

NORTH-EASTERN STEEL: THE STRUCTURE AND STATISTICS IN THE FIELD

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An event promoted by Siderweb with Confindustria Vicenza

On 30 November 2017, the Confindustria premises in Vicenza played host to the annual convention organized by Siderweb. The topic was “North-eastern steel: the structure and statistics in the field”. Examining the state of the steel industry is like a litmus test for the national economy as a whole and there was a confident atmosphere in Vicenza on Thursday. The convention came in the wake of the new “2017 Steel Balance” study, which contains the results of more than 1,000 companies (including 40 leading players in the Vicenza area) in the fields of production, services, distribution and trading scrap and ferroalloys.



Claudio Teodori (top) and Gianfranco Tosini (bottom)

There was a long stream of statistics, first from Claudio Teodori (a Full Professor of Business Economics from the University of Brescia), then from Gianfranco Tosini from the Siderweb Research department and the EY consultants. The North-East is a driving force in the steel world: in 2016 its profitability was better than the national average and its levels of financial and operational risk were under control. The turnover remained stable and the value added increased from 18.8% of the turnover in 2015 to 20.6% in

2016, outstripping the national figure of 17%. EBITDA is growing, but it remains at moderate levels: the highest figure is for the field of production, where it amounts to more than 10% of the turnover. In 2016, companies from the North-East produced 8.5 million tonnes of steel, with 7.1 million tonnes of this being made in Italy. It adds up to 30% of the total national output. The Vicenza area is the hub of forging, which is the second biggest area of the industry in Italy.

“We’re experiencing a fourth industrial revolution,” stated Emanuele Morandi, the chairman of Siderweb. “It’s the first time that Europe has not been at the forefront: as we witness the coming of Industry 4.0, the EU is behind and Italy is a long way behind.” For example, “the five biggest corporations in the world are from the US and they all operate in the fields of computing and the internet.” So what needs to be done?

“We must work hard to catch up. We have the capabilities to do so, especially in places like the North-East where businesses have always been very dynamic, innovative and enterprising. With



that in mind, we believe that initiatives such as ‘Steel Balance’ can provide opportunities to analyse things and then take the measures necessary to trigger a recovery and change.”

The banking world also believes that it is necessary for the Italian iron and steel industry to evolve. As Cristian Fumagalli (the UBI Banca Triveneto Area Manager) explained, “Italy is the world’s tenth biggest producer of steel, but the production and supply chain is still very disjointed compared to Germany, which is our closest competitor.” While the average turnover of German iron and steel



companies stands at €35 million, the figure for their Italian counterparts is just €15 million. “Mergers still have a strategic part to play,” noted Fumagalli. “Our bank wants to be involved and play a leading role in the field, staying by its side as it steps into the future and providing backing for the big investments that companies must make in order to move on from commodities to specialties and Industry 4.0.”

Meanwhile, Claudia Piasenico, the deputy chair of Confindustria Vicenza, emphasized “the key part played by mechatronics and the metalworking and mechanical engineering industry in the economic fabric of the Province of Vicenza and the Veneto region”, as well as the role of steel in the local area, “which is a common thread connecting a number of industries”.

D. Guidolin, the General Manager of the Siderforgerossi Group, played an active part in a round table during the second part of the convention. He expressed his confidence in the recovery that is underway in terms of both prices and volumes, despite the complexities of the merger between Metallurgica Siderforge and Forgerossi that began four years ago. “In October we opened a branch in Germany and in January we will be starting one in Houston,” announced the General Manager. “We are in the closing stages of a complex reorganization process that began in businesses facing potential difficulties and has produced one of Italy’s top names in forging. The challenge now is to become a leading player in digital management. We are aiming to break down steel and use digital models to show what the eye cannot see, while also increasingly focusing on new businesses.”



The convention underlined the fact that the iron and steel industry is a core driver of the local area. The Siderforgerossi Group and the other businesses in the field are stepping up the pace!