

# H2 Green Steel: KfW IPEX-Bank participates in financing for sustainable steel production in Sweden

## *Landmark green steel project*

FRANKFURT A.M., GERMANY, January 22, 2024 /EINPresswire.com/ -- As part of an international banking consortium, KfW IPEX-Bank is participating with a loan of EUR 187.5 million in the financing of a state-of-the-art integrated flat steel plant currently under construction in Boden, Northern Sweden. The plant, to be built by H2 Green Steel, uses an innovative process based on in-house-produced green hydrogen and electricity from renewable energies. This allows the production of steel with up to 95% fewer emissions than conventional steel production.



H2 Green Steel Boden plant, Sweden

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*Dr Velibor Marjanovic,  
Member of the Management  
Board of KfW IPEX-Bank*

A large part of the overall financing will be used to finance equipment and services from SMS group, which will supply significant portions of the innovative low-emission steelworks technology, and thyssenkrupp nucera, a supplier of world-leading electrolysis technology to produce green hydrogen. Both firms have a high share of value added from Germany. This part of the financing is covered by the German export credit insurance company Euler Hermes.

“The sustainable production of steel plays a key role in

global decarbonisation,” states Dr Velibor Marjanovic, Member of the Management Board of KfW IPEX-Bank. “We're delighted to support our new customer H2 Green Steel in this flagship project by financing cutting-edge German technology, thereby highlighting our aspiration to further advance global energy transition projects through the export of European technologies.”

KfW IPEX-Bank has acted as financial advisor to H2 Green Steel from the outset and has taken a leading role within the international banking consortium in the context of the financing: It acts as Euler Hermes Advisor, Covered Facility Agent and ECA Agent, as well as Riskgälden Advisor and Covered Facility Agent.

At commissioning, the steelworks will have a production capacity of 2.5 million tons per year in the first phase. A production capacity of 5 million tons per year by 2030 is planned for the second phase. In the still emerging market for green steel production, this project is the first to adopt this technological configuration and to be rolled out on this scale.

The plant has relatively low production costs in a Europe-wide comparison thanks to the almost complete electrification of its steel production and the steel rolling process, combined with access to low-cost “green” electricity and the plant’s own production of green hydrogen. At the same time, the CO<sub>2</sub> emissions generated are very low. As a result, the company has been able to conclude buyer agreements with numerous prominent companies that are primarily active in the automotive industry.

The steel industry accounts for 8% of global and 25% of European CO<sub>2</sub> emissions, making it one of the largest CO<sub>2</sub> emitters. The project is thus one of the pioneers of decarbonisation in the steel industry.

#### About H2 Green steel

H2 Green Steel (H2GS AB) was founded in 2020 with the ambition to accelerate the decarbonisation of the steel industry using green hydrogen. Steel, one of the world’s largest carbon dioxide emitters, is the company’s first business vertical. The founder and largest shareholder of H2 Green Steel is Vargas, which is also the co-founder and one of the key shareholders in Swedish battery manufacturer Northvolt. H2 Green Steel is headquartered in Stockholm, Sweden, with its first green steel plant under development in Boden, northern Sweden. <https://www.h2greensteel.com/>

#### About KfW IPEX-Bank

Within KfW Group, KfW IPEX-Bank is responsible for project and export finance. It supports German and European companies operating in key industrial sectors in global markets by structuring medium and long-term financing for their exports, funding infrastructure investments, securing supply of raw materials and by financing environmental and climate change mitigation projects worldwide.

As a bank that stands for transformation, it finances technologies of the future to support the transition towards sustainable society in all three dimensions of the economy, environment and social.

As specialist bank, KfW IPEX-Bank has extensive industry, structuring and country expertise, it takes on leading roles in financing consortia and actively involves other banks, institutional

investors and insurance firms. KfW IPEX-Bank operates as a legally independent group subsidiary and is represented in the most important economic and financial centres across the globe.

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