

Trading update for the first 9 months of 2013

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 published a trading update for the first nine months ended 30 September 2013.

The information in this press release has been prepared based on preliminary financial results. Intragroup transactions have been eliminated in consolidation. This announcement does not contain sufficient information to constitute a full set of financial statements. The following preliminary results may differ from financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The numbers in this press release have not been audited or reviewed.

Metinvest B.V. publishes consolidated financial statements prepared in accordance with IFRS for the six months ending 30 June and for the year ending 31 December.

FINANCIAL HIGHLIGHTS

(US\$ million)	9M 2013	9M 2012	Change
Revenues	9,805	9,777	0%
Adjusted EBITDA[1]	1,809	1,539	18%
margin	18%	16%	2 pp
Net profit	463	428	8%
margin	5%	4%	1 pp
Capital expenditure	426	565	-25%

(US\$ million)	30 Sept 2013	31 Dec 2012	Change
Total debt	3,720	4,278	-13%
incl. Seller's notes	212	240	-12%
Total debt to EBITDA[2]	1.6x	2.2x	-0.6x
Cash	547	531	3%
Net debt	3,173	3,748	-15%

In 9M 2013, Metinvest's consolidated revenues remained broadly stable year-on-year (y-o-y) and totaled US\$9,805 million. The Metallurgical division accounted for 76% of external sales (74% in 9M 2012) and the Mining division for 24% (26% in 9M 2012).

Metallurgical division

Revenues in the Metallurgical division come from sales of steel and coke products as well as re-sales of steel products. In 9M 2013, the division's top line amounted to US\$7,409 million, up 3% y-o-y. Sales of steel products accounted for 94% of the total. Despite falling average steel prices and lower sales volumes, primarily of tubular products, revenues were largely compensated by higher re-sale volumes of other steel products.

Sales volumes of other steel products increased by 1,496 thousand tonnes y-o-y, of which 92% was attributable to re-sales of Zaporizhstal's output, following its integration with Metinvest. Steel re-sales from Zaporizhstal increased by US\$761 million and contributed US\$1,112 million to the division's revenues in 9M 2013. Around 50% of steel re-sales went to the Middle East and North Africa (MENA), another 40% to Europe and the CIS, and the rest to Ukraine.

SALES BY PRODUCT[3]		US\$ millio	n		'000 tonnes			
METALLURGICAL DIVISION	9M 2013	9M 2012	Change	9M 2013	9M 2012	Change		
Semi-finished products	1,067	1,110	-4%	2,196	1,983	11%		
Pig iron	223	167	34%	550	375	47%		
Slabs	528	576	-8%	1,052	993	6%		
Square billets	316	367	-14%	594	615	-3%		
Finished products	4,484	5,243	-14%	6,896	7,076	-3%		
Flat products	2,869	3,192	-10%	4,612	4,560	1%		
Long products	1,276	1,358	-6%	1,967	1,901	3%		
Tubular products	70	436	-84%	81	378	-79%		
Railway products	269	257	5%	236	237	0%		
Other steel products[4] and services	1,431	601	138%	2,400	904	165%		
Other coke products and services	427	242	76%	1,638	427	284%		
TOTAL	7,409	7,196	3%	13,130	10,390	26%		

MINING DIVISION	9M 2013	9M 2012	Change	9M 2013	9M 2012	Change
Iron ore products	2,094	1,936	8%	19,811	19,294	3%
Iron ore concentrate	1,174	1,067	10%	10,732	9,320	15%
Pellets	867	805	8%	6,367	5,833	9%
Other products and services	53	64	-17%	2,712	4,141	-35%
Coal products	302	645	-53%	2,290	3,483	-34%
Coking coal concentrate	215	348	-38%	1,660	1,678	-1%
Steam coal concentrate	3	31	-90%	27	358	-92%
Other products and services	84	266	-68%	603	1,447	-58%
TOTAL	2,396	2,581	-7%	22,101	22,777	-3%

SALES BY REGION	US\$ million				es	
METALLURGICAL DIVISION	9M 2013	9M 2012	Change	9M 2013	9M 2012	Change
Ukraine	1,792	1,855	-3%	3,523	2,573	37%
Europe	2,093	1,855	13%	3,547	2,765	28%
Middle East and North Africa	1,572	1,200	31%	2,890	1,930	50%
CIS (except Ukraine)	1,171	1,431	-18%	1,662	1,740	-4%
Southeast Asia	614	687	-11%	1,141	1,106	3%
Other regions	167	168	-1%	367	276	33%
TOTAL	7,409	7,196	3%	13,130	10,390	26%
MINING DIVISION	9M 2013	9M 2012	Change	9M 2013	9M 2012	Change

Ukraine	1,005	1,366	-26%	11,621	13,883	-16%
Europe	258	330	-22%	2,159	2,797	-23%
Southeast Asia	930	633	47%	6,679	4,438	50%
North America	141	206	-32%	1,040	1,225	-15%
Other regions	62	46	35%	602	434	39%
TOTAL	2,396	2,581	-7%	22,101	22,777	-3%

In 9M 2013, sales of semi-finished products totalled US\$1,067 million, down 4% y-o-y, due to a fall in the average prices of pig iron, slabs and square billets. At the same time, sales of pig iron increased by 34% y-o-y, driven by higher sales volumes, mainly to the US (159 thousand tonnes) and Europe (71 thousand tonnes), partly offset by a drop in shipments to MENA and other regions (79 thousand tonnes overall).

The average prices for slabs and square billets fell by 13% and 11% y-o-y, respectively, reducing revenues from their sales by 8% and 14%. The fall in revenues from slabs was partly compensated by an increase in sales volumes to Europe and MENA (59 thousand tonnes overall).

Revenues from sales of finished products declined by 14% y-o-y to US\$4,484 million in 9M 2013. This was mainly due to a fall in average prices for flat, long and tubular products, as well as a slump in sales volumes of tubular products.

In 9M 2013, sales of flat products fell by 10% y-o-y to US\$2,869 million, of which 11 pp was attributable to a decline in average prices throughout our markets. At the same time sales volumes marginally increased y-o-y as a result of increased shipments to Southeast Asia, Europe and MENA, which were offset by an overall decline of 291 thousand tonnes in Ukraine and the CIS.

Revenues from sales of long products fell by 6% y-o-y to US\$1,276 million in 9M 2013. The main cause was a 9% drop in average product prices, which was partly compensated by increased sales volumes in Europe and the CIS.

Revenues from sales of tubular products fell by 84% y-o-y to US\$70 million in 9M 2013. This was caused by a 79% slump in sales volumes, as various large pipeline projects were completed in 2012 and some planned projects were rescheduled, in particular, the second phase of the East-West pipeline (Turkmenistan) and the third stage of the Central Asia-China pipeline.

Revenues from sales of railway products increased by 5% y-o-y to US\$269 million in 9M 2013, due to an increase in average prices of 5%. The volumes sold remained stable y-o-y.

Mining division

Revenues in the Mining division come from sales of iron ore, coal and other products. Sales of iron ore products accounted for 87% of the division's top line in 9M 2013. The division's revenues dropped by 7% y-o-y to US\$2,396 million due to a substantial decrease in sales of coal products.

In 9M 2013, sales of iron ore products grew by 8% y-o-y to US\$2,094 million. This was driven mainly by a rise in sales volumes of iron ore concentrate of 1,412 thousand tonnes and pellets of 534 thousand tonnes.

Despite a dip in average sales prices y-o-y, revenues from iron ore concentrate increased by 10% to US\$1,174 million, driven by a boost in shipments to China of 1,705 thousand tonnes. Sales volumes to Europe and Ukraine dropped by 293 thousand tonnes overall y-o-y.

Sales of pellets increased by 8% y-o-y to US\$867 million. The rise was attributable to higher sales volumes to China, Ukraine and MENA, partly offset by lower sales to Europe.

Sales of coking coal concentrate dropped by 38% y-o-y to US\$215 million in 9M 2013. The decline was the result of a slump in the average concentrate prices y-o-y. Volumes sold increased by 171 thousand tonnes in the US, but decreased by 192 thousand tonnes in Ukraine, remaining broadly stable overall y-o-y.

Sales of steam coal

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