# S&P TEST

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## **SEVERSTAL SWOT & PESTLE ANALYSIS**

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Company Name : Severstal

Company Sector : Steel

#### Operating Geography: Russia, Europe, Global

About the Company : Severstal is a Russian company mainly operating in the steel and mining industry. It is headquartered in Cherepovets, Russia and was founded on August 24, 1955. The company is majority-owned and controlled by billionaire Alexey Mordashov. The company is a leading Russian steel producer, with a broad product mix, self-sufficiency in raw materials, and an extensive distribution network. It focuses on high value-added flat steel products and the production of long products for construction and downstream sales. It's downstream assets include the production of large diameter pipes and metal ware for machinery, as well as service centers and stamping facilities for exposed automotive parts. The division has high value-added products. The flagship of Cherepovets Steel Mill is one of the lowest-cost steel mills in the world. It is primely located in north-west Russia, the division's steel operations enjoy convenient rail access to the Company's mining operations and low-cost direct river access to the Baltic ports. The Company is also well-positioned to serve the industrial hubs around Saint-Petersburg and Moscow. The Company comprises two major operational divisions: Severstal Resources and Severstal Russian Steel. Both have been ranked as the 16th best of 92 oil, gas, and mining companies on indigenous rights and resource extraction in the Arctic. Being one of the world's largest vertically integrated mining and steel companies, the company has received the highest platinum award in the SAP Value Award 2020 in the New Horizons category. Severstal is recognized for the implementation of the iDeaL project, which aims to manage the lifecycle of ideas and initiatives. It provides for the use of several SAP products – SAP Innovation Management, SAP Analytics Cloud, and SAPS /4HANA Project System.

Severstal's unique selling proposition or USP lies in it being Russia's largest mining industry producing about 17% of total crude production in Russia. Severstal's mission statement reads "Our mission is to be the leader in value creation. At every stage of our vertically integrated

operations we aim to create value at a faster rate than our competitors, from the mining of raw materials right through to the manufacture of high value-added products." Severstal's vision statement reads "Our vision is for Severstal to be the leader of the steel industry of the future and the first choice for its customers, employees and partners."

#### **Revenue :**

US\$ 6,870 million - FY ending 31st December 2020 (y-o-y decline 15.8%) US\$ 8,157 million - FY ending 31st December 2019 (y-o-y decline 5%) US\$ 8,580 million - FY ending 31st December 2018 ?



#### SWOT Analysis :

The SWOT Analysis for Severstal is given below:

Strengths	Weaknesses
1.Emphasis on cost reduction in steel	1.No plans in recycling of iron
production	2.High dependency on Russian demand for
2.Improving presence among customers	sales
through strong online outreach	
3.Vertically integrated production boosting self	
sufficiency	
4.Business with breakthrough margins	
5.Key collaborations to boost downstream	
business	
Opportunities	Threats
1.Technology accumulation through Severstal	1.Shrinking global economy hurting steel
Ventures	demands
2.Finding newer markets to offset low demand	2.Barriers of iron and steel industry due to
in existing markets	contribution in considerable pollution
	3.Other materials replacing steel



#### **PESTLE Analysis :**

The PESTLE Analysis for Severstal is given below:

Political	Economical
1.Introduction of carbon border tariffs in	1.Economic downturn due to Covid-19
Europe and its affects	affecting business
2.Annexation of Crimea by Russia creating	2.Down trends in Russian economy hurting
troubles for business	business demands
3.US imposing tariffs on imported steel and	
steel derivatives	
Social	Technological
1.Urbanization being a key driver of the steel	1.Implementing AI to boost productivity
industry	2.Investing on automation driven production
2.The risky nature of job in iron and steel	3.Physical and chemical properties of steel
industry	boosting its long-term usability
3.Decreasing human capital turning to be a	
source of slump in Russian economy	
4.High preference of iron and steel derivatives	
as raw material for cookware	
Legal	Environmental
1.Compliance to UK Governance Code for GDR	1.Using innovation and technology to reduce
in London Stock Exchange	the emission of GHG
2.Converted into PAO as per amended Russian	2.Developing technology to use hydrogen
Civil Code in 2014	instead of coking coal to offset pollution

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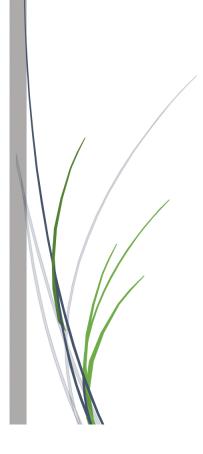


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