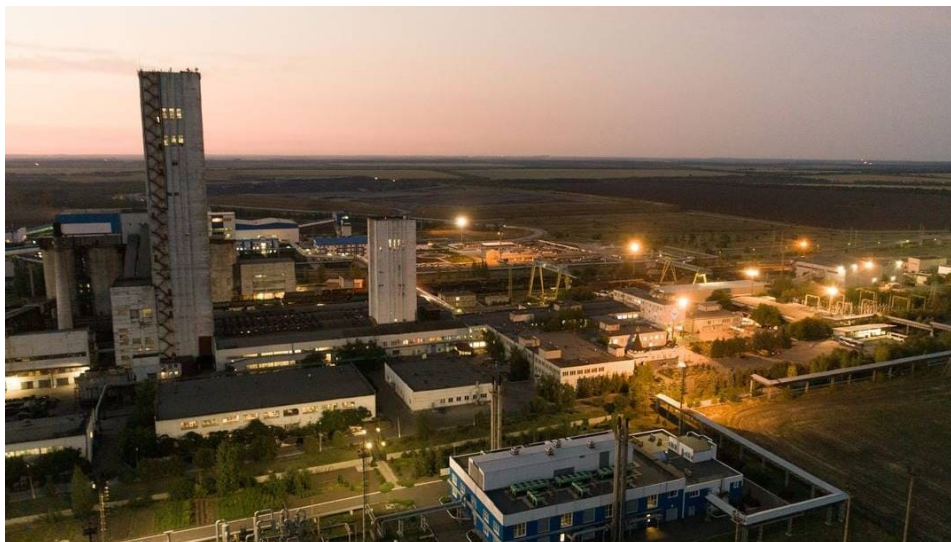


Metinvest acquires Ukraine's largest coking coal producer

Metinvest B.V., the parent company of a vertically integrated group of steel and mining companies (jointly referred to as “Metinvest” or “the Group”), is pleased to announce that it has acquired an additional stake in the largest coking coal business in Ukraine, increasing its effective interest to a controlling stake. As a result of consolidating the acquired businesses into the Group, Metinvest expects to become fully self-sufficient in coking coal for its hot metal production.



The acquired business comprises several entities (jointly referred to as the “Pokrovske coal business”), the most significant of which are Pokrovske Colliery and Svyato-Varvarinskaya Enrichment Factory. Together, they mine raw coal, enrich it and sell coking coal concentrate. The assets are located on the border of the Dnipro and Donetsk regions of Ukraine, close to the Group’s coke producers. None of the acquired assets are located in the non-controlled territories of Ukraine.

Pokrovske Colliery produces mostly high-quality K-grade coking coal, which is used in metallurgical coke production. As at 1 January 2019, its JORC Mineral Resources and Reserves amounted to 248 million tonnes and 151 million tonnes, respectively, enough to maintain operations for at least 30 years.

Svyato-Varvarinskaya Enrichment Factory is one of the largest beneficiation plants in Ukraine. Its design processing capacity is also around 8 million tonnes of raw coking coal per year.

In 2020, the Pokrovske coal business mined 6.2 million tonnes of raw coal, up 55% from 2018, and produced 3.2 million tonnes of coking coal concentrate, up 39% from 2018.

The acquisition of control in the Pokrovske coal business follows Metinvest acquiring 24.77% of the effective interest in the Pokrovske coal business in July 2018, as well as an option to purchase the remaining 75.22% from the other co-investors upon condition of obtaining all required governmental and other approvals. In October 2020, the Group received a one-year approval from the Antimonopoly Committee of Ukraine to obtain control over certain entities being part of the Pokrovske coal business.

Total consideration for an additional stake acquired by the Group in the Pokrovske coal business was driven by the value of the option Metinvest obtained in 2018.

In 2019-20, amid a potential business combination with Metinvest, the Pokrovske coal business restructured a significant part of its loans and borrowings. As at 31 December 2020, the Pokrovske coal business had external debt of US\$535 million. This mainly consists of a US\$480 million restructured debt facility maturing in 2030. It is Metinvest’s intention to prudently manage the debt portfolio of the Pokrovske coal business.

A presentation on the Pokrovske coal business is available

[here](#)

Commenting on the news, Yuriy Ryzhenkov, Chief Executive Officer of Metinvest, said:

“This acquisition is very important for Metinvest. The Group has experienced a lack of adequate coking coal supplies in recent years. We are now fully self-sufficient in coking coal, which strengthens our vertical integration.

From here, the next objective is to integrate the assets into the Group to maximise synergies. I am confident that the Pokrovske coal business will improve its efficiency as part of Metinvest and believe that its employees will benefit from our corporate culture and strong social guarantees.”

<https://metinvestholding.com/en/media/news/metinvest-pokupaet-krupnejshego-proizvoditelya-koksuyuschegosya-uglya-v-ukraine>