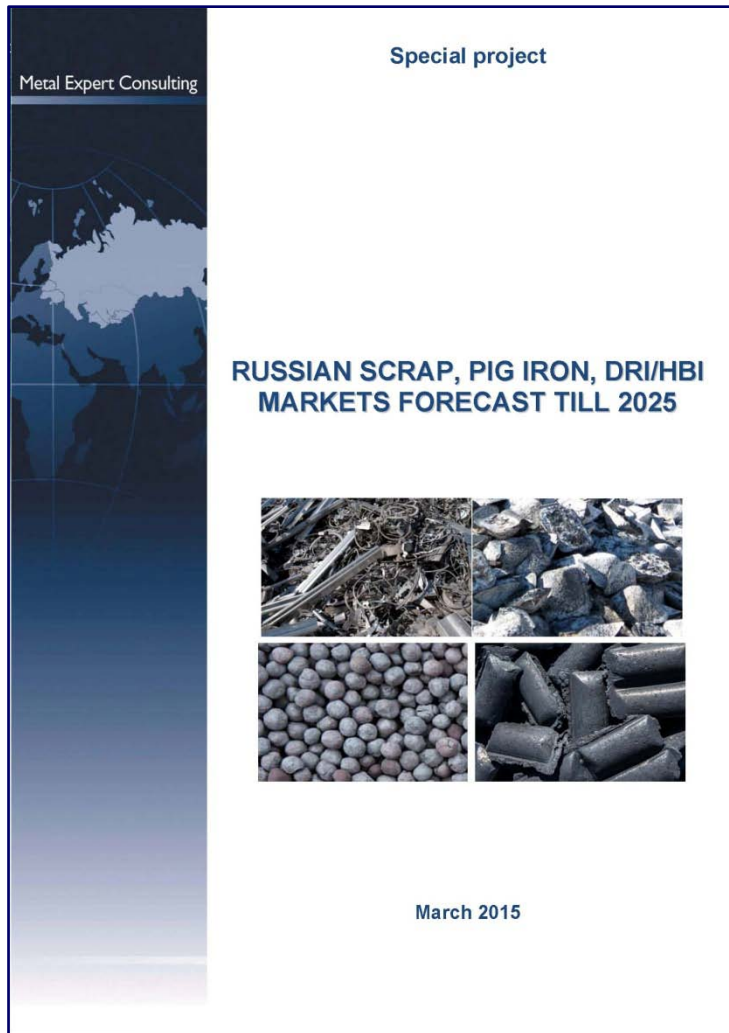
METALLICS MARKET OUTLOOK

EXPORT OUTLOOK

ABOUT METAL EXPERT CONSULTING

Upd.

Forecast of Russian steel scrap, pig iron and DRI/HBI markets till 2025



- Methodology
- Chapter I. Russian regional steel consumption/production outlook and forecast
- Chapter II. Metallics supply/demand balance: current situation and forecast. Export potential
- Chapter III. Factors of pricing and price forecast

Why our report is unique?

- A) All estimations are based on well-founded models, which have been tested repeatedly for analysis of raw material and steel product markets
- **only trustworthy source data on prices and volumes**
 - **understanding of actual steel scrap, pig iron and DRI/HBI consumption outlook**
- B) A comprehensive review of metallics segment in Russia as all the materials are treated as substitutes where possible
- **How the structure of Russian metallics consumption and production in short-, mid- and long-term period will change?**
 - **Will Russian mills manage to replace scrap in charge with other metallics?**
 - **How the changes in global metallics prices will affect for Russian scrap, pig iron and DRI/HBI and how it will affect exports?**

Metal Expert Consulting – research in ferrous metallurgy, chemical and coal industries

- Customized market analysis
- Product-mix, sales and procurement optimization
- Strategy and business planning
- Conceptual, pre-feasibility and feasibility studies

Among our clients:



Thanks for your attention!

Are there any questions, please?

Nick Filkevich
Head of Research
Metal Expert Consulting

Tel. +7 499 346 09 35 (ext. 181)

E-mail: n.filkevich@metalcourier.com,
expert@metalcourier.com

Web: www.metalexpertresearch.com
www.metalexpertresearch.ru