

METALLURGICAL SEGMENT

GRI 102-2; 102-7

Coke

In 2021, Metinvest produced metallurgical coke at Avdiivka Coke, Zaporizhia Coke, and the facilities at Azovstal and Kamet Steel, all of which are in Ukraine.

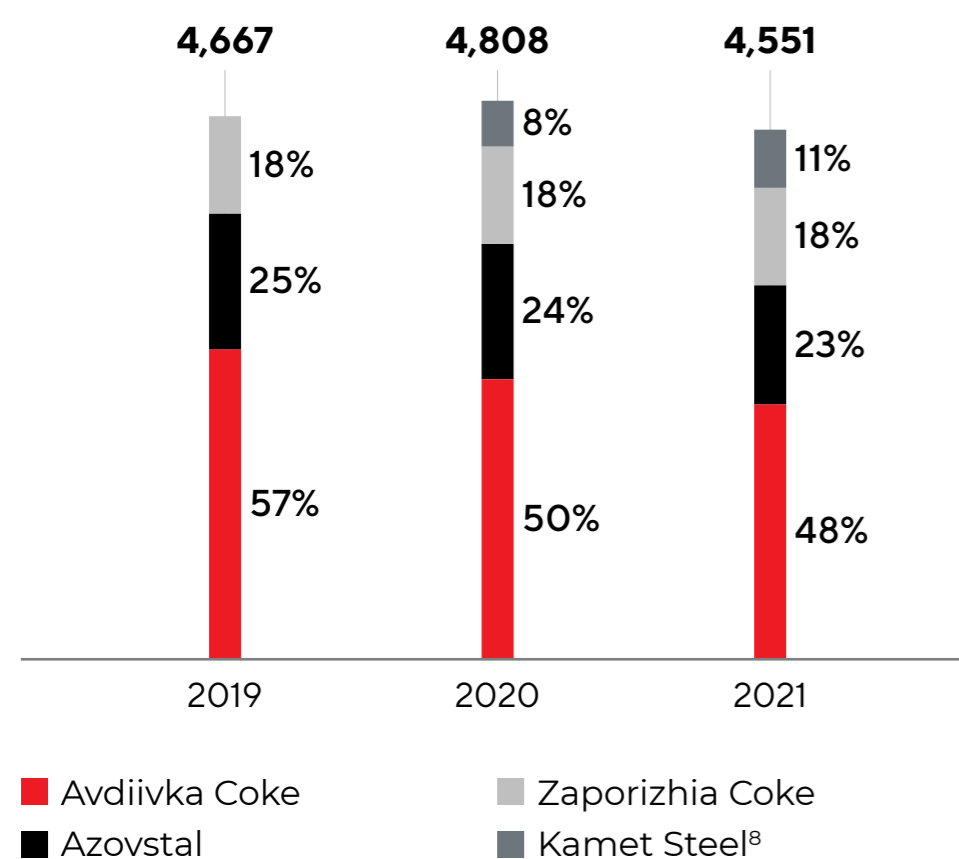
The Group's production of dry blast furnace coke fell by 5% year-on-year to 4,551 thousand tonnes. Output fell at Avdiivka Coke by 9% and at Azovstal by 11% amid a shortage of raw materials in the second half of the year. Meanwhile, the effect of the consolidation of Kamet Steel's production since April 2020 amounted to 95 thousand tonnes.

In 2021, Metinvest's self-sufficiency in coke⁷ was 107%.

The Group also has a 23.71% stake in Southern Coke (classified as an associated company), another Ukrainian metallurgical coke producer. In 2021, its annual dry blast furnace coke production was 663 thousand tonnes, up 7% year-on-year.

Coke production

4,551 kt -5%



Steel

In 2021, Metinvest was ranked 42nd among steelmakers worldwide and fourth in Eastern Europe⁹. As of the year-end, the Group's steelmaking capacities included the following integrated steelmakers, all of which were located in Ukraine: Azovstal and Ilyich Steel in Mariupol and Kamet Steel in Kamianske.

In addition, Metinvest holds a 49.997% interest in Zaporizhstal, an integrated steelmaker located in Zaporizhzhia, Ukraine, which is classified as a joint venture. It is one of the Group's largest purchasers of iron ore and has a complementary product mix.

Metinvest has four rolling mills in other European countries, the business model of which is to produce finished goods close to local end users: Ferriera Valsider and Metinvest Tramelmetal in Italy, Promet Steel in Bulgaria and Spartan in the UK. In 2021, the flat producers in Italy and the UK re-rolled slabs from the Mariupol steel mills into plates and coils. Meanwhile, the Bulgarian long producer re-rolled Kamet Steel's billets into rebar and other long products. The Group's total re-rolling capacity in these countries is around 2.1 million tonnes a year.

Metinvest's subsidiary Unisteel operates a galvanising line. The plant is located in Kryvyi Rih, Ukraine, and can produce up to 100 thousand tonnes of steel coils a year.

⁷ Calculated as actual coke production divided by actual consumption of coke to produce hot metal.

⁸ Kamet Steel's coke production data for 2020 covers the period starting from Dnipro Coke's consolidation in April 2020.

⁹ World Steel Association ranking for 2021, based on tonnage produced and geographical location of assets.

ACQUISITION IN 2021

KAMET STEEL

A strategic diversification

Kamet Steel unites Metinvest's coke production and steelmaking assets in Kamianske, Ukraine.

The coke operations were previously part of Dnipro Coke, a metallurgical coke manufacturer that the Group consolidated as a subsidiary in April 2020.

At an auction held in 2021 as part of the bankruptcy proceedings of PJSC Dneprovsky Iron & Steel Works (DMK), which was once among the largest steelmakers in Ukraine and operated a full-cycle metallurgical production facility, Dnipro Coke paid around US\$341 million to acquire assets relating to the former company's integral property complex.

To reflect its new role as a steelmaker, Dnipro Coke was renamed Kamet Steel in February 2022, after the reporting period.

A source of additional synergies

Kamet Steel has preserved an important industrial asset and source of decent jobs for the community of Kamianske. Through the transaction, over 8,000 plant workers became employees of the Group. Work is under way to embed Metinvest's culture at these assets, including its approaches to health, safety and environmental management.

Kamet Steel's newly acquired capacities include production of 3.2 million tonnes of crude steel a year. This has made it possible for the Group to expand its product mix by effectively securing production of billets, wire rod and rebar, as well as shapes and bars. It also provides Promet Steel with square billets for processing.

As DMK was previously one of the largest buyers of the Group's iron ore and coke in Ukraine, consolidating its production complex into Kamet Steel generated additional synergies throughout the entire production chain.

In 2021, the production volumes that became part of Kamet Steel contributed materially to Metinvest's operational performance. They included 933 thousand tonnes of crude steel cast from August to December 2021.

Cash consideration

US\$341 mn

Crude steel production capacity

3.2 mt