



trading faces

# Ogneupor Komplekt

Ogneupor Komplekt Group of Moscow focuses on the refractories sector. IM talked with *Spitsin Andrey*, head of business development, on how the group has expanded from a refractories trader to a diversified refractories producer

### Background & business summary

Ogneupor Komplekt Group (OKG) has been active in the Russian refractory market since 1997. During 2006 we transformed from a small trading company to a large holding group with our own production facilities. Today we have several companies including JSC Snegirevskie Ogneupory, Metpromsnab LLC, NPKO Stalproekt LLC, NTC Pribor LLC, and Sferamet LLC.

The senior management of OKG comprises: Ageev Sergey, general director, responsible for guidance for the Group; Bogdan Oleg, deputy general director, responsible for refractories sales; Bolotsky Sergey, senior sales manager, responsible for sales guidance; and Spitsin Andrey, head of business development.

The main activity of Ogneupor Komplekt LLC, headquartered in Moscow, is a total refractory service in Russia and countries of the CIS. Metpromsnab LLC, Moscow region, has a production capacity of 30,000 tpa unshaped refractories; JSC Snegirevskie Ogneupory, Moscow region, 30,000 tpa shaped refractories in 2006, total sales volumes amounted to more than \$100m.

In addition, we offer engineering services including designing of thermal equipment and refractory linings based on optimal solutions and the best materials.

### How would you describe OKG's market position?

In recent years our company has been ranked as one of the biggest Russian importers of refractories. OKG accounts for about 5-7% of the Russian refractory market (including imported refractories). Our group includes NPKO Stalproekt, which provides design, production, assembly, and installation of various furnaces.

### Describe any recent developments and plans?

In 2006, JSC Snegirevskie Ogneupory was reconstructed in order to expand the range of shaped refractories and improve quality. The tunnel kiln was repaired and effective burners were installed. A contract is about to be signed for delivery of a new hydraulic press for production of high alumina and fused alumina bricks. The new press will enable us to provide our domestic and overseas clients with high qualified products. The existing area of the factory gives us the possibility to install extra equipment for new projects.



OKG's management: Ageev Sergey, general director (1); Bogdan Oleg, deputy general director (2); Bolotsky Sergey, senior sales manager (3); and Spitsin Andrey, head of business development (4).

### Which factors have most influenced the market?

As a result of developments in ferrous and non-ferrous metallurgy, requirements for refractories have grown remarkably in Russia in recent years, particularly in durability, and in minimising the chemical and mechanical contamination of metals. More specifically, we have seen: a decrease of specific consumption of refractories; quality improvement and an increase of unshaped refractories applications; strengthening of competition in all segments of the refractory market; integration and co-operation between companies being realised through joint ventures with foreign companies or the creation of vertically integrated holding companies.

### How do you view the role of the trader?

We began our activity as a trader, and since that time the company transformed into a production and sales holding group, having activities in Russia and the CIS. Despite having our own production facilities, the group continues to import refractories and act as the link between producer and consumer. Despite the widespread opinion that the trader is something unnecessary, we suggest that the service of the trader/distributor remains in demand because a trader can: offer softer payment terms; provide door-to-door delivery with less freight costs; provide delivery on DDP basis with payment processed in the national currency, which is much more convenient for the final end user than fulfillment of an international contract. We are absolutely convinced that trading activity will be required by the market in future. However, flexibility, perfect logistics, and additional services will be necessary for success.

### Where do you see growth in demand?

We suggest that because of increasing prices on energy resources the consumption of highly effective energy saving materials will grow. Besides, the demand for first class highly durable refractories will grow in ferrous and nonferrous metallurgy. However, the total consumption of refractories will decrease continuously. Therefore, we can expect growth in mineral raw material consumption only in certain niche applications.

### What is the outlook for the Russian market?

We suggest that Russia has the potential for development and practical implementation of new technologies. Recently, President Putin announced a decision to support development of nanotechnologies in Russia. In this regard, against the background of a rapidly growing national economy, prospects of co-operation with Russian companies look brighter.

