METINVEST

1H 2021 Results

1 September 2021

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Industry Overview

Global steel, iron ore and coking coal markets

Global finished steel consumption remained relatively flat y-o-y in 2020, amid the COVID-19 pandemic and associated lockdowns, which disrupted the global economy and impacted both supply and demand across all commodity markets.

At the same time, 2020 was another year of steel consumption growth for China, a result of its prompt containment of the virus and provision of economic support.

In the second half of 2020, economic stimulus measures and the easing of lockdown restrictions in other major economies spurred a commodity price rally, which continued into 1H 2021.

The price of hot-rolled coils (HRC) on an FOB Black Sea basis surged by 109% y-o-y to US$889/t in 1H 2021.

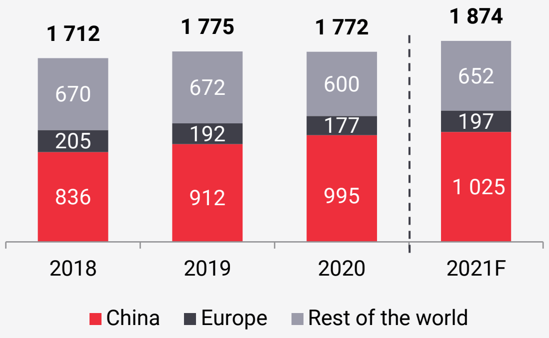
Meanwhile, the price of 62% Fe iron ore doubled y-o-y to US$184/t, amid consistently strong demand in China and a recovery in consumption in Europe and North America, where hot metal production rose by 14% and 20%, respectively. In addition, supply did not catch up with high demand.

This also boosted pellet premiums globally. For example, the European premium soared by 82% y-o-y to US$54/t in 1H 2021.

Although the average hard coking coal spot price fell by 3% y-o-y to US$132/t in 1H 2021, it recovered by 8% q-o-q to US$137/t in 2Q 2021. This was caused by the continuing seaborne market rebalancing, due to Chinese import restrictions on Australian coking coal introduced in 2H 2020 and an increase in seaborne coal demand in India.

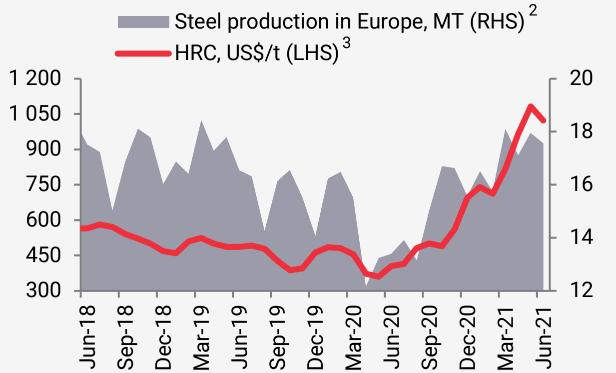
Finished steel consumption[1]

MT



Source: World Steel Association (WSA)

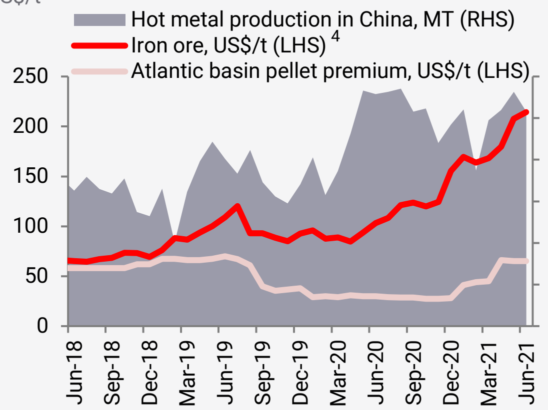
Steel price and production in Europe



Source: WSA, Metal Expert

Iron ore price

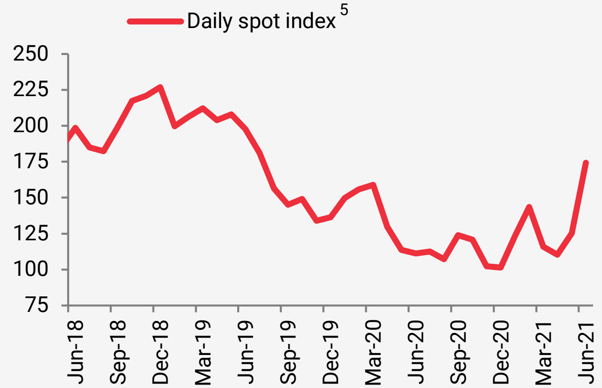
US$/t



Source: Bloomberg, WSA

Hard coking coal price

US$/t



Source: Bloomberg, Platts

1. Apparent consumption of finished steel products. 2021 figures are WSA estimates as of April 2021.
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. Premium LV, FOB Australia

Macro and steel industry in Ukraine

Since 2020, the Ukrainian economy has been affected by a decrease in industrial output, a weak grain harvest and lockdown measures introduced to contain the pandemic. Overall, real GDP contracted by 4.0% y-o-y in 2020 and 2.2% y-o-y in 1Q 2021.

The easing of restrictive measures and a favourable environment on external markets led real GDP to grow by 5.4% y-o-y in 2Q 2021.

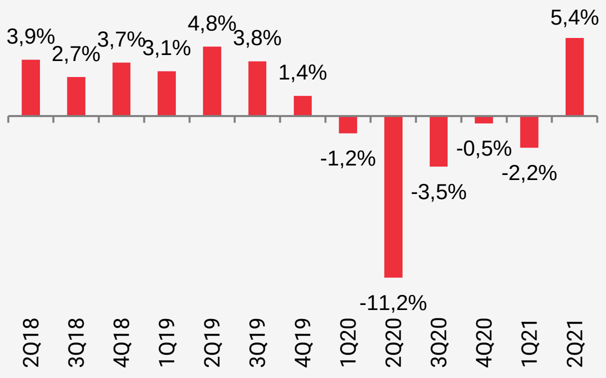
The National Bank of Ukraine (NBU) continued to follow an interest rate policy of inflation targeting and kept the local currency floating.

- While in 2H 2020 the consumer price index (CPI) remained well below the NBU target of 5%±1%, it surged to 8.3% y-o-y in 1H 2021.
- Inflationary pressure led the NBU to begin monetary tightening. The key rate gradually increased from 6.0% in 2H 2020 and reached 8.0% in July 2021.
- The average hryvnia rate against the US dollar fell by 6.5% y-o-y to 27.78 in 1H 2021.

In 1H 2021, the Ukrainian steel industry performed well:

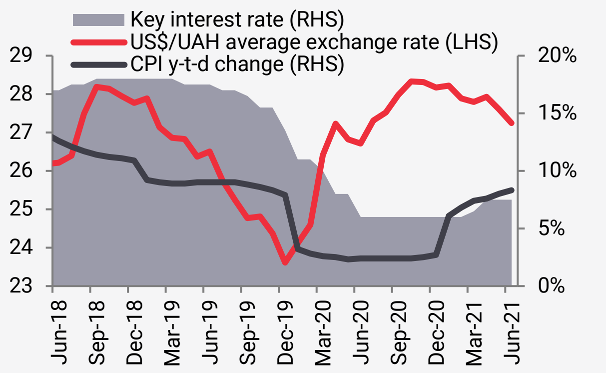
- total steel output increased by 7.4% y-o-y
- apparent steel consumption rose by 16.8% y-o-y amid a recovery in construction activity (up 0.2%), machinery output (up 11.6%) and pipe production (up 21.4%)

Real GDP dynamics (y-o-y)



Source: State Statistics Service of Ukraine

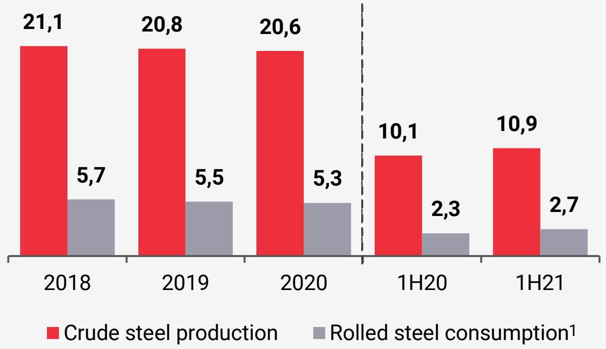
Inflation targeting policy in place



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

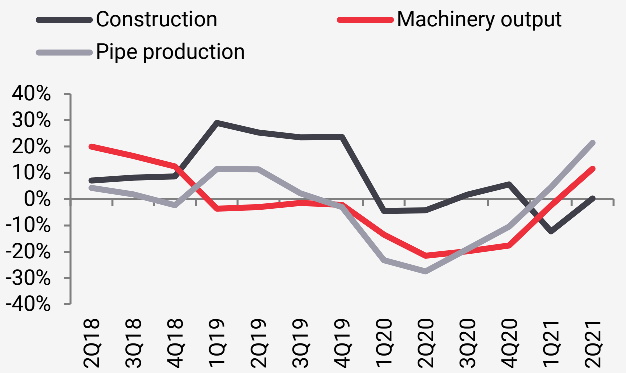
Steel industry

MT



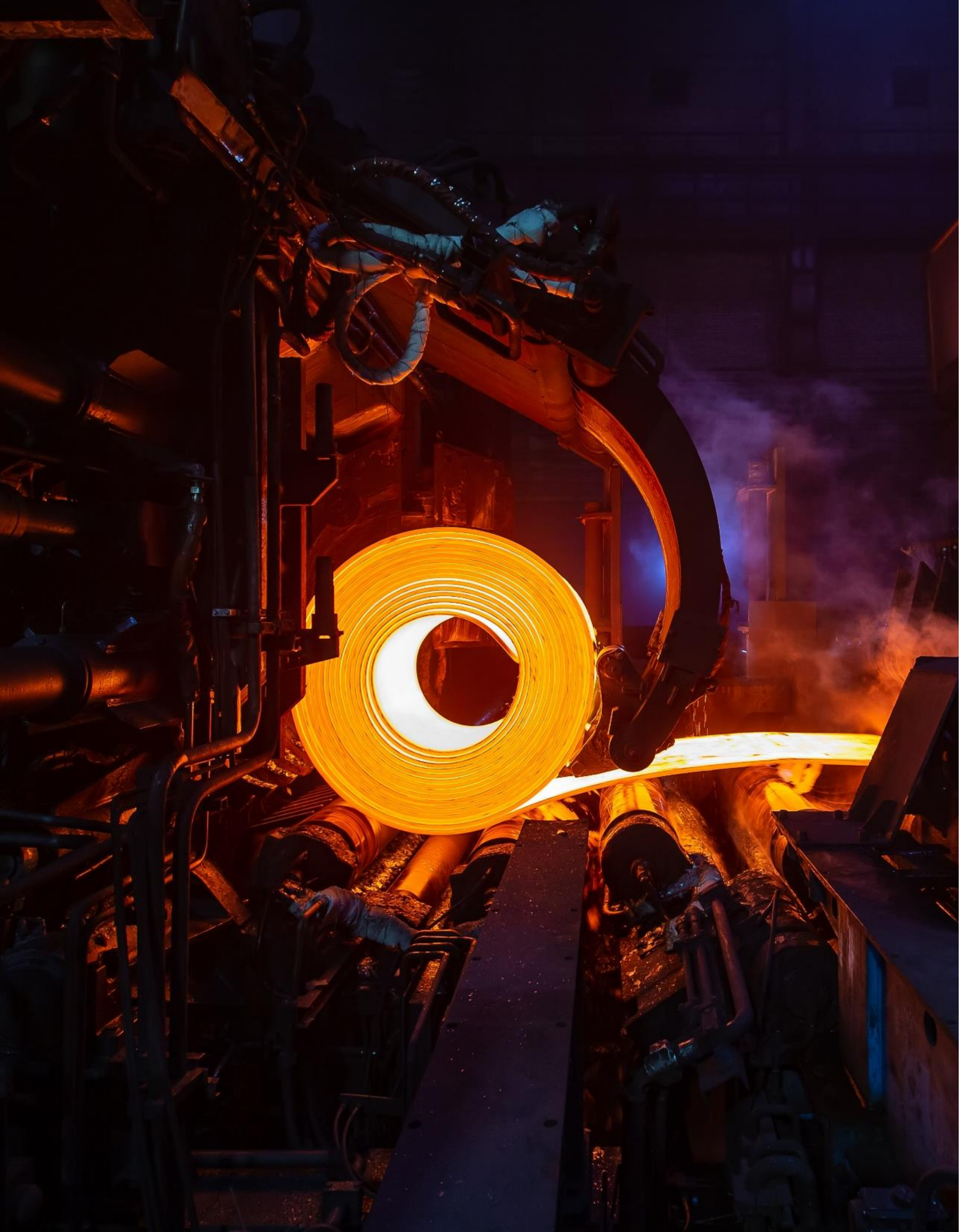
Source: WSA, Metal Expert

Key steel-consuming sectors[2]



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.



1H 2021 Highlights

Financial highlights

Total revenues increased by 70% y-o-y to US$8,470 mn:

- Metallurgical revenues rose by 65% to US$6,437 mn
- Mining revenues jumped by 90% to US$2,033 mn

Adjusted EBITDA[1] increased by 5.3x y-o-y to US$3,795 mn:

- Metallurgical EBITDA rose by 7.3x to US$1,742 mn
- Mining EBITDA climbed by 4.5x to US$2,462 mn

Segmental contribution to EBITDA[2] changed y-o-y:

- Metallurgical accounted for 41% (30% in 1H 2020)
- Mining accounted for 59% (70% in 1H 2020)

The consolidated EBITDA margin rose by 31 pp y-o-y to 45%:

- Metallurgical EBITDA margin climbed by 21 pp to 27%
- Mining EBITDA margin increased by 43 pp to 79%

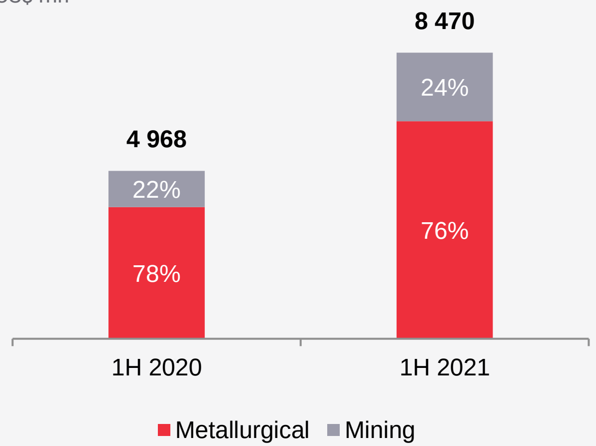
CAPEX amounted to US$411 mn, up 31% y-o-y.

Free cash flow[3] reached US$2,115 mn in 1H 2021, amid strong profitability and its decent conversion to operating cash flow.

Net debt[4] to LTM EBITDA fell to 0.2x as of 30 June 2021, down 0.8x y-t-d, driven by deleveraging of some US$1.0 bn, strong EBITDA generation and a higher cash balance.

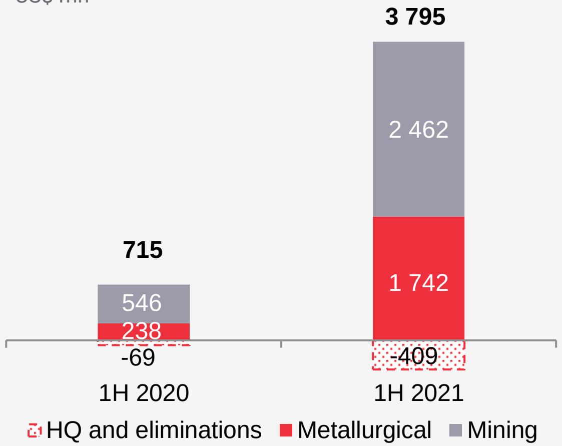
Revenues

US$ mn



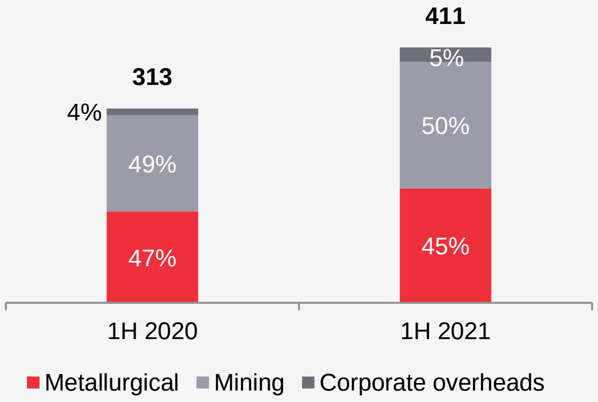
EBITDA

US$ mn



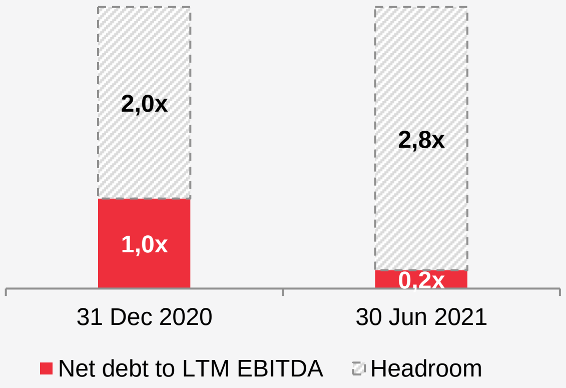
CAPEX

US$ mn



Net debt to LTM EBITDA

x



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.
3. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities.
4. Net debt is calculated as total debt less cash and cash equivalents.

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

Sales portfolio

Metallurgical sales

- Up 65% y-o-y, mainly attributable to higher average selling prices for steel products in line with global benchmarks, as well as greater shipments of finished steel products (up 12%) as a result of demand recovery in several strategic markets for the Group and recent investments at the Mariupol steelmakers
- Distribution highlights:
  - higher share of Europe (up 7 pp), due to ongoing demand recovery in the region
  - practically no shipments to Asia[1] due to a redirection of volumes to higher-margin markets

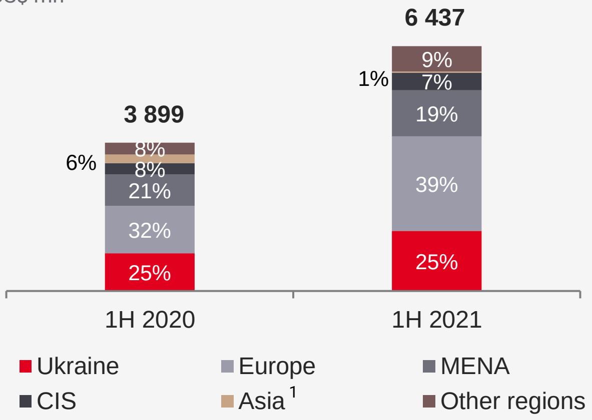
Mining sales

- Up 90% y-o-y, amid higher iron ore selling prices and pellet premiums globally and greater pellet shipments (up 36%)
- Distribution highlights:
  - pellet demand recovery in Europe boosted the region's share to 27% (up 9 pp)
  - Ukraine's share remained relatively high at 32%, amid an 11% rise in sales volumes of iron ore products
  - the share of Asia fell to 35% (down 11 pp), following a 44% drop in shipments to China
  - the share of other regions reached 6% (up 4 pp) primary amid greater sales to MENA

Sales in hard currencies (US$, US$-linked, EUR and GBP) accounted for 81% in 1H 2021 (down 1 pp y-o-y)

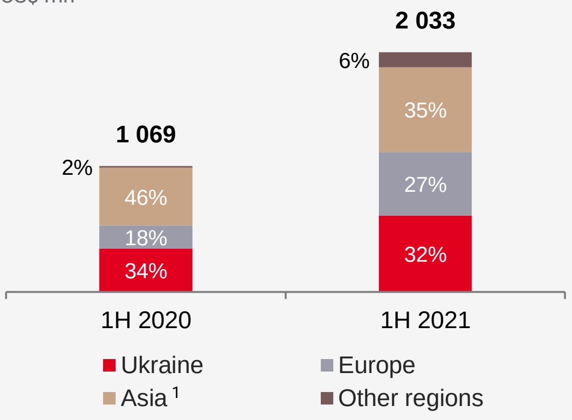
Metallurgical sales by region

US$ mn



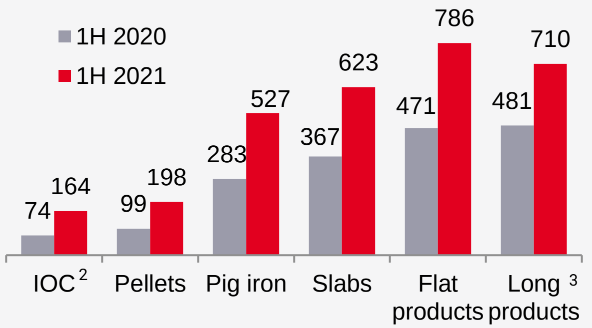
Mining sales by region

US$ mn



Price trends, FCA basis

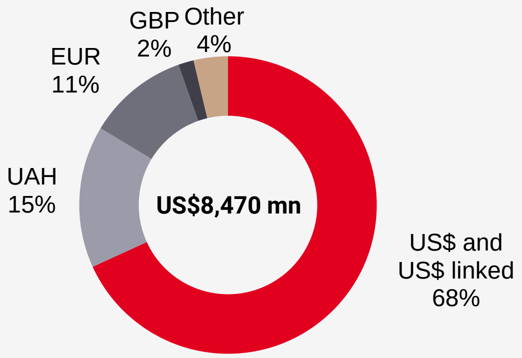
US$/t



1. Excludes the Middle East and Central Asia
2. Iron ore concentrate
3. Excluding railway products

Total sales by currency in 1H 2021

US$ mn



EBITDA

EBITDA reached US$3,795 mn in 1H 2021, mainly driven by:

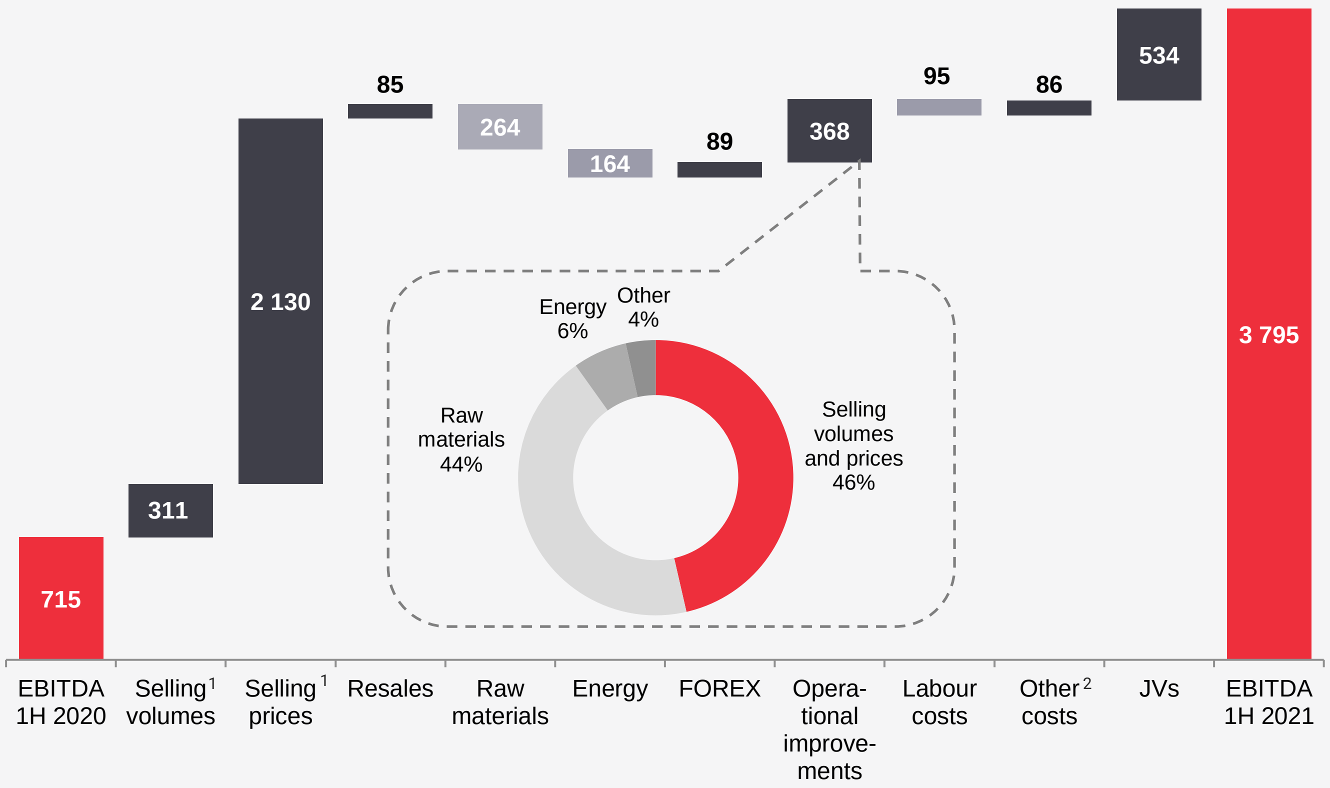
- higher sales prices for steel and iron ore products, which also improved the contribution of both joint ventures and earnings from resales
- a positive effect from operational improvements, mainly through greater efficiency of consumption of raw and energy materials, as well as increased productivity of key production equipment
- greater sales volumes of finished steel products and pellets
- hryvnia depreciation against the US dollar of 6.5% y-o-y
- a reversal of impairment of financial assets

The negative impact on EBITDA was primarily due to:

- growth in spending on raw materials amid higher market prices, as well as higher purchases of billets for further processing at the Bulgarian re-roller, which was partly compensated by improved self-sufficiency in coking coal following the consolidation of Pokrovske Coal in March 2021
- higher expenses on energy materials, mainly amid increased natural gas prices (up 72% y-o-y) and greater consumption in line with production growth
- greater labour costs due to recent M&A and a pay rise for production personnel at Ukrainian assets in May 2021

EBITDA drivers

US$ mn



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

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Cash flow

Operating cash flow:

- US$2,735 mn in 1H 2021, up 4.0x y-o-y
- conversion of EBITDA to operating cash flow was 72% in 1H 2021 (96% in 1H 2020)
- working capital release of US$64 mn, primarily attributable to an increase in trade payables on resales amid increased iron ore and steel prices
- corporate income tax (CIT) rose by 12.2x y-o-y to US$257 mn

Investing cash flow:

- purchases of property, plant and equipment (PPE) and intangible assets (IA) totalled US$386 mn, up 4% y-o-y
- US$455 mn paid under the guarantee issued in exchange for the option to purchase the remaining 75.22% in Pokrovske Coal
- US$209 mn of dividends received from the Mining JV

Financing cash outflow, driven by:

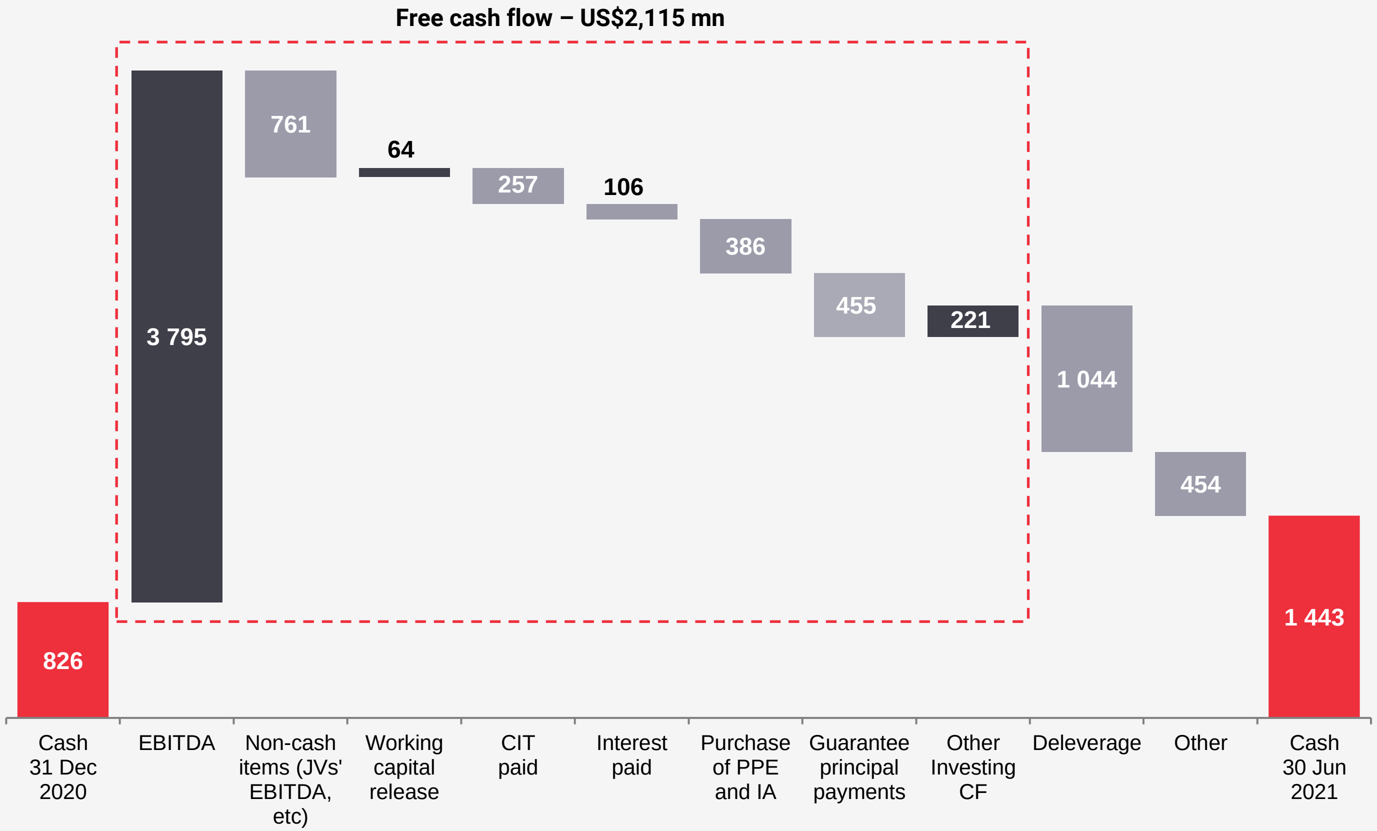
- US$1,044 mn of repayments of loans, borrowings and trade finance facilities

Free cash flow[2] reached US$2,115 mn in 1H 2021, up 8.5x y-o-y.

The cash balance reached US$1,443 mn as of 30 June 2021, up 75% y-t-d.

Cash flow in 1H 2021

US$ mn



1. Pokrovske Coal was consolidated in March 2021 and comprises several entities, the most significant of which are Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory.
2. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities.

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Capital expenditure

In 1H 2021:

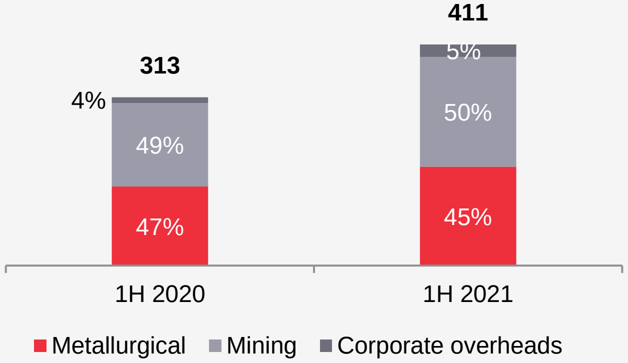
- CAPEX amounted to US$411 mn, up 31% y-o-y
- the Metallurgical segment accounted for 50% of total investments, up 1 pp y-o-y
- the share of strategic projects was 28%, down 7 pp y-o-y

2021 CAPEX priorities

- Review of the technological strategy
- Progress in strategic initiatives:
  - construction of crusher and conveyor systems at Ingulets GOK (launched in August) and at Northern GOK (launch is expected in September)
  - launch of new projects (construction of a new cold-rolling mill at Ilyich Steel; thickening of beneficiation waste at Northern GOK)
  - construction of air separation units at Ilyich Steel
- Focus on environmental agenda:
  - investments in the area totalled US$84 mn in 1H 2021
  - upgrade of gas cleaning facilities of casthouse and stockhouse of blast furnace no. 5 at Ilyich Steel was completed in June
  - major other green initiatives have advanced at Ilyich Steel, Azovstal and Northern GOK
- Conduct maintenance (up 46% y-o-y)
- Develop design for projects in the pipeline

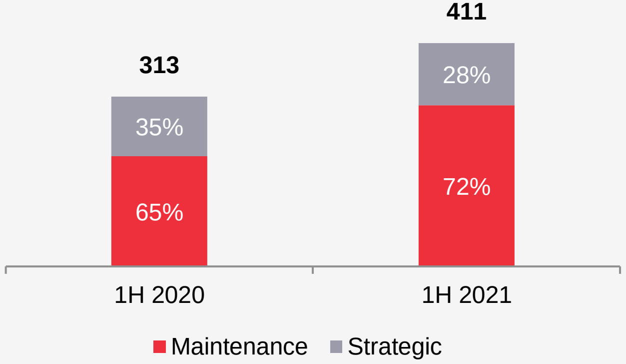
CAPEX by segment

US$ mn



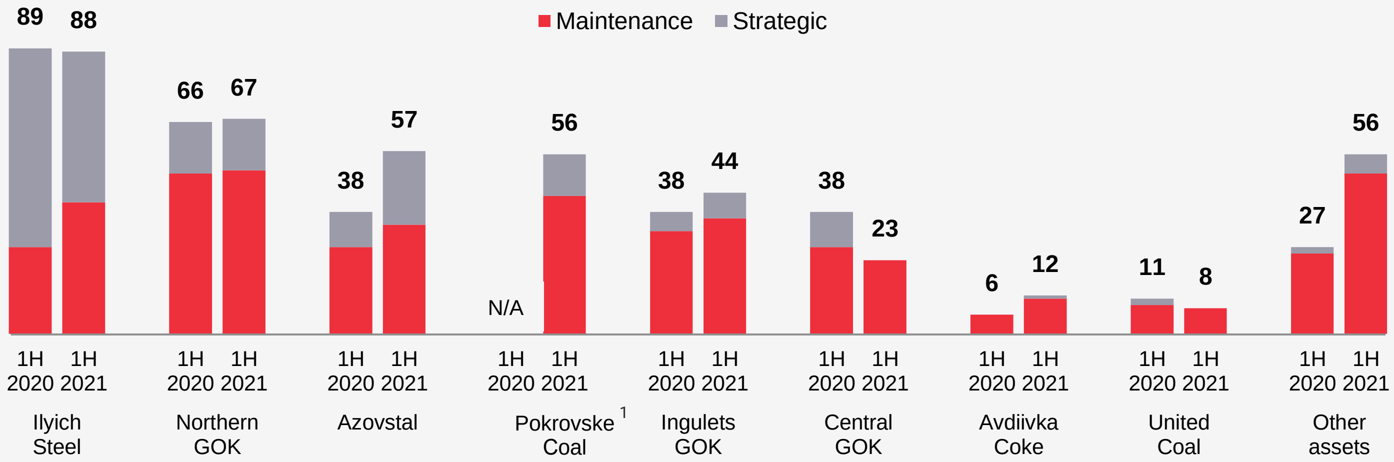
CAPEX by purpose

US$ mn



CAPEX by key asset

US$ mn



1. Pokrovske Coal has been consolidated since March 2021

Key strategic CAPEX projects in 1H 2021

No	Project	Asset	Description	Status
1	**New cold-rolled, galvanised and colour-coated coil production facility**	**Ilyich Steel**	Improve quality of cold-rolled and galvanised products, diversify product mix with new colour-coated products, replace imported products at local market. Overall production volumes will reach about 1.2 mt/y (after the completion of the project's first phase).	A contract with Italian steel equipment supplier Danieli Group has been signed, and basic engineering development has started. The project's first phase is currently to be completed by the end of 2024.
2	**Construction of air separation units**	**Ilyich Steel**	Increase production of oxygen and nitrogen required for steel production.	Air Liquide has already supplied around 70% of core equipment, and the installation of technical premises and structures is ongoing. Commissioning is expected in 1Q 2022.
3	**Sinter plant modernisation**	**Ilyich Steel**	Comply with environmental requirements.	Construction of the complex for the two-stage gas cleaning system of sintering and cooling zones for all 12 sintering machines has been completed. Auxiliary works are to be finalised in 2021.
4	**Upgrade with new construction of the gas cleaning facilities for the casthouses and stockhouses of blast furnaces (BFs) nos. 4 and 5**	**Ilyich Steel**	Comply with environmental requirements.	The project at BF no. 5 was completed in 2Q 2021. For BF no. 4, contracting has started of auxiliary equipment and services for construction and installation work.
5	**Modernisation of gas cleaning equipment for basic oxygen furnaces (BOF)**	**Azovstal**	Comply with environmental requirements.	Shipments of the main equipment and preparatory works for construction are ongoing. The upgrade is expected to be completed in 1Q 2022 for BOF no. 1 and 3Q 2022 for BOF no. 2.
6	**Installation of a new plasma cutting line**	**Metinvest Trametal**	Increase the cutting capacity by 150-190 kt/y of plates with a thickness from 4 mm to 40 mm.	Construction work is in progress. Installation is due to be finalised in 4Q 2021.
7	**Construction of crusher and conveyor system**	**Ingulets GOK**	Reduce operational and capital expenditure in iron ore mining and maintain production volumes.	The Eastern conveyor line was launched in August 2021.
8	**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 final construction and installation work of the auxiliary infrastructure is in progress. The system for rock transportation will be launched in September 2021.
9	**Replacement of gas cleaning units in Lurgi 552-A roasting machine**	**Northern GOK**	Comply with environmental requirements and improve workplace conditions.	Active construction work is ongoing. Completion is expected in 1Q 2022.
10	**Thickening of beneficiation waste**	**Northern GOK**	Reduce waste transportation costs, decrease investments in maintenance of pumping equipment at slurry pumping stations.	Development of detailed engineering is ongoing, and preparatory work has started. Completion is expected in 2023.
11	**New mine block no. 11**	**Pokrovske Coal**	Maintain production volumes.	Active construction work on the ventilation shaft is progressing.

Debt profile

As of 30 June 2021:

- total debt was US$2,459 mn, down 16% y-t-d
- net debt was US$1,016 mn, down 52% y-t-d
- net debt to LTM EBITDA was 0.2x, down 0.8x y-t-d
- share of public bonds stood at 83% of total debt
- practically no debt is contractually due in 2021-22

After the reporting date, Metinvest repaid US$80 mn under non-bank borrowings, as well as repurchased the following bonds and cancelled them promptly afterwards:

- US$142 mn of 2026 bonds via a tender offer
- US$19 mn of 2023 bonds via open market purchases

CREDIT RATINGS

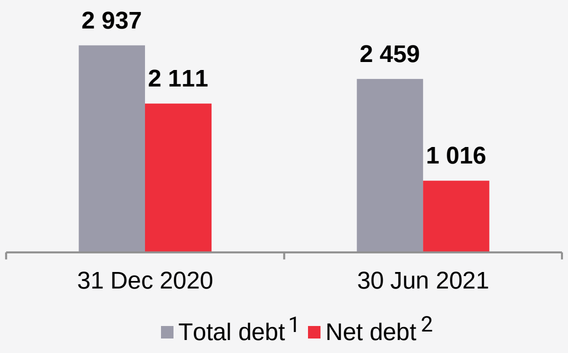
BB- stable / outlook change (April 21)
Fitch

B stable / rating affirmed (July 20)
S&P

B2 stable / rating upgrade (June 20)
Moody's

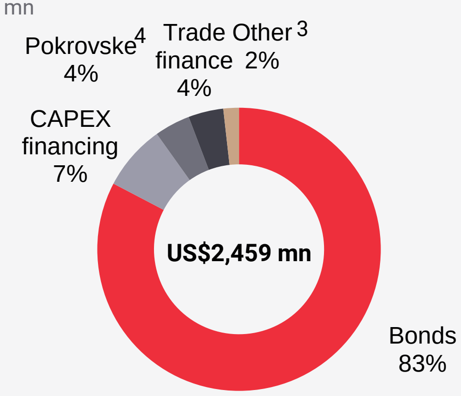
Total and net debt

US$ mn



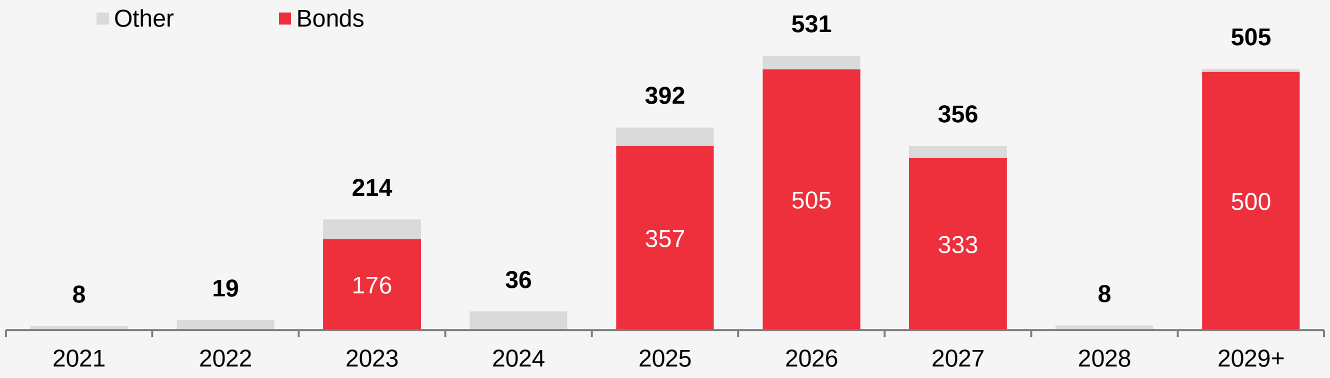
Total debt as of 30 June 2021

US$ mn



Corporate debt maturity[5]

US$ mn



1. Total debt is calculated as the sum of bank loans, non-bank borrowings, bonds, trade finance and lease liabilities.
2. Net debt is calculated as total debt less cash and cash equivalents.
3. Lease liability under IFRS 16 and other bank loans.
4. Debt resulting from the consolidation of Pokrovske Coal in March 2021.
5. Notes:
   - Presented amounts of scheduled installments include principal only (without accrued interest, fees, commissions and discounts) as of 30 June 2021 (except for bonds and non-bank borrowings)
   - Bonds: US$176 mn at 7.75% pa due in 2023, EUR300 mn at 5.625% pa due in 2025 (converted at EUR/USD f/x of 1.1886), US$505 mn at 8.50% pa due in 2026, US$333 mn at 7.65% pa due in 2027, US$500 mn at 7.75% pa due in 2029
   - Trade finance lines are mainly rollovers, so are excluded from the maturity profile chart; Lease liability under IFRS 16 is excluded

Deleveraging

Total deleveraging exceeded US$1 bn in 1H 2021, amid the Group's strong financial performance.

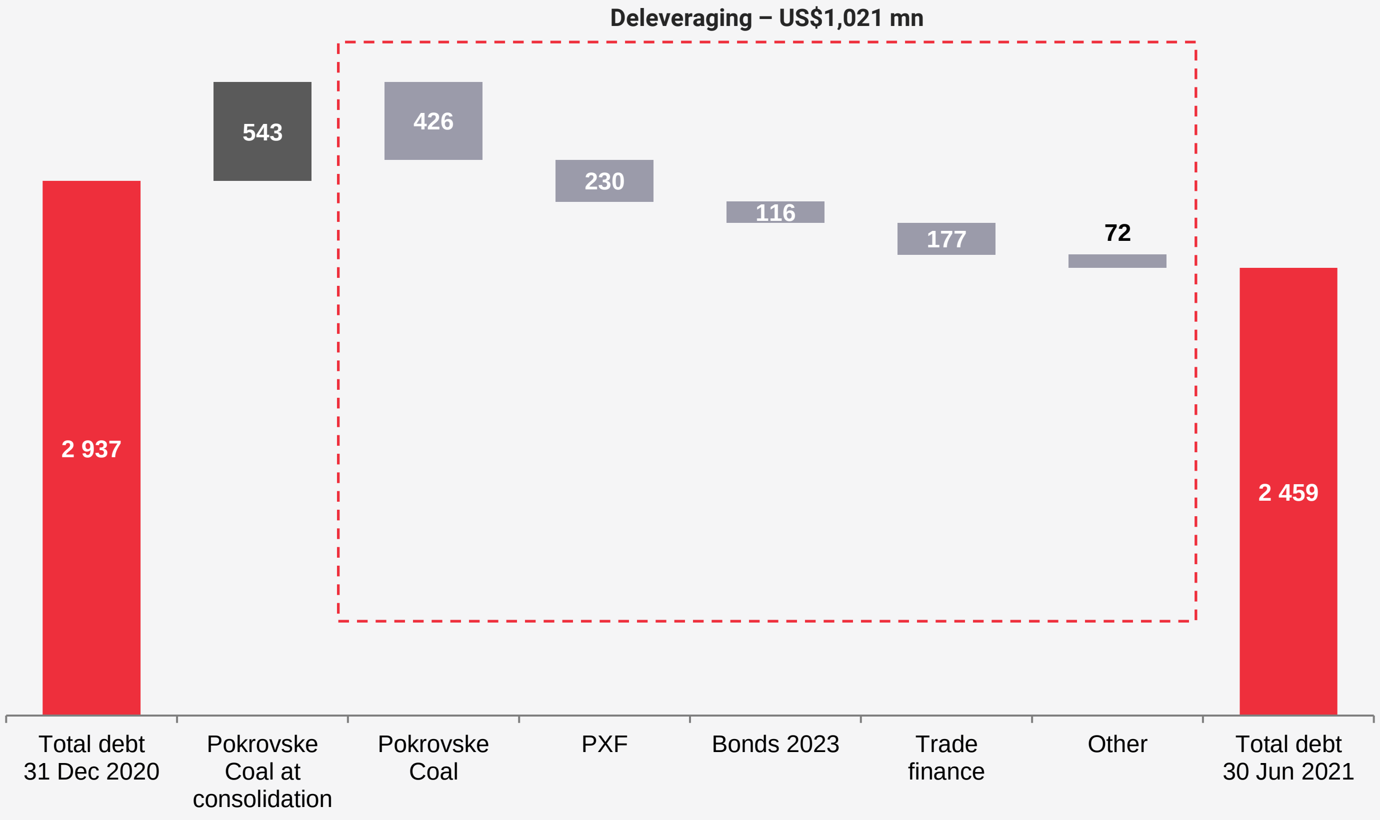
Metinvest sought to improve its debt portfolio quality during the reporting period

- Both debt facilities of Pokrovske Coal were restructured: their interest rates were significantly decreased with newly agreed repayment schedules. Given an early repayment option, most of the debt was repaid ahead of schedule.
- Bonds due in 2023 were partly repurchased via a tender
- The PXF facility has been prepaid in full
- Repayments were made on several other bank loans and lease liabilities
- Use of trade finance has been reduced

After the reporting date, Metinvest further repurchased US$161 mn of its bonds and cancelled them promptly afterwards, as well as repaid US$80 mn under non-bank borrowings ahead of schedule.

Total debt decrease in 1H 2021

US$ mn



ESG

	Environment	Social	Governance
Goals	Reduce environmental footprint and help to fight climate change Introduce more efficient, energy-saving technology Meet best global standards in this area Proactively address critical issues	Cooperate with the communities where Metinvest operates to achieve sustainable improvements in social conditions Maintain a close dialogue with local stakeholders Achieve zero incidents	Develop the corporate governance system to be among the most transparent of international companies and serve the interests of all stakeholders as thoroughly as possible

Results in 1H 2021

Environment

US$204 mn was spent on environmental safety[1] in 1H 2021, down 12% y-o-y, mainly due to the completion of core works of the biggest environmental project in the history of the Group – the modernisation of Ilyich Steel's sinter plant

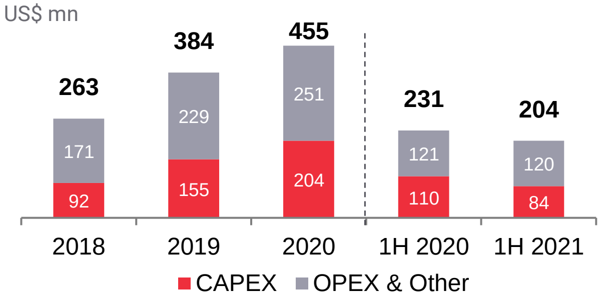
Progress on other environmental projects:

- upgrade of gas cleaning facilities of casthouses and stockhouses of BFs no.4 and 5 at Ilyich Steel – expected 80% reduction in dust emissions
- modernisation of the gas cleaning systems for BOFs nos. 1 and 2 at Azovstal – expected 70% reduction in dust emissions
- replacement of gas cleaning units of the Lurgi 552-A roasting machine at Northern GOK – expected 40% reduction in dust emissions
- systematic extensive maintenance of coke oven chambers at all coke production facilities to keep dust and gaseous emissions well below permitted levels

Metinvest signed memoranda of understanding on decarbonsation with K1-MET[2] and Primetals Technologies[3]

Spending on the environment[1]

US$ mn



Social

Metinvest remains one of Ukraine's largest employers and was named as among the top 25 employers in Ukraine[4]

Around 80,000 employees as of 30 June 2021, of which 31% are women

In May 2021, Metinvest increased salaries of its production personnel in Ukraine by up to 25%

US$40 mn was spent on health and safety in 1H 2021, down 13% y-o-y

Paid almost US$580 mn of taxes globally in 1H 2021, incl. CIT

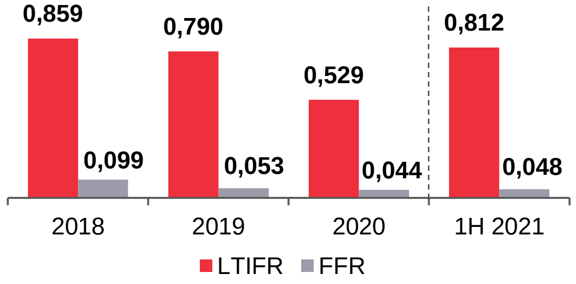
US$13 mn was invested in supporting communities in 1H 2021, up 72% y-o-y, of which around US$2 mn went on fighting COVID-19

In response to the pandemic, Metinvest launched a vaccination campaign for all employees

The Group supported the implementation of the STEAM-CAMP Leadership Educational Programme for 500 teachers of STEAM disciplines in Mariupol, Zaporizhia and Kryvyi Rih

Metinvest announced the establishment of the first private steel and mining university in Ukraine – Metinvest Polytechnic

LTIFR[5] and FFR[6]



Governance

A Code of Business Partnership was adopted to ensure fair business relationships between Metinvest and its partners

SUSTAINALYTICS 31.7

In February 2021, Metinvest improved its ESG Risk Rating from Sustainalytics to 31.7 points from the 32.0 assigned in June 2020 (on a scale between 0 being lowest risk and 100 being highest risk).

Sustainalytics assessed the Group's management of material ESG issues as strong, amid:

- Metinvest's robust ESG programmes, practices and policies
- ESG integration into the Group's core business strategy
- ESG oversight by the Supervisory Board

Metinvest retained its top 10 position in the agency's ranking for global steelmakers at the time

MSCI ESG RATINGS B

CCC | B | BB | BBB | A | AA | AAA

As of 2020, Metinvest received an MSCI ESG Rating of 'B'[7] (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment. The rating remained unchanged y-o-y.

Metinvest Trametal was named one of the Europe's Climate Leaders by the Financial Times.

Note: 1H 2021figures on this slide are preliminary and may change on completion of internal verification procedures

1. Including both capital and operational improvements
2. K1-MET is a leading Austrian competence centre for the development of advanced metallurgical and environmental processes.
3. Primetals Technologies is an international pioneer in the fields of engineering, plant building and lifecycle services for the metals industry
4. According to Vlada Groshei (the Power of Money), a reputable Ukrainian business journal providing expert analytics, as of March 2021
5. The lost-time injury frequency rate (LTIFR) is the number of lost-time incidents per 1 million man-hours.
6. The fatality frequency rate (FFR) is the number of job-related fatalities per 1 million man-hours.
7. 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 5% y-o-y, as a result of the Group's greater ore production and operational improvements.

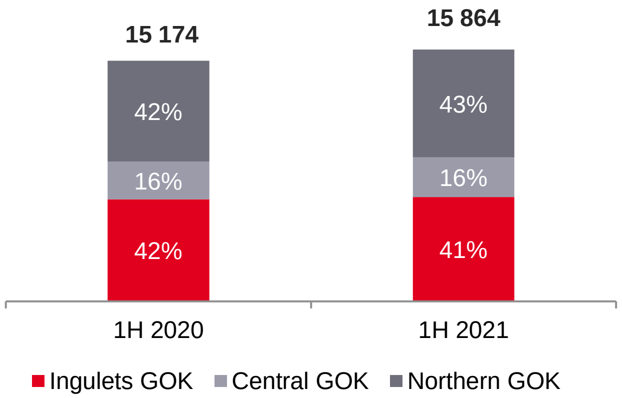
Each iron ore producer boosted output of iron ore concentrate in 1H 2021:

- up 7% y-o-y at Northern GOK
- up 6% y-o-y at Central GOK
- up 2% y-o-y at Ingulets GOK

Iron ore self-sufficiency was around 300%[1] in 1H 2021.

Iron ore concentrate production

kt



Merchant iron ore concentrate[2] output decreased by 15% y-o-y, due to a larger order book for pellets.

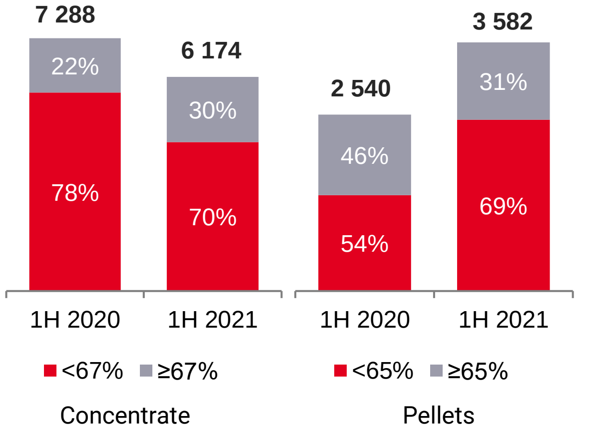
- The share of high-grade concentrate reached 30%, up 8 pp

Merchant pellet[2] output surged by 41% y-o-y.

- The share of high-grade pellets was 31%, down 15 pp, primarily as a result of a change in the order portfolio mix in favour of pellets with a lower Fe content.
- Output of pellets with a 67.5% Fe content totalled 424 kt in 1H 2021.

Output of iron ore products by Fe %

kt



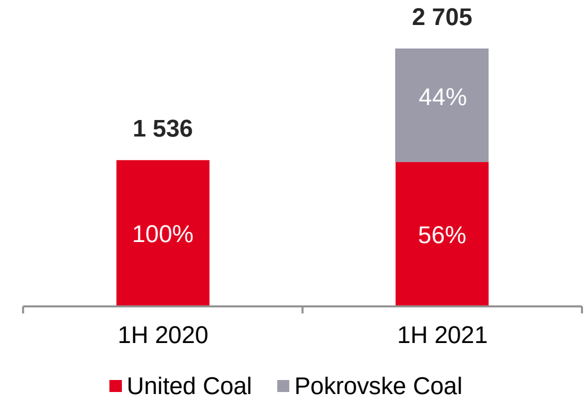
Overall coking coal concentrate output[3] climbed by 76% y-o-y, driven by:

- the consolidation of Pokrovske Coal[4] from March 2021 (effect of 1,189 kt)
- practically unchanged output y-o-y at United Coal

Coking coal self-sufficiency reached 100%[5] in 1H 2021.

Coking coal production

kt



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 at the Group's Mariupol steelmakers
2. Merchant iron ore product output figures exclude intragroup sales and consumption. The production figures for merchant iron ore concentrate in 1Q 2020 were revised to exclude sales between the mining assets to produce pellets.
3. Excluding production from raw coal purchased from third parties
4. Pokrovske Coal comprises several entities, the most significant of which are Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory.
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 at the Group's Mariupol steelmakers, and coal consumption for PCI is included in the calculation.

Mining segment financials

Sales

- External sales increased by 90% y-o-y, driven by higher iron ore selling prices, as well as a 36% growth in pellet sales volumes.
- The share of pellets in the iron ore sales mix increased to 36% in 1H 2021 (up 9 pp y-o-y), amid higher demand and premiums globally, while that of merchant concentrate decreased to 64% from 73%.
- The top 5 customers of the segment accounted for 46% of segmental sales (flat y-o-y).
- Overall, 63% of iron ore volumes were sold under annual contracts (flat y-o-y).

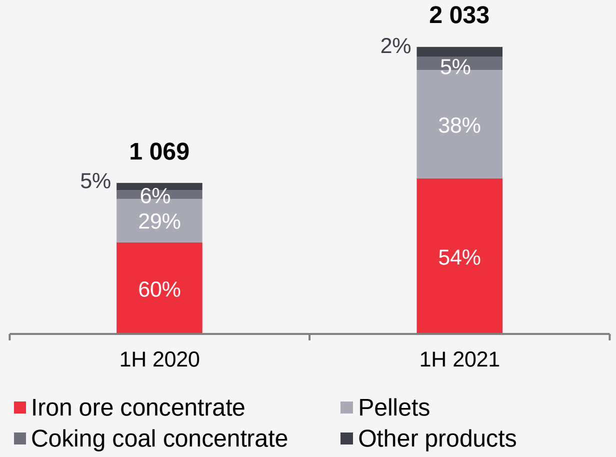
EBITDA

- EBITDA rose by 4.5x y-o-y, mainly amid a higher segmental top line, improved contribution from the Mining JV, a positive effect from operational improvements, and the consolidation of Pokrovske Coal.
- The contribution to gross EBITDA[1] totalled 59%, down 11 pp y-o-y.
- The EBITDA margin grew by 43 pp y-o-y to 79%.

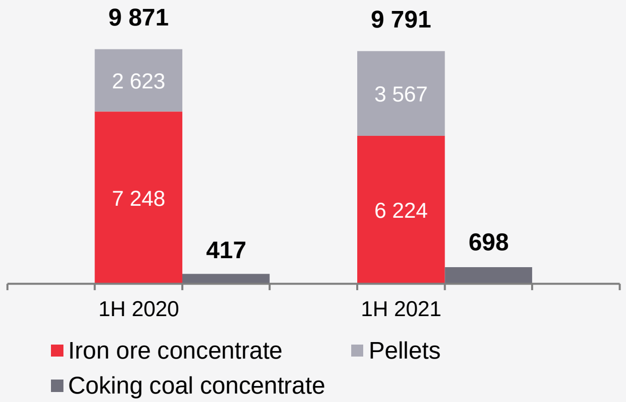
The segment's CAPEX increased by 32% y-o-y to US$204 mn, primarily due to investments related to Pokrovske Coal.

US$ mn	1H 2021	1H 2020	CHANGE
Sales (total)	3,127	1,534	>100%
Sales (external)	2,033	1,069	90%
% of Group total	24%	22%	2 pp
EBITDA	2,462	546	4.5x
% of Group total[1]	59%	70%	-11 pp
Margin	79%	36%	43 pp
CAPEX	204	155	32%

Sales by product
US$ mn



Sales by product
kt



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

Metallurgical operations

Hot metal output rose by 8% y-o-y, due to a lower base effect:

- at Ilyich Steel, BFs no. 3 and no. 4 were shut down for a scheduled overhaul in 1H 2020
- at Azovstal, BF no. 4 was put on standby amid a lower order book in March-May 2020

Crude steel output rose by 10% y-o-y on the back of greater hot metal production at both Mariupol steelmakers.

In August, after the reporting period, Metinvest acquired assets of PJSC Dneprovsky Iron & Steel Integrated Works (DMK) in Kamianske, Ukraine, for around US$340 mn. Their crude steel production capacity is 3.2 mt/y.

Share of finished steel products reached 70% of the product mix, up 4 pp y-o-y, as a result of a:

- 23% y-o-y increase in flat product output, amid improved productivity of hot strip mill 1700 and the four-stand mill at Ilyich Steel, as well as growth in plate orders at Azovstal
- 17% y-o-y rise in long product output, amid a greater order portfolio at Promet Steel
- 13% y-o-y decrease in slab production, primarily due to their allocation to flat product rolling

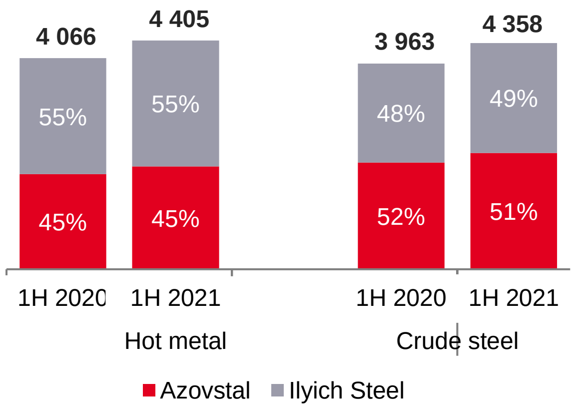
Coke[1] output remained flat y-o-y, driven by:

- the effect of the consolidation of Dnipro Coke's production since April 2020 (up 124 kt)
- decreases in production at Avdiivka Coke (down 81 kt) and Azovstal (down 46 kt)

Coke self-sufficiency was around 150%[2] in 1H 2021.

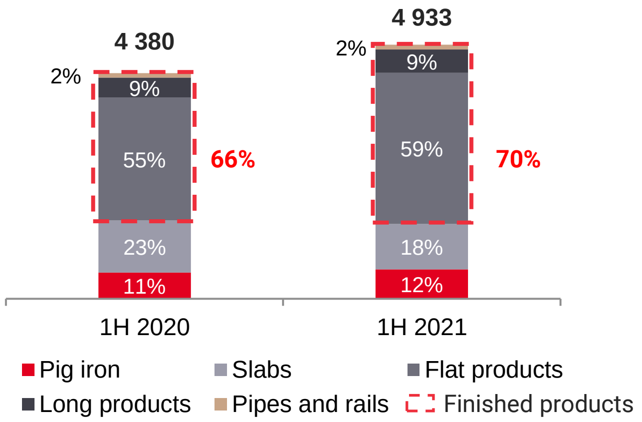
Hot metal and crude steel production

kt



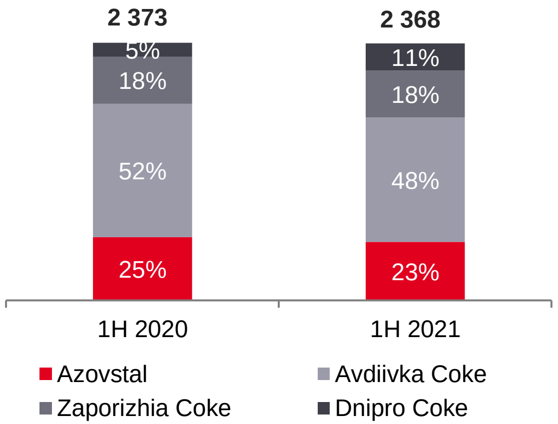
Merchant pig iron and steel product output

kt



Coke production

kt



1. Dry blast furnace coke output. Starting in 2Q 2020, coke production data include production volumes of Dnipro Coke after the Group increased its stake in the asset to 73.01%.
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 rose by 65% y-o-y, mainly due to increased prices of all steel products in line with global benchmarks, as well as greater shipments of finished products (up 12%).
- The share of HVA products[1] in the sales mix volumes, excluding resales, was 42% in 1H 2021, down 4 pp y-o-y.
- The top 5 customers accounted for 16% of segmental revenues, down 1 pp y-o-y.
- Almost all steel volumes were sold on the spot market.

EBITDA

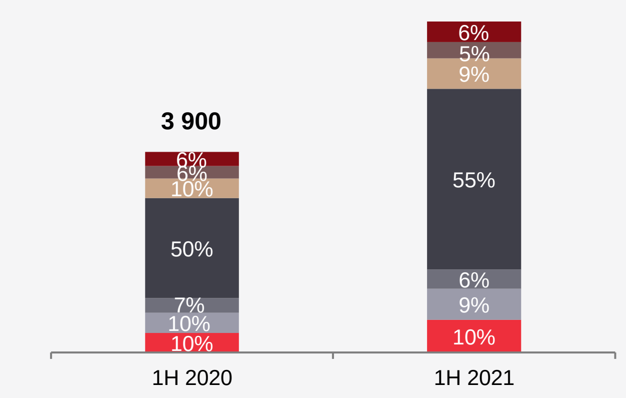
- EBITDA increased by 7.3x y-o-y to US$1,742 mn, driven primarily by a higher segmental top line, greater contribution from the Metallurgical JV and the positive effect from operational improvements.
- The contribution to gross EBITDA[2] reached 41%, up 11 pp y-o-y.
- The EBITDA margin rose by 21 pp y-o-y to 27%.

The segment's CAPEX increased by 25% y-o-y to US$184 mn, mainly due to greater investments at Azovstal, Avdiivka Coke and Metinvest Trametal.

US$ mn	1H 2021	1H 2020	CHANGE
Sales (total)	6,492	3,936	65%
Sales (external)	6,437	3,899	65%
% of Group total	76%	78%	-2 pp
EBITDA	1,742	238	7.3x
% of Group total[1]	41%	30%	11 pp
Margin	27%	6%	21 pp
CAPEX	184	147	25%

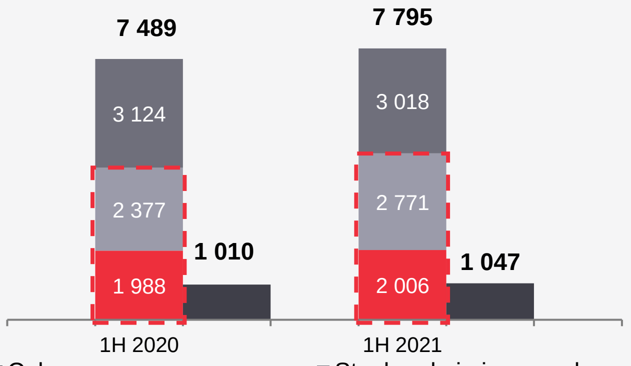
Sales by product

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 and eliminations.

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