

A COMMENDABLE PERFORMANCE

In 2018, Metinvest reported some of its most impressive results in the last four years. Major financial, investment and corporate accomplishments marked significant progress towards fulfilling the strategic priorities for 2030.



RESULTS

Through proactive management, Metinvest demonstrated its agility in every respect in 2018, delivering strategic achievements, commendable operational results and a robust financial performance.

CAPEX

Guided by the Technological Strategy 2030 as a roadmap for achieving strategic priorities, Metinvest has reactivated its ambitious modernisation programme. In the reporting period, the Group allocated CAPEX of almost US\$900 million in its drive to make its enterprises among the most efficient, safe and environmentally friendly in the industry.



DEBT MANAGEMENT

In 2018, Metinvest completed a refinancing of its debt of US\$2.3 billion, marking a major turning point in its recent history. Through this, the Group normalised its debt portfolio to achieve a sustainable maturity profile, significantly improving its investment case.

M&A

In another crucial achievement in 2018, Metinvest completed three sizeable M&A transactions aimed at reinforcing key parts of the vertically integrated business model: two involving minority stakes to secure long-term raw material supplies and one a full acquisition to enhance the steel product portfolio.



OPERATIONS

CRUDE STEEL PRODUCTION

7,323KT

The Group's combined crude steel output at its Mariupol steelmakers was largely unchanged year-on-year in 2018, as stable raw material supplies ensured a solid performance at Ilyich Steel, while major overhauls of several blast and basic oxygen furnaces took place at Azovstal.

IRON ORE CONCENTRATE PRODUCTION

27,353KT

Metinvest's overall output of iron ore concentrate was flat year-on-year in 2018 as the Group is conducting an extensive heavy truck fleet upgrade to improve volumes and production efficiency. The first result of these efforts was a 7% year-on-year rise in production at Ingulets GOK.

COKING COAL CONCENTRATE PRODUCTION

2,683KT

Compared with 2017, the Group produced 9% more coking coal concentrate at its US mines following the commissioning of new mining areas and upgrades of key equipment. The majority of coal mined in-house was consumed internally.

STEEL PRODUCTION CAPACITY

9.6MT

The Group recently increased overall steel production capacity at its Mariupol steelmakers to 9.6 million tonnes a year, up 14%, after Ilyich Steel commissioned the new continuous casting machine no. 4, eliminating a bottleneck there.

SHARE OF PELLETS

48%

The share of pellets in the iron ore sales mix reached 48% in 2018, up nine percentage points year-on-year, following a 30% year-on-year increase in output, as the product offered higher margins than iron ore concentrate.

COKE PRODUCTION

5,269KT

The Group's coke output jumped by 11% year-on-year in 2018. Following the installation of a new electricity transmission line on government-controlled territories, Avdiivka Coke has been operating using eight coke oven batteries.

FINANCES

REVENUES

US\$11,880M

The Group boosted its top line by 33% year-on-year in 2018, capitalising on higher product prices and greater sales volumes of in-house and third-party goods.

EBITDA

US\$2,513M

Compared with 2017, Metinvest's EBITDA rose by 23% in 2018, marking three consecutive years of growth. The latest rise was due to improved profitability in the Metallurgical segment, whose contribution to the Group's result surged by 13 percentage points to 50%.

NET DEBT

US\$2,463M

Net debt totalled US\$2,463 million at the end of 2018, taking into account the US\$273 million syndicated loan repayment using proceeds from the refinancing and the Group's own cash flows.

FREE CASH FLOW

US\$673M

In 2018, the Group generated US\$673 million of free cash flow, calculated as operating cash flow less investing cash flow, up nearly five-fold year-on-year, driven by the strong EBITDA and dividends from a mining joint venture.

EBITDA MARGIN

21%

Compared with 2017, the Group's consolidated EBITDA margin nudged down by 2 percentage points in 2018, reflecting mainly the effect of higher operating expenses incurred in the year.

NET DEBT TO EBITDA

1.0X

The ratio of net debt to EBITDA improved further to 1.0x in 2018, as Metinvest continued to demonstrate rigorous financial discipline amid robust EBITDA generation.