

METINVEST ANNOUNCES 4Q 2018 AND 2018 OPERATIONAL RESULTS

31 January 2019 – Metinvest B.V., the parent company of a vertically integrated group of steel and mining companies (jointly referred to as “Metinvest” or “the Group”), today announces its operational results for the fourth quarter and 12 months ended 31 December 2018.

OPERATIONAL HIGHLIGHTS¹

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Crude steel	1,725	1,803	-78	-4%	7,323	7,361	-38	-1%
Iron ore concentrate (total)	6,813	6,554	259	4%	27,353	27,464	-111	0%
Coal concentrate (total)	709	634	75	12%	2,683	2,461	222	9%

METALLURGICAL SEGMENT

Hot metal production

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Hot metal	1,971	1,943	28	1%	8,205	7,941	264	3%
Azovstal	783	924	-141	-15%	3,707	3,777	-70	-2%
Ilyich Steel	1,188	1,019	169	17%	4,498	4,164	334	8%

Crude steel production

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Crude steel	1,725	1,803	-78	-4%	7,323	7,361	-38	-1%
Azovstal	912	988	-76	-8%	4,082	4,265	-183	-4%
Ilyich Steel	813	815	-2	0%	3,241	3,096	145	5%

In 4Q 2018, Metinvest's hot metal output totalled 1,971 kt, almost flat q-o-q, as an increase of 169 kt at Ilyich Steel fully offset a decrease of 141 kt at Azovstal. Production at Ilyich Steel rose due to shorter planned major overhauls of blast furnaces nos. 2 and 4 of six and 11 days, respectively, while overhaul time at blast furnace no. 5 was 35 days in 3Q 2018. Output at Azovstal fell, as scheduled repairs on blast furnaces nos. 4 and 6 shut them down for 38 and 10 days, respectively.

In 4Q 2018, the Group's crude steel production dropped by 4% q-o-q to 1,725 kt. The main driver was a reduction of 76 kt at Azovstal amid a major overhaul of basic oxygen furnace no. 1, which began in the previous quarter.

In 2018, hot metal output at the Mariupol sites increased by 3% y-o-y to 8,205 kt. Production at Ilyich Steel rose by 334 kt, which fully compensated a 70 kt drop at Azovstal. The increase at Ilyich Steel came amid stable supplies of raw materials, which had been irregular in the same period last year, so production of crude steel and merchant pig iron increased.

¹ Figures for 2017 have been updated: production at assets, control over which has been lost since March 2017, has been excluded.

Metal product output²

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Semi-finished products	723	661	62	9%	3,026	2,746	280	10%
Pig iron	452	317	135	43%	1,644	1,403	241	17%
Slabs	270	344	-74	-22%	1,382	1,343	39	3%
Finished products	1,367	1,453	-86	-6%	5,769	5,606	163	3%
Flat products	1,144	1,172	-28	-2%	4,747	4,675	72	2%
Long products	188	202	-14	-7%	817	714	103	14%
Railway products	2	34	-32	-94%	65	67	-2	-3%
Tubular products	33	45	-12	-27%	140	150	-10	-7%
TOTAL	2,090	2,114	-24	-1%	8,795	8,352	443	5%

In 4Q 2018, Metinvest's output of merchant semi-finished products climbed by 9% q-o-q to 723 kt. An increase in merchant pig iron production of 135 kt fully compensated a decrease in slab output of 74 kt.

In 2018, the Group's output of merchant semi-finished products rose by 10% y-o-y to 3,026 kt, as production of merchant pig iron and slabs gained by 241 kt and 39 kt, respectively, amid a favourable market situation.

In 4Q 2018, Metinvest's finished product output dropped by 6% q-o-q to 1,367 kt. In particular:

- flat product output decreased by 28 kt to 1,144 kt, mainly due to declines of 33 kt at Ilyich Steel and 17 kt at Azovstal amid shutdowns for annual major overhauls; this was compensated by a rise of 22 kt at the European re-rolling mills due to annual scheduled major overhauls in the previous quarter;
- long product output fell by 14 kt to 188 kt due to a drop at Promet Steel;
- railway product output dropped by 32 kt to 2 kt amid a lack of orders;
- tubular product output declined by 12 kt to 33 kt due to fewer orders.

In 2018, the Group's output of finished products grew by 3% y-o-y to 5,769 kt. In particular:

- flat product output rose by 72 kt to 4,747 kt amid a market recovery, mainly due to plate production climbing by 254 kt at Ilyich Steel, which offset drops of 162 kt at Azovstal and 5 kt at the European re-rolling mills, and coil production decreasing by 15 kt at Ilyich Steel;
- long product output increased by 103 kt to 817 kt due to output rising by 197 kt at Promet Steel as stable supplies of square billets for re-rolling were secured, while production fell by 94 kt at Azovstal;
- railway product output edged down by 2 kt to 65 kt;
- tubular product output dipped by 10 kt to 140 kt.

Coke production³

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Coke (total)	1,358	1,247	111	9%	5,269	4,736	533	11%
Coke (merchant)	487	430	57	13%	1,717	1,209	508	42%

In 4Q 2018, Metinvest's coke output equalled 1,358 kt, up 9% q-o-q, as output increased at Avdiivka Coke after the K-grade coal in deficit in August-September became available again. The y-o-y figure climbed by 11%, also driven by greater production at Avdiivka Coke, up 563 kt, which has had eight coke-oven batteries in operation since May 2017.

² Excludes intragroup sales and intragroup consumption

Pig iron – merchant pig iron

Flat products include hot-rolled plates, as well as hot-rolled, cold-rolled and hot-dip galvanised sheets and coils

Long products include hot-rolled sections (light, medium, heavy), rebar, merchant bars and wire rod

Railway products include light and heavy rails and rail fasteners

Tubular products include other ERW (electric resistance welded) pipes and seamless pipes

³ Merchant coke production figures exclude intragroup sales and consumption

MINING SEGMENT

Iron ore concentrate and pellet output⁴

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Iron ore concentrate (total)	6,813	6,554	259	4%	27,353	27,464	-111	0%
Iron ore products (merchant)	3,794	3,888	-94	-2%	15,218	15,067	151	1%
Iron ore concentrate	2,064	1,878	186	10%	7,734	9,325	-1,591	-17%
Pellets	1,730	2,010	-280	-14%	7,484	5,742	1,742	30%

In 4Q 2018, the Group's overall output of iron ore concentrate grew by 4% q-o-q to 6,813 kt. The main driver was greater production at Northern GOK, up 258 kt, amid better equipment operation following scheduled maintenance of beneficiation plants.

In 4Q 2018, Metinvest's output of merchant iron ore products fell by 2% q-o-q to 3,794 kt. Merchant pellet production dropped by 280 kt amid declines of 151 kt at Northern GOK and 129 kt at Central GOK due to annual scheduled maintenance. This was offset by an increase in merchant iron ore concentrate output of 186 kt amid lower pellet production and higher intragroup supply.

In 2018, the Group's output of iron ore concentrate remained largely unchanged y-o-y at 27,353 kt. Amid a shift in the order book in favour of pellets and greater intragroup concentrate consumption, merchant pellet output jumped by 30% to 7,484 kt. Merchant concentrate production dropped by 17% to 7,734 kt.

Coal concentrate production⁵

(kt)	4Q 2018	3Q 2018	Δ kt	Δ %	2018	2017	Δ kt	Δ %
Coal concentrate (total)	709	634	75	12%	2,683	2,461	222	9%

In 4Q 2018, coal concentrate production at United Coal climbed by 12% q-o-q to 709 kt following lower output in the previous quarter due to the annual vacation season in July. In 2018, coal concentrate production rose by 9% y-o-y to 2,683 kt following the commissioning of new mining areas and upgrades of key equipment.

For more information, please visit www.metinvestholding.com

Andriy Bondarenko
 Head of Investor Relations
 Tel: +41 22 591 03 74 (Switzerland)
 Tel: +380 44 251 83 24 (Ukraine)
andriy.bondarenko@metinvestholding.com

Yana Kalmykova
 Manager of Investor Relations
 Tel: +380 44 251 83 36 (Ukraine)
yana.kalmykova@metinvestholding.com

METINVEST GROUP is a vertically integrated group of steel and mining companies that manages every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. It comprises steel and mining production facilities located in Ukraine, Europe and the US, as well as a sales network covering all key global markets. Metinvest's business is divided for financial reporting purposes into two segments: Metallurgical and Mining. Its strategic vision is to become a leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles and providing investors with returns above the industry benchmarks. For the nine months ended 30 September 2018, the Group reported revenues of US\$9.1 bn and an EBITDA margin of 22%.

METINVEST HOLDING LLC is the management company of Metinvest Group.

⁴ Figures for the production of merchant iron ore products exclude intragroup sales and consumption.

⁵ Coal concentrate (total) production figures present coal production in equivalent of coal concentrate.