

Overview of the Russian mining industry

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Key industry statistics

- Industry export volume: USD 53bn (2016)
- GDP share of sector: 3%
- Selected output volumes:
 - Coal: 408mn tons
 - Gold: 249 tons
 - Aluminum: 4mn tons
 - Iron ore: 115mn tons

Russia's Share of global production	
Aluminum	6%
Diamonds	30%
Gold	8%
Nickel	9%
Cobalt	5%
Zinc	39%
Coal	5%
Platinum	11%
Palladium	38%

Locations and distribution

21% of the world's mineral resources are located in Russia



Major market participants

Company name	Specialty	Comment
UC RUSAL	Aluminum	7% world market share
Norilsk Nickel	Nickel, Copper	Producer of 92% of Russian nickel; 40% of copper
Ural Minerals and Mining Company (UMMC)	Copper	Producer of 44% of Russian nickel
Metalloinvest	Iron ore	Producer of 39% of Russian iron ore; top-5 iron ore producers account for 90% market share
SUEK	Coal (thermal)	Producer of 36% of Russian thermal coal
Evraz Group	Coal (coking)	Producer of 27% of Russian coking coal
Polyus Gold	Gold	Owns second largest proven reserves in the world (68mn ounces)
Alrosa	Diamonds	State owned, accounts for 95% of Russian extraction

Industry situation / trends

- The industry plays a significant role for the Russian economy.
- Unlike the oil & gas industry, most mining companies are privately owned (an exception—diamond producer Alrosa).
- Vast and untapped reserves (e.g. 85% of iron ore reserves untapped; coal reserves projected to last for \approx 450 years at current excavation rates) .
- Even despite troubled economic times, the industries continue to prosper due to international demand (e.g. nickel for lithium-ion batteries in the car industry, titanium for aerospace, coal for Chinese factories).
- Most industry equipment requires updating/renewal to increase efficiency and shift from manual to mechanical labor.
- Consequently e.g. the level of occupational hazards indicate a great potential for foreign suppliers.

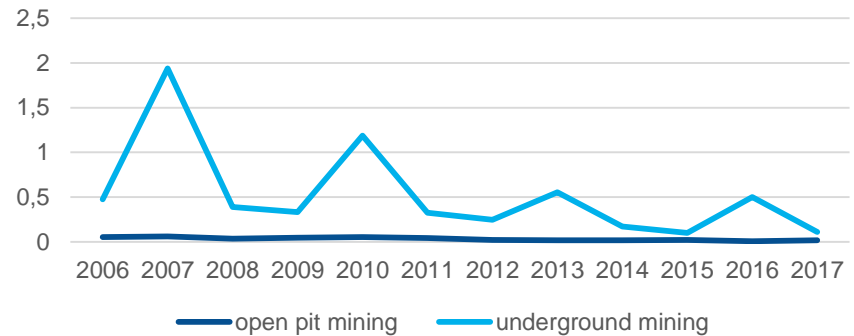
Occupational hazards statistics

Main causes of accidents in coal mining industry (2016):

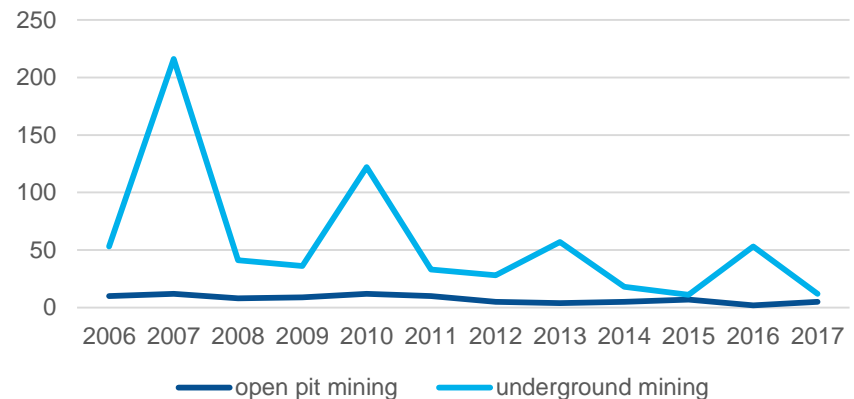
- Explosions of gas and coal dust
- Fires
- Flooding of mine works, water or clay breakthrough
- Rock or support collapse
- Fall of excavator

Despite constant legislative initiatives to increase the safety of the work environment, enforcement of the laws remains weak

Fatal injuries in pers./mn tons in Russian coal mining industry



Number of mortally injured person per year in Russian coal mining industry



Opportunities for foreign suppliers

- The volume of Russian mining equipment and machinery imports floats around 3bn USD annually

Share of imported goods by category				
Power shovel 10%	Hydraulic excavators 95%	High volume dump trucks 20%	Bulldozers 50%	Automation equipment 30%
Stackers 30%	Drilling & boring equipment 50%	Low volume dump trucks 40%	Loaders 60%	Conveyors 30%

- To maintain its current growth, the industry is highly dependent on international equipment

Areas with predominant foreign suppliers				
Lifting machinery & cranes	Roadheaders	Mechanized penetrators	Concentrate dewatering equipment	Geological IT surveying solutions
Control support systems	Magnetic separators	Photo & X-ray separators	Self-propelled drilling rigs	Hydraulics
Roller crushers				

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belarus
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kazakhstan
poland
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