The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Severstal Reports Sharp Profit Drop, Negative Cash Flow

October 20, 2025



A worker in the blast furnace workshop at Cherepovets Steel Mill owned by Severstal JSC. **Peter Kovalev / TASS**

One of Russia's largest steel producers has reported a steep decline in profit and revenue amid falling domestic demand and worsening conditions in the global metals market.

Severstal, controlled by billionaire Alexei Mordashov, posted a third-quarter profit of 12.99 billion rubles ($160 million, according to spot foreign exchange market data from Reuters), down threefold from a year earlier.

Net profit for the first nine months of 2025 fell 57% to 49.74 billion rubles ($615 million), according to financial results published Monday.

Revenue dropped 18% quarter-on-quarter and 14% year-on-year, while EBITDA plunged 45% and 40% respectively.

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Severstal's free cash flow turned negative, totaling minus 21.24 billion rubles ($262 million) for January through September, equivalent to monthly losses of around 2.3 billion rubles ($28 million).

The company's cash reserves nearly halved this year, falling from 128.5 billion rubles ($1.6 billion) at the start of 2025 to 72.2 billion rubles ($892 million).

"Crisis trends in both the Russian and global steel industries have continued to intensify," CEO Alexander Shevelev said, noting that domestic steel demand had fallen by 15% and that business activity was declining "across all major consuming sectors."

Severstal will again forgo paying dividends to shareholders due to the negative cash flow, Shevelev said.

Western sanctions have hit Russian steelmakers hard, cutting their exports by about one-third.

The industry shipped 20 million tons of steel abroad last year, down from 31 million tons in 2021 before the invasion of Ukraine.

Shevelev in September compared the sector's current crisis to that of the 1990s.

Nearly all Russian steel plants have started trimming staff amid shrinking demand, high borrowing costs and deteriorating financials, industry sources told Reuters this month.

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