

OPERATING RESULTS

The Metalloinvest business model, which places a high emphasis on high value-added products, has proved its resilience. Metalloinvest demonstrated solid operating and financial results, despite the external challenges.

This year the Company faced unusual market conditions, driven by spreads between global iron-ore and steel prices. The Metalloinvest business model, which places a high emphasis on high value-added products, has proved its resilience. Metalloinvest demonstrated solid operating and financial results, despite the external challenges.

In 2019 the Company saw growth in the production and shipment of high value-added products (pellets and HBI/DRI). Their share in the total amount of iron-ore product shipments was 72% (vs. 71% in 2018 and 61% in 2017).

The output of pig iron declined by 10% y-o-y, to 2.7 million tonnes, due to maintenance works being carried out at blast furnaces. Crude steel production fell by 3.9% y-o-y, to 4.9 million tonnes in 2019, chiefly as a result of the renovation of arc steel-making furnaces #1 and #2 at Ural Steel, using a flexible modular furnace (FMF).

In 2019 the Company's EBITDA stood at USD2.5 billion, while the EBITDA margin remained high, at 36.1%. A large-scale credit portfolio optimisation programme, which was implemented last year, allowed us to significantly reduce debt-servicing costs. The Company's leverage is kept at a comfortable level, with a Net Debt / EBITDA ratio of 1.49x at the end of the reporting period, and the share of short-term debt as a percentage of total liabilities standing at less than 2%.

PRODUCTION AND SHIPMENTS

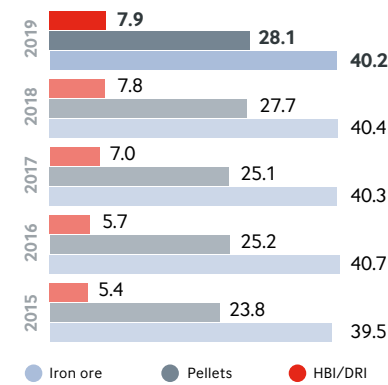
In 2019 iron-ore production amounted to 40.2 million tonnes (-0.5% y-o-y). This was due to a change in both the product mix and the specifications of mined iron ore. Another factor was the production of concentrate with a higher Fe content, after the four sections of fine screening technology began operating at full capacity at MGOK, which in turn led to a decrease in the physical volume of production. In 2019 pellet production rose by 1.4% y-o-y, to 28.1 million tonnes, as a result of the completion of major maintenance works at Pellet Plant #2 at LGOK, renovating Pellet Plant #3 at MGOK, reducing time spent on maintenance works, and introducing changes in the pellet production mix. In 2019 the Company produced 7.9 million tonnes of HBI/DRI, which represents 1.3% growth y-o-y, due to increased output at the HBI-3 Plant, the most productive facility.

72%

share of high value-added products (pellets and HBI/DRI).

GRI 102-7

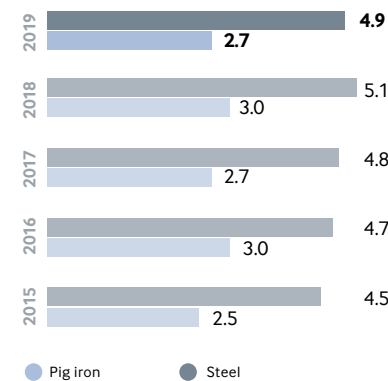
Output of iron-ore products, 2015–2019 mln tonnes



Due to maintenance works at blast furnaces pig iron production fell by 10% y-o-y in 2019, and amounted to 2.7 million tonnes.

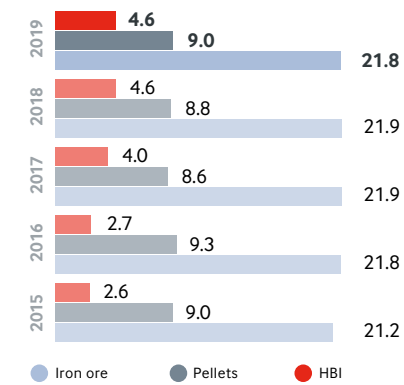
GRI 102-7

Output of steel products, 2015–2019 mln tonnes



GRI 102-7

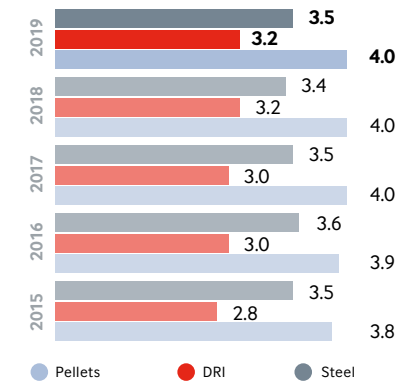
Output of iron-ore products at LGOK, 2015–2019 mln tonnes



In the reporting period the Company saw a decrease in crude steel production, by 3.9% y-o-y, to 4.9 million tonnes, chiefly due to the renovation of arc steel-making furnaces #1 and #2 at Ural Steel

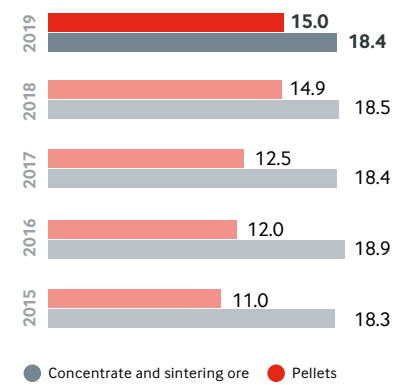
GRI 102-7

Output of steel products at OEMK, 2015–2019 mln tonnes



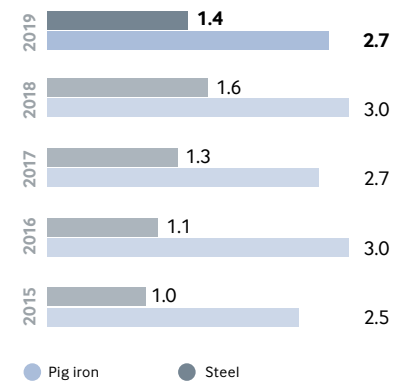
GRI 102-7

Output of iron-ore products at MGOK, 2015–2019 mln tonnes



GRI 102-7

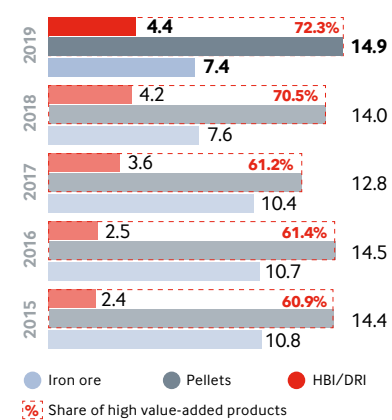
Output of steel products at Ural Steel, 2015–2019 mln tonnes



OPERATING RESULTS

In 2019 iron-ore product shipments to customers outside Russia rose by 3.5% y-o-y, to 26.7 million tonnes.

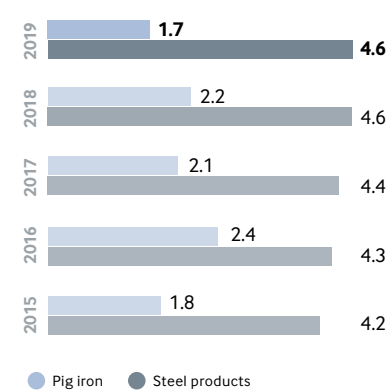
Shipments of iron-ore products, 2015–2019 mln tonnes



*Without intragroup shipments

In 2019 iron and steel product shipments to the Russian market increased by 0.6%, and amounted to 31% of the total volume (vs. 28% in 2018). The share of high value-added steel product shipments stood at 41%.

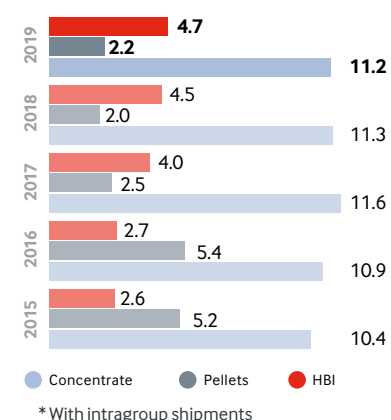
Shipments of pig iron and steel products, 2015–2019 mln tonnes



● Pig iron ● Steel products

High value-added iron-ore products (pellets and HBI/DRI) prevailed in the total volume of iron-ore product shipments, accounting for 72.3% in 2019.

Shipments of iron-ore products from LGOK, 2015–2019 mln tonnes

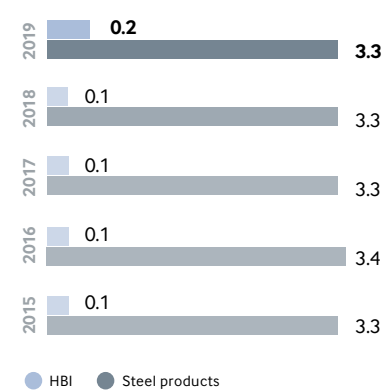


● Concentrate ● Pellets ● HBI

*With intragroup shipments

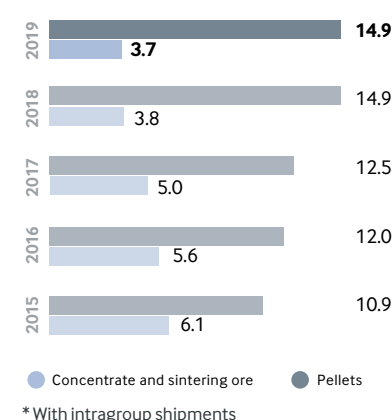
The volume of pig iron shipments to customers outside Russia declined from 2.2 million tonnes (12M 2018) to 1.7 million tonnes (12M 2019) mainly due to the increased domestic consumption.

Shipments of metal products from OEMK, 2015–2019 mln tonnes



● HBI ● Steel products

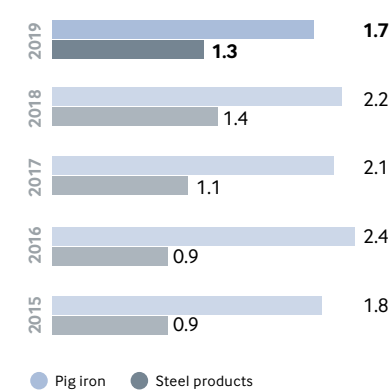
Shipments of iron-ore products from MGOK, 2015–2019 mln tonnes



● Concentrate and sintering ore ● Pellets

*With intragroup shipments

Shipments of metal products from Ural Steel, 2015–2019 mln tonnes



● Pig iron ● Steel products

GRI 102-2

Output and shipments, 2019



OPERATING RESULTS

We quickly respond to customer requests and ship products worldwide. Steel products of Metalloinvest are subjected to multi-stage tests and significantly exceed the requirements of world standards.

Metalloinvest production, 2018–2019

6.8
mln tonnes
25.9
mln tonnes

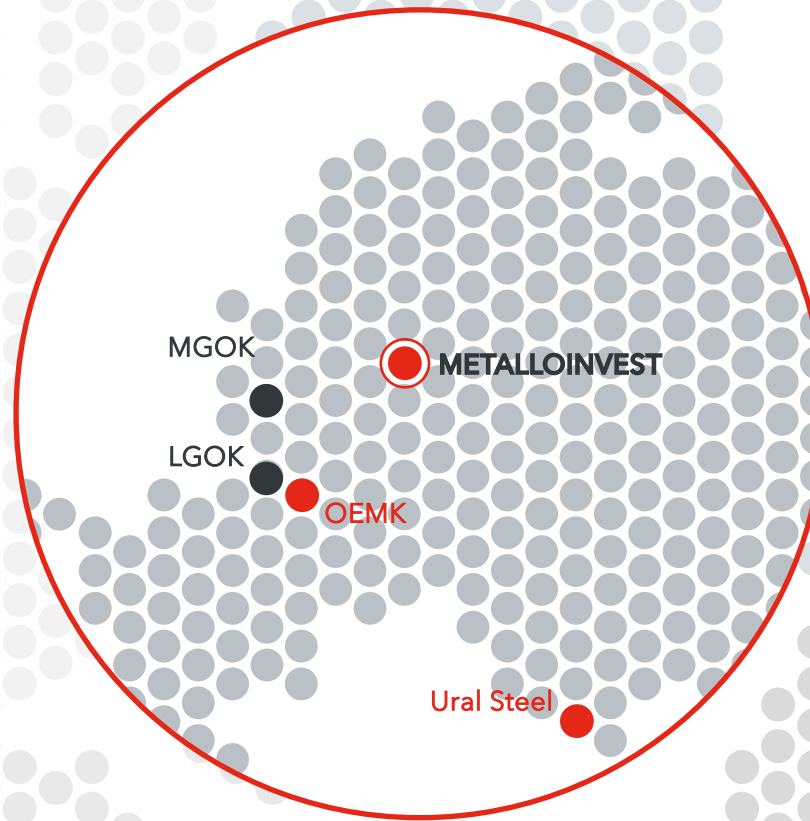


6.3
mln tonnes
26.7
mln tonnes



● Iron ore products
● Steel products

13.9 BN
tonnes of proven iron ore reserves



137
years of operation

GRI 102-6

Metalloinvest's products in global markets

Russia and the CIS

Product	Share
Iron ore products	52.5%
Steel products	30.6%

Europe

Product	Share
Iron ore products	20.1%
Steel products	14.3%

Asia

Product	Share
Iron ore products	21.8%
Steel products	6.7%

Middle East and North Africa

Product	Share
Iron ore products	3.3%
Steel products	23.0%

Others

Product	Share
Iron ore products	2.3%
Steel products	25.4%