

# Ukrainian flats supply outlook to EU and Turkey

Kallanish Commodities  
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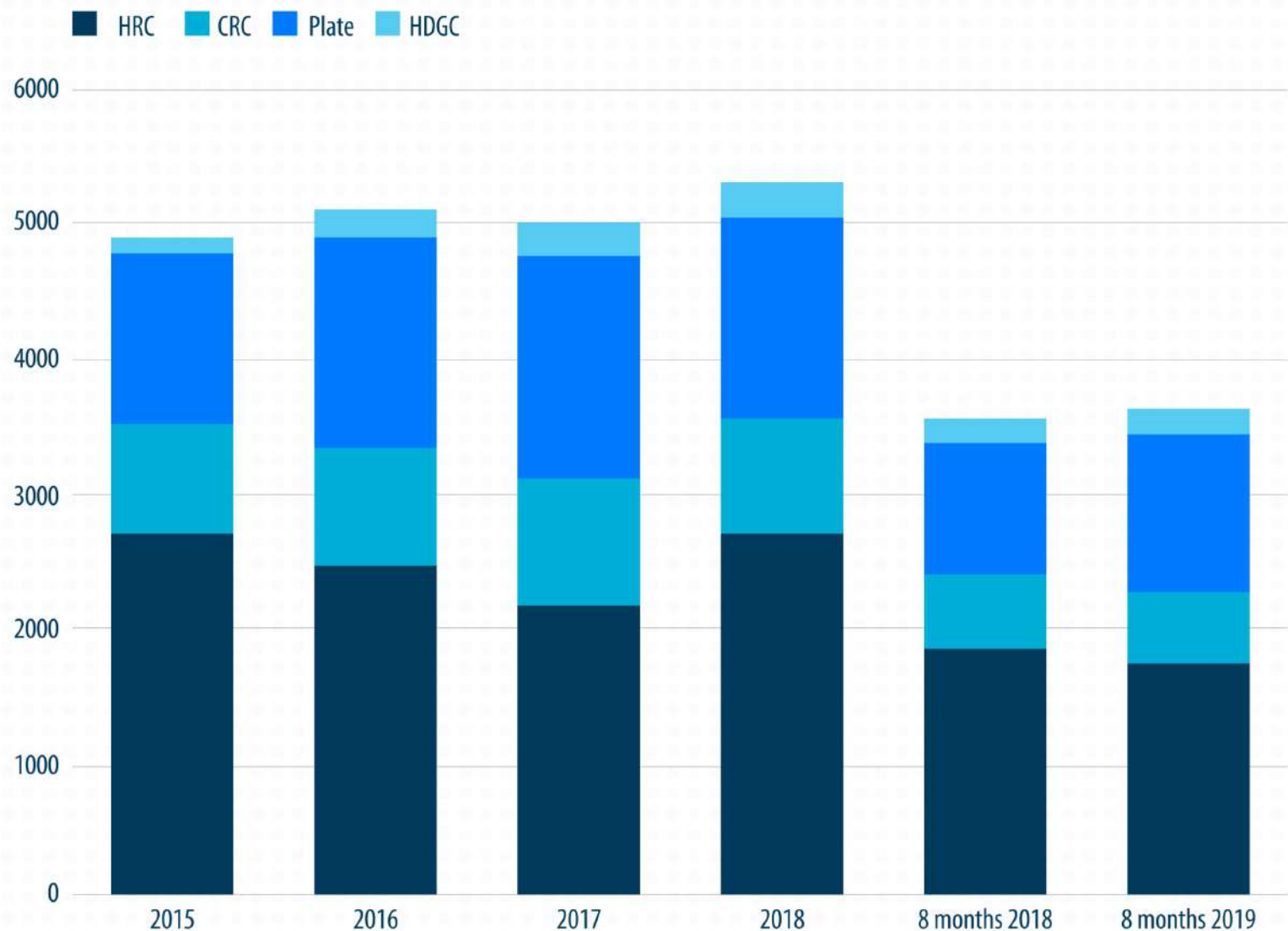


## About GMK Center

### What we do:

- Research in the iron & steel, agricultural, energy generation, oil & gas, transport and machinery sectors;
- Information service: latest trends, macroeconomic, sectoral, corporate news and insights;
- Communication and cooperation with Ukrainian business;
- Consulting and local expertise in industrial sector.

## Export of flat products from Ukraine, ths tons



Source of information: Metal Expert

## Flats export from Ukraine

### Product shares in Ukrainian export (2019)



HRC – 47.5%



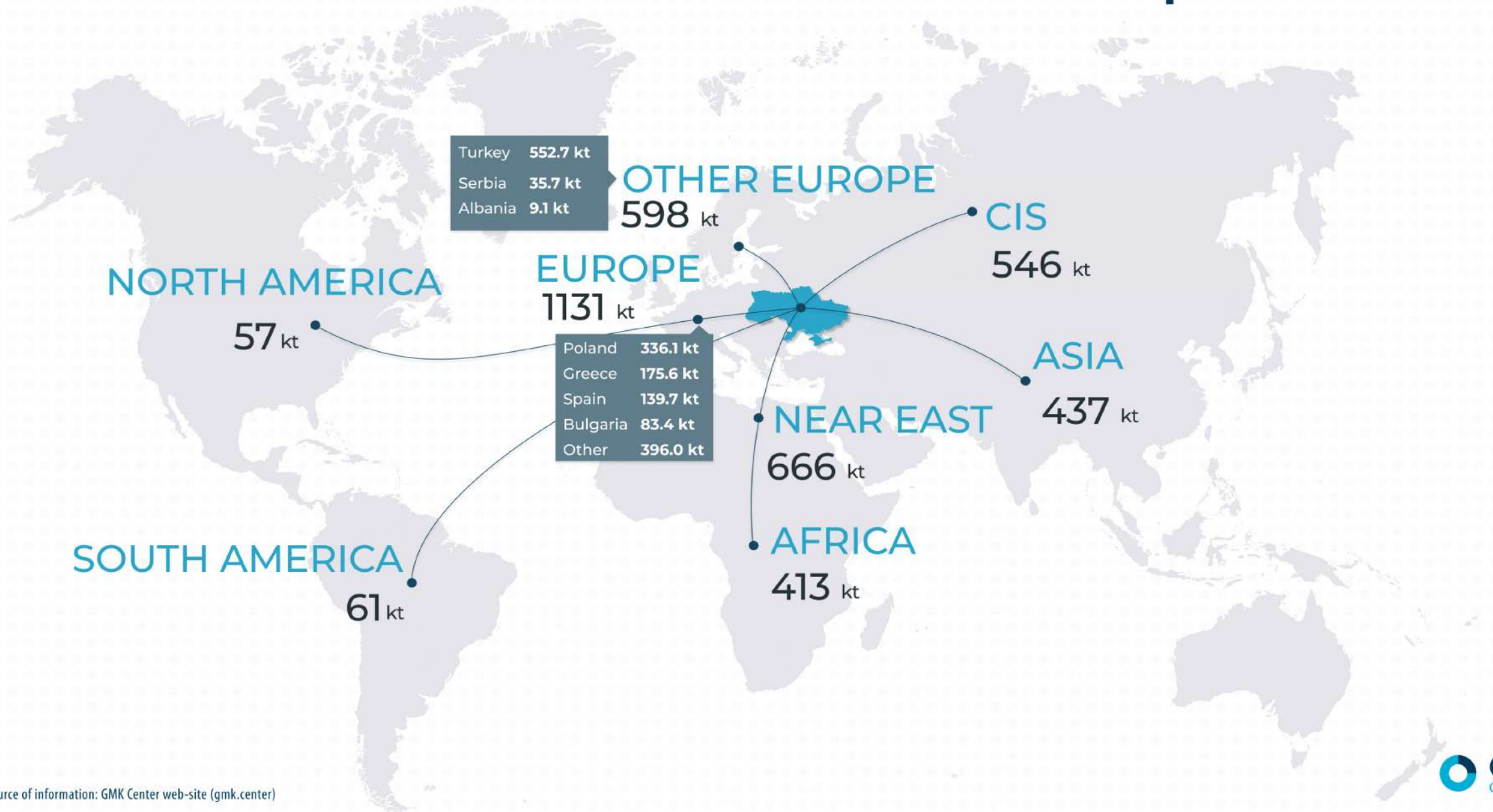
CRC – 15.0%



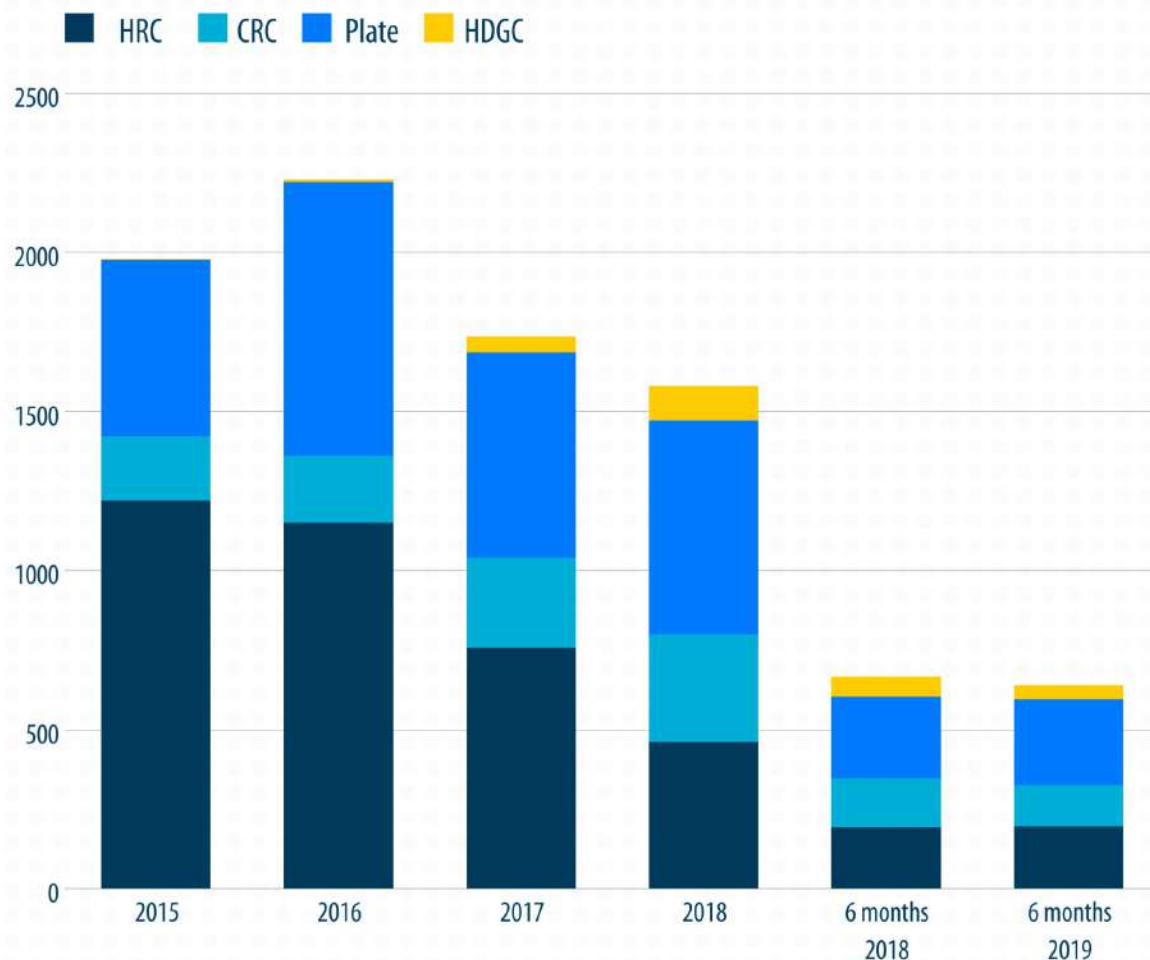
Plate – 32.7%



# Flats export from Ukraine



## Flats export from Ukraine to EU, ths tons

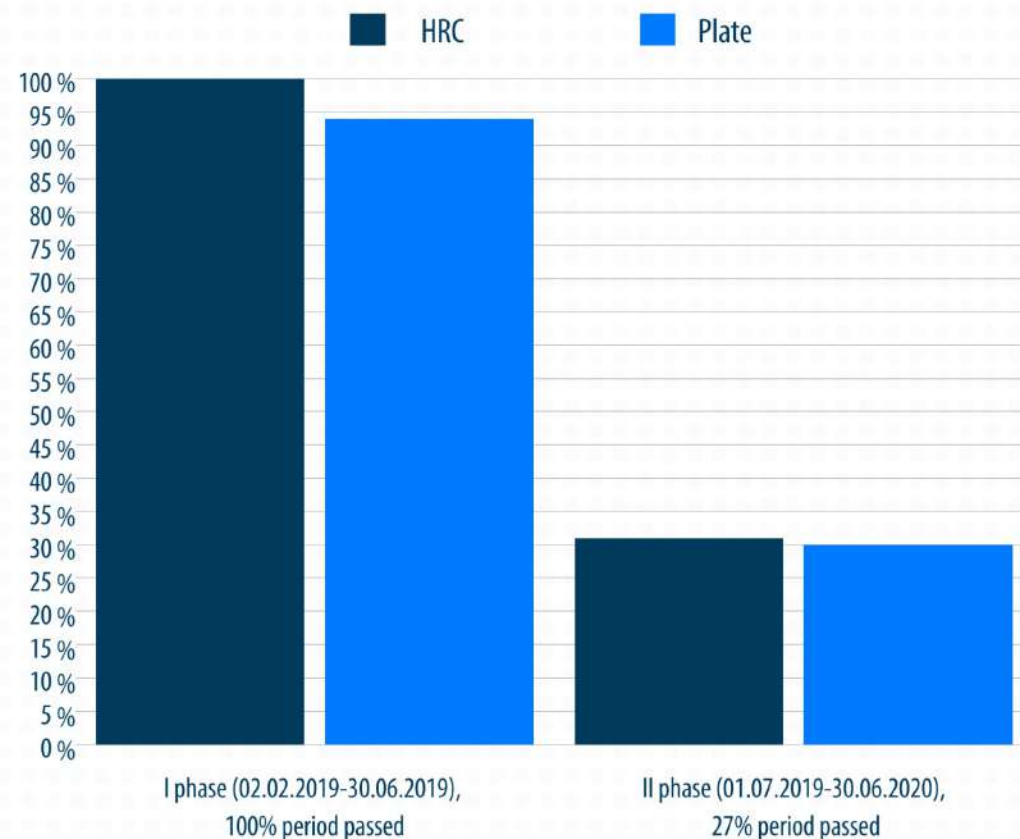


Since 2017 export of HRC from Ukraine has been object for anti-dumping duty (60 euro/t)

Source of information: Metal Expert, Ukrmetallugrrom

## Export of flat products from Ukraine to EU

### Usage of import quotas in EU by Ukraine

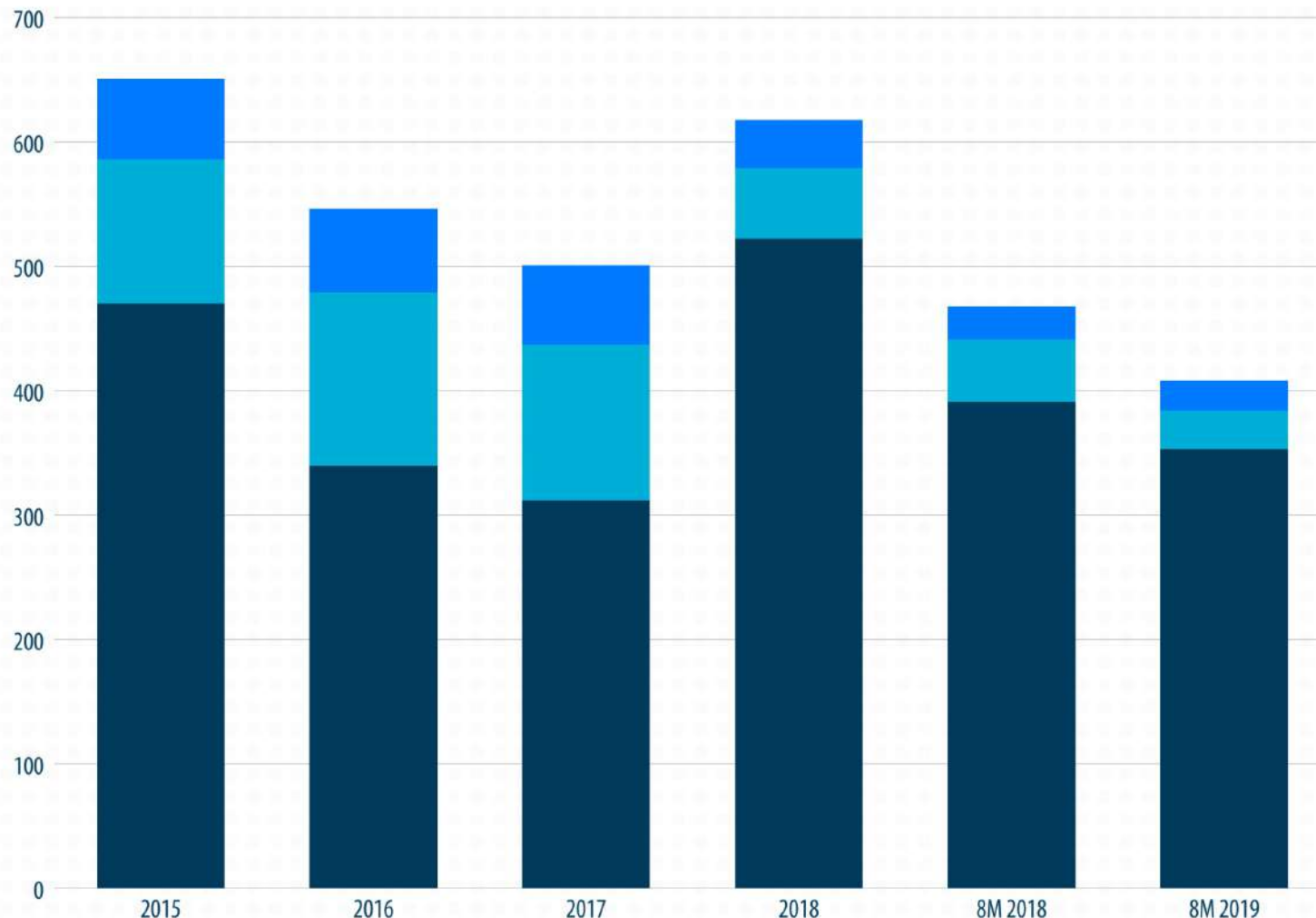


In the II phase Ukrainian enterprises are filling quotas steadily

## Export of flat products from Ukraine, ths tons

# Export of flat products from Ukraine to Turkey

■ HRC ■ CRC ■ Plate



## Shares of Ukrainian flats in Turkish import (2019)



HRC – 12.5%



CRC – 4.7%

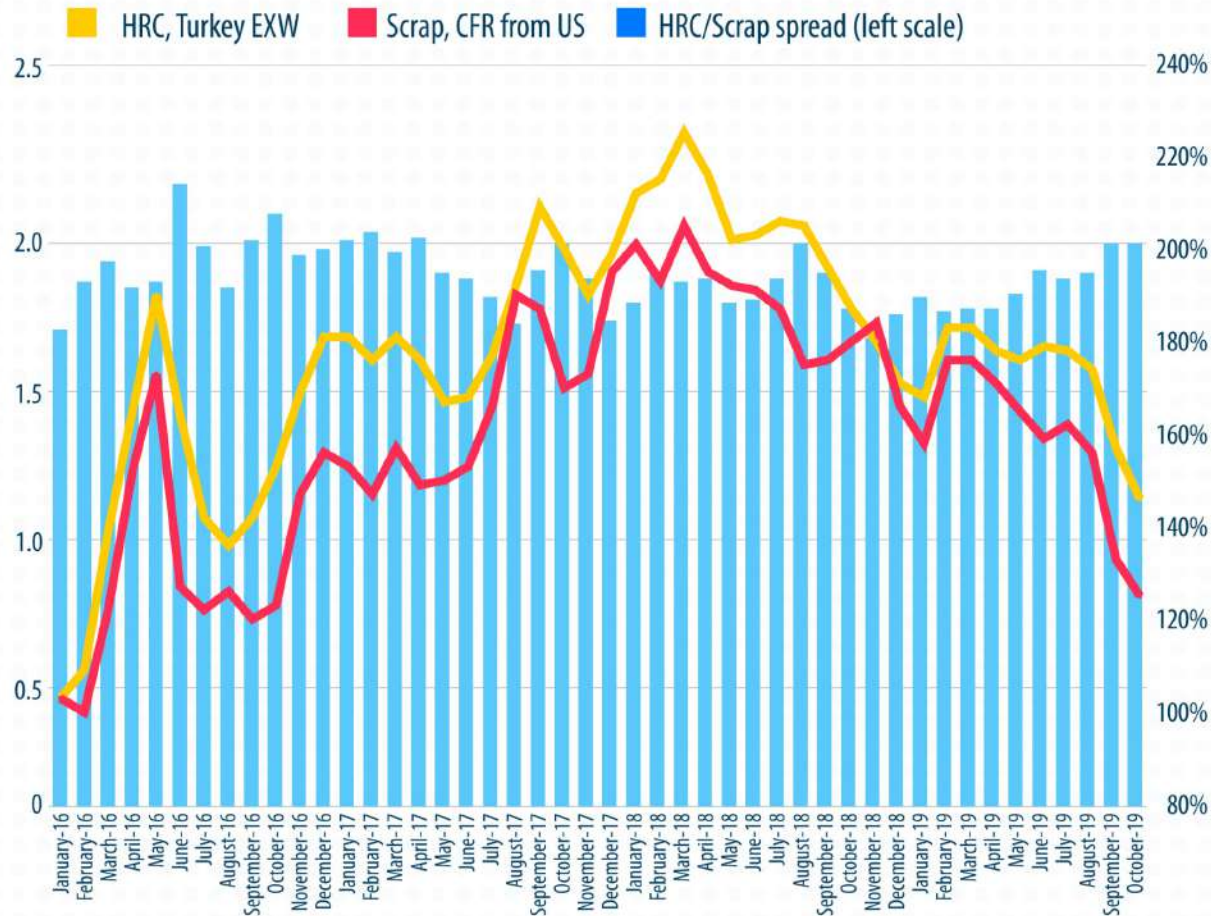


Plate – 6.4%



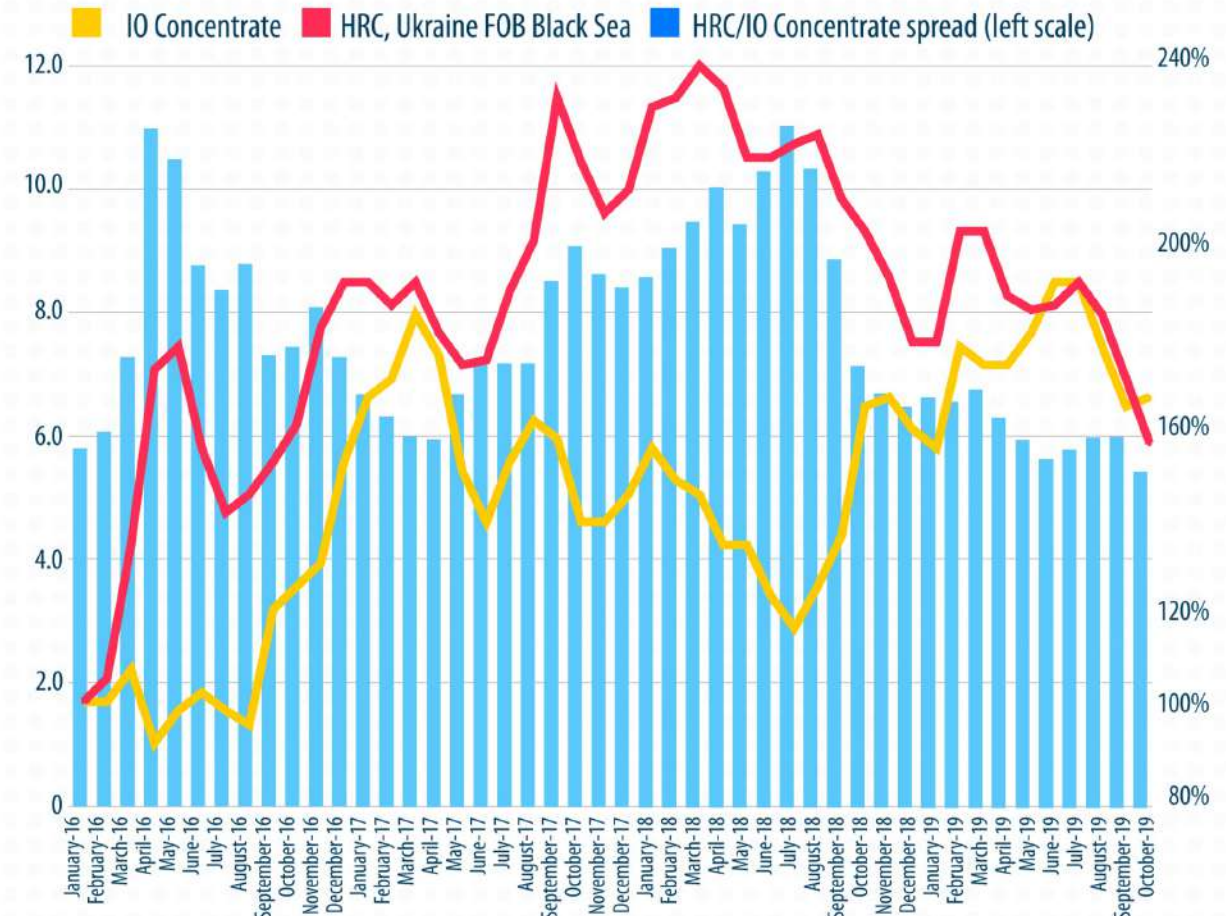
# Price competitiveness of Ukrainian flats vs Turkish

## Scrap and HRC price indexes in Turkey



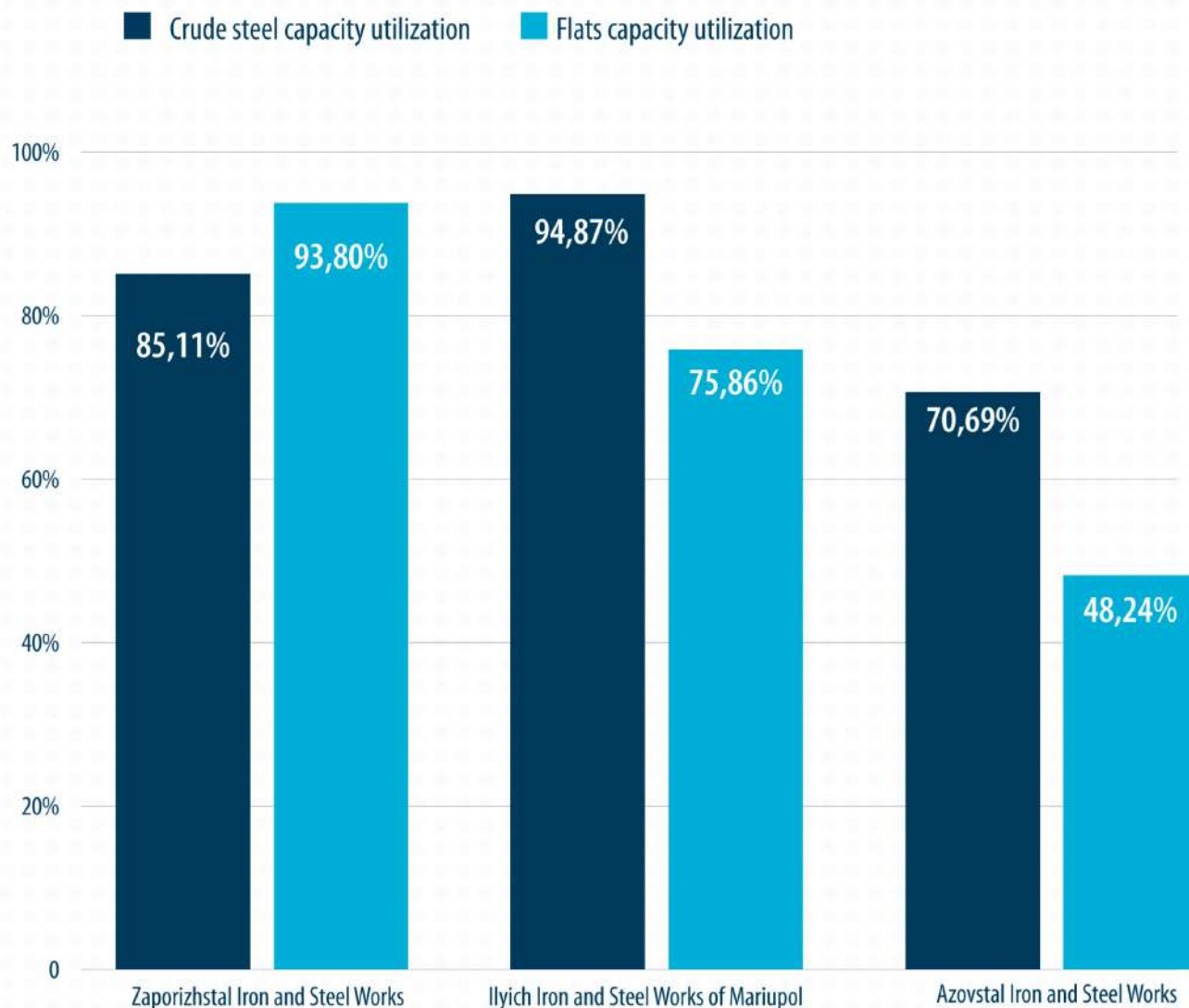
HRC/Scrap – normal level  
Normal margin

## Iron Ore and HRC price indexes in Ukraine



HRC/Iron ore – the lowest level since 2016  
Negative margin

## Flats producers capacity utilization rates (2019E)



Source of information: Metal Expert

## Potential of flats export from Ukraine

### Flat rolled facilities development projects in Ukraine:



**Illich - reconstruction of 1700 rolling mill** (2019)





**Zaporizhstal - building HDGC facilities** (strategic plans)

One out of three flats producers in Ukraine remain potential for export, which is connected with current reconstruction of rolling mill. But it could be difficult to realize in current market conditions.



## Potential of flats export from Ukraine:

Product	Market	Possibilities
 HRC	Turkey	increasing supplies of high quality HRC from Illich Iron and Steel Works, which will be able to partially substitute European products (low potential)
 HRC	EU	raising EU sales within global HRC quota, as the maximum level of quota utilization by one country was limited to 30% (slight hypothetical possibility)
 HRC	Middle East, Southeast Asia	supplies of high quality HRC from Illich Iron and Steel Works to new markets

## Potential of flats export from Ukraine

Potential export growth – **1.0** mln. tonnes

### Difficulties, that could limit Ukrainian flats export:

- Weak flat market in EU;
- Low prices;
- Competition with Russian, Turkish, Indian and Chinese companies



# Thank you for your attention

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