



# 1Q 2020 Preliminary Results

29 May 2020



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# Industry Overview





# Global steel, iron ore and coking coal markets

Global steel production increased by 3.4% y-o-y in 2019, mainly attributable to strong output growth in China, Iran, Vietnam, India and the US. Global finished steel consumption also rose by 3.4% y-o-y, driven mainly by strong demand in Asia

Weak demand in most other regions pushed global steel prices down last year. With the added impact of high raw material costs, European steelmakers reduced output, which, in turn, caused the steel price trend to reverse over November 2019 – February 2020

The outbreak of the COVID-19 pandemic in early 2020 impacted supply and demand across all commodities. Following the global lockdown, oil prices dropped dramatically, with a positive impact on transportation and raw material costs. Economic stimulus measures have been announced across major economies to support business

Consequently, HRC FOB Black Sea recovered by 14% q-o-q to US\$473/t in 1Q 2020, but declined by 5% y-o-y

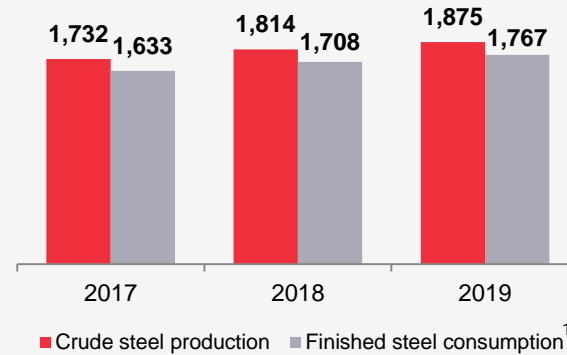
This year, the price for 62% Fe iron ore has remained elevated, averaging US\$91/t in 1Q 2020 (US\$84/t in 1Q 2019) amid supply disruptions and strong demand in Asia

Meanwhile, pellet premium in Europe fell by 56% y-o-y to US\$29/t in 1Q 2020 amid lower steel output in the region and a squeeze in steel profit margins

The hard coking coal spot price increased by 11% q-o-q to an average of US\$155/t in 1Q 2020, but decreased by 25% y-o-y

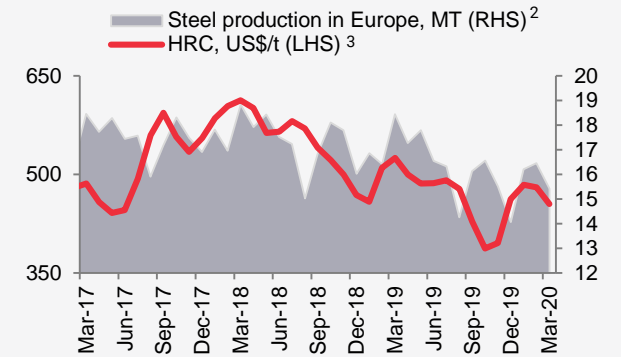
## Global steel industry

MT



Source: World Steel Association (WSA)

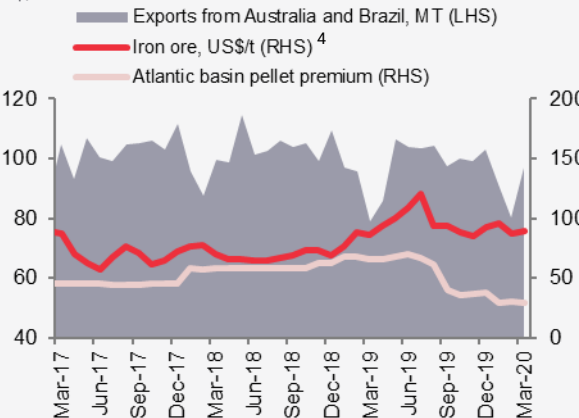
## Steel price and production in Europe



Source: World Steel Association, Metal Expert

## Iron ore price

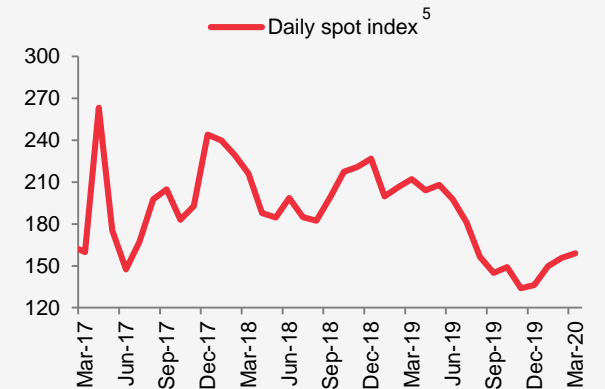
US\$/t



Source: Bloomberg, Platts

## Hard coking coal price

US\$/t



Source: Bloomberg, Platts

1. Apparent consumption of finished steel products. 2019 data is WSA estimate as of April 2020

2. Europe includes the current 27 EU member states and the UK, Bosnia-Herzegovina, North Macedonia, Norway, Serbia and Turkey

3. FOB Black Sea

4. 62% Fe iron ore fines, CFR China

5. FOB Australia



# Macro and steel industry in Ukraine

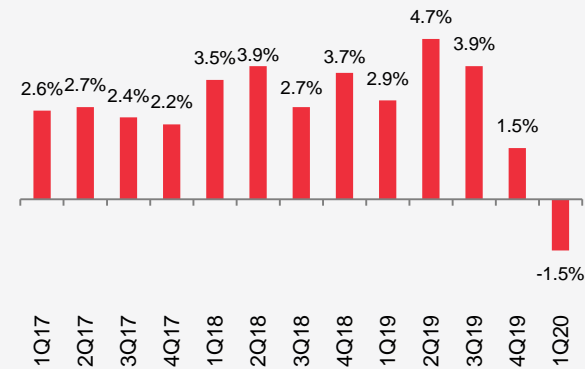
Ukraine's economic growth slowed to 1.5% y-o-y in 4Q 2019, while the country's real GDP declined by 1.5% y-o-y in 1Q 2020 amid a contraction in industrial production and construction activity, as well as the lockdown measures introduced in March to contain the spread of COVID-19

The NBU continued to follow an interest rate policy of inflation targeting and keeping the local currency floating

- CPI slowed to 2.3% y-o-y in March 2020 from 8.6% in March 2019, dropping below the target of 5%
- from April 2019, the NBU began a cycle of monetary policy easing and cut its key interest rate several times from 18.0% in early 2019 to 8.0% in April 2020
- although the hryvnia depreciated against the US dollar to 26.41 in March 2020 from 23.61 in December 2019, it appreciated by 9% y-o-y to 25.04 in 1Q 2020 from 27.30 in 1Q 2019

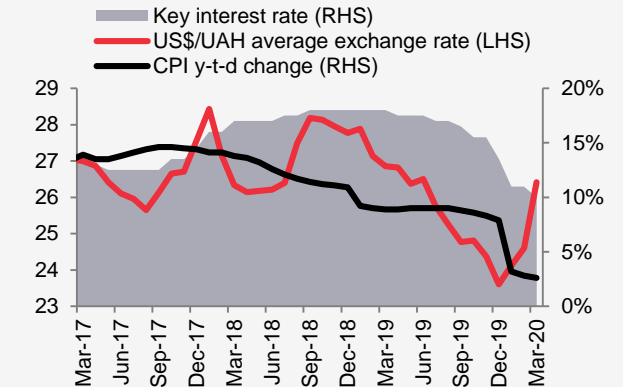
In 1Q 2020, total steel output declined by 3.4% y-o-y. At the same time, apparent steel consumption fell by 6.7% y-o-y, mainly due to a 14.5% drop in machinery output, a 5.5% decline in construction activity and a 24.0% reduction in pipe production

## Real GDP dynamics (y-o-y)



Source: State Statistics Service of Ukraine

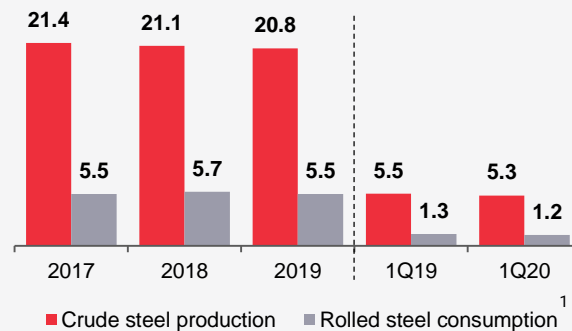
## Inflation targeting policy in place



Source: National Bank of Ukraine (NBU), State Statistics Service of Ukraine

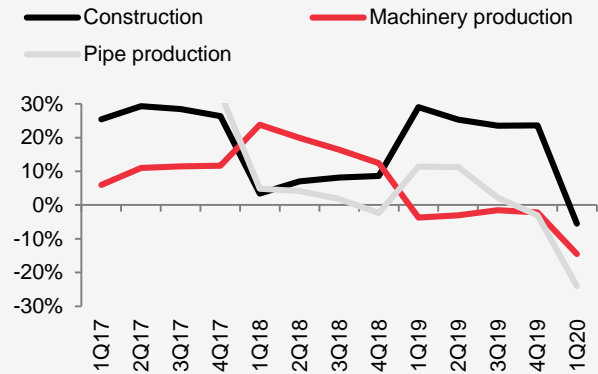
## Steel industry

MT



Source: World Steel Association, Metal Expert

## Key steel-consuming sectors<sup>2</sup>



Source: State Statistics Service of Ukraine, Metal Expert

1. Consumption in Ukraine includes flat, long and certain semi-finished products but excludes pipes.  
 2. Index represents the cumulative index from the beginning of the respective year, y-o-y change.





# 1Q 2020 Highlights





# Financial highlights

Total revenues decreased by 11% y-o-y

- metallurgical revenues fell by 14% y-o-y to US\$2,018 mn
- mining revenues fell by 2% y-o-y to US\$518 mn

Adjusted EBITDA<sup>1</sup> declined by 14% y-o-y

- metallurgical EBITDA rose by 2.4x y-o-y to US\$166 mn
- mining EBITDA fell by 24% y-o-y to US\$277 mn

The segmental share of EBITDA<sup>2</sup> changed y-o-y in 1Q 2020: 63% for Mining (84% in 1Q 2019) and 37% for Metallurgical (16% in 1Q 2019)

The consolidated EBITDA margin remained flat y-o-y at 15%

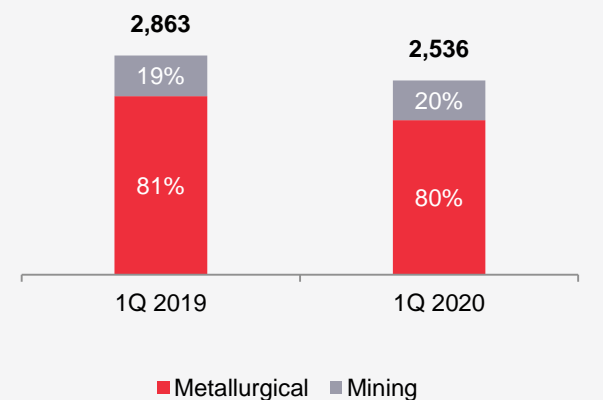
- metallurgical EBITDA margin increased by 5 pp y-o-y to 8%
- mining EBITDA margin fell by 5 pp y-o-y to 37%

Operating cash flow (OCF) fell by 12% y-o-y to US\$278 mn, while EBITDA to OCF conversion improved by 2 pp y-o-y to 75%

CAPEX totalled US\$148 mn, down 25% y-o-y

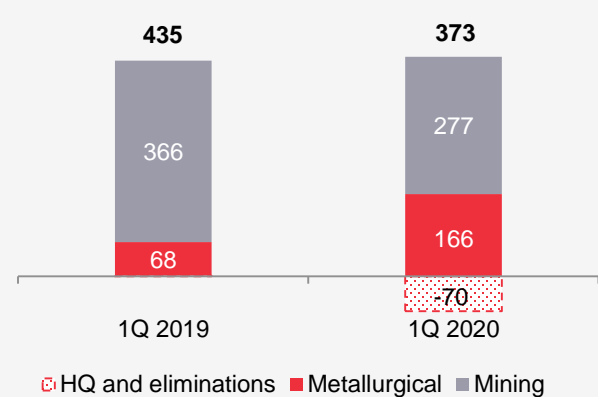
## Revenues

US\$ mn



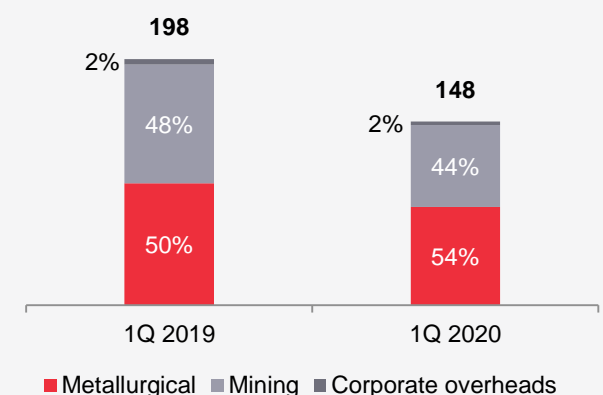
## EBITDA

US\$ mn



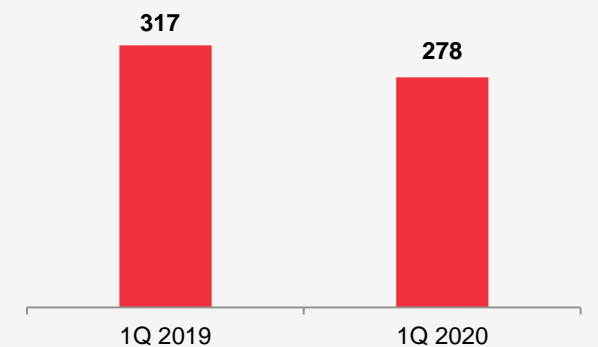
## CAPEX

US\$ mn



## Operating cash flow

US\$ mn



1. Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment 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. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations

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.



# Sales portfolio

## Metallurgical sales

- 14% y-o-y decline, mainly amid lower selling prices of steel and coke products following global benchmarks, an impact of the COVID-19 pandemic, as well as lower resales
- shares of regions remained unchanged y-o-y except Ukraine (+2 pp) and other regions (-2 pp)

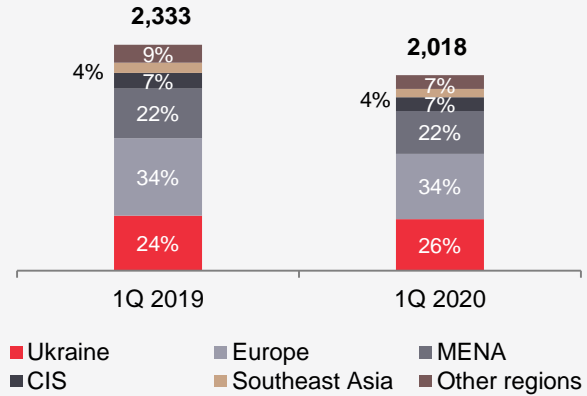
## Mining sales

- 2% y-o-y decrease, primarily due to a change in the iron ore sales mix and geography amid weak demand in Europe, reduced pellet premiums, as well as lower coking coal selling prices
- consequently, share of Europe fell by 22 pp y-o-y to 27%, while share of Southeast Asia rose by 25 pp y-o-y to 34%
- share of premium Ukrainian market remained high at 38%

Sales in hard currencies (US\$, US\$-linked, EUR and GBP) accounted for 81% in 1Q 2020 (+1 pp)

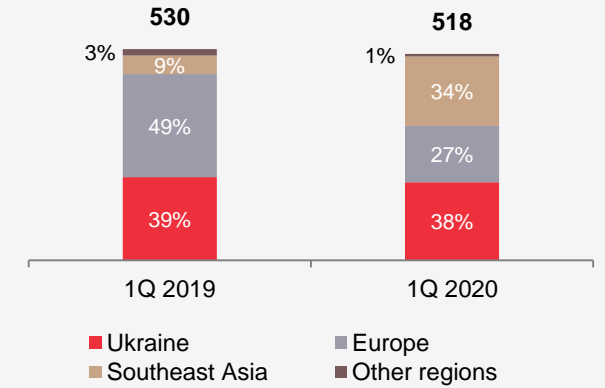
## Metallurgical sales by region

US\$ mn



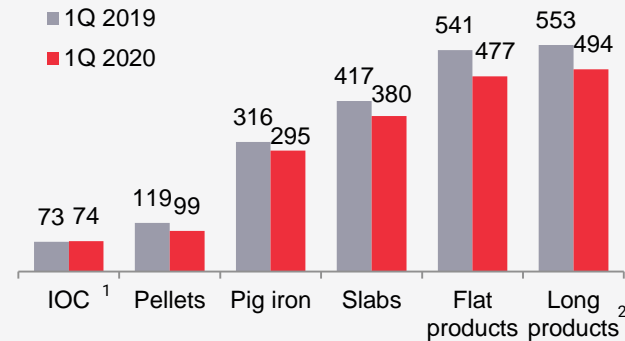
## Mining sales by region

US\$ mn



## Price trends, FCA basis

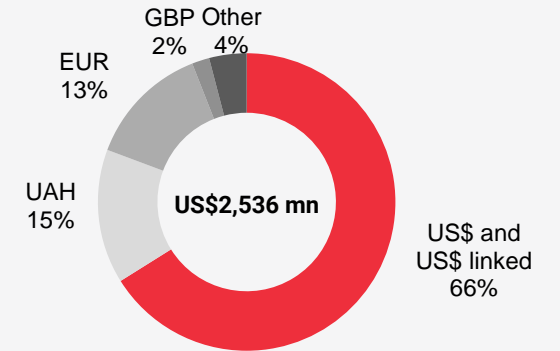
US\$/t



1. Iron ore concentrate  
2. Excluding railway products

## Total sales by currency in 1Q 2020

US\$ mn







# EBITDA

EBITDA totalled US\$373 mn, down 14% y-o-y, driven by:

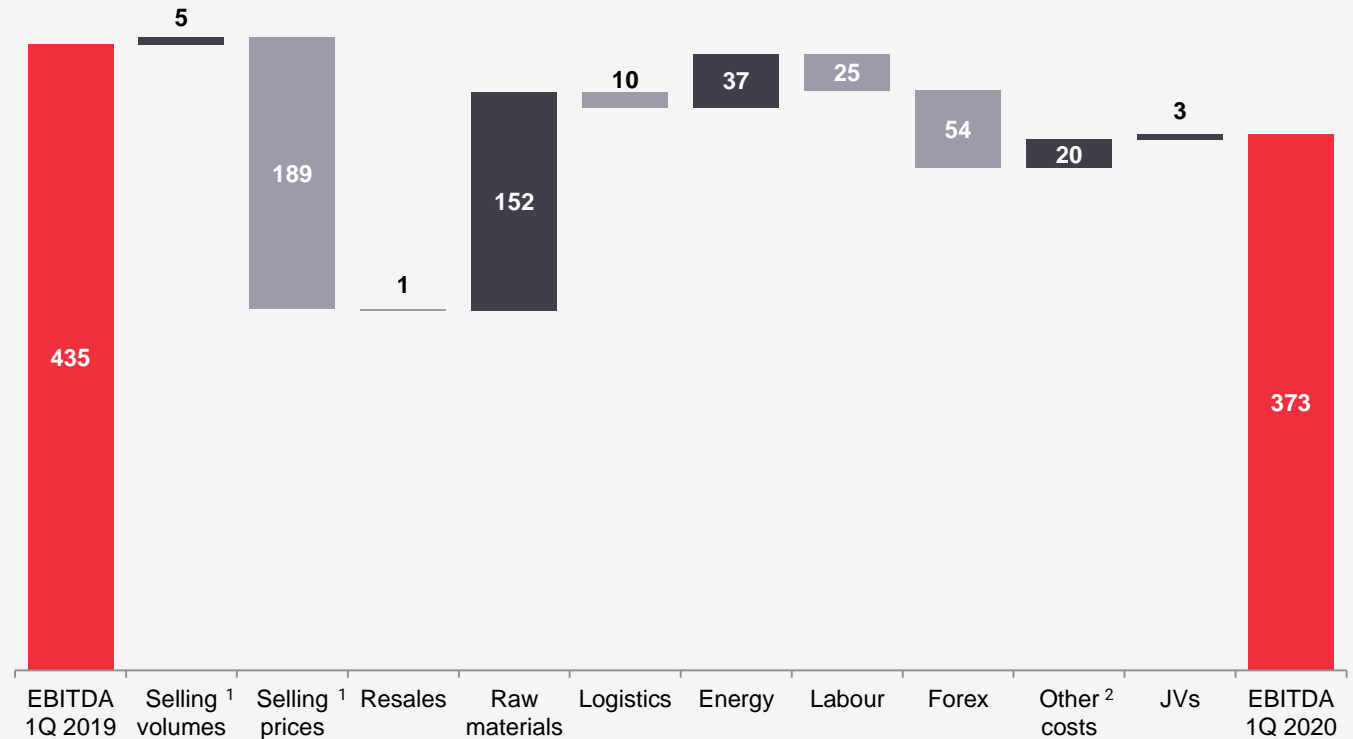
- lower average selling prices for Metinvest’s metal products, coke and coking coal concentrate, as well as weaker premiums for pellets
- 9% y-o-y hryvnia appreciation against US dollar
- 15% salary increase mainly for production personnel in April 2019 and corresponding social security expenses
- deteriorated contribution from the Zaporizhstal JV (US\$11 mn)
- greater spending on goods transportation services, mainly due to a 3.7x increase in iron ore sales volumes to Southeast Asia

Positive EBITDA drivers were:

- lower spending on raw materials, mainly as a result of (i) lower purchase prices of coking coal, coke, scrap and iron ore materials; (ii) lower consumption of coking coal due to a 12% y-o-y drop in coke output; (iii) lower y-o-y inventory destocking; and (iv) lower raw material transportation costs
- lower expenses on energy materials, mainly due to lower prices of natural gas (-42% y-o-y) and PCI coal (-23% y-o-y)
- higher contribution from the Southern GOK JV (US\$14 mn)
- greater sales volumes, primarily iron ore and coking coal concentrate
- reduced other costs, mainly due to lower repair and maintenance expenses

## EBITDA drivers

US\$ mn



1. Net of resales

2. Other costs include fixed costs (excl. labour costs) and other expenses; net of resales



# Cash flow

## Operating cash flow

- US\$278 mn in 1Q 2020, down 12% y-o-y
- EBITDA to OCF conversion reached 75% in 1Q 2020, up 2 pp y-o-y

## Working capital release, attributable to:

- a decrease in inventory (US\$60 mn), mainly iron ore concentrate, pig iron, scrap and spare parts
- an increase in trade payables (US\$199 mn)

Purchases of property, plant and equipment (PPE) and intangible assets (IA) totalled US\$216 mn, down 1% y-o-y, including settlement of accounts payable for CAPEX from previous periods

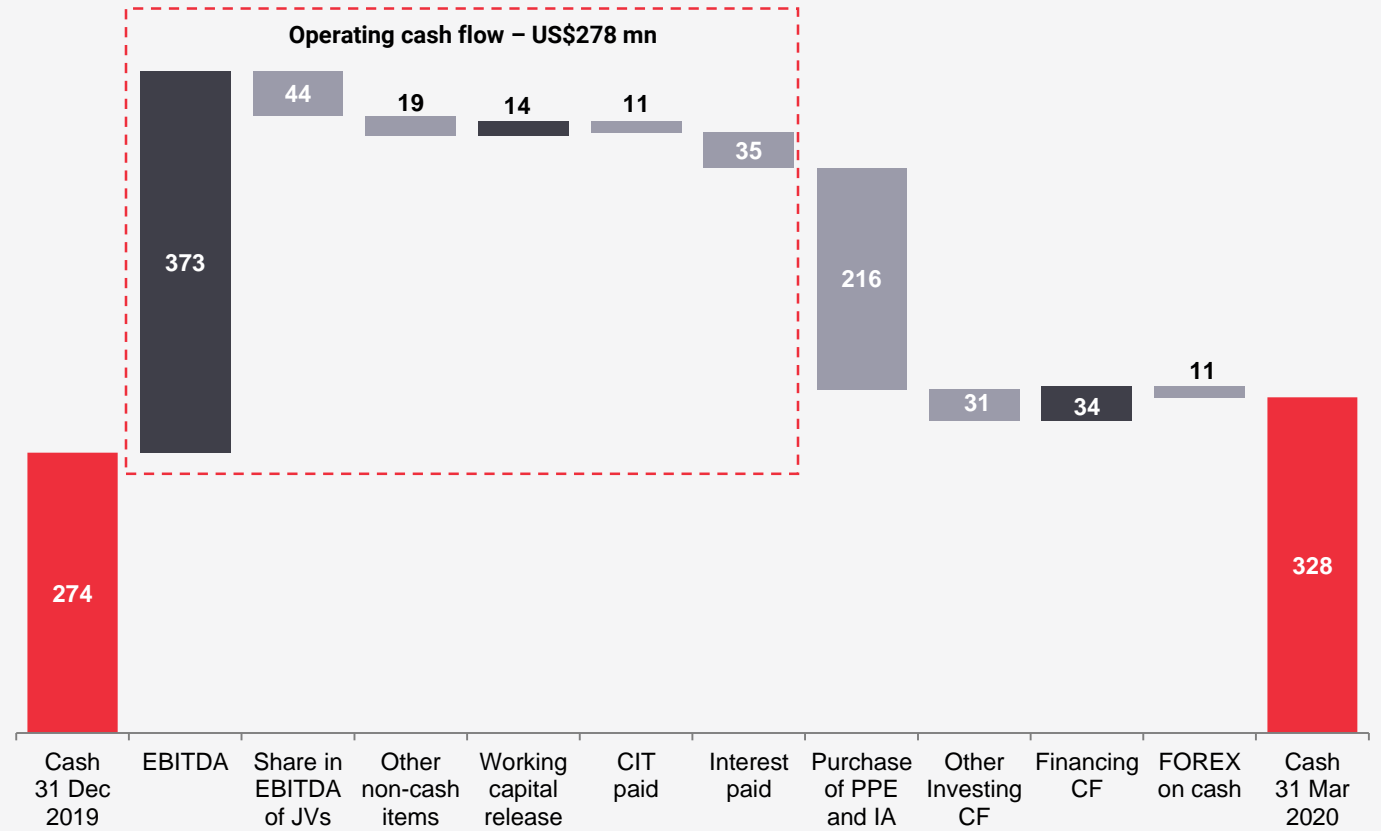
## Financing cash inflow, mainly attributable to:

- net trade financing proceeds of US\$35 mn
- no dividends paid in 1Q 2020

Cash balance improved to US\$328 mn as of 31 March 2020, up 20% y-o-y

## Cash flow in 1Q 2020

US\$ mn





# Capital expenditure

In 1Q 2020:

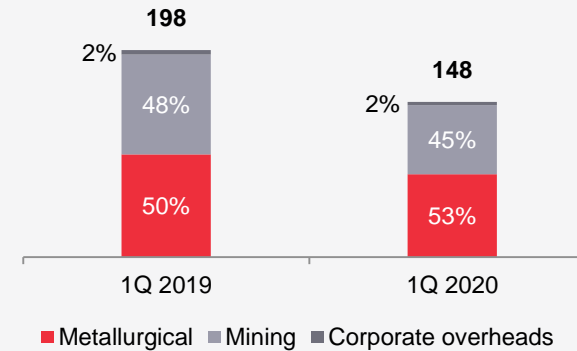
- CAPEX was US\$148 mn, down 25% y-o-y as planned
- the Mining segment accounted for 45% of total investments (-3 pp y-o-y)
- the share of strategic projects was 47% (+4 pp y-o-y)

2020 CAPEX priorities:

- ring-fenced environmental agenda: such investments totalled US\$56 mn in 1Q 2020, up 2.8x y-o-y
  - the biggest project – the reconstruction of the Ilyich Steel sinter plant – is in its final stage
- complete ongoing strategic projects
  - Ilyich Steel’s hot strip mill 1700 is in pilot operation, the new down coiler is to be installed this year
  - Central GOK completed the upgrade of its beneficiation facilities to produce premium quality iron ore products
- conducting crucial maintenance
- developing design of projects in the pipeline, driven by the Technological Strategy 2030

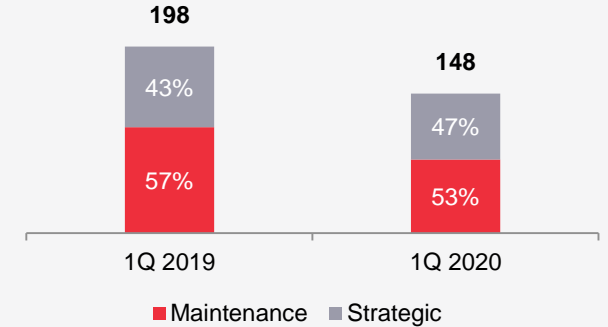
## CAPEX by segment

US\$ mn



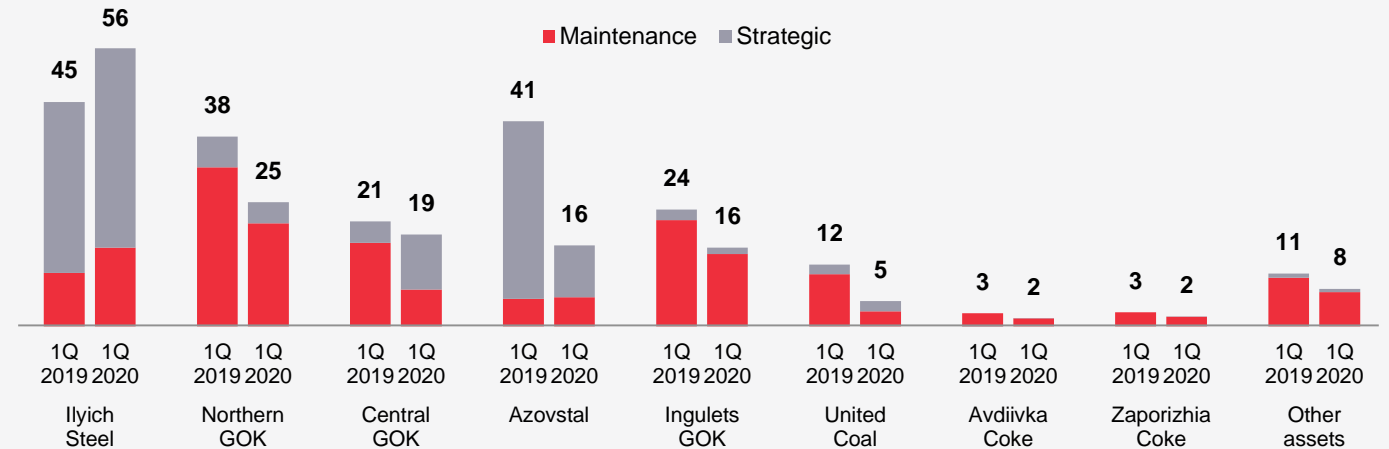
## CAPEX by purpose

US\$ mn



## CAPEX by key asset

US\$ mn





# Key strategic CAPEX projects in 2020

No	Project	Asset	Description	Status
1	<b>Reconstruction of hot strip mill (HSM) 1700</b>	<b>Ilyich Steel</b>	Increase hot strip mill capacity to 2.5 mt/y; improve HRC quality by reducing the minimum thickness to 1.2 mm, increasing weight first to 27 t and with the new down coiler to 32 t, as well as allowing widths of 900-1600 mm; and reduce production costs	The mill was shut down for a scheduled major overhaul from 27 August to 5 November 2019. First coils were produced in November 2019. Equipment testing is ongoing. The new down coiler is expected to be installed in 4Q 2020
2	<b>Sinter plant reconstruction</b>	<b>Ilyich Steel</b>	Comply with environmental requirements	The project is at the final stage and is expected to be completed by the end of 2020. The gas purification cyclones of the sintering zone of sintering machines (SMs) nos. 1-12 and the cyclones of the cooling zone of SMs nos. 7-12 have been replaced
3	<b>Reconstruction with new construction of the gas cleaning facilities of the casthouse and stockhouse of blast furnace (BF) no. 3</b>	<b>Ilyich Steel</b>	Comply with environmental requirements	The project was completed in March 2020. KPIs have been fulfilled
4	<b>Construction of air separation units</b>	<b>Ilyich Steel</b>	Increase production of oxygen and nitrogen required for steel production	Detailed engineering has been developed. Air Liquide was selected as the key equipment supplier. The company started the contracting process with its with sub-suppliers. Commissioning is expected in the end of 2021
5	<b>Major overhaul of BF no. 6</b>	<b>Azovstal</b>	Increase hot metal production capacity; reduce production costs by decreasing consumption of coke and coke nuts; and reduce environmental impact	Basic and detailed engineering and documentation is being developed
6	<b>Reconstruction of gas cleaning equipment of basic oxygen converter shop</b>	<b>Azovstal</b>	Comply with environmental requirements	Basic and detailed engineering and documentation is being developed
7	<b>Re-equipment of beneficiation facilities to produce DRI-quality pellets</b>	<b>Central GOK</b>	Improve mechanical properties of pellets to penetrate new premium markets	Upgraded facilities have been put into pilot operation in March 2020. Test shipments of BF pellets were sent to customers
8	<b>Construction of crusher and conveyor system</b>	<b>Ingulets GOK</b>	Reduce operational and capital expenditure in iron ore mining and maintain production volumes	Construction is ongoing on the Eastern conveyor line. It is expected to be completed in 2021
9	<b>Construction of crusher and conveyor system at Pervomaisky quarry</b>	<b>Northern GOK</b>	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. Construction of the second facility for rock transportation is ongoing. Completion is scheduled in 2021
10	<b>Upgrade of roasting machines OK-306 and Lurgi 278-A (1st stage)</b>	<b>Northern GOK</b>	Improve mechanical properties of pellets to capture additional market premium	The Lurgi-278-A was launched in 4Q 2019; pilot production is ongoing. Completion of the OK-306 is currently expected in 3Q 2020



# Debt profile

As of 31 March 2020:

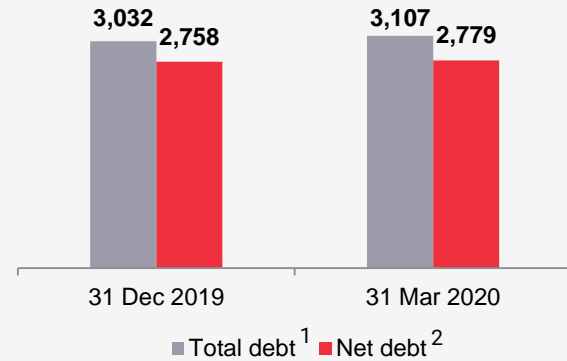
- total debt was US\$3,107 mn (+2% y-o-y)
- net debt was US\$2,779 mn (+1% y-o-y)
- cash position was US\$328 mn (+20% y-o-y)
- net debt to EBITDA was 2.4x (+0.1x y-o-y)

Debt service is hedged by revenues in hard currencies

EUR34 mn of export financing has been secured this year to fund CAPEX

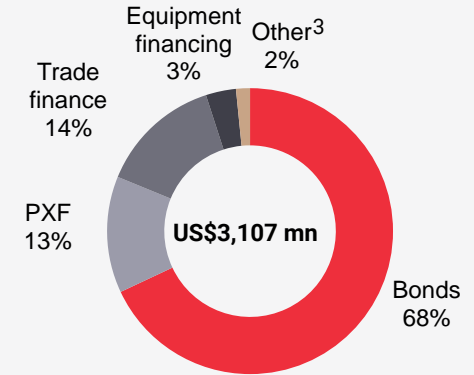
## Total and net debt

US\$ mn



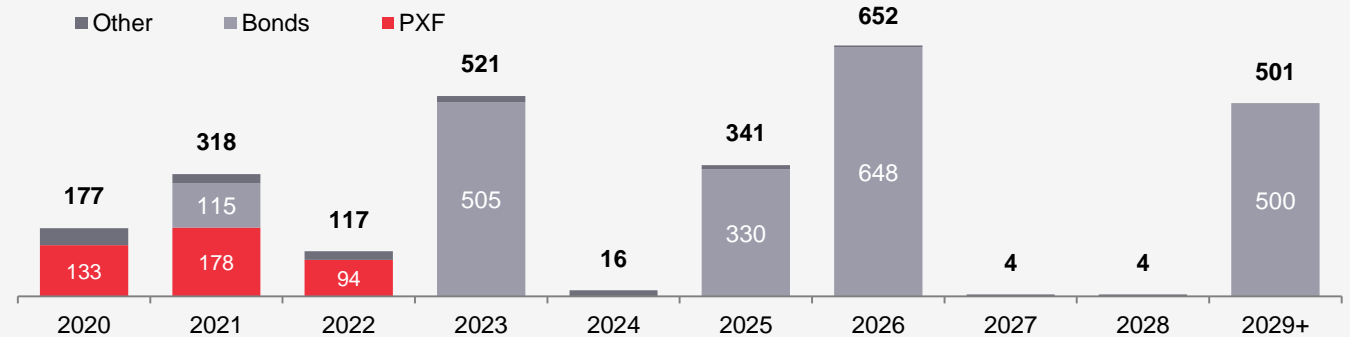
## Total debt breakdown as at 31 Mar 2020

US\$ mn



## Corporate debt maturity as at 31 Mar 2020<sup>4</sup>

US\$ mn



1. Total debt is calculated as the sum of bank loans, bonds, trade finance and lease liabilities

2. Net debt is calculated as total debt less cash and cash equivalents

3. Lease liability under the IFRS 16 and Dnipro Coke's bank loan consolidated after the Group obtained the controlling interest in the asset in March 2020

4. Notes:

- Bonds: US\$115 mn at 7.50% pa due in 2021, US\$505 mn at 7.75% pa due in 2023, EUR300 mn at 5.625% pa due in 2025 (converted at EUR/USD f/x of 1.1000), US\$648 mn at 8.50% pa due in 2026, US\$500 mn at 7.75% pa due in 2029

- PXF: US\$406 mn at LIBOR + margin due in October 2022

- Other facilities includes ECA-covered and other facilities

- Trade finance lines are mainly rollovers, so are excluded from the maturity profile chart; Lease liability under the IFRS 16 is excluded



# ESG

	Environment	Social	Governance																																							
Goals	<p>Reduce environmental footprint</p> <p>Introduce more efficient energy-saving technology</p> <p>Meet best global standards in this area</p> <p>Proactively address critical issues</p>	<p>Work in close partnership with the communities where Metinvest operates to achieve sustainable improvements in social conditions</p> <p>Maintain a close dialogue with local stakeholders</p>	<p>Develop the corporate governance system to be among the most transparent international companies and serve the interests of all stakeholders as thoroughly as possible</p>																																							
Results in 1Q 2020	<p>Around US\$118 mn was spent on environmental safety<sup>1</sup> in 1Q 2020, up 60% y-o-y</p> <p>Progress on key efforts to reduce environmental footprint, including from improvements of:</p> <ul style="list-style-type: none"> <li>Ilyich Steel's sinter plant, BF no. 3, basic oxygen furnace no. 3, sewage system</li> <li>Azovstal's BF no. 3, hot metal desulphurisation unit, coke oven battery no. 1</li> <li>Oven chambers at Avdiivka Coke and Zaporizhia Coke</li> <li>Lurgi 552A roasting machine at Northern GOK</li> <li>Ingulets GOK's Central GOK's tailing facilities, water supply and slurry pipelines</li> </ul> <p><b>Spending on the environment<sup>1</sup></b> US\$ mn</p> <table border="1"> <caption>Spending on the environment (US\$ mn)</caption> <thead> <tr> <th>Year</th> <th>CAPEX</th> <th>OPEX &amp; Other</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>58</td> <td>167</td> <td>225</td> </tr> <tr> <td>2018</td> <td>92</td> <td>171</td> <td>263</td> </tr> <tr> <td>2019</td> <td>155</td> <td>229</td> <td>384</td> </tr> <tr> <td>1Q 2019</td> <td>54</td> <td>20</td> <td>74</td> </tr> <tr> <td>1Q 2020</td> <td>56</td> <td>62</td> <td>118</td> </tr> </tbody> </table>	Year	CAPEX	OPEX & Other	Total	2017	58	167	225	2018	92	171	263	2019	155	229	384	1Q 2019	54	20	74	1Q 2020	56	62	118	<p>Around 66,000 employees as at 31 March 2020</p> <p>US\$23 mn was spent on health and safety in 1Q 2020, up 15% y-o-y</p> <p>Metinvest rejected tax holidays offered by Ukrainian government and paid around US\$133 mn of taxes globally in 1Q 2020, incl. CIT</p> <p>US\$5 mn was invested to support communities in 1Q 2020, of which around US\$3 mn was spent to help fight COVID-19</p> <p>In response to the COVID-19 pandemic:</p> <ul style="list-style-type: none"> <li>all administrative employees switched to remote work, enhanced health protocols introduced at all assets</li> <li>the Group purchased 18,000 COVID-19 express tests for 44 medical institutions</li> <li>Metinvest constructed the oxygen supply points and new oxygen lines at three healthcare facilities in Mariupol</li> </ul> <p><b>LTIFR<sup>2</sup> and FFR<sup>3</sup></b></p> <table border="1"> <caption>LTIFR and FFR</caption> <thead> <tr> <th>Year</th> <th>LTIFR</th> <th>FFR</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0.857</td> <td>0.027</td> </tr> <tr> <td>2018</td> <td>0.802</td> <td>0.099</td> </tr> <tr> <td>2019</td> <td>0.771</td> <td>0.053</td> </tr> <tr> <td>1Q 2020</td> <td>0.740</td> <td>0.037</td> </tr> </tbody> </table>	Year	LTIFR	FFR	2017	0.857	0.027	2018	0.802	0.099	2019	0.771	0.053	1Q 2020	0.740	0.037	<p>The HR, health and safety, environmental protection, PR and communications functions have been merged into Sustainable Development and People Management Directorate headed by Aleksey Komlyk, Chief People Officer, in order to ensure the sustainable development of the Group</p> <p>More than 14 years of regular public reporting of audited consolidated financial statements prepared in accordance with IFRS</p> <p>CSR reporting in accordance with the G4 Sustainability Reporting Guidelines as defined by the Global Reporting Initiative</p> <p>Iron ore reserves and resources assessment as of 31 December 2018 in accordance with JORC Code 2012</p> <p><b>MSCI ESG RATINGS</b></p> <p>CCC B BB BBB A AA AAA</p> <p>As of 2019, Metinvest received an MSCI ESG Rating of 'B'<sup>4</sup>. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale ranging from 'AAA' ("leader") to 'CCC' ("laggard"), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.</p>
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1. Including both capital and operational improvements

2. The lost-time injury frequency rate (LTIFR) is the number of lost-time incidents per 1 million man-hours.

3. The fatality frequency rate (FFR) is the number of job-related fatalities per 1 million man-hours.

4. Disclaimer statement. The use by Metinvest B.V. of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Metinvest B.V. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.





# Segmental review





# Mining operations

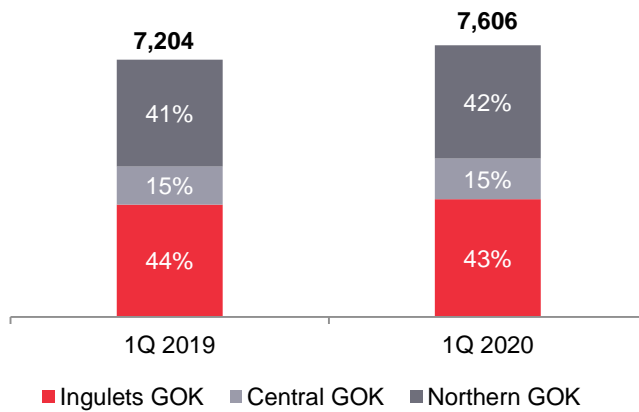
Overall iron ore concentrate output grew by 6% y-o-y, as a result of higher production at all three assets and third-party ore processing at Central GOK:

- +6% y-o-y at Northern GOK
- +5% y-o-y at Ingulets GOK
- +8% y-o-y at Central GOK

Iron ore self-sufficiency of around 300%<sup>1</sup> in 1Q 2020

## Iron ore concentrate production

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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

Merchant iron ore concentrate<sup>3</sup> output surged by 39% y-o-y, amid higher output of total concentrate and higher margins than pellets in 1Q 2020

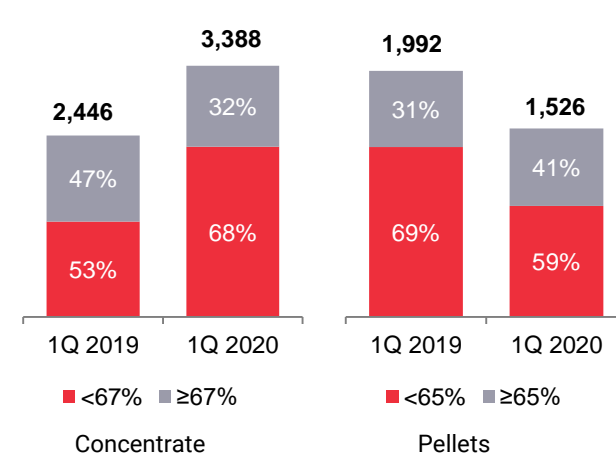
Merchant pellet<sup>3</sup> output dropped by 23% y-o-y as Metinvest optimised its order portfolio

- share of high grade pellets was 41%, up 10 pp y-o-y, as a result of a 2% y-o-y growth in output

In April 2020, Metinvest unlocked production of concentrate with 70.5% Fe content and pellets with 67.5% Fe content that is used in DRI technology after it upgraded beneficiation facilities at Central GOK

## Output of iron ore products by Fe %

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3. Merchant iron ore product output figures exclude intragroup sales and consumption

Coking coal concentrate output at United Coal rose by 25% y-o-y due to the launch of new mining sections

Coking coal self-sufficiency was 59%<sup>4</sup> in 1Q 2020

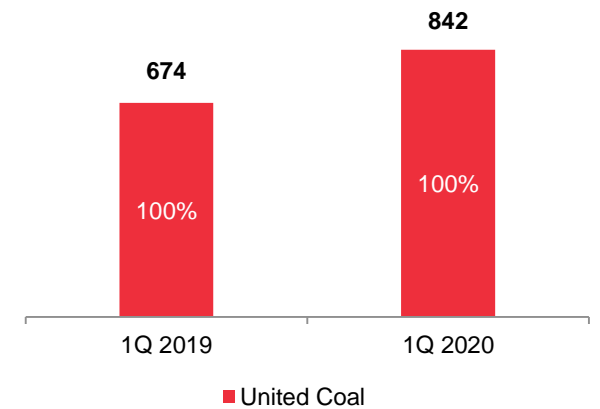
High-quality US coking coal is primarily delivered to Metinvest's Ukrainian coke production facilities

Other coal volumes required for coke production are sourced from international and local suppliers

Additional long-term supplies have been secured by acquiring 24.77% in the biggest coking coal business in Ukraine

## Coking coal production

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4. 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, and coal consumption for PCI is included in the calculation



# Mining segment financials

## Sales

- external revenues decreased by 2% y-o-y, mainly driven by weaker iron ore demand in Europe
- pellets accounted for 31% of the iron ore sales mix volumes and merchant concentrate for 69% in 1Q 2020 (43% and 57% in 1Q 2019, respectively)
- the top five iron ore customers accounted for 53% of segmental sales (82% in 1Q 2019)
- overall, 69% of iron ore volumes were sold under annual contracts (83% in 1Q 2019)

## EBITDA

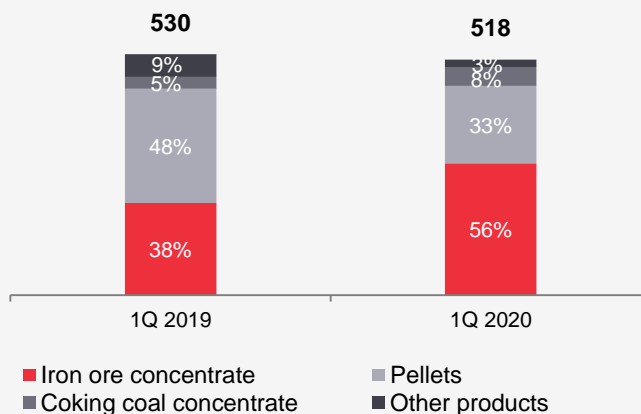
- EBITDA fell by 24% y-o-y, mainly due to the iron ore product mix shift towards concentrate amid weaker pellet demand and premiums, changes in the iron ore sales geography, lower coking coal prices, as well as greater labour costs and the hryvnia appreciation
- the contribution to gross EBITDA<sup>1</sup> totalled 63%, down 21 pp y-o-y
- the EBITDA margin was 37%, down 5 pp y-o-y

The segment's CAPEX decreased by 31% y-o-y to US\$66 mn, mainly due to lower maintenance investments at iron ore and coking coal producers

US\$ mn	1Q 2020	1Q 2019	CHANGE
Sales (total)	759	880	-14%
Sales (external)	518	530	-2%
% of Group total	20%	19%	+1 pp
EBITDA	277	366	-24%
% of Group total <sup>1</sup>	63%	84%	-21 pp
Margin	37%	42%	-5 pp
CAPEX	66	95	-31%

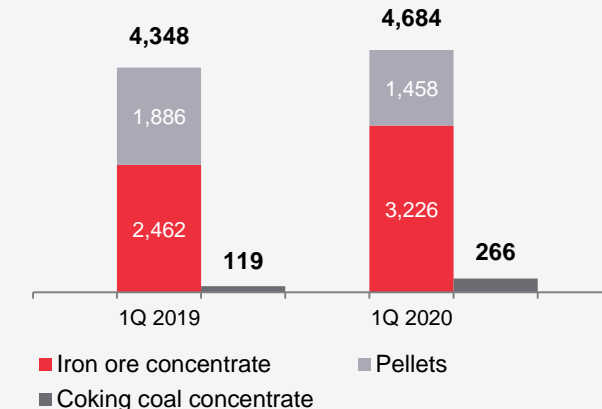
## Sales by product

US\$ mn



## Sales by product

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



# Metallurgical operations

Hot metal output increased by 7% y-o-y, due to a 20% growth in output at Azovstal, amid:

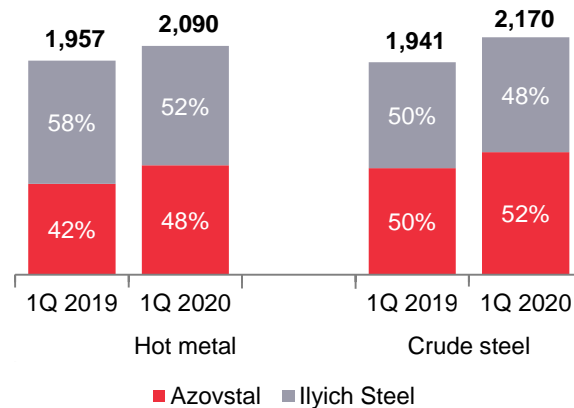
- stable supplies of raw materials in 1Q 2020
- the launch of the highly efficient BF no. 3 following major overhaul and upgrade in June 2019

Crude steel output rose by 12% y-o-y as a result of:

- a 15% y-o-y growth at Azovstal amid greater hot metal production
- a 9% y-o-y increase at Ilyich Steel, following the reallocation of hot metal to steelmaking after the commissioning of the new continuous caster no.4

## Hot metal and crude steel production

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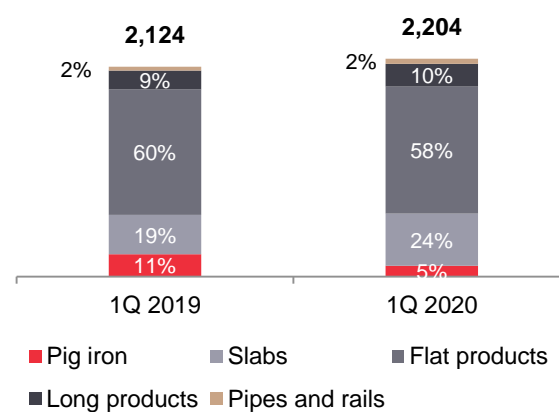
Metal product mix in 1Q 2020:

- the share of slabs rose by 5 pp y-o-y to 24%, while that of pig iron dropped by 6 pp y-o-y to 5%, after the launch of new equipment at Ilyich Steel
- the share of flat products fell by 2 pp y-o-y to 58% amid a slight 1% growth in their output
- the share of long products rose by 1 pp y-o-y to 10% due to more orders
- the share of pipes and rails remained flat y-o-y at 2%

Due to COVID-19, Metinvest Trametel and Ferriera Valsider in Italy shut down production operations from March 25 to April 12 and April 30, respectively

## Output of merchant metal products

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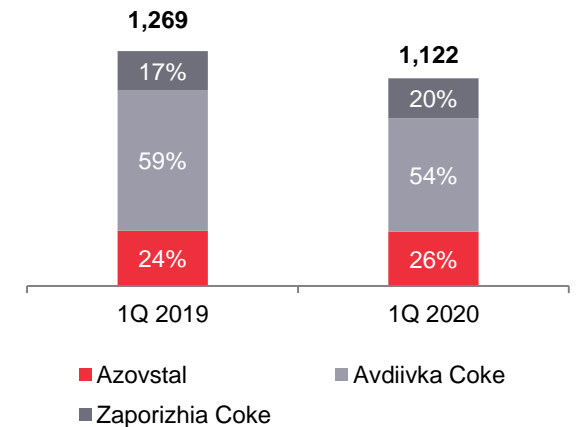
Coke<sup>1</sup> output decreased by 12% y-o-y, as a result of unstable operations of Avdiivka Coke's ovens

Coke self-sufficiency stood at 142%<sup>2</sup> in 1Q 2020

In March 2020, Metinvest acquired an additional 23.64% in Dnipro Coke, upon which it has become a subsidiary of the Group

## Coke production

kt



1. Dry blast furnace coke output  
 2. 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 declined by 14% y-o-y, mainly due to lower steel and coke selling prices in line with global benchmarks, and lower resale volumes
- the share of HVA products<sup>1</sup> in the metal sales mix volumes, excluding resales, was 49% in 1Q 2020, down 1 pp y-o-y
- the top five steel customers accounted for 18% of the segment's revenues (16% in 1Q 2019)
- almost all steel volumes were sold on the spot market

## EBITDA

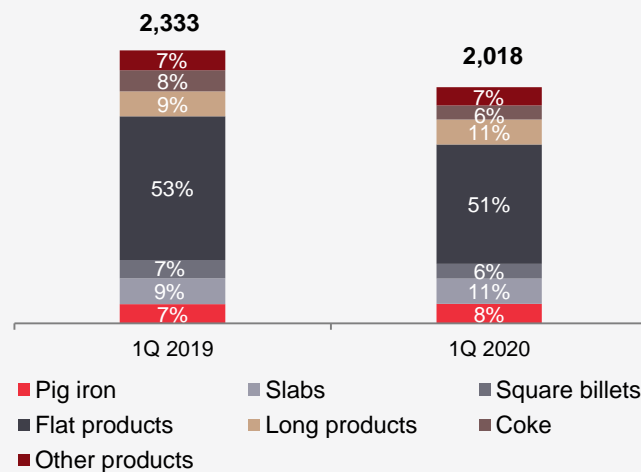
- EBITDA rose by 2.4x y-o-y, mainly due to lower expenses on raw and energy materials
- contribution to gross EBITDA<sup>2</sup> reached 37%, up 21 pp y-o-y
- EBITDA margin rose by 5 pp y-o-y to 8%, as a result of a lower cost base

The segment's CAPEX declined by 19% y-o-y to US\$79 mn, following the completion of major strategic projects at Azovstal

US\$ mn	1Q 2020	1Q 2019	CHANGE
Sales (total)	2,034	2,353	-14%
Sales (external)	2,018	2,333	-14%
% of Group total	80%	81%	-1 pp
EBITDA	166	68	>100%
% of Group total <sup>1</sup>	37%	16%	+21 pp
Margin <sup>2</sup>	8%	3%	+5 pp
CAPEX	79	98	-19%

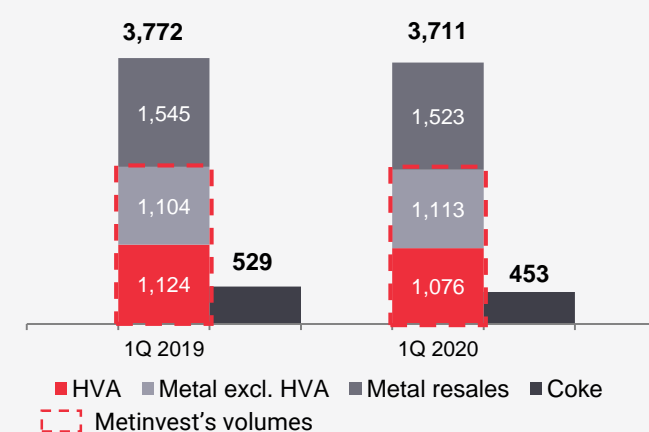
## Sales by product

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



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