

## Metinvest Is Ready to Join Europe's Green Transition

Metinvest is ready to join Europe's green transition. On 10 May, at the Made in Steel conference in Milan, Yuriy Ryzhenkov, CEO of Metinvest Group, spoke about decarbonisation, the rebuilding of Ukraine, the challenges of the war and business interests in Europe.



In his speech, he noted that he shares the Ukrainian government's strategy for the country's post-war reconstruction, which is to continue developing renewable and nuclear energy. Thanks to its vast nuclear energy reserves, which can be used to produce environmentally friendly hydrogen, the country can become a supplier of raw materials for direct reduced iron (DRI) production in Europe.

"Metinvest is the largest iron ore producer in Ukraine," Yuriy Ryzhenkov said. "The country is already the largest producer of iron ore products in Europe. And a major advantage is that Ukraine produces magnetite iron ore, which can be enriched to DRI and HBI quality using well-known technologies. All that is needed for this is energy."

Moreover, a large part of Ukraine's energy mix has already been decarbonised: it consists of 65% nuclear power, 10-15% renewable energy and 10% hydrogen.

"The idea is to build DRI capacities at our facilities in Ukraine to supply EU consumers," Yuriy Ryzhenkov said. "And this, in my opinion, should be an integral part of the country's reconstruction. It is also a way to bring Ukraine closer to the EU by joining the EU's common product chain in this green steel movement."

According to him, the transition to green steel will make steel products more competitive in the future. Cleaner steel will have an advantage over other products, such as aluminium or plastic.

Metinvest also intends to increase its presence in Europe at all levels. "We are looking for opportunities related to the acquisition of companies in Europe, as well as the construction of greenfield facilities, particularly in Italy," Yuriy Ryzhenkov said. "Even if these enterprises do not run on hydrogen or renewable energy from day one, they must have all the characteristics to operate in an environmentally sustainable way in the future."

### **On overcoming the challenges of war**

The Metinvest CEO also noted that diversifying the Group's value chain and logistics has helped it to overcome the challenges of the war and even end 2022 with positive results. For Metinvest, the war actually began in 2014, and the experience of the first years played a key role in overcoming critical challenges last year.

As such, when the Group faced supply chain disruptions and the loss of control over its plants in Mariupol, it found new sources of raw materials, even though it had to suspend production for the first few months.

The Group's European operations became autonomous and started to source raw materials from the open market.

For example, Italian rolling mills that previously used Azovstal's raw materials found suppliers from the Middle East, Brazil and the UK.

At the same time, personnel were trained to act in different situations. "This enabled us to save many lives and at least partly protect our plants," Yuriy Ryzhenkov added.

According to him, Metinvest's shareholder Rinat Akhmetov is committed to making every effort to rebuild Ukraine, Mariupol, Azovstal and Ilyich Steel. Part of this included the Group joining the Mariupol Reborn project as a partner.

Yuriy Ryzhenkov noted that even before the Russian invasion, there were plans to turn the Mariupol plant into a DRI centre producing green steel. "The demolition was supposed to take place in 2025, but unfortunately, it has already happened for reasons we know. This can and should be an opportunity to restore steel production while preserving our heritage."

#### **On the new logistics**

After Russia blocked Ukrainian ports, Metinvest started transporting its products to Europe by rail. "It was a challenge from the very beginning of the invasion, especially for European operators," Metinvest's CEO explained. "Ukrainian Railways was ready to transport our volumes, while the Europeans were not. However, we worked well with logistics operators in Europe. We also managed to engage Baltic ports, which are not used to working with large volumes."

According to Yuriy Ryzhenkov, the development of land transport between Ukraine and the EU will also be important in the next phase of the green transition. "Ukraine is an excellent source of DRI, which is needed by processors in Europe," he added. "This will be a great advantage in the future when Metinvest or other Ukrainian producers start producing DRI."

Made in Steel is an international exhibition and conference for the steel industry. This year, it was held in Milan on 9-11 May 2023. It was attended by over 300 companies from 21 countries representing various segments of the mining and metals sector, and the exhibition area exceeded 15,000 square metres.