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NOVOLIPETSK STEEL SWOT & PESTLE ANALYSIS

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Company Name : Novolipetsk Steel

Company Sector : Steel

Operating Geography : Russia, Europe, Global

About the Company : Novolipetsk Steel or NLMK is one of Russia's four largest steel firms. NLMK accounts for about 21% of domestic crude steel output and is headquartered in Lipetsk, Russia. In 1931, Novolipetsk Iron and Steel started building a plant on the site of the iron ore mine and eventually, it became a joint-stock company in 1992. Its main products include flat steel, semi-finished steel, and electrical steels. NLMK also manufactures high-ductility and micro-alloyed steels, as well as speciality coated steels. Pre-painted, galvanised, and electrical steel, as well as a range of long steel products, are among the company's high-value-added products. NLMK is at the cutting edge of modern steel manufacturing, with state-of-the-art production facilities. The Company's distribution markets are extremely geographically diverse, with product exports to over 60 countries around the world. Among global steelmakers, the Company has one of the most attractive production costs. In March 2021, NLMK Group joined forces with K1-MET, a leading European Competence Centre for the production of advanced metallurgical and environmental processes based in Austria. NLMK will undertake programmes aimed at ensuring the efficient use and processing of recyclables in steelmaking operations. In April 2021, NLMK Group won the 'Sustainability Champion' by World Steel Association (worldsteel).

Novolipetsk Steel's Unique Selling Point or USP lies in it being the leading international steel company with over 17 million tonnes of steelmaking capacity and being one of the world's foremost suppliers of slabs and transformer steel. NLMK's mission statement reads, "The Company offers the best solutions to the client's problems, using its experience, best practices and all the necessary resources based on long-term partnerships. We strive to be objectively the best design organization for NLMK Group and the entire steel industry in Russia".

Revenue :

USD 9,245 million - FY ending 31st December 2020 (y-o-y decline 13.2%)

USD 10,554 million - FY ending 31st December 2019

SWOT Analysis :

The SWOT Analysis for Novolipetsk Steel is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> 1.Vertically integrated steel manufacturer with a well-balanced value chain 2.Well established R&D labs for product innovation and for maintaining diversified product portfolio 3.Novolipetsk is self-sufficient in terms of resources for its production 4.Digitalizing the production system giving it a competitive advantage 5.Novolipetsk Steel has a diversified product mix from flat to long products in its offering 	<ul style="list-style-type: none"> 1.Poor financial performance gauged from declining profits and revenues since 2018 2.Vulnerable to disruptions of operations from situations like COVID 3.The group has liquidity risk due to relatively high and increasing levels of borrowings
Opportunities	Threats
<ul style="list-style-type: none"> 1.Improving international presence to garner more revenues and boost profits 2.Increasing urbanization leads to increased demand for steel 	<ul style="list-style-type: none"> 1.Steep competition with numerous other steel manufacturers in Russia 2.Environmental regulations for use of green energy may increase production cost

PESTLE Analysis :

The PESTLE Analysis for Novolipetsk Steel is given below:

<p style="text-align: center;">Political</p> <ol style="list-style-type: none"> 1. Russia is prone to receiving international sanctions which has negative impact on the growth of the companies 2. Infrastructure modernization plans undertaken by the Russian government will promote steel production 3. Impact of Brexit on the steel industry 	<p style="text-align: center;">Economical</p> <ol style="list-style-type: none"> 1. Production costs are susceptible to oil and gas prices in the country 2. GDP growth of Russia to fuel up demand for steel and other goods 3. Price volatility of raw materials affect production costs
<p style="text-align: center;">Social</p> <ol style="list-style-type: none"> 1. Rising urbanisation may push up consumer demand for steel in the country 	<p style="text-align: center;">Technological</p> <ol style="list-style-type: none"> 1. Move to industry 4.0 in the steel industry leading to modernization of processes
<p style="text-align: center;">Legal</p> <ol style="list-style-type: none"> 1. Steel industry has to abide by the labour laws in Russian Federation 	<p style="text-align: center;">Environmental</p> <ol style="list-style-type: none"> 1. Russian government introducing new norms to check on emissions 2. Reducing environmental impact by introducing state-of-the-art technology

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