METINVEST

9M 2017 Preliminary Results

November 2017

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9M 2017 highlights

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Summary

US$M	9M 2017	9M 2016	Change
Revenues	**6,222**	**4,568**	**36%**
Adjusted EBITDA[1]	**1,373**	**989**	**39%**
EBITDA margin	22%	22%	0 pp
Operating cash flows before working capital changes	**1,192**	**739**	**61%**
Change in working capital	**-505**	**-321**	**57%**
- Inventories	-184	-59	>100%
- Accounts receivable	-607	-263	>100%
- Accounts payable	286	1	>100%
Operating cash flows after working capital changes	**686**	**418**	**64%**
- Income taxes paid	-84	61	<-100%
- Interest paid	-90	-78	15%
Net cash from operating activities	**513**	**401**	**28%**
Net cash from investing activities	**-270**	**-177**	**53%**
Net cash from financing activities	**-176**	**-157**	**12%**

US$M	30-Sep-17	31-Dec-16	Change
Total debt[2]	**2,909**	**2,969**	**-2%**
Cash and cash equivalents[3]	**293**	**226**	**30%**
Net debt excl. shareholder loans to LTM EBITDA	**1.4x**	**2.0x**	**-0.6x**

Production (kt)	9M 2017	9M 2016	Change
Crude steel	**5,725**	**6,336**	**-10%**
Iron ore concentrate	**20,440**	**22,948**	**-11%**
Coking coal concentrate	**2,024**	**2,320**	**-13%**

1. Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment and devaluation of property, plant and equipment, foreign exchange gains and losses, the share of results of associates and other expenses that the management considers non-core plus the share of EBITDA of joint ventures. Adjusted EBITDA will be referred to as EBITDA in this presentation. On 15 March 2017, Metinvest lost control over all tangible assets owned by enterprises located in the temporarily non-government controlled territory of Ukraine, including Yenakiieve Steel, Krasnodon Coal and Khartsyzk Pipe. Subsequently, the Group made a provision for impairment of assets of these enterprises, of which impairment related to inventories totalling US$92M is accounted in the 9M 2017 EBITDA.
2. Total debt is calculated as the sum of bank loans, bonds, trade finance, seller notes and subordinated shareholder loans.
3. Cash and cash equivalents do not include blocked cash for cash collateral under issued letters of credit and irrevocable bank guarantees, but do include cash blocked for foreign-currency purchases.

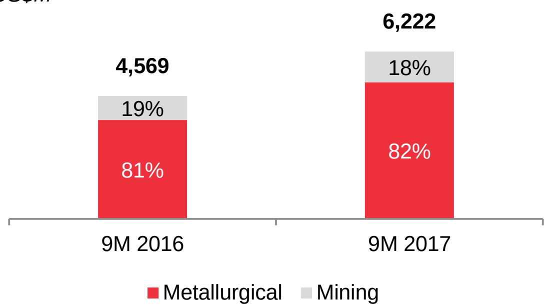
Source for 9M 2017 financials: reviewed financial results for 1H 2017 and monthly reports for July-September 2017
Source for 9M 2016 financials: revenues and EBITDA – preliminary financial results for 9M 2016, cash flow statement items – reviewed financial results for 1H 2016 and monthly reports for July-September 2017

Financial highlights

- Total revenues increased by 36% y-o-y
  - Metallurgical revenues rose by 38% y-o-y to US$5,082M
  - Mining revenues climbed by 29% y-o-y to US$1,140M
- Total EBITDA increased by 39% y-o-y
  - Metallurgical EBITDA dropped by 42% y-o-y to US$377M
  - Mining EBITDA jumped by 149% y-o-y to US$1,092M
- Consolidated EBITDA margin was 22%, flat y-o-y
  - Metallurgical EBITDA margin dropped by 10 pp y-o-y to 7%
  - Mining EBITDA margin rose by 13 pp y-o-y to 41%
- The segments' shares in EBITDA[1] changed in 9M 2017: 74% in Mining (40% in 9M 2016) and 26% in Metallurgical (60% in 9M 2016)
- Free cash flow[2] increased by 17% y-o-y to US$230M, which was spent on debt service

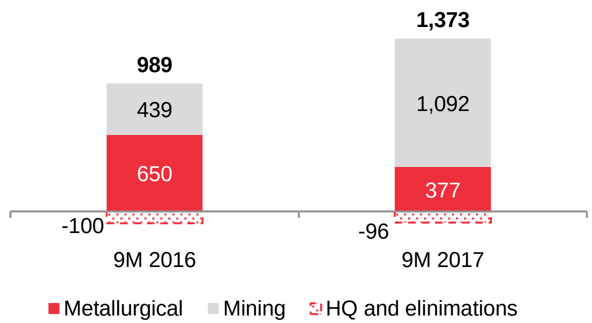
Revenues

US$M



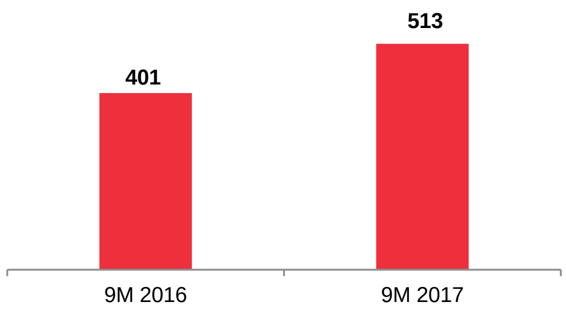
EBITDA

US$M



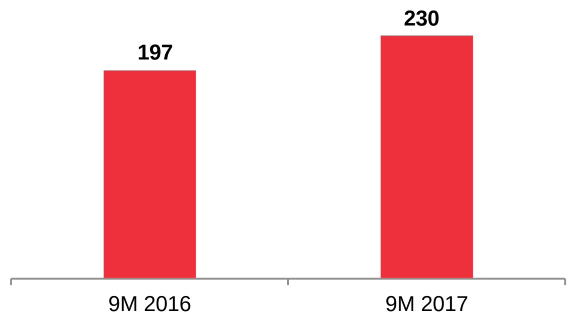
Net cash from operating activities

US$M



Free cash flow[2]

US$M



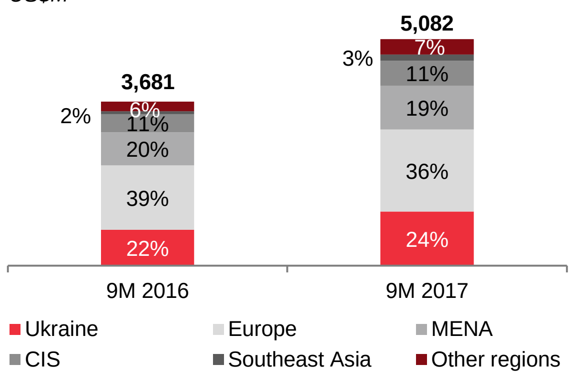
1. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations
2. Free cash flow is calculated as net cash from operating activities less purchases of PPE and intangible assets (IA)

Sales portfolio

- Total sales increased by US$1,654M y-o-y, mainly driven by:
    - higher selling prices for steel and iron ore products
    - greater sales volumes of flat products (+433 kt), slabs (+121 kt), pig iron (+71 kt) and coke (+72 kt)
- Metallurgical sales
    - higher share of Ukraine (+2 pp), due to greater demand for steel amid a recovery in the local economy
    - lower share of Europe (-3 pp), primarily caused by reduced sales of square billets and long products following the loss of control over operations at Yenakiieve Steel
    - share of high value-added[1] products in steel sales mix reached 41% (+4 pp) in 9M 2017
- Mining sales
    - given lower iron ore production, sales structure changed to maximise profitability
    - share of Europe increased by 21 pp y-o-y to 40%, while share of Southeast Asia decreased by 9 pp y-o-y to 24%

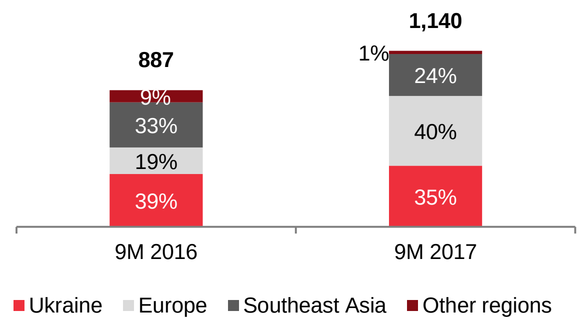
Metallurgical sales by region

US$M



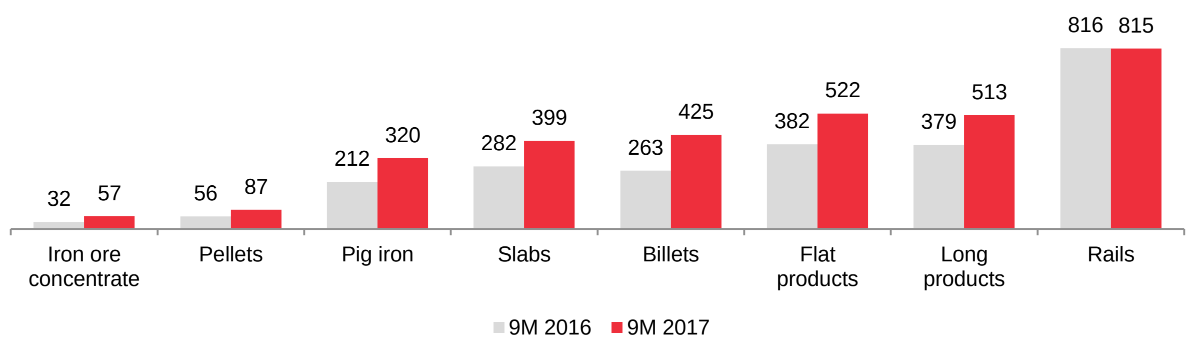
Mining sales by region

US$M



Price dynamics, FCA basis

US$/t



1. High value-added (HVA) products include thick plates, cold-rolled flat products, hot-dip galvanised sheets and coils, rails and pipes

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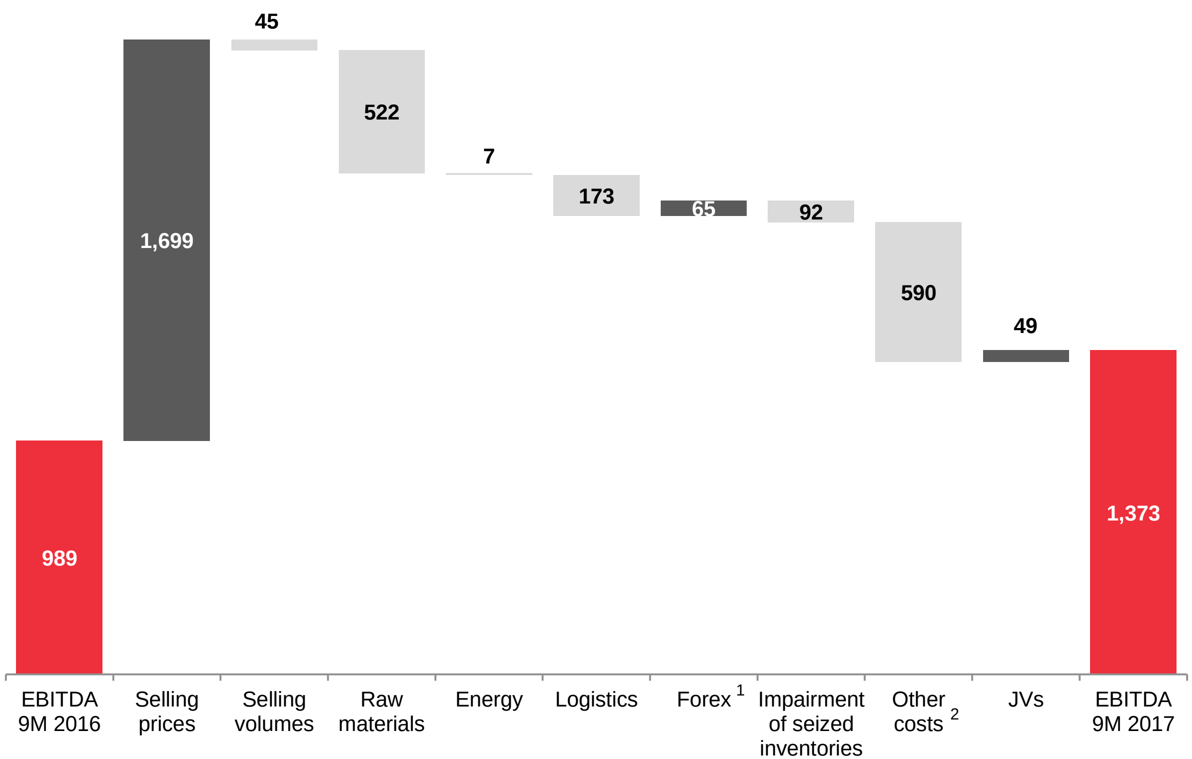
EBITDA

- Total EBITDA soared by US$384M y-o-y to US$1,373M
- Positive EBITDA drivers were:
  - higher average selling prices
  - hryvnia depreciation
  - higher contribution of JVs, namely from Southern GOK
- Negative EBITDA drivers were:
  - higher cost of raw materials, primarily amid increased market prices of coal, coke, scrap and iron ore materials
  - lower sales volumes, mainly long products, square billets, iron ore concentrate and coking coal concentrate
  - increased sea freight tariffs globally and railway tariffs in Ukraine (since April 2016)
  - impairment of inventories seized in March 2017
  - higher natural gas prices and electricity tariffs, as well as greater consumption of fuel and natural gas
  - higher other costs, primarily amid increased cost of goods and services for resale

EBITDA drivers

US$M



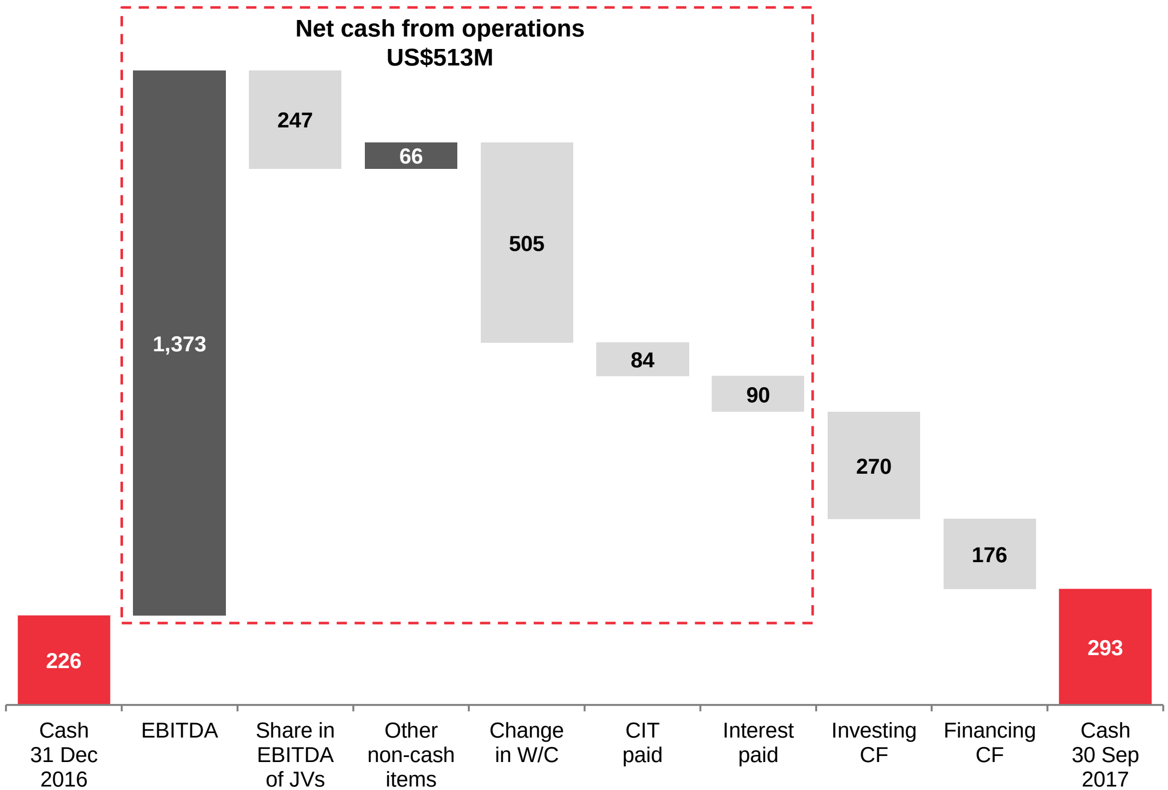
1. Forex includes forex on cost of sales, distribution costs, general and administrative expenses and other operating expenses.
2. Other costs include goods and services for resale, fixed costs, change in WIP and FG, impairment of trade and other accounts receivable and other expenses.

Cash flow

- Net cash from operating activities increased by 28% y-o-y to US$513M
- Working capital outflow of US$505M, driven by:
  - an increase in stocks (US$184M) amid
    - an accumulation of purchased coal stocks to secure steel production (+293 kt y-t-d)
    - greater slab inventories (+158 kt y-t-d) due to temporary lack of vessels for intragroup deliveries and third-party sales
    - reallocation of iron ore volumes to other markets due to lower internal consumption in 1H 2017 and lower sales in Ukraine
  - higher trade receivables (US$607M) following steel and iron ore selling price growth y-t-d
  - higher trade payables (US$286M)
- US$90M of interest paid include US$40M paid via common bond and PXF cash sweep in January, August and September
- US$74M of seller notes repaid

Cash flow in 9M 2017

US$M

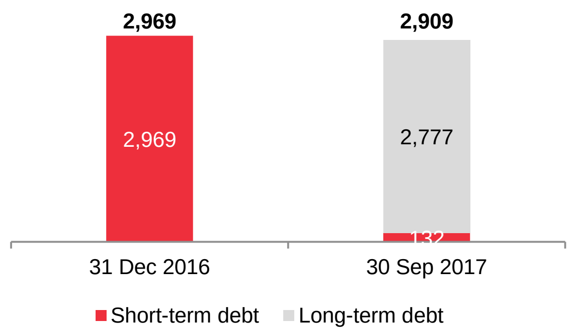


Debt profile

- In early 2017, 94% of the debt portfolio was restructured
- Debt maturity profile features:
  - no fixed principal amortisation until 2019
  - partial coupon payment under bonds and PXF until 2019, unpaid interest is capitalised
  - capitalisation/repayment of capitalised interest under bonds and PXF at par
  - shareholder loans are subordinated and payable only after bonds and PXF are repaid; interest is accrued but not capitalised
- Given the stabilised operating environment, Metinvest is current on interest and started repaying principal under bonds and PXF
  - after the reporting date, c.US$91M cash sweep in November, including US$70M of repayment of principal and capitalised interest
- As of 30 September 2017, total debt (incl. capitalised interest and subordinated shareholder loans) was US$2,909M
- Net debt excl. shareholder loans[1] to LTM EBITDA was 1.4x as of 30 September 2017 (3.2x as of 30 September 2016)

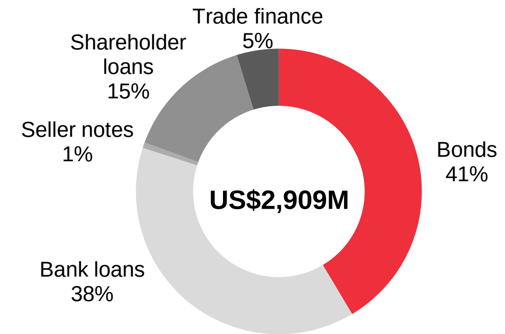
Total debt

US$M



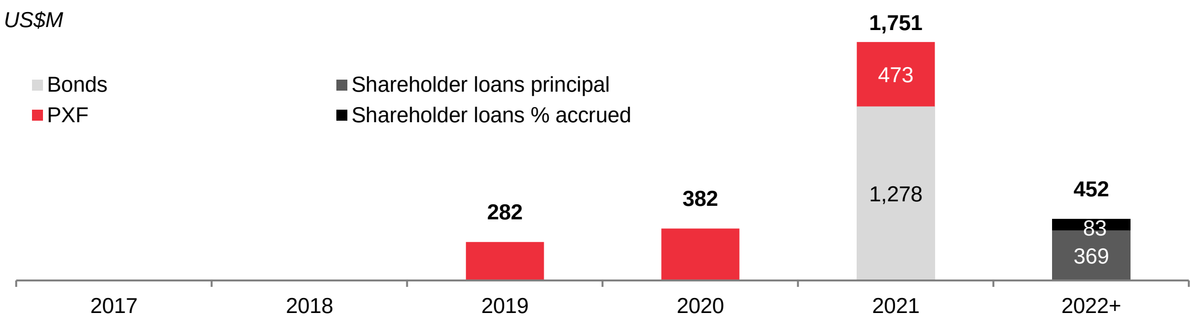
Total debt by instrument: 30 Sep 2017

US$M



Corporate debt maturity profile (assuming conservative case)*

US$M



(*) Assumptions:

1) Bonds (as of 18 Nov 2017): no cash sweep, all unpaid amounts to be capitalised, bullet repayment on 31 December 2021
2) PXF (as of 18 Nov 2017): no cash sweep, all unpaid amounts to be capitalised, quarterly fixed repayments and normalisation repayments (LIBOR is currently at 1.2367% pa and is floored at 1.0% pa) starting 2019, the remaining balance payable on 30 June 2021
3) ECA facility, trade finance and seller notes are not included

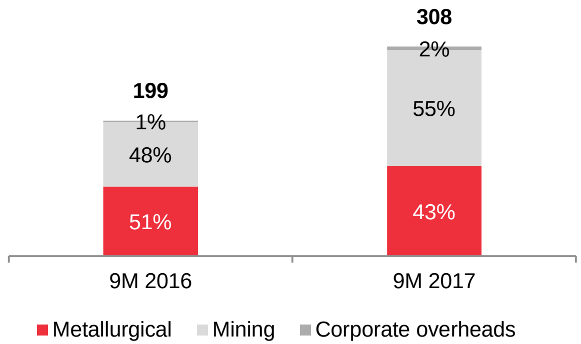
1. Net debt is calculated as the sum of bank loans, bonds, trade finance and seller notes less cash and cash equivalents

Capital expenditure

- In 9M 2017, CAPEX increased by 55% y-o-y
- Key strategic projects are presented on slide 12
- CAPEX is capped at US$636M in 2017 and US$651M[1] in 2018 by restructuring terms
- Metinvest is reviewing its Technological Strategy 2030, focusing on:
  - Enhance operational safety
  - Reduce environmental footprint
  - Steel
    - increase steel production capacity at Azovstal and Ilyich Steel to 11 mt/y by implementing numerous projects, including major overhauls of blast furnaces and construction of new continuous casting machines
    - focus on downstream to increase share of HVA products (mainly flat, sections and rails)
    - improve production cost efficiency
  - Iron ore
    - pursue quality over quantity strategy
    - increase Fe content and enhance key mechanical and chemical characteristics of iron ore products to penetrate premium markets
    - maintain low-cost position
  - Coal
    - increase production capacity

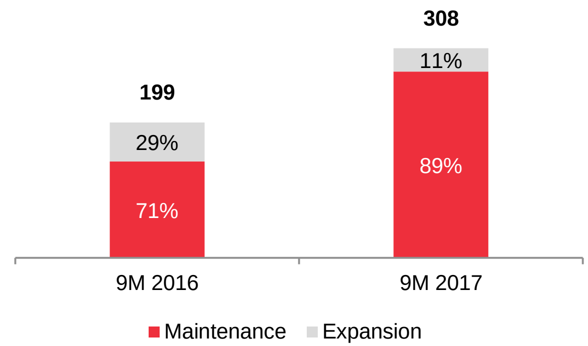
CAPEX by segment

US$M



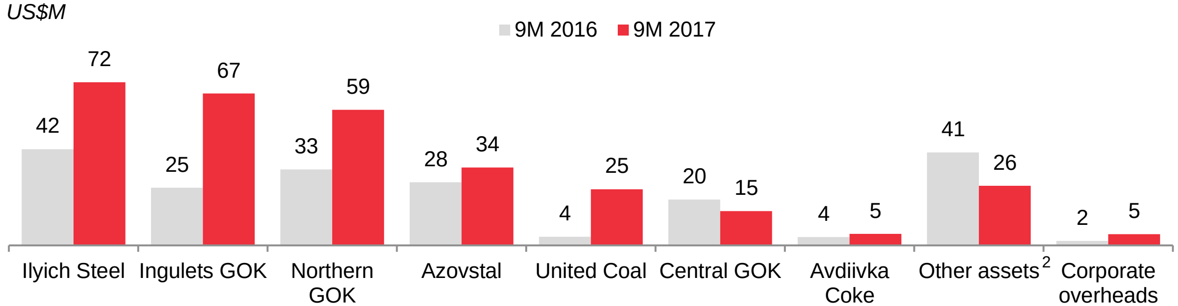
CAPEX by purpose

US$M



CAPEX by key asset

US$M



1. 2018 CAPEX limit may be increased by US$100M if all interest payable during 2017 is paid in full and all capitalised interest is repaid following the cash sweep payment on 18 November 2017
2. Includes CAPEX of assets seized in March 2017

Key strategic CAPEX projects in 2017

No	Project	Asset	Description	Status
1	Construction of pulverised coal injection (PCI) facilities	Azovstal	Eliminate the need for natural gas in the production process and use coke more efficiently	PCI injection into BF no. 4 started in November 2016 and into BF no. 2 in September 2017. Next step is BF no. 3: PCI injection is expected to start in August 2018.
2	Major overhaul of blast furnace (BF) no. 3	Azovstal	Increase hot metal production capacity by 0.5-0.8 mt/y to 1.3-1.6 mt/y, and reduce production cost by decreasing consumption of coke and coke nuts	Final investment decision was made in July 2017, and active stage of construction started. Launch is expected in 3Q 2018.
3	Construction of continuous casting machine no. 4	Ilyich Steel	Boost slab casting capacity to 4 mt/y, improve product quality, decrease costs and reduce environmental impact	Active stage of construction started in September 2016 and launch is expected in 4Q 2018
4	Reconstruction of 1700 hot strip mill	Ilyich Steel	Increase hot strip mill capacity, improve the quality of steel surface and reduce the process waste during slab production	Basic engineering development started in 3Q 2017. Detailed engineering and documentation are expected to be ready in 2H 2018. Commissioning is expected in 2019.
5	Sinter plant reconstruction	Ilyich Steel	Comply with environmental requirements	Reconstruction is ongoing. Filters on sintering machines nos. 7-9 are being replaced.
6	Construction of crusher and conveyor system at Pervomaisky quarry	Northern GOK	Reduce operational and capital expenditures in iron ore mining and maintain production volumes	The first facility for iron ore transportation was launched in July 2016. The launch of the second facility for rock transportation is expected in 4Q 2018.
7	Replacement of gas cleaning unit on Lurgi 552-B pelletising machine	Northern GOK	Comply with the maximum permissible concentrations of pollutants in the air and improve conditions in the workplace	Currently, 4 of 5 filters have been replaced. Filter no. 1 was replaced by May 2017. The replacement of the last one, no. 5, is postponed to September 2018 to align with the major overhaul schedule.
8	Construction of crusher and conveyor system	Ingulets GOK	Reduce operational and capital expenditures in iron ore mining and maintain production volumes	Construction is ongoing on the Vostochny conveyor line

Segmental review

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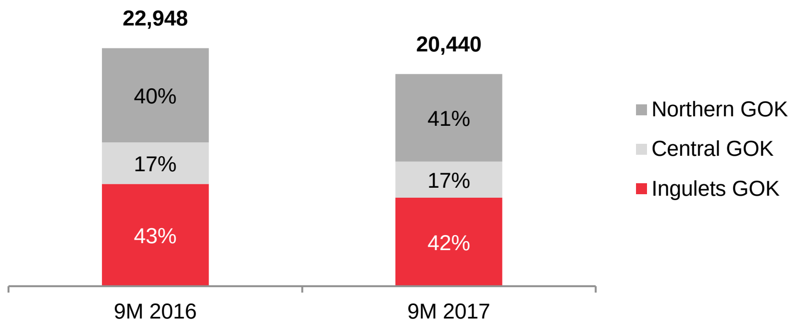
Mining operations

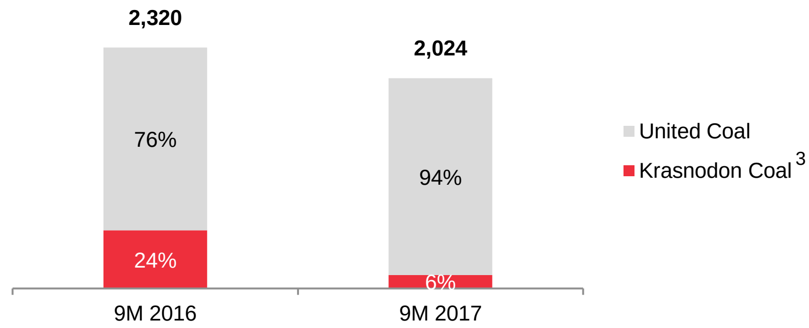
Iron ore concentrate production

kt



Coking coal production

kt



- A drive to catch up with overburden removal work, which fell amid the liquidity constraints in 2014-1H 2016, and greater output of premium iron ore products led to a 11% y-o-y decrease in iron ore concentrate production
- Metinvest used 43%[1] of total iron ore concentrate internally and allocated 57%[1] for third-party sales
- Merchant iron ore concentrate production fell by 23% y-o-y to 6,946 kt due to lower overall concentrate output
- Merchant pellets output remained stable y-o-y at 4,357 kt
- Greater Fe content, up to 68.4%, in iron ore products, was achieved
- Iron ore self-sufficiency was 267%[2] in 9M 2017

- Coking coal concentrate production decreased by 13% y-o-y following the loss of control over Krasnodon Coal
- Meanwhile, production at US mines of United Coal increased by 134 kt y-o-y to 1,865 kt to cover c.30%[4] of internal needs amid greater output at the Wellmore and Pocahontas mines
- High-quality US coking coal is delivered to Metinvest's Ukrainian coke production facilities.
- Other coal volumes required for coke production are delivered by international and local suppliers

1. In iron ore concentrate equivalent
2. Iron ore self-sufficiency is calculated as actual iron ore concentrate production divided by actual consumption of iron ore products to produce hot metal in the Metallurgical segment. It excludes iron ore consumption by Yenakiieve Steel, which was seized in March 2017.
3. Seized in March 2017
4. Coal self-sufficiency is calculated as actual coal concentrate production divided by actual consumption of coal concentrate to produce coke required for production of hot metal in the Metallurgical segment. Coal consumption for PCI is included in the calculation. It excludes coal production by Krasnodon Coal and coke consumption by Yenakiieve Steel, both of which were seized in March 2017.

Mining segment financials

- Mining external revenues increased by 29% y-o-y, driven mainly by higher iron ore and coal selling prices, in line with global benchmarks
- Merchant concentrate accounted for 61% of iron ore sales mix and pellets for 39% in 9M 2017 (69% and 31% in 9M 2016 respectively)
- Top five iron ore customers accounted for 72% of segmental sales
- Greater contribution from the Mining segment to gross EBITDA[1] (+34 pp) of 74%, driven by higher iron ore and coal prices
- Mining EBITDA margin reached 41% (+13 pp), mainly due to increased prices and reallocation of volumes to premium markets
- 9M 2017 Mining EBITDA includes US$11M for impairment of assets seized in March
- In 9M 2017, 96% of Mining CAPEX was spent on maintenance and 4% on expansion projects (82% and 12% respectively in 9M 2016)
- Mining maintenance capital expenditures include expansion of heavy truck fleet, replacement and repairs of mining equipment, maintenance of open-pit mines and tailing stocks, as well as maintenance of pelletising machines

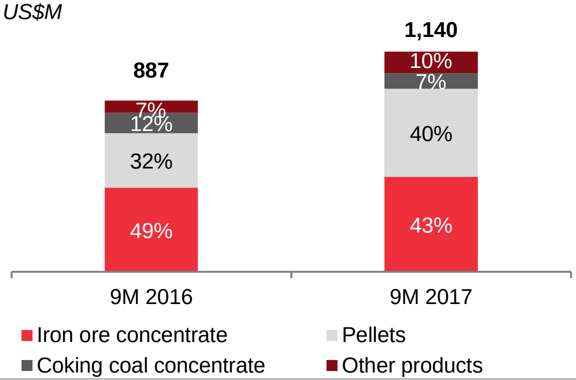
Segment financials

US$M	9M 2017	9M 2016	Change
Sales (total)	**2,658**	**1,588**	**67%**
Sales (external)	**1,140**	**887**	**29%**
% of Group total	*18%*	*19%*	*-1 pp*
EBITDA	**1,092**	**439**	**>100%**
% of Group total[1]	*74%*	*40%*	*+34 pp*
margin	*41%*	*28%*	*+13 pp*
CAPEX	**170**	**95**	**79%**

1. The contribution is to the gross EBITDA, before adjusting for corporate overheads

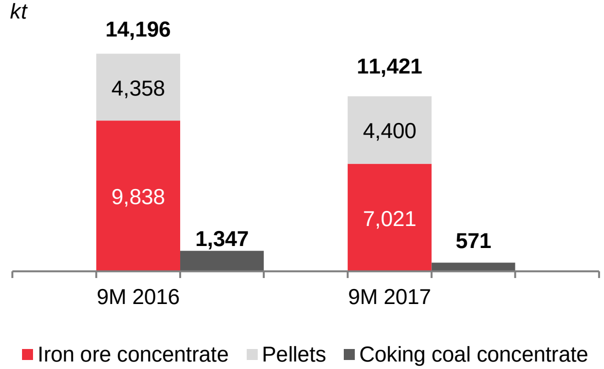
Sales by product

US$M



Sales by product

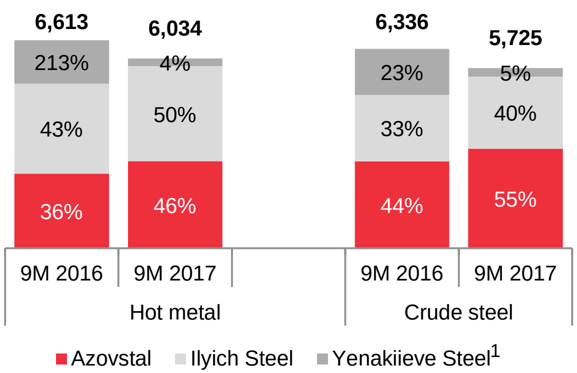
kt



Metallurgical operations

Hot metal and crude steel production

kt

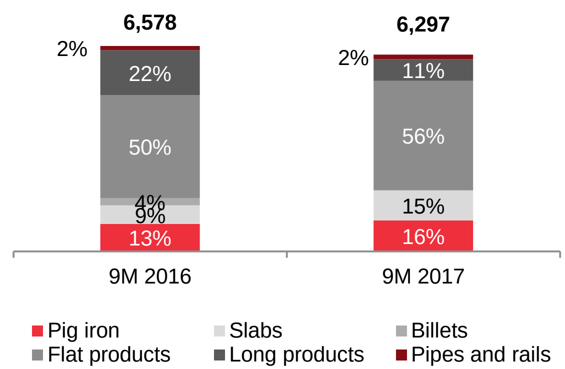


- Total crude steel output decreased by 10% y-o-y following the loss of control over operations at Yenakiieve Steel
- Nevertheless, production at both plants in Mariupol increased following major blast furnace overhauls:
  - +15% y-o-y at Azovstal
  - +8% y-o-y at Ilyich Steel

1. Seized in March 2017
2. Dry blast furnace coke output

Output of merchant steel products

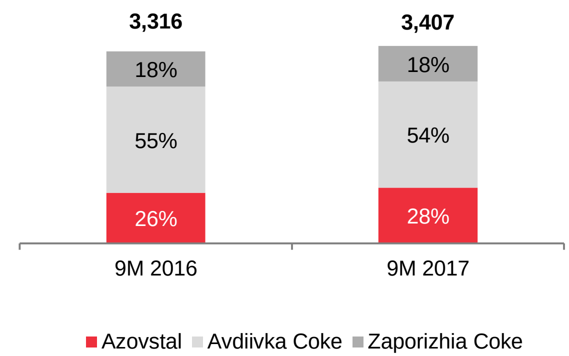
kt



- Steel product mix changed y-o-y:
  - flat product share reached 56% (+6 pp) due to a rise in output of plates at Azovstal and Ilyich Steel and sheet and coils at the European re-rollers given a market rally
  - shares of slabs and pig iron reached 15% (+6 pp) and 16% (+3 pp) respectively, amid a rise in output at Azovstal and Ilyich Steel following a favourable market trend
  - shares of square billets and long products fell to 0% and 11% respectively, following the loss of control over operations at Yenakiieve Steel: lower output of long products at Promet Steel was partly compensated by higher output at Azovstal

Coke production

kt



- Coke[2] output increased by 3% y-o-y to 3,407 kt, mainly driven by a rise in output of 87 kt at Azovstal amid stable coal supplies and a recovery of operations at Avdiivka Coke
- Avdiivka Coke produced 1,834 kt of coke, unchanged y-o-y
- Metinvest covered 116%[3] of its coke needs with own production in 9M 2017

3. Coke self-sufficiency is calculated as actual coke production divided by actual consumption of coke to produce hot metal in the Metallurgical segment. It excludes coke consumption by Yenakiieve Steel, which was seized in March 2017.c

Metallurgical segment financials

- Metallurgical external revenues rose by 38% y-o-y, mainly impacted by higher selling prices for steel products, which followed global benchmarks
- Sales mix changed following the seizure of Yenakiieve Steel and higher resales:
  - higher shares of pig iron (+1 pp), slabs (+3 pp) and flat products (+3 pp)
  - lower shares of long products (-7 pp)
- Share of high value-added products in steel sales mix reached 41% (+4 pp) in 9M 2017
- Top five steel customers accounted for 15% of segment's revenues
- Metallurgical segment EBITDA dropped by 42% y-o-y primarily due to raw material market price pressure, as well as increased spending on energy:
  - Metallurgical segment contributed 26% to the gross EBITDA[1] (-34 pp)
  - Metallurgical EBITDA margin declined to 7% (-10 pp)
- 9M 2017 Metallurgical EBITDA includes US$81M for impairment of assets seized in March
- In 9M 2017, 79% of Metallurgical CAPEX was spent on maintenance and 21% on expansion projects (60% and 40% respectively in 9M 2016)
- Metallurgical capital expenditures include repairs and upgrade of blast furnaces and rolling mills, reconstruction of overhead cranes, other equipment repairs and environmental projects

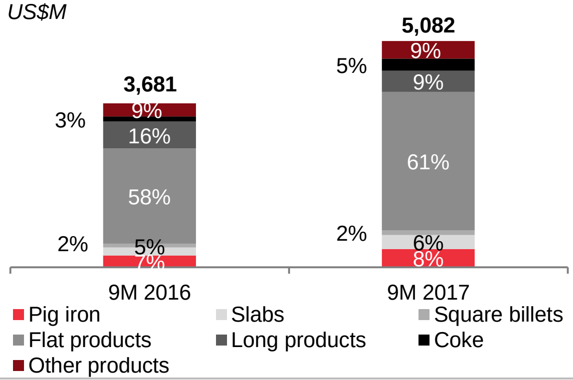
Segment financials

US$M	9M 2017	9M 2016	Change
Sales (total)	**5,122**	**3,741**	**37%**
Sales (external)	**5,082**	**3,681**	**38%**
% of Group total	*82%*	*81%*	*+1 pp*
EBITDA	**377**	**650**	**-42%**
% of Group total[1]	*26%*	*60%*	*-34 pp*
margin	*7%*	*17%*	*-10 pp*
CAPEX	**133**	**102**	**30%**

1. The contribution is to the gross EBITDA, before adjusting for corporate overheads

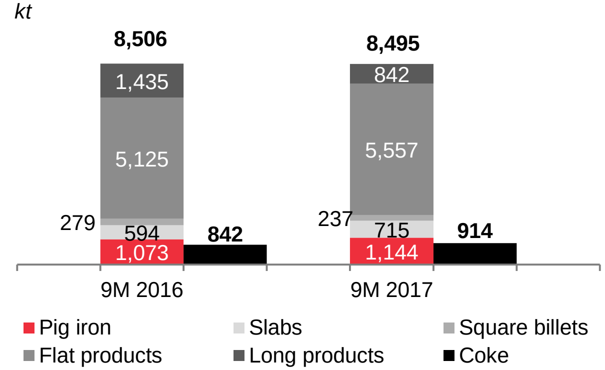
Sales by product

US$M



Sales by product

kt



Credit overview

METINVEST

Metinvest in brief

- ✓ Multinational group with operations in Ukraine, Italy, Bulgaria, the UK and the US
- ✓ Vertically integrated flexible business model – from iron ore and coal to finished steel products – provides stability and resilience of earnings
- ✓ Substantial resource base provides long-term security for steelmaking operations
- ✓ Diversified steel product mix with HVA products accounting for above 40% and an ability to increase it further
- ✓ Global distribution network with easy access to both mature and emerging markets and ability to trade through its Swiss trade arm
- ✓ Good credit story, overcoming debt restructuring in 2015-2016, which significantly improved short and medium-term liquidity
- ✓ Strong corporate governance and experienced management team
- ✓ Over 10 years of regular public reporting of audited consolidated financial statements prepared in accordance with International Financial Reporting Standards
- ✓ Improving health and safety and investing in mitigating environmental footprint

Global presence

Production assets

1. **Ukrainian operations**
   - Azovstal
   - Ilyich Steel
   - Zaporizhstal JV
   - Yenakiieve Steel*
   - Khartsyzk Pipe*
   - Avdiivka Coke
   - Zaporizhia Coke
   - Northern GOK
   - Central GOK
   - Ingulets GOK
   - Southern GOK JV
   - Krasnodon Coal*
2. **Ferriera Valsider (Italy)**
3. **Trametal (Italy)**
4. **Spartan (UK)**
5. **Promet Steel (Bulgaria)**
6. **United Coal (US)**

Sales assets

1. China
2. Turkmenistan
3. United Arab Emirates
4. Russia (13 offices)
5. Lebanon
6. Turkey
7. Ukraine (8 offices)
8. Belarus (2 offices)
9. Romania
10. Bulgaria (3 offices)
11. Spain
12. Poland
13. Italy (3 offices)
14. Tunisia
15. Germany
16. Switzerland
17. Belgium
18. United Kingdom
19. Dominican Republic
20. Canada
21. United States

Map legend

Regions with sales in 2016

Regions with no sales in 2016

(*) Seized in March 2017

Group structure

71.24%
SCM

23.76%
SMART

5.00%
Clarendale Limited[1]

Metinvest

Mining segment

- Top 10 iron ore producer in the world[2]
- Top 5 iron ore producer in the CIS[2]
- Long-life proven and probable iron ore reserves in Ukraine of 1,286 mt[3]
- More than fully self-sufficient in iron ore concentrate and pellets
- Captive long-life coal reserves of 122 mt[4] in the US
- Contribution to the Group's total EBITDA of 74%[5] in 9M 2017
- Sales outside Ukraine accounted for 65% of revenues in 9M 2017

Metallurgical segment

- Top 40 steel producer in the world[6]
- Top 10 steel producer in the CIS[6]
- Annual steelmaking capacity of 8.3 mt/y[7]
- Annual coke production capacity of 6.9 mt/y
- 41% share of HVA products in steel sales mix in 9M 2017
- Contribution to the Group's total EBITDA of 26%[5] in 9M 2017
- Sales outside Ukraine accounted for 76% of revenues in 9M 2017

1. As at 30 June 2017, a 5% interest in Metinvest B.V. in the form of Class C shares has been acquired from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after receipt of respective governmental approvals if such will be necessary), and in such a manner that the ultimate interest of SCM in the Company shall be 75% minus 1 share, and the ultimate interest of SMART in the Company shall be 25% plus 1 share, thus SCM remaining as the controlling shareholder.
2. Metinvest's estimate based on companies' public 2016 production data
3. According to JORC methodologies, as at 1 January 2010 and adjusted for production of 580MT of reserves between 1 January 2010 and 30 June 2017. Ore reserves refer to the economically mineable part of mineral resources.
4. As at 30 June 2017, excluding reserves of Krasnodon Coal which assets were seized in March 2017
5. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations
6. World Steel Association 2016 ranking based on tonnage
7. Metinvest's annual steel capacity, excluding capacity of Zaporizhstal and excluding 2.7 mt capacity of Yenakiieve Steel which assets were seized in March 2017

Credit rating

- Following the successful restructuring, Metinvest's credit rating was upgraded
  - **Fitch to 'B' ('stable' outlook)** – one notch higher than Ukraine's country ceiling
  - **Moody's to 'Caa1' ('positive' outlook)** – capped by Ukraine's country ceiling
- Applying Moody's indicated rating methodology for the steel industry implies a rating of Ba2[1]

Steel Industry Grid	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Business Profile (20%)							
a) Business Profile					**Ba**		
Factor 2: Size (20%)							
b) Revenue (US$ billion)					**US$7-7.3bn**		
Factor 3: Profitability (22.5%)							
a) EBIT Margin (3 year average)				**7%-9%**			
b) Return on Average Tangible Assets (3 year average)					**5%-7%**		
c) EBIT / Interest (3 year average)						**2x-2.5x**	
Factor 4: Financial Policies (10%)							
a) Financial Policies					**Ba**		
Factor 5: Leverage and Cash Flow Coverage (27.5%)							
a) Debt / EBITDA (3 year average)					**2.8x-3.2x**		
b) Debt / Total Capital (most recent)				**38%-42%**			
c) (CFO – Div) / Debt (3 year average)				**25%-30%**			
Rating:							
a) **Indicated Rating from Grid**					**Ba2**		
b) Actual Rating Assigned							**Caa1**

1. Moody's 12-18 Month Forward View as of August 2017. Source: Moody's Investors Service, Credit Opinion : Metinvest B.V., 5 September 2017

Operations in Ukraine

- In March 2017, three assets located in the non-government controlled territory – Yenakiieve Steel, Krasnodon Coal and Khartsyzk Pipe – were seized
- Metinvest made a provision to fully impair those seized assets of $516M, of which US$329M affected net income
- Since March 2017, all of Metinvest's assets are operating without disruption. Metinvest does not have any operations in the non-government controlled territory.

Key assets

Metinvest B.V.

- **Mining segment**
  - **Northern GOK** — *iron ore / Ukraine / 96.4%*
  - **Ingulets GOK** — *iron ore / Ukraine / 99.8%*
  - **Central GOK** — *iron ore / Ukraine / 99.8%*
  - **Southern GOK JV** — *iron ore / Ukraine / 45.9%*
  - **United Coal** — *coking coal / US / 100%*
  - **Krasnodon Coal** — *coking coal / Ukraine / 92.9%*
- **Metallurgical segment**
  - **Azovstal** — *integrated steel mill / Ukraine / 96.7%*
  - **Ilyich Steel** — *integrated steel mill / Ukraine / 99.3%*
  - **Zaporizhstal JV** — *integrated steel mill / Ukraine / 49.9%*
  - **Ferriera Valsider** — *re-roller / Italy / 70.0%*
  - **Trametal** — *re-roller / Italy / 100%*
  - **Spartan** — *re-roller / UK / 100%*
  - **Promet Steel** — *re-roller / Bulgaria / 100%*
  - **Avdiivka Coke** — *coke / Ukraine / 94.6%*
  - **Zaporizhia Coke** — *coke / Ukraine / 52.2%*
  - **Yenakiieve Steel** — *integrated steel mill / Ukraine / 92.2%*
  - **Khartsyzk Pipe** — *large-diameter pipes / Ukraine / 98.5%*
- **Sales**
  - **Metinvest International** — *Switzerland / 100%*
  - **Metinvest Eurasia** — *Russia / 100%*
  - **Metinvest-SMC** — *Ukraine / 100%*
  - **Metinvest Distributsiya** — *Belarus / 100%*

Legend

Asset name
Type / Country / Effective ownership share as of 30 June 2017

Group company

Seized in March 2017 (Krasnodon Coal, Yenakiieve Steel, Khartsyzk Pipe)

Source: Metinvest's unaudited interim condensed IFRS 1H 2017 financial statements

Supervisory Board

Igor Syry

Chairman, Class A Member
(2014–)

- COO at SCM (2013-2016)
- CEO at Metinvest Holding (2006-2013)
- Senior Manager at SCM (2002-2006)
- Senior Consultant at PwC (1999-2002)
- MBA from Cornell University (US)

Stewart Pettifor

Class A Member
(2014–)

- COO at Corus (2003-2005)
- Head of Flat Products at Corus (2001-2003)
- Deputy CEO at Avesta Polarit (2000-2001)
- CEO and President at Avesta (1997-2000)
- BSc in Metallurgy from Nottingham University (UK)

Oleg Popov

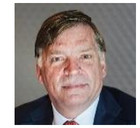
Class A Member
(2014–)

- CEO at SCM (2006–)
- Chairman of the Supervisory Board at DTEK (2009–)
- COO at SCM (2001-2006)
- Degree in Economics from Donetsk State University (Ukraine)

Damir Akhmetov

Class A Member
(2014–)

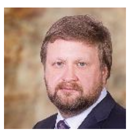
- Chairman at SCM Advisors (UK) Limited (2013–)
- Member of supervisory boards of several companies in DTEK Group (2011–)
- MSc in Finance from City University (UK)



Christiaan Norval

Class A Member
(2014–)

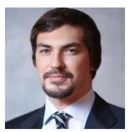
- CEO and Founder at Green Gas International (2004-2011)
- CEO at SUAL (2002-2004)
- Head of Corporate Finance at BHP Biliton (1997-2002)
- Bcom (Hons) from Rand Afrikaans University (South Africa)



Alexey Pertin

Deputy Chairman, Class B Member (2014–)

- CEO at Smart-Holding (2015–)
- Chairman of the Supervisory Board at Smart-Holding (2014-2015)
- CEO at Smart-Holding (2008-2014)
- Deputy CEO at Severstal (2004-2006)
- CEO at Izhora Pipe Plant, Severstal (2002-2004)
- MBA from Northumbria University (UK)



Mikhail Novinskii

Class B Member
(2017–)

- Adviser to CEO at Smart-Holding (October 2015–)
- Various positions at Smart-Holding, including Head of Project Management and Member of the Supervisory Board (2013-2015)
- Degree in Business Management from Saint Petersburg State University (Russia)
- MSc in Finance and Management from University of St Andrews (UK)

Gregory Mason

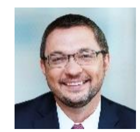
Class B Member
(2014–)

- Member of the Supervisory Board at Smart-Holding (2014-2015)
- CEO at Severstal International (2004–2009)
- MSc in Electrical Engineering from Naval University of St Petersburg (Russia)

Amir Aisautov

Class A Member
(2014–)

- Director of Metals and Mining business at SCM (2009-2015)
- Director of Strategy and Investments at Clever Management (2008-2009)
- Engagement Manager at McKinsey and Company (2003-2008)
- MBA from Georgetown University (US)



Yaroslav Simonov

Class A Member
(2014–)

- Deputy Director at Voropaev and Partners Law Firm (2008–)
- COO at Renaissance Capital Ukraine (2008)
- Head of Legal and Compliance at Renaissance Capital Ukraine (2005-2007)
- LLM in International Business Law from Central European University (Hungary)

Executive Committee

Yuriy Ryzhenkov
Chief Executive Officer
(2013–)
- Chief Operating Officer at DTEK (2010-2013)
- Chief Financial Officer at DTEK (2007-2010)
- Manager of Economic Analysis and Informatics at Mini Steel Mill ISTIL (2002-2007)
- MBA from London Business School (UK)

Alexander Pogozhev
Chief Operations Officer
(2016 –)
- Metallurgical Division Director (2011-2016)
- Director of Steel and Rolled Products division (2010-2011)
- COO at Severstal International (2008-2010)
- Executive positions at Severstal (1991-2008)
- MBA from Northumbria University (UK)

Olga Ovchinnikova
Logistics and Purchasing Director (2013–)
- Logistics Director of the Supply Chain Management Directorate (2012-2013)
- Logistics Manager at Severstal-Resource (2006-2011)
- Logistics and Supply Chain Management

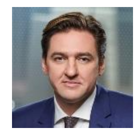
Dmytro Nikolayenko
Sales Director
(2011–)
- Sales Director of Steel and Rolled Products division (2010-2011)
- General Director at Metinvest-SMC (2007-2010)
- General Director at SM Leman (2003-2007)
- MBA from IMI (Kyiv)

Yuliya Dankova
Chief Financial Officer
(2016–)
- Director of Controlling Department of the Finance Directorate (2015-2016)
- Financial Control Director of Mining Division (2010-2015)
- Finance Director of Metinvest's iron ore mining and enrichment assets in Kryvyi Rih (2006-2010)
- MBA from LINK International Institute of Management (Russia)

Sergiy Detyuk
Chief Information Officer
(2016–)
- CIO at DTEK (2009-2016)
- Deputy Finance Director for IT at DTEK (2007-2009)
- Head of the Information Technology Department at Dniprospetsstal (2006-2007)
- MBA from London School of Business (UK)
- MBA from Kyiv-Mohyla Business School (Ukraine)

Svetlana Romanova
Chief Legal Officer
(2012–)
- Partner at Baker and McKenzie (2008-2012)
- Lawyer at Baker and McKenzie (2000-2008)
- Lawyer at Cargill (1998-2000)
- LLM from The University of Iowa College of Law (US)

Nataliya Strelkova
Human Resources and Social Policy Director (2010–)
- HR Director at MTS (2006-2010)
- HR Policy Director at MTS (2004-2006)
- Senior HR Specialist at Yukos (2001-2004)
- HR Director at the ESN Group (1997-2001)
- MBA from IMD (Lausanne)



Aleksey Komlyk
PR and Regional Development Director (2013–)
- Managing PR Director at AFK Sistema (2011-2013)
- Managing Partner at Mosso (2008-2011)
- Vice President of PR at Uralkali (2006-2008)
- Head of Media Relations Office at Uralkali (2003-2006)
- Master's in Philology

Corporate social responsibility

	Health and Safety	Environment	Community
Goals	▪ Meet the highest standards of health and safety and ensure the safety of employees in all aspects of their work ▪ Create a safety-driven culture throughout the Group and ensure that employees take responsibility for themselves and their colleagues	▪ Reduce environmental footprint ▪ Introduce more efficient energy-saving technology ▪ Meet European standards in this area ▪ Respond rapidly to any critical issues	▪ Work in partnership with the communities where Metinvest operates to achieve long-term improvements in social conditions ▪ Maintain close dialogue with local stakeholders
Initiatives	▪ Continue implementation of measures to reduce the risk of fatalities due to cardiovascular diseases ▪ Reinforce a gas safety programme to eliminate incidents of CO poisoning ▪ Introduce protective barrier standard to reduce injuries associated with working at heights, moving/rotating equipment and other hazardous production factors ▪ Continue a risk assessment programme covering all production processes and investment projects using HAZID[1], HAZOP[2] and ENVID[3]	▪ Continually examine and enhance environmental standards within the framework of the Technological Strategy ▪ Require all newly built and reconstructed assets to meet EU environmental standards ▪ Regularly review the environmental action plan to target efforts more effectively	▪ Implement social partnership programmes with local authorities ▪ Empower local communities ▪ Foster the development of green and ecological initiatives ▪ Enhance the sustainable development of regions
Results in 9M 2017	▪ Around US$65M was spent on health and safety ▪ Provided extensive HSE training for over 6,319 managers and supervisors ▪ Conducted 161,420 audits and identified 221,677 safety issues, which were addressed swiftly ▪ Conducted 345 HAZIDs and 6 HAZOPs at subsidiaries, and developed 10,212 recommendations to reduce risks to an acceptable level (since the project start)	▪ More than US$180M was spent on environmental safety (including both capital and operational improvements) ▪ Progress on key environmental projects ○ reconstruction of gas cleaning system of sinter plant at Ilyich Steel ○ major overhaul of gas-cleaning equipment of BOF no. 2 at Azovstal and reconstruction of BOF no. 3 at Ilyich Steel	▪ Invested around US$5M to support communities in cities where Metinvest operates ▪ Selected and implemented 40 community projects under the "We Improve the City" initiative ▪ Selected 50 projects of the "100 Yards" initiative, of which implemented 21 projects ▪ Held around 550 environmental events as part of "Green Centre" in Mariupol and Kryvyi Rih

1. HAZID study is a tool for hazard identification, used early in a project as soon as process flow diagrams, draft heat and mass balances, and plot layouts are available
2. HAZOP (hazard and operability study) is a structured and systematic examination of a planned or existing process or operation in order to identify and evaluate problems that may represent risks to personnel or equipment, or prevent efficient operation
3. Environmental (Hazard) Identification is conducted like HAZID, but with the aim of identifying environmental issues

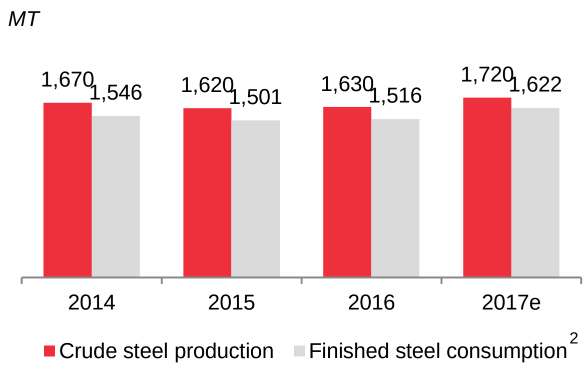
Industry overview

METINVEST

Global steel, iron ore and coking coal markets

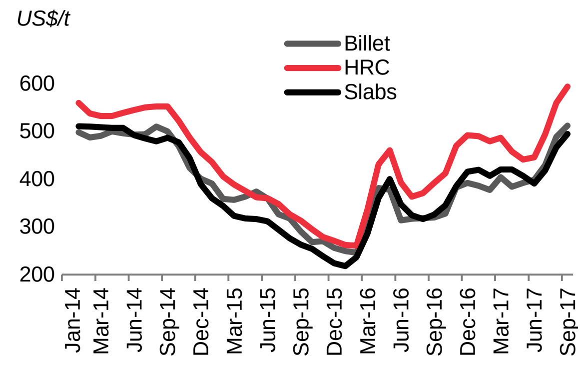
- In 2017, global steel consumption is expected to increase by 7.0%[1] y-o-y and global steel production by 5.6%[1] y-o-y
- In 9M 2017, global steel prices continued to grow, mainly driven by:
  - strong demand in all regions
  - China restructuring its steel industry with the aim of increasing efficiency by cutting excess capacity
  - China introducing monetary stimulus measures, leading to increased domestic infrastructure spending and robust steel demand
  - rising worldwide protectionism
  - higher prices of coking coal
- HRC FOB Black Sea trended in line with global steel benchmarks, increasing to an average of US$494/t in 9M 2017 (+36% y-o-y)
- 62% Fe iron ore averaged US$73/t in 9M 2017 (+35% y-o-y), driven by:
  - stronger global demand for higher grade products amid a drive to improve steel production efficiency and closure of induction furnaces in China which spurred greater utilisation of furnaces using iron ore products as key raw material,
  - increased prices for steel products, and
  - delayed new capacity launches
- Spot hard coking coal proved to be one of the most volatile commodities, driven mainly by the supply side. While the spot price averaged US$184/t in 9M 2017 (+82% y-o-y), it varied from US$141/t to US$305/t.

Global steel industry[1]



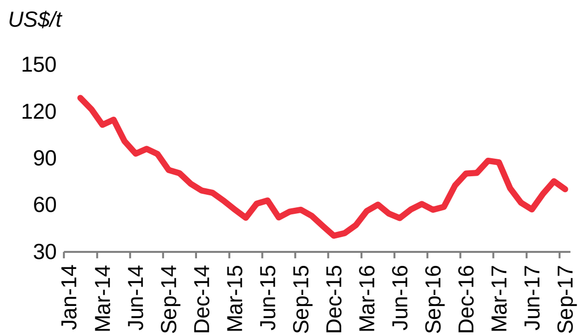
Source: World Steel Association, Metinvest estimates

Steel product prices[3]



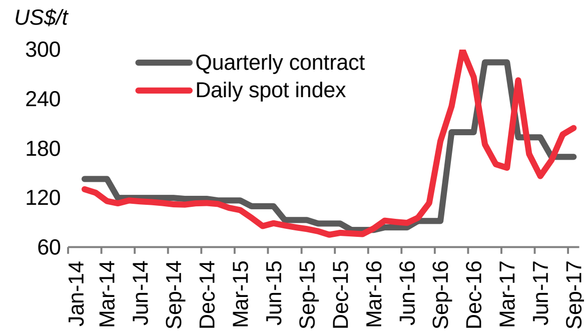
Source: Metal Expert

Iron ore price[4]



Source: Metal Bulletin

Hard coking coal price[5]



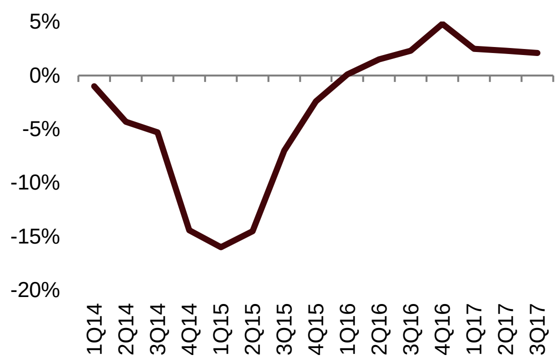
Source: Bloomberg

1. 2017 global steel production and consumptions forecast includes estimate of production at induction furnaces in China, which is not included in 2014-2016 figures
2. Apparent consumption of finished steel products
3. FOB Black Sea
4. 62% Fe iron ore fines CFR China
5. FOB Australia

Macro and steel industry in Ukraine

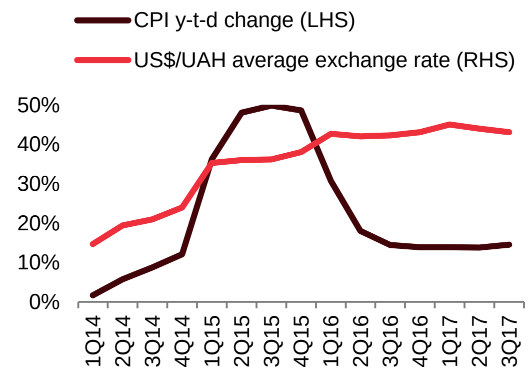
- In 2017, the upturn of the Ukrainian economy continued amid structural economic reforms, favourable export market environment and ongoing increase in consumer spending
- Real GDP growth was 2.5% y-o-y in 1Q 2017, 2.3% y-o-y in 2Q 2017 and 2.1% in 3Q 2017
- Monetary policy progress: inflation targeting is in place, capital and currency control is easing
- Local currency depreciated y-o-y against the US dollar to an average of 26.47 in 9M 2017, although it strengthened q-o-q to 26.45 in 2Q 2017 and further to 25.90 in 3Q 2017
- CPI was 14.6% in 9M 2017
- Ukraine returned to international debt markets, having issued a US$3B 15-year Eurobond at 7.375% pa in September 2017, the largest Ukrainian Sovereign issuance ever
- Significant advance in ease of doing business ranking prepared by the World Bank: from 137 in 2013 to 76 in 2017
- In 9M 2017, apparent steel consumption in Ukraine continued to grow (+8.2% y-o-y), supported by renewed real demand in key steel-consuming industries:
  - construction activity +23.8% y-o-y
  - machine-building industry +7.1% y-o-y
- In 9M 2017, steel production in Ukraine fell by 9.4% y-o-y, after steelmaking assets located in the non-government controlled territory were seized in 1Q 2017, while some production was temporarily shutdown amid supply chain disruptions and liquidity constraints

Real GDP growth in Ukraine (y-o-y]



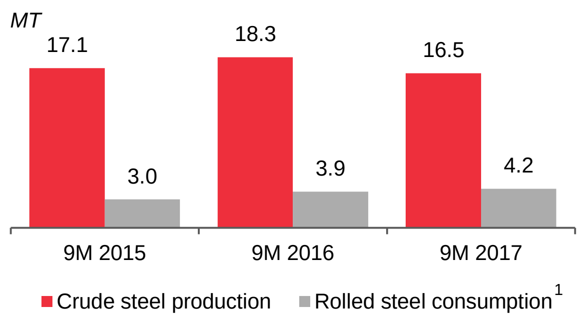
Source: State Statistics Service of Ukraine

US$/UAH exchange rate vs CPI



Source: National Bank of Ukraine, State Statistics Service of Ukraine

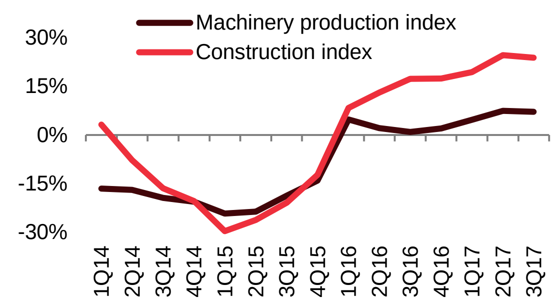
Steel industry in Ukraine



Source: Metal Expert

1. Consumption in Ukraine includes flat, long and certain semi-finished products but excludes pipes

Key steel-consuming sectors in Ukraine[2]



Source: State Statistics Service of Ukraine, Metal Expert

2. All indexes represent the cumulative index from the beginning of the respective year, y-o-y change

Appendix

METINVEST

Bonds and PXF: key terms

		Bonds	PXF
Original amount		US$1,197M	US$1,109M
Outstanding principal as of 18 November 2017		US$1,187M	US$1,084M
Final maturity		31 December 2021	30 June 2021
Amortisation		• Via cash sweep • The remaining balance at final maturity	• Via cash sweep • Fixed quarterly amortisation starting 1 January 2019 • The remaining balance at final maturity
Interest service	Before 1 January 2019	• 2.793% pa in cash • 6.5795% pa via cash sweep, if not paid – capitalised • 1.5025% pa "catch-up interest" via cash sweep, if not paid – not capitalised	LIBOR (floor at 1.00%) + 4.16% pa • 30% of interest payable in cash • 70% of interest payable via cash sweep, if not paid – capitalised
	After 1 January 2019	• 10.875% pa in cash	LIBOR (floor at 1.00%) + 4.16% pa • 100% of interest payable in cash
Common cash sweep		• Quarterly based on daily cash balance test – average >US$180M Level 1 – 6.5795% pa for bonds (PIYC interest) / Remaining 70% of interest accrued for PXF facility Level 2 – Repayment of previously capitalised interest (PIK interest) Level 3 – Catch-up interest for bonds / catch-up principal repayment for PXF facility Level 4 – Redemption of outstanding bonds / prepayment of PXF facility	
Ranking		• Pari passu with PXF facility, senior to shareholder debt	• Pari passu with bonds, senior to shareholder debt
Security / suretyships		Maintain existing suretyships (suretyships granted by Avdiivka Coke, Azovstal, Central GOK, Ilyich Steel, Ingulets GOK, Khartsyzk Pipe, Metalen, Northern GOK and Yenakiieve I&SW)	• Maintain existing security / suretyships • Plus enhanced PXF security structure by way of an assignment of rights by Metinvest International under offtake contracts
Common security		• Guarantee granted by a newly incorporated Intermediate Holdco, which owns 99.8% in Ingulets GOK, 99.3% in Ilyich Steel and 50%+1 share in Central GOK • Share pledge over 100% of shares in the Intermediate Holdco[1] • Share pledge over 50%+1 share in each of Ingulets GOK, Ilyich Steel and Central GOK[1] • Bank accounts pledge granted by Metinvest B.V. and the Intermediate Holdco • Security assignment over certain intercompany receivables owed by the Intermediate Holdco and Ingulets GOK • Pledges of equipment granted by Ingulets GOK, Ilyich Steel and Central GOK[2]	

1. Share pledges may be released subject to certain conditions
2. Central GOK equipment pledge secures labilities firstly to bondholders, secondly to PXF lenders

Thank you!

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