JSC "Ural Steel" (Russia)
Orsk-Khalilovo Integrated Iron-and-Steel Works
Company’s business profile
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JSC “Ural Steel” (company business profile)

ANNOTATION

This report (company business profile) is a description of one of the largest Russian steel - JSC "Ural Steel" of Metalloinvest.

The report consists of 13 sections, contains 71 pages and includes 3 applications, 2 Figures and 6 tables.

The business is based on a portrait of a desk study. As information sources, data of Federal Service of State Statistics, the Federal Customs Service of Russia, official statistics of rail transport, annual and quarterly reports of companies, as well as internet-sites of company-producers.

The first section is an overview of the company.
In the second section presents data on the composition and powers of the company, its products range.

The third section gives an idea of the volume of production of products for various value added products and their dynamics, which are determined on the basis of trends.

The fourth section is devoted to sources of raw materials and suppliers, both domestic and foreign.

Marketing of products dedicated to the fifth section, with a separate delivery address for the domestic market and for export.

In the sixth section we consider the foreign activities of the company, data on exports.

In the seventh section we consider the competence of the company, which determine its competitiveness.

Data on productivity, staffing, compensation can be found in the eighth section.

The ninth section is devoted to one of the most important areas of functioning of the production companies at this stage - environmental performance.

The privatization of the company, its progress, the formation of the shareholders and its impact on the company's activities in the tenth section.

Data on the financial condition of the company during 1999-2013 are given in the eleventh section.

In the twelfth section we consider the implementation of planned projects for each of metallurgical conversion.

The thirteenth and final section is devoted to the program for the company.

The Appendices present information about the enlarged range of products, the geographical structure of exports of rolled steel by its kinds in 2004-2013 as well as address-phone book of the company.
1. General information

JSC Ural Steel (former JSC NOSTA, organised on the basis of Orsk-Khalilovo Integrated Iron-and-Steel Works), a subsidiary of the Holding Company METALLOINVEST, is known as the largest enterprise in South Ural territory and one of the eight leading metallurgical integrated works in Russia. The Company was founded in 1955 on the basis of unique naturally-alloyed iron ore deposit (the Works was constructed far from large sources of iron ore and coal, but next to the small unique Khalilovsky deposit of naturally-alloyed iron ore, containing nickel, chromium and cobalt, and nearby commercial reserves of limestone, nickel and fire clay).

The enterprise was designated to produce iron and steel of improved grade for manufacturing facilities and pipes, working in aggressive media (for oil and gas sector).

The company is focused historically on several key branches of Russian industry: bridge building, chemical and power-generating machine building, pipe industry.

Today, “Ural Steel” is a niche market player in Russia, holding the top market position in production of strips, pipe billets, bridge steel, machinery structural steel and billets for exports. “Ural Steel” produces more than one hundred grades of carbon alloyed and low-alloyed steel; plates, universal wide strips and section bars; firebricks, coke and chemical by-products. The engineers of “Ural Steel” have developed 25 next generation steel grades on the basis of technology of natural alloying.

The main types of “Ural Steel” products are as follows: iron, billet, cast sections, long products, plates, coke and chemical by-products.

Due to unique consumer specifications, the products of “Ural Steel” are highly demanded in Russia and the CIS as well as at the international markets. Above a half of the company production volume is exported. The customers of “Ural Steel”’s metal products are the enterprises from Russia, Germany, Great Britain, Italy, Spain, Belgium, Norway, Denmark, Turkey, Iran, China, Korea, Vietnam, Taiwan and Thailand.

The Works is controlled by Metalloinvest Holding Company. Metalloinvest is one of Russia’s leading steel and mining holding companies. Metalloinvest includes the mining division (Lebedinsky GOK and Mikhailovsky GOK), as well as the steel division (Oskol Elektrometallurgical Plant (OEMK) and Ural Steel) as well as company on scrap collection and processing UralMetCom and assets, which provide maintenance and supply of raw materials to the mining and metallurgical enterprises. In July 2006, annual shareholders meeting of JSC Ural Steel transferred authority of the sole executive body to LLC Management Company Metalloinvest.

Holding Company "Metalloinvest" is fully (100%) controlled by USM Holdings, the main beneficiaries of which are Alisher Usmanov (48%), Vladimir Skoch’s companies (30%) and Farhad Moshiri (10%).
2. The enterprise structure, range of products

The enterprise structure includes sintering plant, coal-tar chemical production, blast furnace plant, electro-steelmaking plant, blooming plant, 2 flat-rolling plants and a long-rolling plant, oxygen-compressor plant, stampings plant.

**The Sintering Plant**: 4 sintering facilities with caking area of 84m² each. At present time in the sinter shop, automatic dosing of all components of the charge is introduced, the technology of production of fluxed sinter, which greatly influenced the productivity of blast furnaces and the quality of the iron, has been introduced. Total capacity of the plant is XX mln tpy.

In 2013, modernizing of sintering facility No.4 was completed to increase its productivity by 10% from 763 ktpy to 846 ktpy.

**The Coal-Tar Chemical Plant**, with total capacities of XX m tpy coke includes.
- Coke shop №1 with four coke-oven batteries № 1, 3, 4 (with 20 m³ chambers and capacity of XX tpy each); coke-oven battery № 2 (0.33 mln tpy) is being reconstructed.
- Coke shop №2 with coke-oven batteries № 5 and 6 (with 30.3 m³ chambers). In May 2011 coke-oven battery № 6 was removed from service due to physical wearing, and, on its foundation, a new coke-oven battery № 6 was built with capacity of 0.68 mln tpy (in October 2012 heating of the battery started, launching was scheduled for March 2013, than postponed to July 2013, and by now, delayed for late 2014); currently coke oven battery № 5 is under repair (terms of the project realization are not determined);
- Capture shop.
- Coal preparation shop.
- Service subdivisions.

Wet and dry quenched coke is produced at the plant from low sulfur coals (0.3–1.0% content). Recovered from the coke-oven gases commodity products are coal tar, ammonia sulfate and crude benzene.

**The Blast Furnace Plant**, including:
- 3 blast furnaces with total capacity of XX mln t per year:
  - blast furnace № 1 - working volume of 1007 m³, with capacity of XX kt / year (commissioned in 1955, during 2010-2012 was stopped for repair, 31 May 2012 commissioned anew)
  - blast furnace № 2 - 1033 m³, with capacity of XX kt / year (1958),
  - blast furnace № 3 - 1513 m³, with capacity of 1.1 mln t / year (1963; on June 15, 2012, stopped for major repair, and on December 8, 2012, launched anew),
  - blast furnace № 4 - 2000 m³, with capacity of XX mln t / year (1973). On 15 December, 2012, the furnace has been removed from service and conserved.
- Four iron casting machines with the annual capacity of XX tons each.
- Two iron storage yards.
- Slag processing facility with annual capacity of XX million tonnes of granulated slag.

The plant produces steelmaking, foundry iron, and unique in the world naturally-alloyed Cr-Ni iron, and blast furnace ferromanganese.

**The Steelmaking Production:** includes Electric Arc Furnace Plant (electro-steelmaking plant). Total capacity of the production is XX mln tpy steel.

The enterprise produces around 100 types of carbon, alloyed, low-alloyed steel, of which around 20% are unique in the world in their properties (according to the enterprise specialists). Since 1998, stainless steel was produced, but now the products are not manufactured; production of new types of naturally-alloyed steel on the basis of Cr-Ni iron (for welded and seamless pipes) is permanently introduced (for manufacturing high-corrosion-resistant welded and seamless pipes).

**The Open Hearth Furnace Plant (OHF-Plant),** including three one-type open hearth furnaces with capacity of XX mln tpy steel was removed from service in April 2013. The first furnace (XX mln tpy) was closed in February, and two other in April. In 2012, the plant produced about 0.8 mln t steel, in 2013 – XX mln t only).

The OH plant was planned to be closed after commissioning the new BOC plant, but short funding forced to delay the BOC project implementation (up to at least 2017).

**The Electro-Steelmaking Plant,** with total capacity of XX mln tpy steel, includes 2 electric arc furnaces (EAF) of 100t and 120t and one furnace of 3t (steel for casting), 3 ladle-furnaces (commissioned in 1998, 2000 and 2007), a continuous-blooming 4-strand caster of radial type (yielding blooms 330x470mm and round billet 430, 540, 600 mm in diameter), and a one-strand continuous-slabbing caster to produce slabs 190-270x1200mm in size (total capacity of the two units is 2 mln tpy), two-position degasser Siemens-VAI with capacity of XX mln tpy (launched in November 2012).

In October 2004, furnace No. 1 was equipped with systems of smelting intensification on the base of window and wall lances, with increasing productivity up to XX tpy steel.

The shop casts above 80% of its steel by the casters and the rest into ingot moulds. The steel casting is conducted with protection of steel stream from secondary oxidation. The whole volume of the shop steel is subjected to extra-furnace treatment.

A technology has been elaborated providing stable decreasing content of sulfur and phosphorus in steel to 0.005% and 0.015%, respectively, and even below, with lowest content of non-metallic inclusions. The technology provides obtaining rolled steel, mechanical properties of which meet the strictest national and international standards.