

Strategy

Mission

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.

More

- Leadership in value creation – is manufacturing highly sought after products for consumers around the world in construction, energy, transportation, machinery and consumer goods.
- Leadership in value creation – is all of our employees walking that extra mile, every day, to deliver added value and exceed the expectations of our customers.
- Leadership in value creation – is employing our knowledge, experience and expertise to ensure the sustainable growth of our business founded on the interests of all of its stakeholders, including shareholders, clients, employees, business partners and the communities where we operate.

Vision and Strategic priorities

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:



Superior client experience

2023 Objective: offering our customers unique selling propositions across our target markets.



Cost leadership

2023 Objective: our goal is to achieve a significant cost advantage over our competitors in basic steel products. Our smart-capex programme will focus on this target, incorporating investments to increase mining volumes and pig iron and steel volumes as well as achieving further cost reduction in our steel and resources businesses.



New opportunities

2023 Objective: developing new business models and technical innovations to enable us to quickly enter new markets and make effective management decisions.



Severstal's culture: Speed, Inspiration, Cooperation

2023 Objectives:

- Speed: Solve any problem faster than competitors.
- Inspiration: Create an attractive work environment, where people achieve better results.
- Cooperation: Create mutually enhanced value through our partnerships.

Objectives to reach leadership in TSR by 2023

EBITDA growth by 10-15% annually for the next 5 years.

Updated strategy

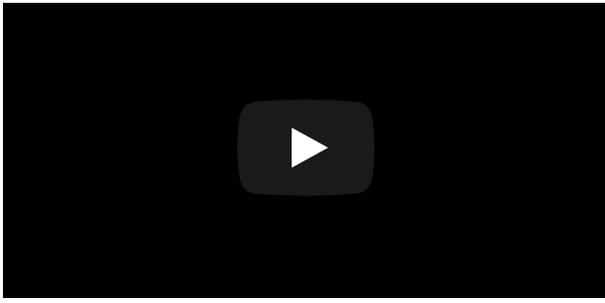
Severstal remains a global leader in efficiency, with the highest EBITDA margin in the steel industry globally, positive free cash flow generation throughout the cycle and a track record of achieving its targets.

To deliver additional growth, the Company has updated its already proven strategy - retaining its fundamental advantages but adding new elements.

Implementing this set of objectives will support the Company in reaching its financial target of increasing EBITDA by 10-15% annually for the next 5 years. (This excludes pricing/macro factors.)

Current business model	Target business model
01 Low costs	01 Significantly increase cost leadership vs peers
02 Vertical integration	02 Vertical integration
03 Commodity products	03 100% of products tailored for target markets means unique selling propositions
04 Working through intermediaries	04 Superior client experience by offering additional unique service elements
05 Standard service	05 Quick adaptation to changing trends to capitalize on opportunities for our business

Video - "Severstal - leader of the steel industry of the future"



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