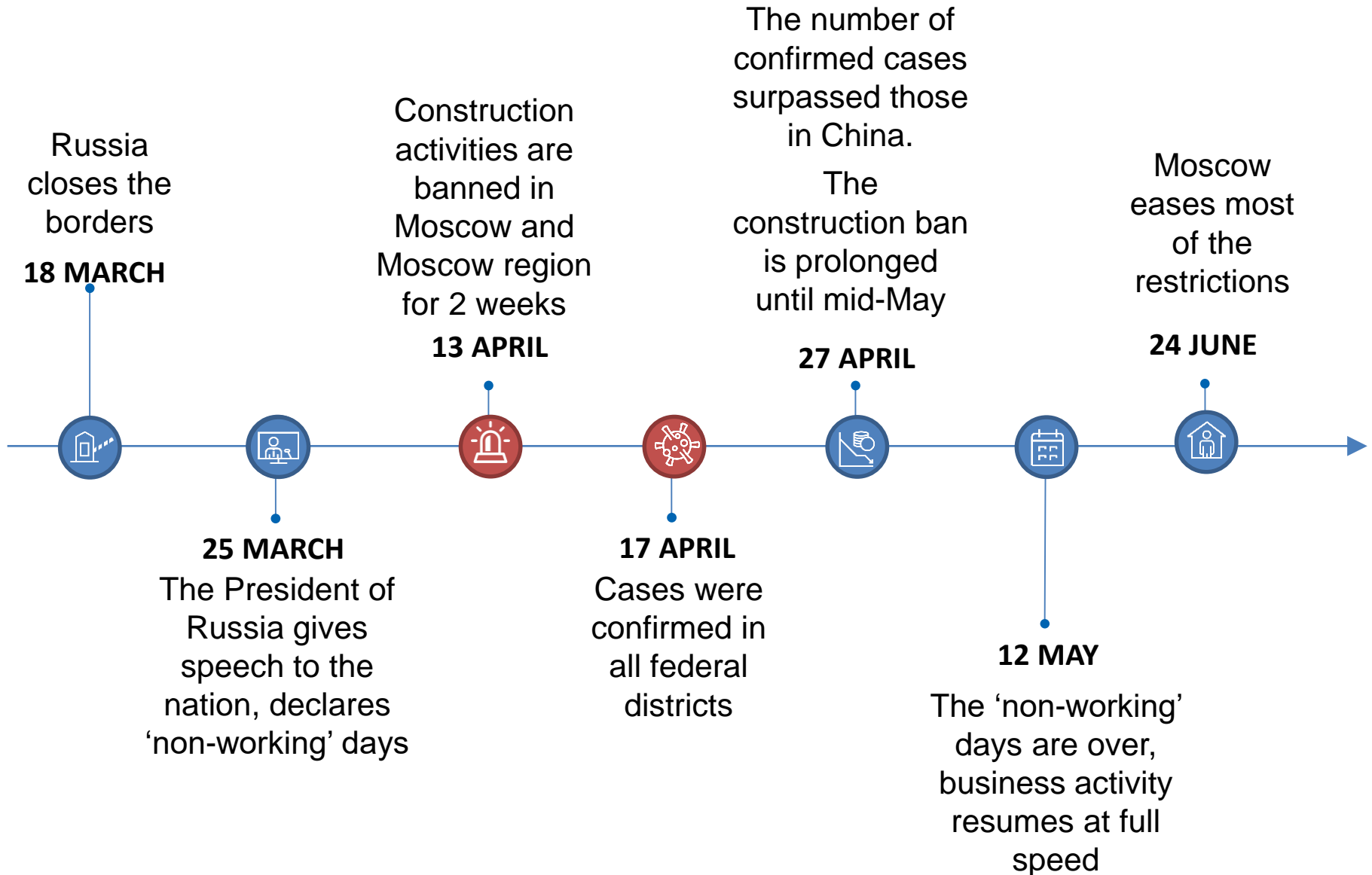




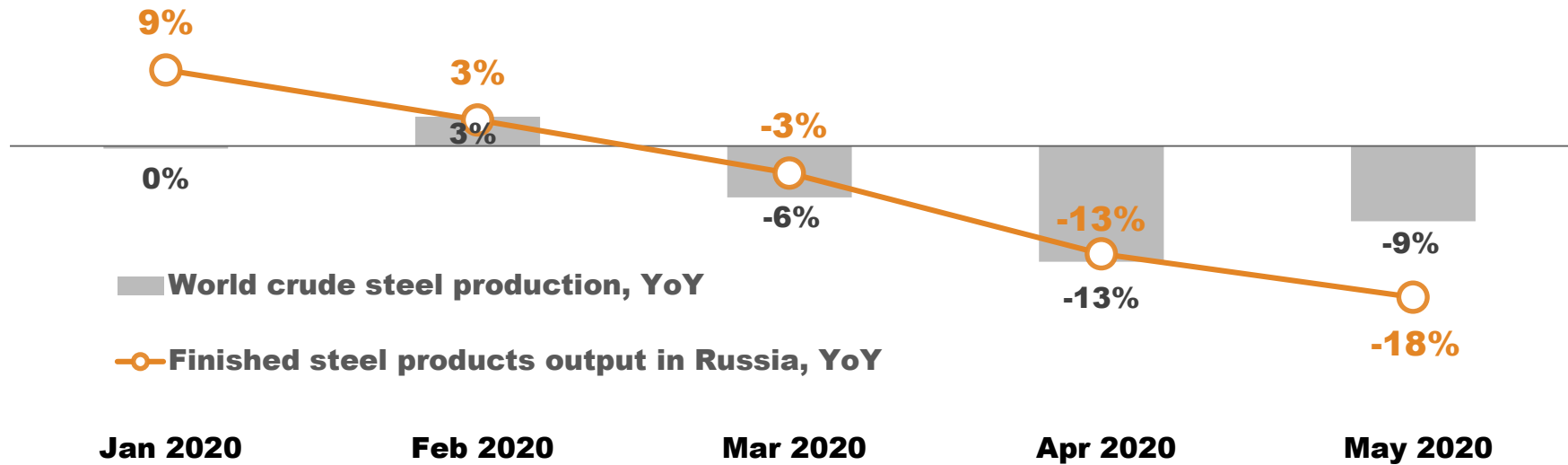
**The Covid-19 pandemic:
impact on the Russian steel market**
Global Forum on Steel Excess Capacity

Dmitriy Kolomytsyn, CFA
Russian Steel
July 2020

The COVID-19 timeline in Russia



Russian producers adjusted output along with global producers



- **Until the spread of the virus around the globe the Russian market demonstrated healthy demand dynamics in Jan-Feb'20**
- **Russian mills swiftly downsized production on the back of regional lockdowns, restrictions on construction activities in Moscow as well as capex reduction by oil and gas producers**
- **Decline in long products production was more pronounced compared to flats**

Massive fiscal stimulus to support economic recovery



Proposed Russian government's support in 2020-21	USD bn*
All support measures in 2020-21, incl. national projects	83
Support for small and medium-sized enterprises	19
Purchases of equipment for national projects ahead of schedule	14
Support for certain industries	10
Support for regional budgets	8
Payments to families with children	8
Additional social payments	4
Other	20

- **The Government is finalizing its plan to increase support measures for 2020-21 by \$10 bn to \$83 bn, including higher social payments (\$4 bn) and additional regional budget support (\$3 bn)**
- **The biggest share (\$58 bn or 4% of GDP) will be spent in 2020**
- **Russia's Central Bank has cut interest rate to 4.5% (the lowest level ever) with another possible reduction in July**

Infrastructure projects remain intact

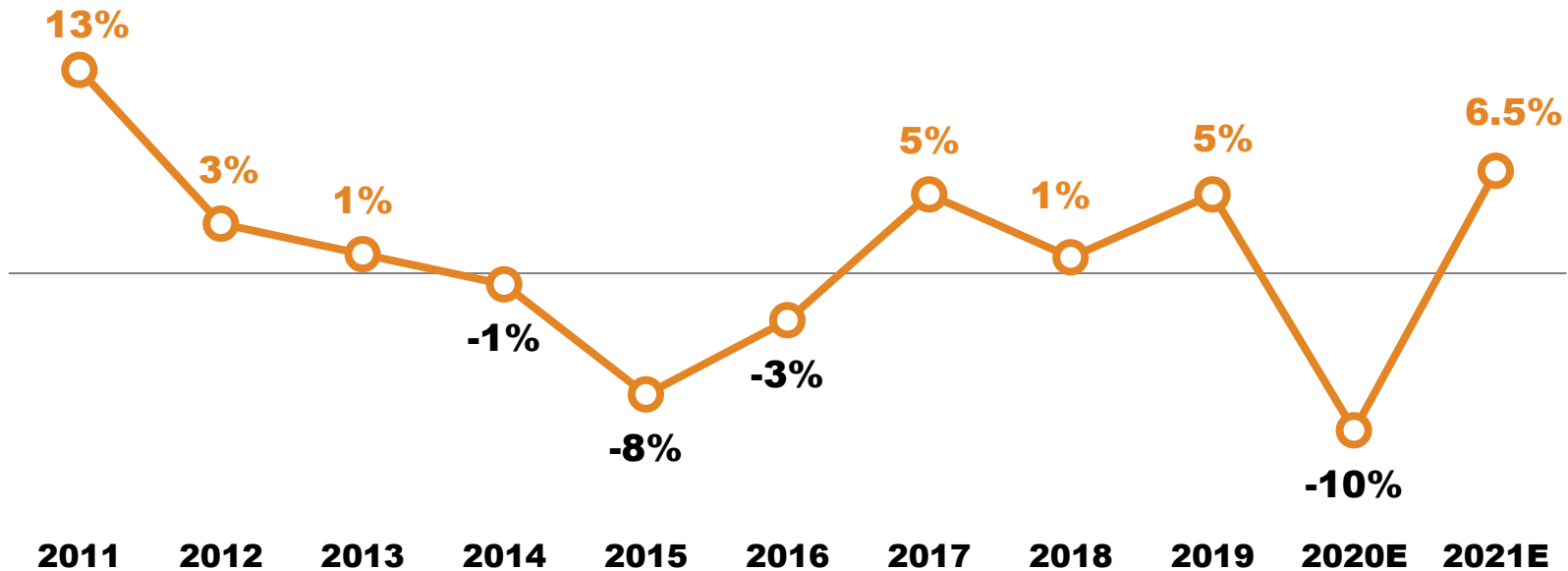
Infrastructure projects	Budget, USD bn*		
	Total	2020	2021
Roads construction and repairs	89	11	12
Railway and transport systems	20	3	3
Energy sector	13	1	1
Air, sea and river transport systems	2	1	1
	124	16	17

- **Some projects are being pushed forward, e.g. the Moscow-Kazan high speed road that is now supposed to be commissioned in 2024 instead of 2027**


Steel demand in Russia is projected to show V-shape recovery in 2021



YoY



- **The level of activity in certain steel-consuming sectors was almost back to pre-Covid levels in June**



Thank you for your attention!