METINVEST

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“The Piombino plant will be one of the most technologically and environmentally advanced of its kind. It will be a pilot for our future investments in Ukraine." — Metinvest’s CEO about the Group’s plans for Italy

In an interview with La Repubblica, one of Italy's largest newspapers, Yuriy Ryzhenkov, CEO of Metinvest, spoke about the Group’s performance in 2023, the situation with Russian semi-finished products in Italy, its plans for the former Ilva assets, as well as details about the construction of a new green steel plant in Piombino.

— Mr Ryzhenkov, what is Metinvest Group doing now, two years after the beginning of the war in Ukraine?

— In times of war, we devote the greatest efforts to support the country on its path to victory. For our Group, this means continuing to pay taxes, providing humanitarian aid and helping the Ukrainian army. Despite the loss of two steel mills, as well as the coking plant in Avdiivka, Metinvest remains the largest employer in Ukraine and the largest donor to the Ukrainian army. We have allocated significant funds to support the Ukrainian armed forces and provide humanitarian aid to Ukrainians.

— How were Metinvest’s results at the end of 2023?

— We have just published the financial results for 2023. The net loss is US$118 million, but we have stabilised the business while cash flow is positive, which means we are back on the right track. And this is very important.

— Metinvest already has two plants in Italy but has committed to making new investments in Piombino. What are your plans?

— First of all, I would like to express my gratitude to both the Italian government and the Italian people for their support during this difficult period. You are one of the few countries that has been by our side at all times, regardless of different internal political processes, even more so than the US.

Metinvest committed to build a new green steel plant in Piombino as part of a programme agreement with the Italian Minister of Enterprises and Made in Italy. This is the result of the cooperation of many institutions, including regional and municipal ones. We hope to finalise the agreement within the next three to four months and to have a precise action plan.

— What will you produce at the Piombino plant?

— Italy imports around 6 million tonnes of products, and with the production capacity we plan to launch, we will be able to significantly reduce this deficit. The Piombino plant will be one of the most technologically and environmentally advanced enterprises. It will become a pilot project for our future investments in Ukraine when we will be able to rebuild something there.

— Azovstal produced semi-finished products that were sold to Italian customers, and they processed them into finished products. Will the Piombino plant have the same function as Azovstal?

— We planned to build a plant in Italy long before the invasion. The idea was to use semi-finished products from Azovstal for further processing in Italy. Now we know that Azovstal is gone. But we have iron ore facilities in Ukraine with high-quality ore that can be used to make DRI/HBI (direct reduced iron - ed.). So now the idea is to build a plant that will use iron ore from Ukraine to produce steel in Italy.

— Italian steelmakers are concerned about a possible scrap shortage due to the potential construction of a plant in Piombino.

— I understand the concerns of Italian steelmakers. But if you look closely, there is no raw material shortage in Italy, there is competition, just like in other countries. Raw materials can also be transported by sea. However, as I said before, the Piombino steel plant will get raw materials from Ukraine.

At the moment, we are identifying a location for the construction of the DRI plant, and we know that we are not the only ones, other Italian steelmakers are doing the same. Some are considering building DRI plants outside of Italy, where gas prices are lower. In any case, Metinvest will contribute to this process by supplying raw materials to DRI plants to be built in Italy, just as we will supply them to our DRI plant, which may be built in Ukraine or somewhere else, from which raw materials will be supplied to the Piombino plant.

— Some steel producers in Northern Italy continue to buy cheaper Russian slabs, claiming that, otherwise, they would have to close their plants. Is this really the case?

— While thanking you for your support, I must also point out that this justification is not entirely accurate. We are a coil (finished product - ed.) producer, we buy about one million tonnes of semi-finished products to make coils in our plants but not a single tonne comes from Russia. We buy slabs both in Italy, from Adi in Taranto, and from other European producers such as ThyssenKrupp, Galati or U.S. Steel in Košice. And on the wider market, also in China and Brazil. And it all remains profitable.

— So for Italy, which is against Russian aggression, is it nonsense to buy steel that comes from Russia?

— Exactly, it's like shooting yourself in the foot. By the way, buying semi-finished products from Russia at lower prices means competing with the plants in Piombino and Taranto that produce the same products. Metinvest buys slabs from Taranto. We know that the Italian government is doing everything to return this site to profitability. So, it is unclear why other Italian steelmakers should buy slabs from Russia.

— Regarding Taranto, Minister Adolfo Urso mentioned Metinvest as one of the potential candidates to acquire the assets of the former Ilva plant. Can you confirm this?

— Minister Urso asked us to also look at the Taranto plant, to consider the possibility of its restoration, and we have set up a dedicated task force to analyse the situation and scenarios. We are providing our support by supplying raw materials to Taranto. In addition, we are supplying technical specialists to help optimise the use of our raw materials and purchase semi-finished products from Taranto. With this in mind, we are currently focusing on Piombino. But we are continuing to analyse ways in which Metinvest can do more to help the plant in Taranto, even if there are no announcements about this for the time being..

— And if the Italian government will auction the former Ilva sites by the end of the year, could Metinvest participate?

— First of all, it depends on the results of our due diligence, after which we will consider the conditions of the tender, its restrictions, and the level of government support. In general, there are many things to verify before a group like Metinvest can say whether it is interested in an investment of this scale. At the moment, I can only confirm that we are analysing the situation, we can make proposals, but it is up to the government, as it is the one that has to create the conditions for taking further steps. We also know that some other groups in the industry are looking at the former Ilva plant, so we will see what happens next.

— Can it be said that the relaunch of the Taranto plant is very important, not only for Italy, but also for the entire steel market, particularly the European one?

— I am not in a position to say that. However, different sources, including the Italian government, say that steel production in Taranto is essential for the Italian economy. And I have no reason to doubt this.

— What is the action plan for Piombino?

— If we finalise the programme agreement by the middle of this year, we could start the plant's construction towards the end of 2024. The construction itself will take two to three years. In an ideal scenario, we should start production in Piombino in 2027.

— Is it true that you want to establish a partnership between Metinvest's university and Italy to develop cooperation in education and culture?

— Yes, that is true, for two years now Metinvest has had its own university, Metinvest Polytechnic. In the beginning of April, we will have our first graduates. Initially, we considered the university as a place to train talent for the steel industry, but now we have decided to broaden our horizons for the development of young people with a focus on Ukraine's reconstruction. This is why we are trying to create connections with other universities. And we are exploring a partnership with Italy, which is known for its schools and world-renowned engineers to launch joint educational programmes.

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La Repubblica

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