

Super GOK: Metinvest Consolidates its Kryvyi Rih Mining and Processing Plants Under Unified Leadership

Metinvest is implementing a new work model for its Kryvyi Rih mining enterprises. A unified administrative and management centre will manage Central, Ingulets and Northern GOKs from April 2024. A mining and processing department has been established for this purpose under the Group's Operations Directorate. Igor Tonev is leading the department and has also been appointed as the sole General Director of the three GOKs. The plants will have a unified administrative team and functional managers.



The implementation of the new GOK management model will facilitate the creation of efficient end-to-end processes in all areas. In particular, the processes of ore enrichment and production of iron ore concentrate will be integrated into a common technological chain for all the plants. In addition, this will increase the efficiency of reserves and inventory management at Metinvest's GOKs. Due to low utilisation rates, the plants have excess capacity and equipment that will be distributed among the Group's production sites in Kryvyi Rih.

In addition, the creation of a unified management centre will make it possible to optimise the common business processes of the enterprises and to centralise some service functions. This will significantly reduce administrative costs and therefore increase the economic sustainability of the GOKs.

Yuriy Ryzhenkov, CEO of Metinvest, said: "Amid the current challenges, without objectively being able to bring the capacity utilisation of the GOKs to the optimal level, we are seeking the effect of combining their capabilities and business processes. To this end, the Group sees its mining and processing plants not as separate capacities with separate teams, but as one large production site and one large team and seeks to leverage the advantages of each GOK in a single technological chain. The creation of a unified administrative and management centre for managing the operations of the plants, the so-called Consolidated GOK, will significantly simplify, accelerate and increase the efficiency of these processes, as well as facilitate the creation of new synergistic connections between the enterprises."

It is planned that each area of work will have one functional director and one department for all the GOKs within the unified management centre, including, for example, production, finance, and procurement. At the same time, each GOK will retain its legal status. The centralisation of the management functions of the GOKs will affect only administrative personnel and will not impact blue-collar employees in any way.

Igor Tonev has been appointed as CEO of all three of Metinvest's GOKs and head of the mining and processing department within the Group's Operations Directorate structure. Prior to this position, he was the General Director of Metinvest-SMC from 2019 and has been working for Metinvest Group since 2011.

Igor Tonev said: "The main task facing the mining and processing team today is to sustainably increase operational efficiency while meeting production targets and ensuring the proper quality of products. This move will allow us to operate with positive financial results despite limited production capacity. The new operational model for the GOKs offers great opportunities for this. Whereas each GOK previously operated as a separate enterprise, now

we are truly united as one big team. This also allows us to effectively redistribute personnel between the GOKs to promptly close deficits and replace third-party services, share the best practices, and implement them quickly.”

The new CEO was introduced to the employees of the Consolidated GOK on 2 April. The transition process at the enterprises is expected to be completed within a few months.

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