

Delivering on _____ strategy

STRATEGIC GOALS

**SUSTAIN COMPETITIVE
ADVANTAGES IN
STEELMAKING THROUGH
VERTICAL INTEGRATION**

**STRENGTHEN POSITIONS
IN STRATEGIC MARKETS**

**ACHIEVE BUSINESS
EXCELLENCE THROUGH
BEST PRACTICE**

STRATEGIC OBJECTIVES

Increase operational efficiency and achieve best practice in steelmaking through focused investments in advanced technologies

Improve Metinvest's self-sufficiency in key raw materials

Expand production capacity by growing organically and pursuing select acquisition opportunities

Sustain a continuous improvement culture

Increase labour productivity

Increase sales of finished steel products

Improve the product portfolio mix

Increase sales of steel products in Ukraine and regional markets

Build long-term customer relationships and deliver high-quality service worldwide

Continue optimisation of the operating model

Strengthen the unified corporate culture and maximise employees' commitment

Enhance unified and efficient business processes

Maintain transparency of operations and corporate responsibility

STRATEGIC PRIORITIES	SELECT ACHIEVEMENTS IN 2020
ENHANCE SUSTAINABILITY	In 2020, Metinvest's environmental capital expenditure totalled US\$205 million, the largest amount for a single year to date. The Group completed core work on the modernisation of Ilyich Steel's sinter plant, one of the largest environmental projects in Ukraine's history. This and many other key initiatives are aimed at significantly reducing Metinvest's environmental footprint.
STRENGTHEN LOW-COST PRODUCER POSITION	The Group works systematically to enhance its cost position by scrutinising operations. In 2020, it decreased seaborne coking coal purchases, replacing them with cheaper supplies from producers in Ukraine, like Pokrovske Coal, and other nearby countries. Metinvest also implemented operational efficiency initiatives with a total economic effect of US\$376 million, six times higher than in 2019. It focused on streamlining back office functions to optimise its corporate overheads while improving service quality, as well as on driving digital transformation. Numerous CAPEX projects are designed to lower production costs.
ENHANCE PRODUCT PORTFOLIO TO STRENGTHEN POSITION IN KEY STRATEGIC MARKETS	In the Metallurgical segment, Ilyich Steel commissioned a new hydraulic down coiler at its recently upgraded hot strip mill 1700. The new equipment is capable of producing heavy 32-tonne hot-rolled coils and has made Metinvest's position more competitive. In the Mining segment, Central GOK completed the upgrade of its beneficiation plant allowing for production of DR-grade pellets. Global steelmakers are driving demand for DRI as they invest in production technology with a lower carbon footprint.
FOCUS ON CUSTOMER NEEDS	The Group's primary focus here was ensuring uninterrupted operations to continue providing the products that customers need. To offer additional flexible financing solutions to customers in Europe, a new accounts receivable securitisation programme was launched for the Italian re-rollers. The core part of the CRM system at Metinvest International, the Swiss trading subsidiary that was in operation for its first whole year, brought considerable value for both the Group and customers. Metinvest began preparing to roll it out in Ukraine and Western Europe.
PURSUE SELECTIVE ACQUISITION OPPORTUNITIES	The Group increased its stake in Dnipro Coke to 100%, allowing it to consolidate the coking asset as a subsidiary from April 2020. It also increased its stake in Zaporizhia Refractories to 50.79%, following which the asset also became a subsidiary from September 2020. Both are consistent with Metinvest's strategic priority of diversifying raw material supplies and improving long-term self-sufficiency to strengthen vertical integration.