1H 2018 Results

14 September 2018

Disclaimer

This presentation and its contents are confidential and may not be reproduced, redistributed, published or passed on to any person, directly or indirectly, in whole or in part, for any purpose. If this presentation has been received in error, it must be returned immediately to Metinvest B.V. (the "Company").

This presentation does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any securities of the Company or any of its subsidiaries in any jurisdiction, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

This presentation is not an offer of securities for sale in the United States. The Company's securities may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the United States Securities Act of 1933.

This presentation is directed solely at persons outside the United Kingdom, or within the United Kingdom, to (i) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order"), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities of the Company or any member of its group may otherwise lawfully be communicated or caused to be communicated (all such persons above being "relevant persons"). Any investment activity to which this presentation relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this presentation.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein and no reliance should be placed on such information. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

To the extent available, any industry and market data contained in this presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. In addition, certain of the industry and market data contained in this presentation may come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation.

The presentation has been prepared using information available to the Company at the time of preparation of the presentation. External or other factors may have impacted on the business of the Company and the content of this presentation, since its preparation. In addition all relevant information about the Company may not be included in this presentation. The information in this presentation has not been independently verified.

This presentation contains forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or including the words "targets", "believes", "expects", "aims", "intends", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the Company's actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which it will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based.

Individual figures (including percentages) appearing in this presentation have been rounded according to standard business practice. Figures rounded in this manner may not necessarily add up to the totals contained in a given table. However, actual values, and not the figures rounded according to standard business practice, were used in calculating the percentages indicated in the text.

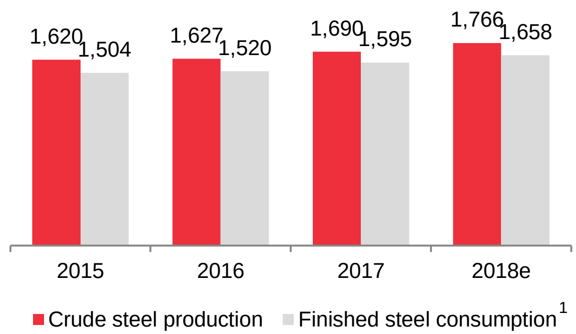
Industry overview

Global steel, iron ore and coking coal markets

- In 2018, global steel production and consumption are expected to increase by 4.5% and 3.9% y-o-y respectively
- Global steel prices continued to grow in 1H 2018, mainly driven by:
  - strong demand in all regions
  - fall in steel exports from China
  - rising worldwide protectionism
  - high prices of coking coal and scrap
- In 1H 2018, HRC FOB Black Sea trended in line with global steel benchmarks, increasing to an average of US$589/t (+26% y-o-y)
- In 1H 2018, 62% Fe iron ore price averaged US$70/t, down 6% y-o-y, mainly due to supply from planned projects increasing at higher pace than demand growth amid a rising share of electric arc furnace output in steel production
- Premiums for Fe content and pellets soared y-o-y amid supportive demand for high grade ores and an efficiency drive among steel producers:
  - premium for 65% Fe content to 62% Fe content jumped by 42% y-o-y to US$18/t
  - Atlantic basin premium for pellets in Europe increased by 29% y-o-y to US$58/t
- In 1H 2018, average spot hard coking coal price increased by 16% y-o-y to US$210/t, while it averaged US$190/t in 2Q 2018, down 17% q-o-q amid seasonally higher supplies

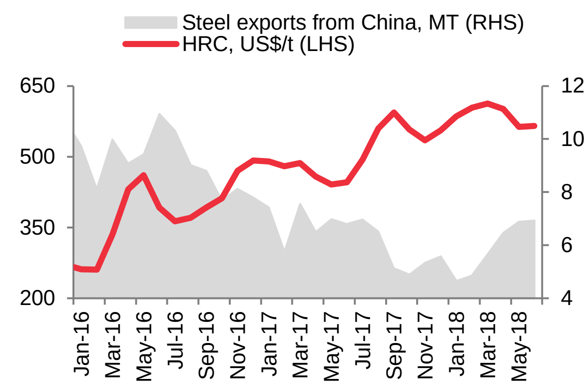
Global steel industry

MT



Source: World Steel Association, Metinvest estimates

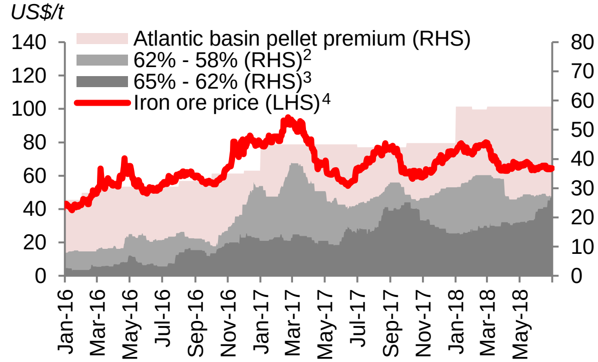
Steel product prices vs exports from China



Source: Bloomberg, Metal Expert

Iron ore price

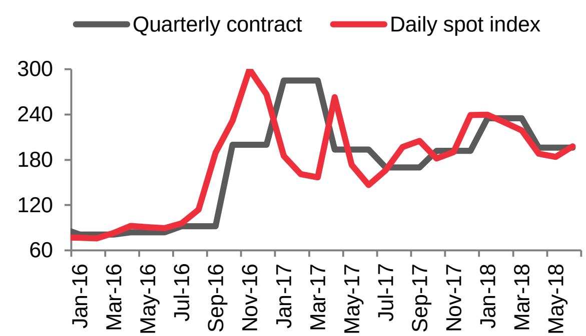
US$/t



Source: Bloomberg, Platts

Hard coking coal price[5]

US$/t



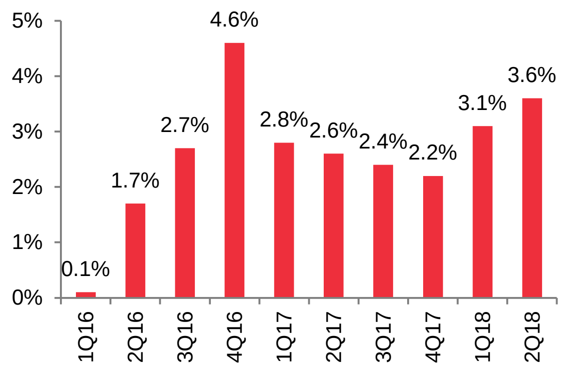
Source: Bloomberg

1. Apparent consumption of finished steel products
2. 58% to 62% Fe iron ore fines discount, CFR China
3. 65% vs 62% Fe iron ore fines premium, CFR China
4. 62% Fe iron ore fines, CFR China
5. FOB Australia

Macro and steel industry in Ukraine

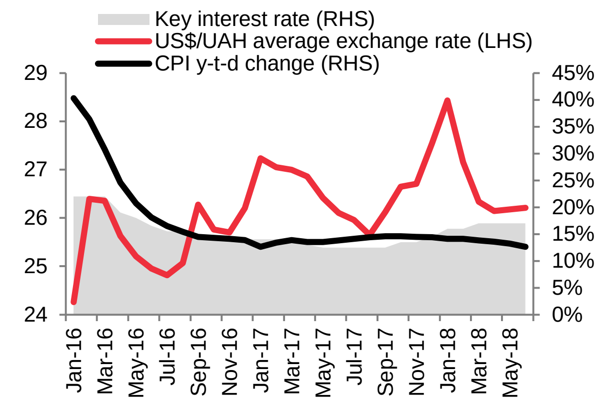
- Ukrainian economy continued to show solid growth for the 10th quarter in a row, driven by structural economic reforms, higher consumer spending due to a spike in real wages, favourable export market environment and stronger macroeconomic fundamentals
- Real GDP growth was 3.1% y-o-y in 1Q 2018 and 3.6% in 2Q 2018
- National Bank of Ukraine conducts interest rate policy consistent with inflation targets and keeps the hryvnia floating
  - CPI slowed to 12.6% in 1H 2018, from 14.4% in 2017
  - local currency appreciated against the US dollar to 26.21 in June 2018, from 28.43 in January 2018, bringing the 1H 2018 average to 26.77, flat y-o-y
  - key interest rate has been increased 6 times in a row over the last 12 months: to 18.0% since 7 September 2018
- In 1H 2018, apparent steel consumption in Ukraine continued to grow (+6.4% y-o-y), supported by stable real demand in key steel-consuming industries:
  - construction activity +2.8% y-o-y
  - machine-building industry +6.6% y-o-y
  - hardware production industry +4.9% y-o-y
- In 1H 2018, steel production in Ukraine increased by 7.1% y-o-y

Real GDP dynamics (y-o-y)



Source: State Statistics Service of Ukraine

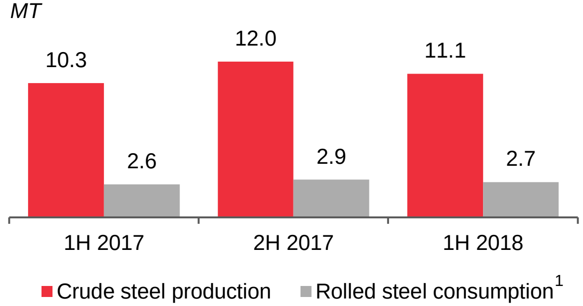
Inflation targeting policy in place



Source: National Bank of Ukraine, State Statistics Service of Ukraine

Steel industry

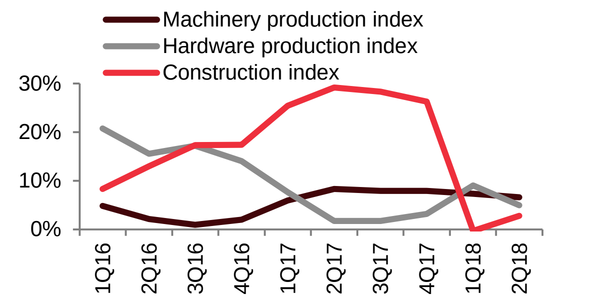
MT



Source: Metal Expert

1. Consumption in Ukraine includes flat, long and certain semi-finished products but excludes pipes

Key steel-consuming sectors[2]



Source: State Statistics Service of Ukraine, Metal Expert

2. All indexes represent the cumulative index from the beginning of the respective year, y-o-y change

1H 2018 highlights

METINVEST

Summary

US$ mn	1H 2018	1H 2017	Change
Revenues	**6,179**	**3,913**	**58%**
Adjusted EBITDA[1]	**1,335**	**839**	**59%**
EBITDA margin	22%	21%	1 pp
CAPEX	**420**	**193**	**>100%**
Free cash flow[2]	**360**	**136**	**>100%**

US$ mn	30 Jun 2018	31 Dec 2017	Change
Gross debt[3]	**2,891**	**3,017**	**-4%**
Cash and cash equivalents[4]	**370**	**259**	**43%**
Net debt[5]	**2,263**	**2,298**	**-2%**
Net debt to LTM EBITDA	**0.9x**	**1.1x**	**-0.2x**

Production[6] (kt)	1H 2018	1H 2017	Change
Crude steel	**3,794**	**3,654**	**4%**
Coke	**2,664**	**2,131**	**25%**
Iron ore concentrate	**13,987**	**13,649**	**2%**
Coking coal concentrate	**1,340**	**1,317**	**2%**

Credit ratings	Fitch	S&P	Moody's
Rating / outlook	**B / positive**	**B- / stable**	**Caa1 / positive**

1. Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment and devaluation of property, plant and equipment, foreign exchange gains and losses, the share of results of associates and other expenses that the management considers non-core plus the share of EBITDA of joint ventures. Adjusted EBITDA will be referred to as EBITDA in this presentation
2. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities
3. Gross debt is calculated as the sum of bank loans, bonds, trade finance, finance lease, seller notes and subordinated shareholder loans
4. Cash and cash equivalents do not include blocked cash for cash collateral under issued letters of credit and irrevocable bank guarantees, but do include cash blocked for foreign-currency purchases
5. Net debt is calculated as gross debt less cash and cash equivalents and less subordinated shareholder loans
6. Figures for 2017 have been updated to exclude production at assets, control over which was lost in March 2017

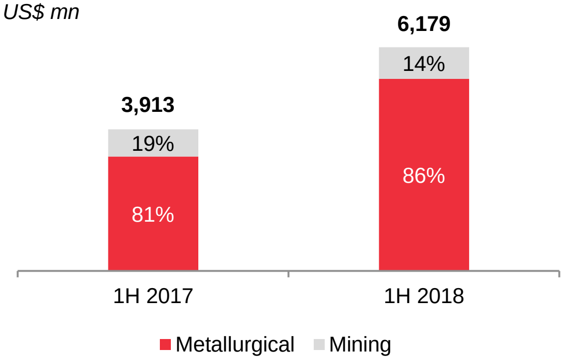
Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Financial highlights

- Total revenues increased by 58% y-o-y
  - Metallurgical revenues rose by 68% y-o-y to US$5,313 mn
  - Mining revenues climbed by 16% y-o-y to US$866 mn
- Total EBITDA increased by 59% y-o-y
  - Metallurgical EBITDA rose by 3.7 times y-o-y to US$755 mn
  - Mining EBITDA decreased by 12% y-o-y to US$638 mn
- The segments' shares in EBITDA[1] changed in 1H 2018 as compared to 1H 2017: 54% for Metallurgical (22% in 1H 2017) and 46% for Mining (78% in 1H 2017)
- Consolidated EBITDA margin was 22%, up 1 pp y-o-y
  - Metallurgical EBITDA margin soared by 8 pp y-o-y to 14%
  - Mining EBITDA margin dropped by 6 pp y-o-y to 35%
- Total CAPEX doubled y-o-y to US$420 mn
- Free cash flow soared by 165% y-o-y to US$360 mn

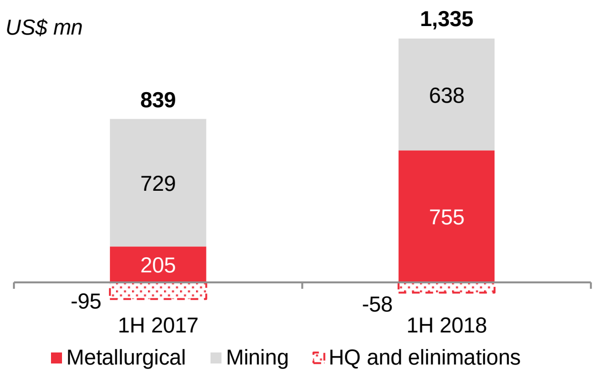
Revenues

US$ mn



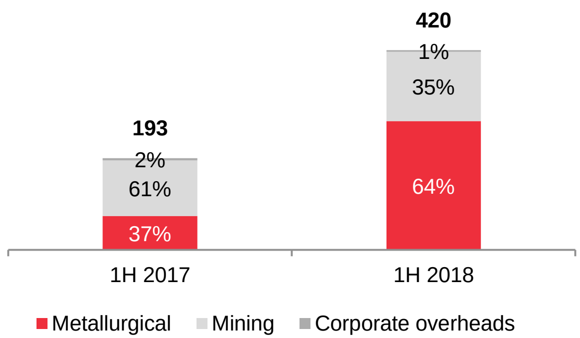
EBITDA

US$ mn



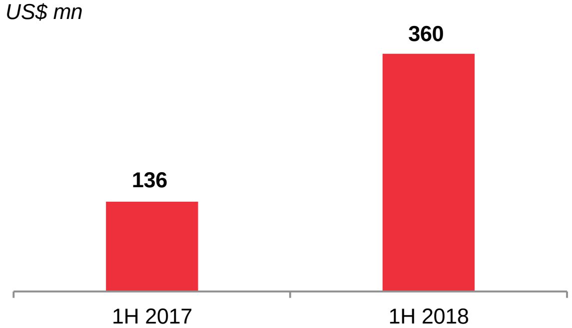
CAPEX

US$ mn



Free cash flow

US$ mn



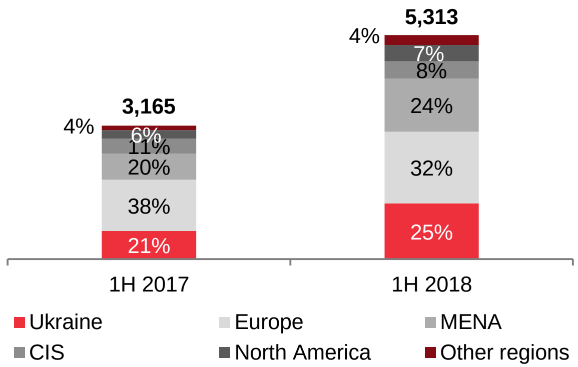
1. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations

Sales portfolio

- Total sales increased by US$2,266 mn y-o-y, mainly driven by:
  - higher selling prices
  - greater sales volumes of pig iron, slabs, flat products, coke and pellets
  - launch of square billets and long product resales to substitute lost capacity
- Metallurgical sales
  - higher share of Ukraine (+4 pp y-o-y), due to greater demand for steel amid an ongoing recovery in the local economy, as well as coke
  - lower share of Europe (-6 pp y-o-y), mainly caused by reduced resales of flat products
  - higher share of MENA (+4 pp y-o-y), amid greater sales volumes of semi-finished and flat products
- Mining sales
  - share of Ukraine rose by 6 pp y-o-y to 41% amid strong demand for pellets
  - share of premium European market rose by 11 pp y-o-y to 46% following long-term agreements signed with customers
  - FCA prices for iron ore products increased by c.20% y-o-y amid higher sales in Ukraine and Europe
- Proportion of sales in hard currencies (US$, EUR, GBP) amounted to 79% in 1H 2018, up 1 pp y-o-y

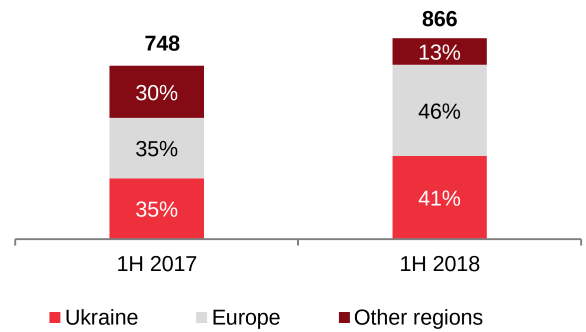
Metallurgical sales by region

US$ mn



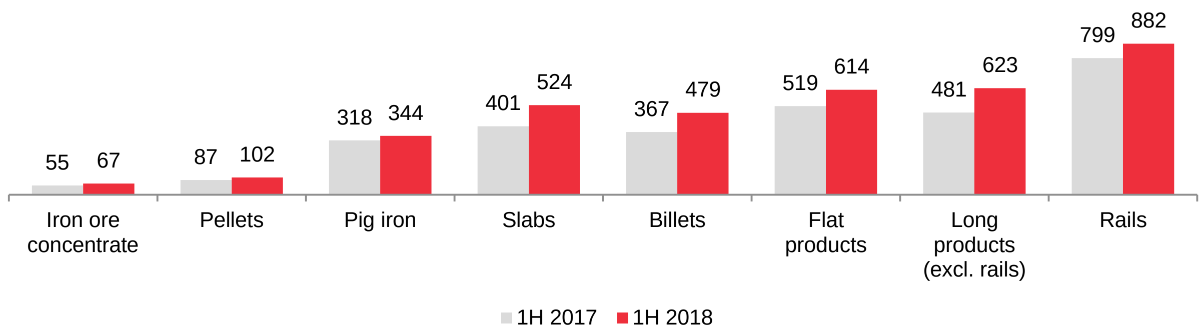
Mining sales by region

US$ mn



Price dynamics, FCA basis

US$/t

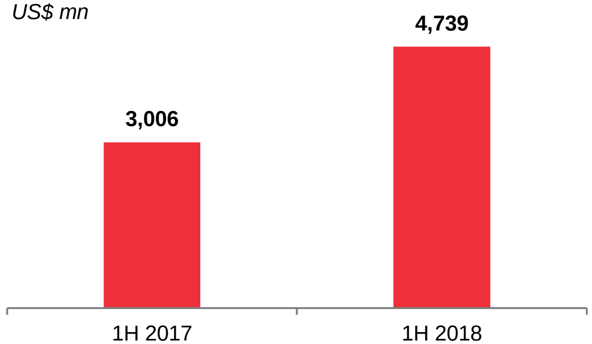


Operating expenses

- Cost of sales increased by 58% y-o-y to US$4,739 mn, mainly due to:
  - higher cost of goods and services for resale (US$1,090 mn), mainly pig iron and steel products
  - greater cost of raw materials (US$203 mn) primarily amid higher consumption of third-party coal (US$113 mn) and billets for further re-rolling (US$116 mn)
  - greater spending on raw material transportation (US$116 mn)
  - higher energy materials expenses (US$91 mn)
  - greater labour costs (US$46 mn) amid increased salaries and corresponding social security expenses
- Distribution costs rose by 20% y-o-y to US$432 mn, driven by:
  - greater steel sales volumes to Europe, MENA, North America and Southeast Asia, which affected freight costs
  - higher freight tariffs globally, given increased crude oil prices
  - a 15% upward tariff indexation by the Ukrainian state railway operator in April 2018
  - greater iron ore and steel product distribution by rail
- General and administrative expenses increased by 12% y-o-y to US$104 mn, mainly due to higher labour costs and service fees

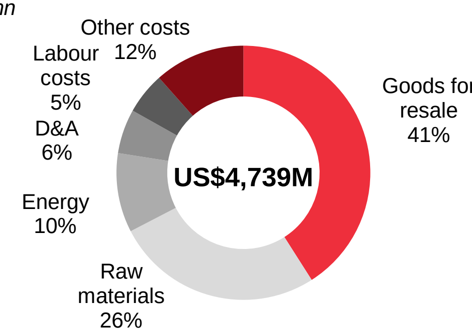
Cost of sales

US$ mn



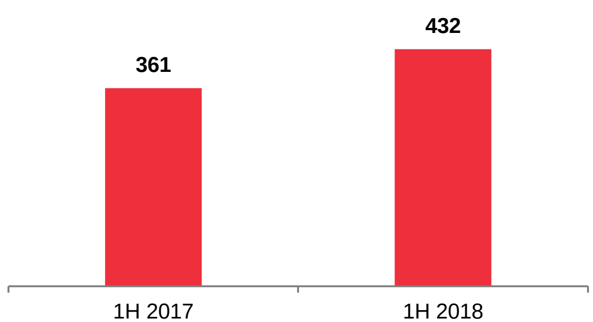
Cost of sales by nature in 1H 2018

US$ mn



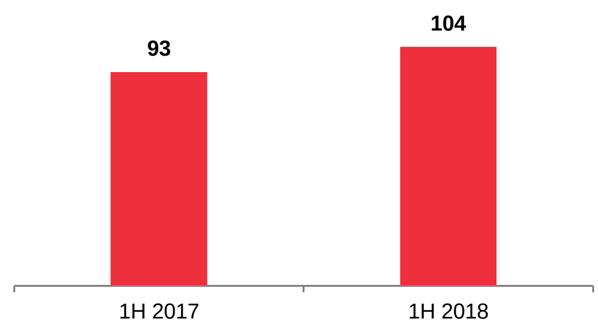
Distribution costs

US$ mn



General and administrative expenses

US$ mn

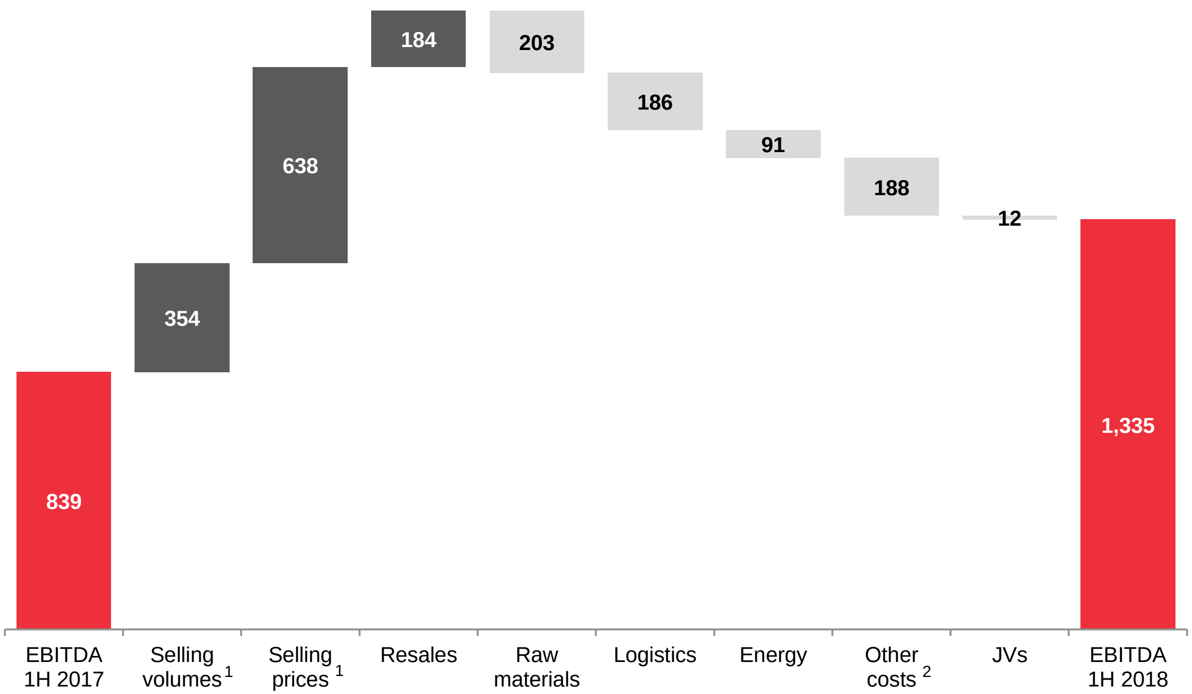


EBITDA

- Total EBITDA soared by US$496 mn y-o-y to US$1,335 mn, driven by:
  - higher average selling prices
  - greater sales volumes of pig iron, slabs, flat products, coke and pellets manufactured at Metinvest's facilities
  - higher earnings on resales due to increased prices and volumes
- EBITDA was reduced by:
  - higher cost of purchased coking coal, driven by a 25% y-o-y rise in coke output, and purchased billets as feedstock to roll at Promet Steel
  - greater logistics costs, mainly amid increased shipment volumes of raw materials and finished goods, as well as higher freight and railway tariffs
  - more spending on energy, due to higher natural gas prices (+16% y-o-y) and electricity tariffs (+14% y-o-y), as well as greater consumption of natural gas amid a 14% y-o-y increase in hot metal output
  - higher other costs amid higher labour costs, repairs and maintenance expenses, as well as spending on other services

EBITDA drivers

US$ mn



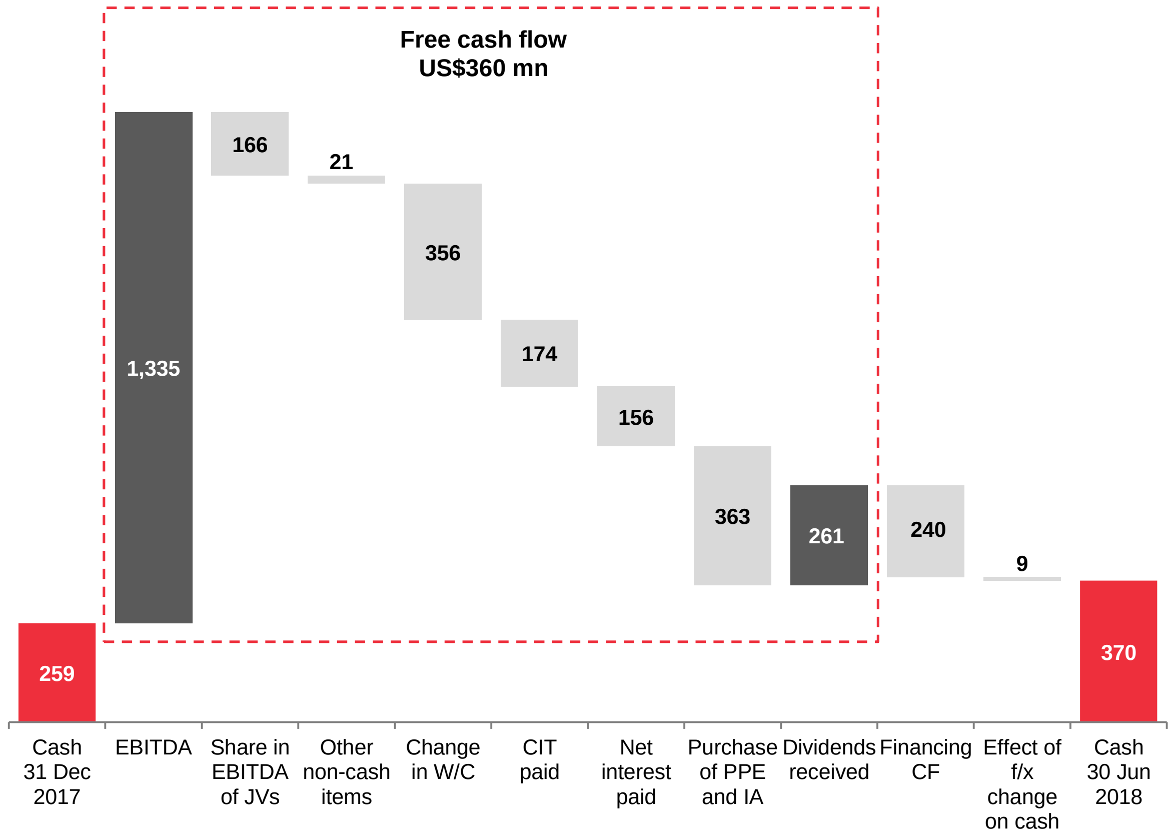
1. Net of resales
2. Other costs include fixed costs, change in work in progress and finished goods, impairment of seized inventories, forex and other expenses; net of resales

Cash flow

- Strong free cash flow of US$360 mn amid robust EBITDA and dividends received from Southern GOK JV
- Working capital outflow totaled US$356 mn, primarily due to an increase in accounts receivable amid higher sales
  - Working capital as a percentage of LTM revenues remained flat y-t-d at 18%
- Corporate income tax paid reached US$174 mn, up 3 times y-o-y, mainly due to improved profitability of each business segment
- Financing cash outflow is primarily following repayments under several debt instruments (both voluntary and as per the agreed schedule) as part of the Group's commitment to deleveraging

Cash flow in 1H 2018

US$ mn

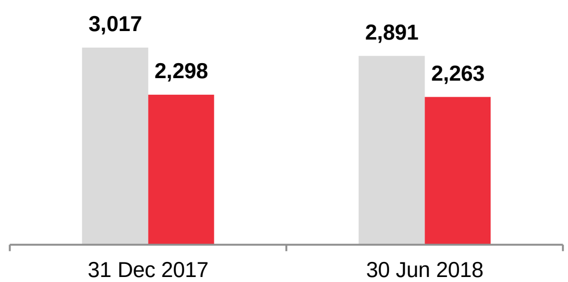


Debt profile

- As of 30 June 2018:
  - net debt was US$2,263 mn (-2% y-t-d)
  - net debt to LTM EBITDA decreased to 0.9x (-0.2x y-t-d)
  - 97% of gross debt is USD-denominated – debt service is hedged by revenues in hard currencies
- Sustainable maturity profile amid almost no repayments due in 2018 and no significant repayments until 2023

Gross and net debt

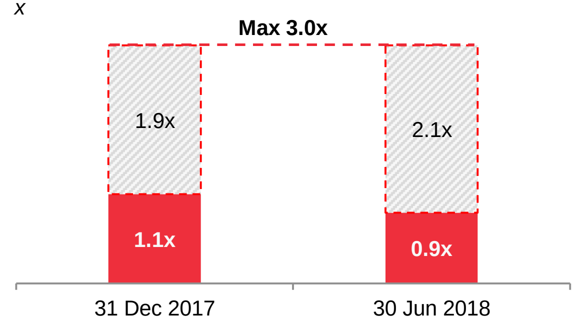
US$ mn



1. Gross debt is calculated as the sum of bank loans, bonds, trade finance, finance lease, seller notes and subordinated shareholder loans
2. Net debt is calculated as gross debt less cash and cash equivalents and less subordinated shareholder loans

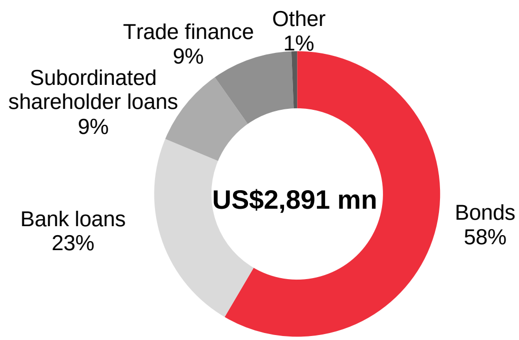
Net debt to LTM EBITDA

x



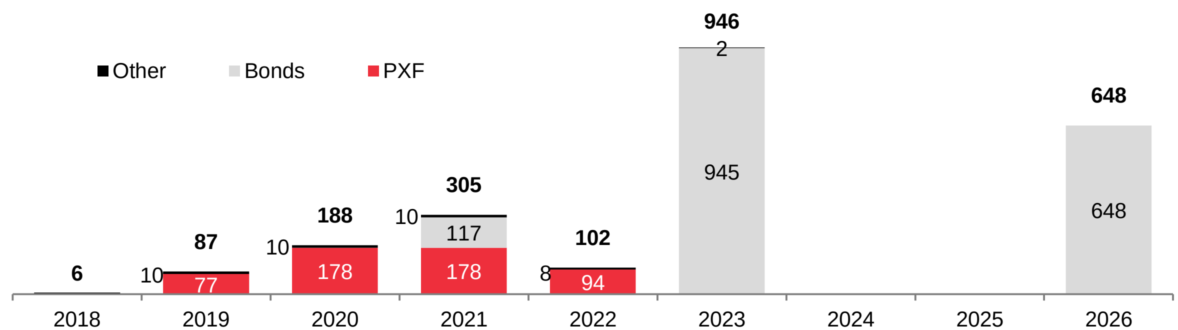
Gross debt structure as of 30 June 2018

US$ mn



Corporate debt maturity as of 30 June 2018[3]

US$ mn



3. Notes:
- PXF after voluntary repayment in July 2018
- Other includes ECA facility, finance lease and other facilities
- Trade finance lines are mainly rollovers, therefore are excluded from the maturity profile chart
- Shareholder loans are subordinated and may be serviced only as part of the dividend basket, therefore are excluded from the maturity profile chart

Refinancing overview

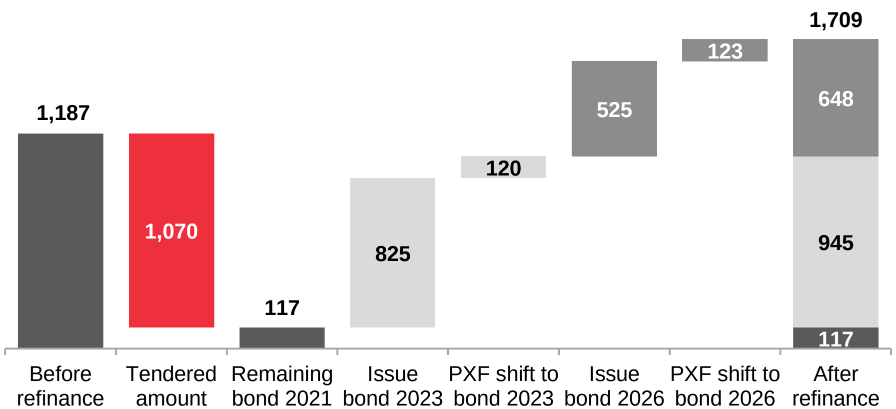
- In April 2018, bond and PXF refinancing was successfully completed to:
  - decrease total funding costs
  - smooth and extend the maturity profile
  - untie bonds and PXF facility by removing the intercreditor agreement
  - lower refinancing risks
  - align bond terms with standard market terms for similarly rated issuers
  - release certain covenants

Bonds and PXF key parameters

	Bond 2021	Bond 2023	Bond 2026	PXF
Amount	US$$117 mn	US$945 mn	US$648 mn	US$528 mn[1]
Interest rate	7.50%	7.75%	8.50%	LIBOR + margin
Repayment schedule	Bullet	Bullet	Bullet	Equal monthly instalments
Final maturity	31 Dec 2021	23 Apr 2023	23 Apr 2026	18 Oct 2022

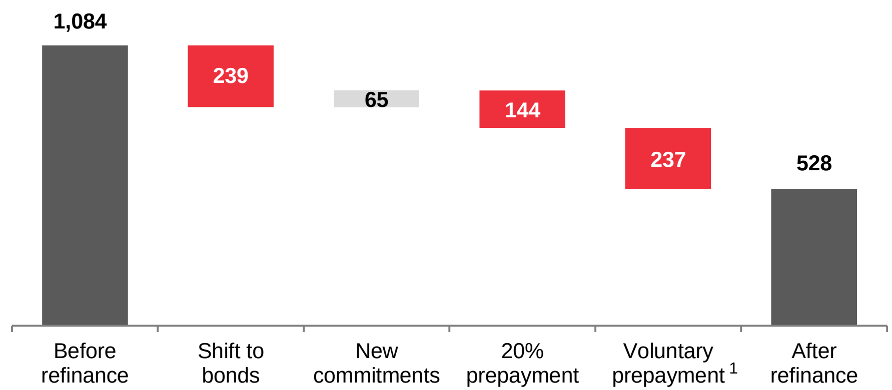
Bond evolution

US$ mn



PXF evolution

US$ mn



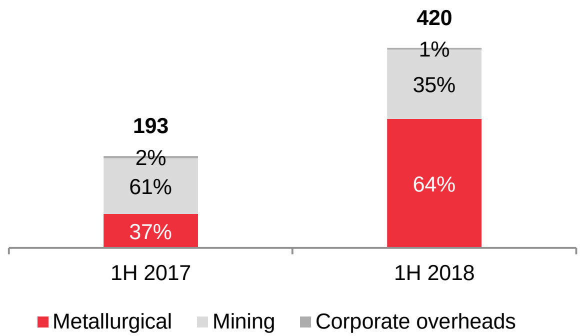
1. After voluntary repayment in July 2018

Capital expenditure

- In 1H 2018:
  - CAPEX doubled y-o-y to US$420 mn
  - Metallurgical segment accounted for 64% of total investments (+27 pp y-o-y)
  - Share of expansion projects reached 37% (+26 pp y-o-y)
- Technological Strategy 2030 focuses on:
  - Enhance operational safety and reduce environmental footprint
  - Steel
    - increase steel production capacity at Azovstal and Ilyich Steel to 11 mt/y by implementing numerous projects, including major overhauls of BFs and construction of new CCMs
    - focus on downstream to increase share of HVA products (mainly flat, sections and rails)
    - improve production cost efficiency
  - Iron ore
    - pursue quality over quantity strategy
    - increase Fe content and enhance key mechanical and chemical characteristics of iron ore products to penetrate premium markets
    - maintain low-cost position
- Key ongoing strategic projects are on slide 16

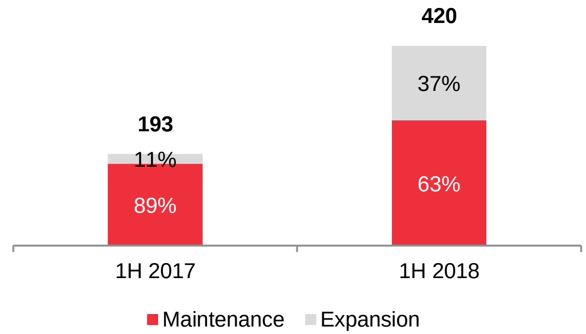
CAPEX by segment

US$ mn



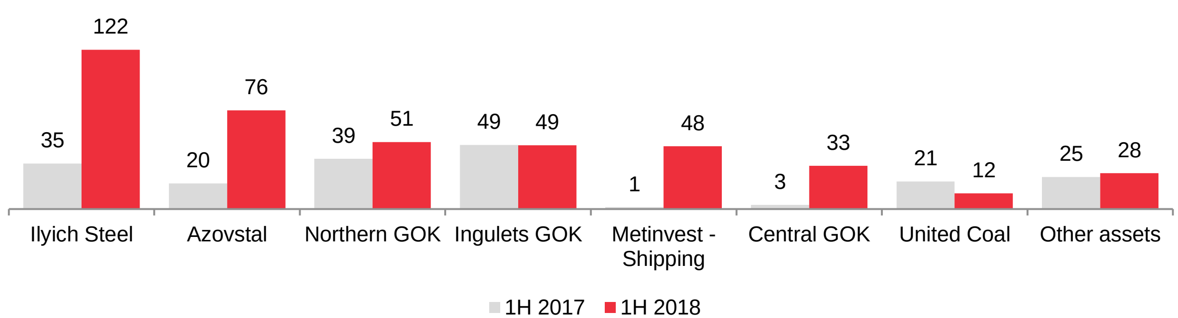
CAPEX by purpose

US$ mn



CAPEX by key asset

US$ mn



Key strategic CAPEX projects in 2018

No	Project	Asset	Description	Status
1	Construction of pulverised coal injection (PCI) facilities	Azovstal	Minimise the need for natural gas in the production process and use coke more efficiently	BF nos. 2 and 4 are operating using PCI technology. Construction at BF no. 3 is ongoing: PCI injection is postponed to 1Q 2019 to align with the major overhaul schedule.
2	Major overhaul of blast furnace (BF) no. 3	Azovstal	Increase hot metal production capacity by 0.5-0.8 mt/y to 1.3-1.6 mt/y, and reduce production cost by decreasing consumption of coke and coke nuts	Final investment decision was made in July 2017, and the active construction stage has started. Launch is postponed to 1Q 2019 due to delays with engineering and a lack of personnel of contractors.
3	Construction of continuous casting machine (CCM) no. 4	Ilyich Steel	Boost slab casting capacity by 1.5 mt/y to around 4 mt/y, improve product quality, decrease costs and reduce environmental impact	Active construction stage started in September 2016 and launch is expected in 4Q 2018
4	Reconstruction of 1700 hot strip mill	Ilyich Steel	Increase hot strip mill capacity, improve the quality of steel surface and reduce the process waste during slab rolling	Basic engineering development started in 3Q 2017. Detailed engineering and documentation are expected to be ready in 2H 2018. Commissioning is expected in 2Q 2019.
5	Sinter plant reconstruction	Ilyich Steel	Comply with environmental requirements	In April 2018, new bag hose filters of the second-phase gas cleaning were put into operation on sintering machines nos. 7-9. Cyclones replacement at sintering machines nos. 9-11 is ongoing
6	Construction of crusher and conveyor system at Pervomaisky quarry	Northern GOK	Reduce operational and capital expenditure in iron ore mining and maintain production volumes	The first facility for iron ore transportation was launched in July 2016. The launch of the second facility for rock transportation is expected in 2019.
7	Replacement of gas cleaning unit on Lurgi 552-B pelletising machine	Northern GOK	Comply with the maximum permissible concentrations of pollutants in the air and improve conditions in the workplace	Currently, 4 of 5 filters have been replaced. The replacement of the last one, no. 5, is expected to be completed in 2H 2018.
8	Construction of crusher and conveyor system	Ingulets GOK	Reduce operational and capital expenditure in iron ore mining and maintain production volumes	Construction is ongoing on the Vostochny conveyor line
9	Purchase of 1,800 open rail wagons	Metinvest-Shipping	Purchase rail wagons to deliver raw materials and dispatch finished products to curtail negative effect from rolling stock shortage in Ukraine	All wagons have been purchased

Corporate social responsibility

	Health and Safety	Environment	Community
Goals	▪ Meet the highest standards of health and safety and ensure the safety of employees in all aspects of their work ▪ Create a safety-driven culture throughout the Group and ensure that employees take responsibility for themselves and their colleagues	▪ Reduce environmental footprint ▪ Introduce more efficient energy-saving technology ▪ Meet European standards in this area ▪ Respond rapidly to any critical issues	▪ Work in partnership with the communities where Metinvest operates to achieve long-term improvements in social conditions ▪ Maintain close dialogue with local stakeholders
Initiatives	▪ Continue implementation of measures to reduce the risk of fatalities due to cardiovascular diseases ▪ Reinforce a gas safety programme to eliminate incidents of CO poisoning ▪ Introduce protective barrier standard to reduce injuries associated with working at heights, moving/rotating equipment and other hazardous production factors ▪ Continue a risk assessment programme covering all production processes and investment projects using HAZID[1], HAZOP[2] and ENVID[3]	▪ Continually examine and enhance environmental standards within the framework of the Technological Strategy ▪ Require all newly built and reconstructed assets to meet EU environmental standards ▪ Regularly review the environmental action plan to target efforts more effectively	▪ Implement social partnership programmes with local authorities ▪ Empower local communities ▪ Foster the development of green and ecological initiatives ▪ Enhance the sustainable development of regions
Results in 1H 2018	▪ Around US$42 mn was spent on health and safety ▪ Provided extensive HSE training for over 2,558 managers and supervisors ▪ Conducted 77,442 audits and identified 119,659 safety issues, which were addressed swiftly ▪ Conducted 360 HAZIDs and 9 HAZOPs at subsidiaries, and developed 10,779 recommendations to reduce risks to an acceptable level (since the project start)	▪ Around US$141 mn was spent on environmental safety (including both capital and operational improvements) ▪ Progress on key environmental projects ○ reconstruction of gas cleaning system of sinter plant at Ilyich Steel ○ major overhaul of gas-cleaning equipment of secondary steel treatment facilities at Azovstal ○ extensive maintenance of oven chambers at Avdiivka Coke and Zaporizhia Coke	▪ Invested US$8 mn to support communities in cities where Metinvest operates ▪ Selected 45 projects of the "100 Households" initiative ▪ Selected 8 projects of the "FestMetinvest" initiative ▪ Continued cooperation with the Mariupol Development Fund – 8 projects have been completed and 13 are being implemented ▪ Held around 660 environmental events as part of "Green Centre" in Mariupol and Kryvyi Rih

1. HAZID study is a tool for hazard identification, used early in a project as soon as process flow diagrams, draft heat and mass balances, and plot layouts are available
2. HAZOP (hazard and operability study) is a structured and systematic examination of a planned or existing process or operation in order to identify and evaluate problems that may represent risks to personnel or equipment, or prevent efficient operation
3. Environmental (Hazard) Identification is conducted like HAZID, but with the aim of identifying environmental issues

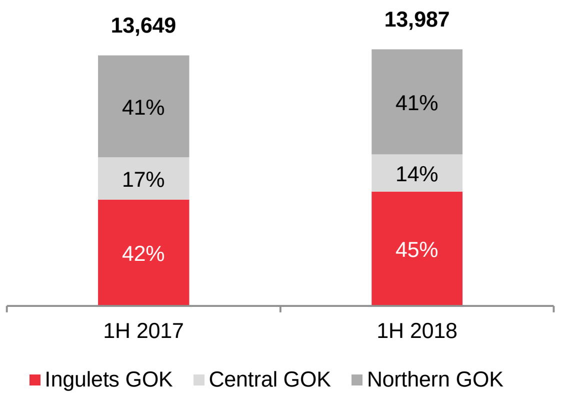
Segmental review

METINVEST

Mining operations

Iron ore concentrate production

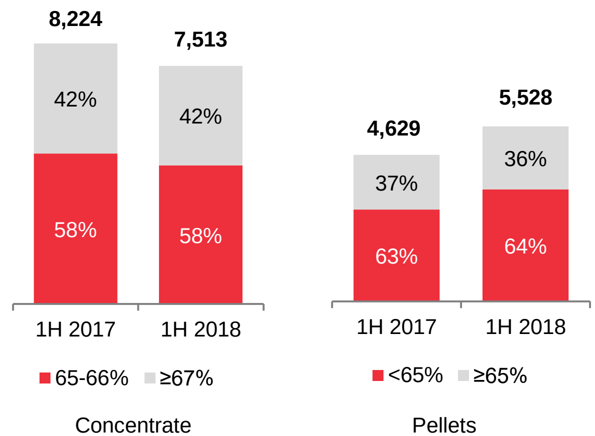
kt



- Overall iron ore concentrate production rose by 2% y-o-y amid greater output at Northern GOK (+3% y-o-y) and Ingulets GOK (+8% y-o-y)
- Iron ore self-sufficiency was 287%[1] in 1H 2018
- Metinvest used 42%[2] of total iron ore concentrate internally and allocated 58%[2] for third-party sales

Output of iron ore products[3] by Fe %

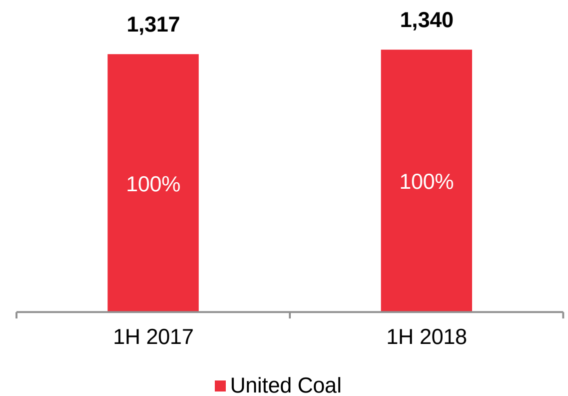
kt



- Metinvest's strategy is to produce premium products (with greater Fe content and better mechanical and chemical characteristics) to penetrate premium markets
  - share of high grade concentrate (Fe ≥67%) remained at 42%
  - share of high grade pellets (Fe ≥65%) stood at 36%
  - pellet output increased by 19% y-o-y as this product offered higher margins than iron ore concentrate

Coking coal production[4]

kt



- Coking coal concentrate production grew by 2% y-o-y amid a production ramp-up at United Coal's new section at Carter Roag mine
- High-quality US coking coal is delivered to Metinvest's Ukrainian coke production facilities to cover around 38%[5] of intragroup needs
- Other coal volumes required for coke production are delivered by international and local suppliers
- Additional long-term supplies have been secured after acquiring up to 24.99% in coking coal assets in Ukraine, the most significant of which are Pokrovske Colliery and Svyato-Varvarinskaya Enrichment Plant

1. Iron ore self-sufficiency is calculated as actual iron ore concentrate production divided by actual consumption of iron ore products to produce hot metal in the Metallurgical segment
2. In iron ore concentrate equivalent
3. Including production for intragroup consumption
4. Figures for 2017 have been updated to exclude production at assets, control over which has been lost since March 2017
5. Coal self-sufficiency is calculated as actual coal concentrate production divided by actual consumption of coal concentrate to produce coke required for production of hot metal in the Metallurgical segment. Coal consumption for PCI is included in the calculation

METINVEST

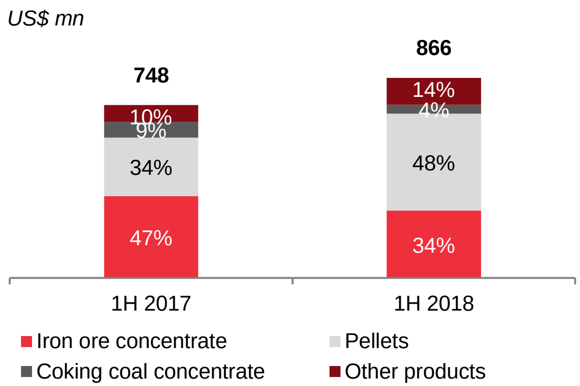
Mining segment financials

- Sales
  - External revenues increased by 16% y-o-y, driven by greater sales of pellets, which offer higher margins than iron ore concentrate, as well as higher realised selling prices of iron ore products
  - Pellets accounted for 48% of the iron ore sales mix and merchant concentrate for 52% in 1H 2018 (32% and 68% in 1H 2017 respectively)
  - Top five iron ore customers accounted for 75% of segmental sales
  - 79% of iron ore volumes are sold under annual contracts (68% in 1H 2017) and 21% on spot (32% in 1H 2017)
- EBITDA
  - Segment's EBITDA and EBITDA margin decreased y-o-y due to lower coal prices, as well as a drop in the contribution from Southern GOK JV
- Segment's CAPEX increased by 24% y-o-y to US$146 mn, primarily due to higher investments at Central GOK and Northern GOK

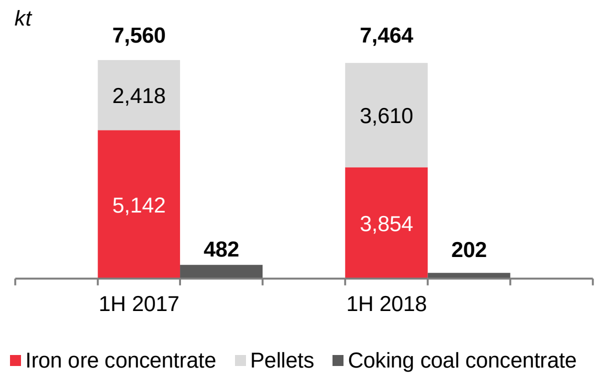
Segment financials

US$ mn	1H 2018	1H 2017	Change
Sales (total)	**1,805**	**1,789**	**1%**
Sales (external)	**866**	**748**	**16%**
% of Group total	*14%*	*19%*	*-5 pp*
EBITDA	**638**	**729**	**-12%**
% of Group total[1]	*46%*	*78%*	*-32 pp*
margin	*35%*	*41%*	*-6 pp*
CAPEX	**146**	**117**	**24%**

Sales by product



Sales by product

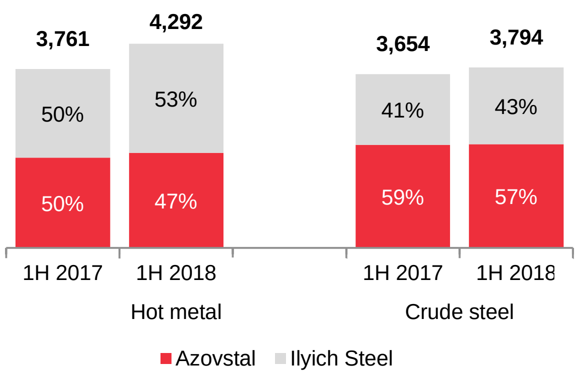


1. The contribution is to the gross EBITDA, before adjusting for corporate overheads

Metallurgical operations

Hot metal and crude steel production[1]

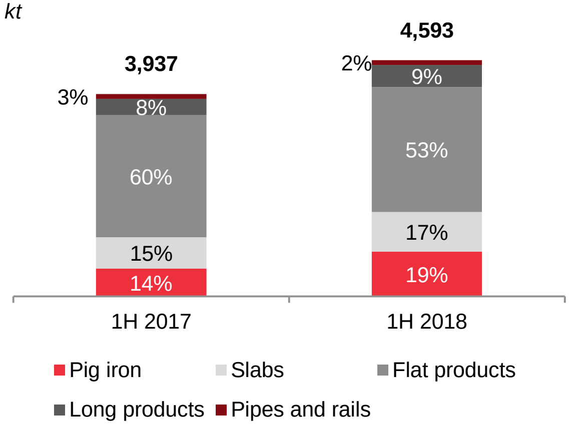
kt



- Total hot metal production rose by 14% y-o-y, due to a 23% y-o-y increase at Ilyich Steel and a 5% y-o-y growth at Azovstal amid stable raw material supplies (irregular in 1H 2017), thus driving output of steel (+4% y-o-y) and pig iron (+60% y-o-y)

Output of merchant steel products[1]

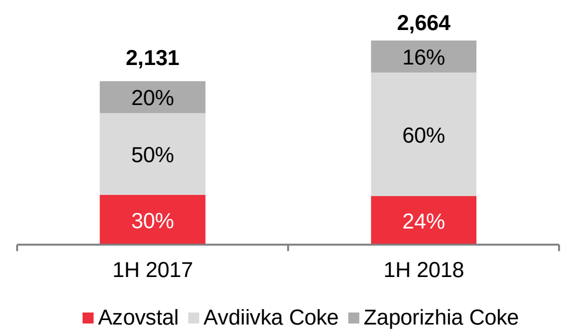
kt



- Steel product mix changed y-o-y:
  - shares of pig iron and slabs reached 19% and 17% respectively, amid higher output following a favourable market trend
  - flat product share remained above 50%, primarily due to greater output of plates at Ilyich Steel (+215 kt) given strong demand
  - share of long products rose to 9% due to higher production at Promet Steel, as stable supplies of square billets were secured

Coke production

kt



- Coke[2] output increased by 25% y-o-y, mainly driven by a rise in output of 546 kt at Avdiivka Coke, as all eight coke oven batteries have been in operation since May 2017
- Metinvest covered 145%[3] of its coke needs with own production in 1H 2018

1. Figures for 2017 have been updated to exclude production at assets, control over which was lost in March 2017
2. Dry blast furnace coke output
3. Coke self-sufficiency is calculated as actual coke production divided by actual consumption of coke to produce hot metal in the Metallurgical segment.

Metallurgical segment financials

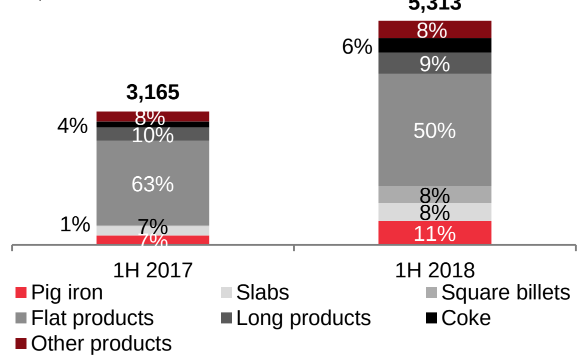
- Sales
  - External sales rose by 68% y-o-y, mainly due to higher selling prices, increased sales volumes of products manufactured at Metinvest's facilities, as well as greater resales
  - Share of HVA products[1] in steel sales mix excluding resales was 48% in 1H 2018
  - Top five steel customers accounted for 18% of segment's revenues
  - Almost all steel volumes are sold on spot
- EBITDA
  - EBITDA rose by 3.7 times y-o-y, mainly due to higher prices and sales volumes
  - Contribution to the gross EBITDA[2] increased by 32 pp y-o-y to 54%
  - EBITDA margin rose by 8 pp y-o-y, primarily due to strong realised prices
- Segment's CAPEX rose four-fold y-o-y to US$271 mn, mainly amid greater investments at Mariupol steelmakers

Segment financials

US$ mn	1H 2018	1H 2017	Change
Sales (total)	**5,348**	**3,193**	**67%**
Sales (external)	**5,313**	**3,165**	**68%**
% of Group total	*86%*	*81%*	*+5 pp*
EBITDA	**755**	**205**	**>100%**
% of Group total[1]	*54%*	*22%*	*+32 pp*
margin	*14%*	*6%*	*+8 pp*
CAPEX	**271**	**71**	**>100%**

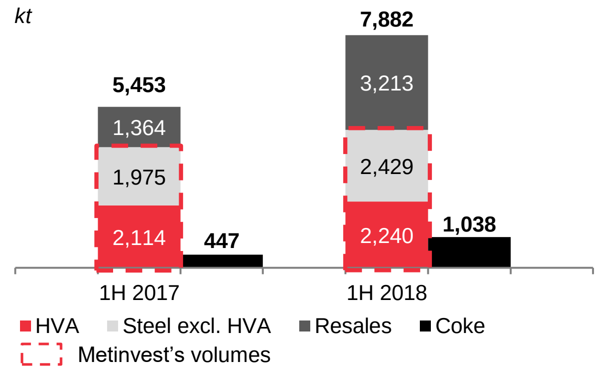
Sales by product

US$ mn



Sales by product

kt



1. HVA products include thick plates, cold-rolled flat products, hot-dip galvanised sheets and coils, structural sections, rails and pipes
2. The contribution is to the gross EBITDA, before adjusting for corporate overheads

Thank you!

Investor relations contacts

Andriy Bondarenko
+41 22 591 03 74 (Switzerland)
+380 44 251 83 24 (Ukraine)
andriy.bondarenko@metinvestholding.com

Yana Kalmykova
+380 44 251 83 36 (Ukraine)
yana.kalmykova@metinvestholding.com

www.metinvestholding.com

METINVEST