

Yenakiiie Steel and Krasnodon Coal Halt Operations

Yenakiiie Iron and Steel Works (“Yenakiiie Steel”, which includes a Makiivka branch), a steelmaker, and Krasnodon Coal Company (“Krasnodon Coal”), a coking coal producer, subsidiaries of Metinvest Group (“Metinvest” or “the Group”), have halted operations. Production has been disrupted by the ongoing armed hostilities and a blockade of railway transportation between Ukraine and the uncontrolled territory in the southeast.

Since the beginning of the conflict in the region, Yenakiiie Steel has experienced erratic supplies of iron ore. Following a blockade of the Yasinovata-Skotovata railway line, shipments of raw materials and finished goods are not possible for now.

Yenakiiie Steel has completed preparations for temporary mothballing. A blow-out of blast furnace nos. 3 and 5 has been performed and the basic oxygen furnace shop has stopped operating. Production at the Makiivka branch will be halted on 25 February 2017.

In addition, Krasnodon Coal has halted coal production at all mines due to the blockade of railway transportation.

Yenakiiie Steel and Krasnodon Coal are registered in territory controlled by Ukraine and pay all taxes and duties to the state budget as stipulated in the country’s legislation.

Despite the suspended operations at Yenakiiie Steel and Krasnodon Coal, Metinvest takes its role as a corporate citizen of Ukraine extremely seriously and responsibility for its local communities equally. The Group’s plants are the main employers and economic anchors in their communities. Metinvest does not intend to reduce headcount at Yenakiiie Steel (including the Makiivka branch) or Krasnodon Coal. In addition, employees of the facilities will be transferred to two-thirds remuneration.