2016 Results

30 May 2017

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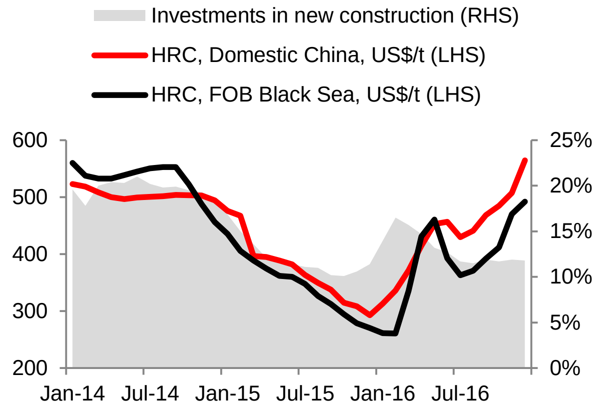
Industry overview

METINVEST

Global steel, iron ore and coal markets

- Global steel production increased by 0.8% y-o-y in 2016, while global steel consumption rose by 0.9% y-o-y
- Global steel prices hit multi-year lows in 1Q 2016, although recovered later during the year, mainly driven by:
  - monetary stimulus measures introduced by China, which resulted in increased domestic infrastructure spending
  - limited exports of Chinese steel products following anti-dumping duties imposed against them worldwide
  - restructuring of the Chinese steel industry aimed at increasing its efficiency by cutting excess capacity
  - higher prices of raw materials, namely coking coal and iron ore
- HRC FOB Black Sea generally followed the global steel price trend and increased by 12% y-o-y to an average of US$387/t in 2016
- Iron ore prices recovered from US$40/t in December 2015 to US$80/t in December 2016, driven by stronger global demand, higher prices of coking coal and steel products, and delays in the launch of new capacity
- Hard coking coal spot price jumped from US$77/t in December 2015 to US$267/t in December 2016, mainly due to supply restrictions implemented by the Chinese government and increased demand from steel producers

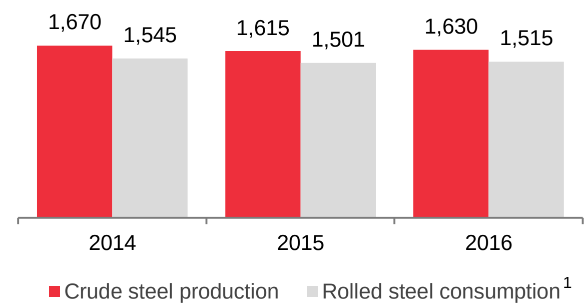
China construction investments vs HRC price



Source: Metal Expert, Bloomberg

Global steel industry

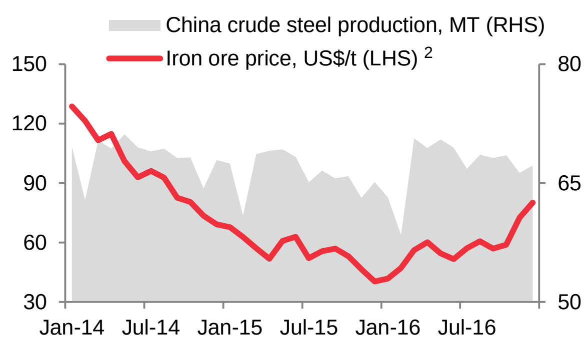
million tonnes



Source: World Steel Association, Metinvest estimates

1. Apparent consumption of finished steel products

Iron ore price vs steel production in China

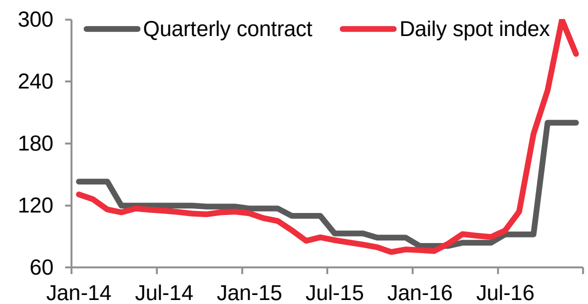


Source: Metal Bulletin, Bloomberg

2. 62% Fe iron ore fines CFR China

Hard coking coal price[3]

US$/t



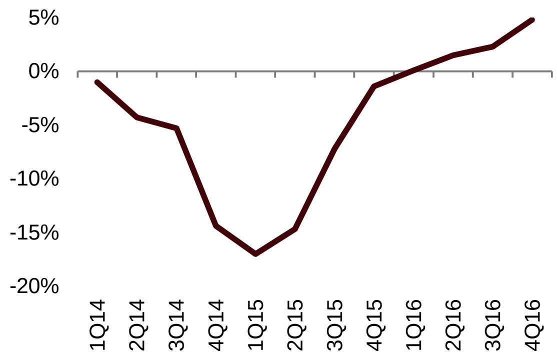
Source: Bloomberg

3. FOB Australia

Macro and steel industry in Ukraine

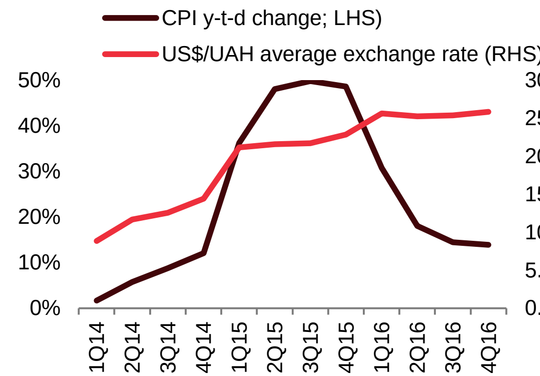
- In 2016, the Ukrainian economy started to recover for the first time since 2012
- Real GDP growth was 2.3% y-o-y in 2016
- Quarterly GDP figures indicate that economic growth accelerated from 0.1% y-o-y in 1Q 2016 to 4.8% y-o-y in 4Q 2016
- The hryvnia continued to depreciate against all key currencies. The US$/UAH exchange rate averaged 25.55 in 2016, compared with 21.84 in 2015.
- CPI slowed to 13.9% in 2016 from 48.7% in 2015
- In 2016, steel production in Ukraine increased by 5.4% y-o-y
- Apparent steel consumption in Ukraine recovered by 24.7% y-o-y in 2016, driven by:
  - inventory replenishment amid expectations of further growth of steel prices
  - real demand recovery in key steel-consuming industries
    - construction activity rose by 17.4% y-o-y
    - hardware production increased by 6.5% y-o-y
    - the machine-building industry expanded by 2.0% y-o-y

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



Source: State Statistics Service of Ukraine

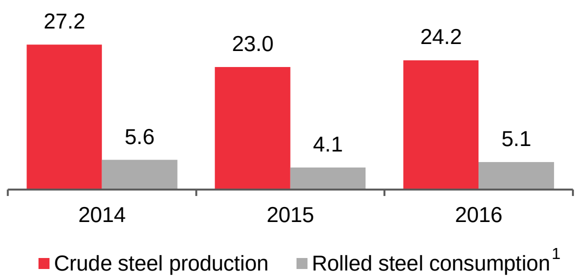
US$/UAH exchange rate vs CPI



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

Steel industry in Ukraine

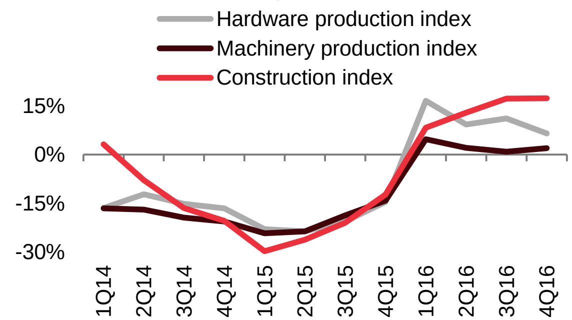
million tonnes



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

2016 highlights

METINVEST

2016 summary

US$ million	2016	2015	Change
Revenues	**6,223**	**6,832**	**-9%**
Adjusted EBITDA[1]	**1,153**	**525**	**>100%**
margin	19%	8%	11 pp
Adjusted EBITDA[1] before impairment of trade and other receivables[2]	**1,380**	**817**	**69%**
Net cash from operating activities	**490**	**637**	**-23%**
CAPEX	**374**	**285**	**31%**

US$ million	31 Dec 2016	31 Dec 2015	Change
Total debt[3]	**2,969**	**2,946**	**1%**
Cash and cash equivalents[4]	**226**	**180**	**26%**
Net debt[5]	**2,743**	**2,766**	**-1%**
Net debt / EBITDA[6]	**2.4x**	**5.3x**	**-2.9x**

Production (thousand tonnes)	2016	2015	Change
Crude steel	**8,393**	**7,669**	**9%**
Iron ore concentrate	**29,640**	**32,208**	**-8%**
Coking coal concentrate	**3,051**	**3,285**	**-7%**

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 (starting from 1 January 2015), 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. In 2016, the Group changed the presentation of expenses related to the debt restructuring. Such expenses, totalling US$9M in 2016, were reclassified from general and administrative expenses to finance costs to better reflect the nature of such expenditures. This resulted in a change in comparative information for 2015 amounting to US$12M.
2. Following further delays in payments from some key customers beyond the originally expected dates and certain operational and financial issues for them, the Group recognised full impairment of trade receivables from some of its key customers totalling US$220M in 2016 (2015: partial impairment of US$254M). The overall impairment of trade and other receivables was US$227M in 2016 and US$292M in 2015.
3. Total debt is calculated as the sum of bank loans, bonds, trade finance, seller notes and subordinated shareholder loans.
4. Cash and cash equivalents do not include blocked cash for cash collateral under issued letters of credit and irrevocable banks guarantees and include cash blocked for foreign-currency purchases.
5. Net debt is calculated as the sum of short-term and long-term loans and borrowings and seller notes less cash and cash equivalents.
6. EBITDA for the last 12 months

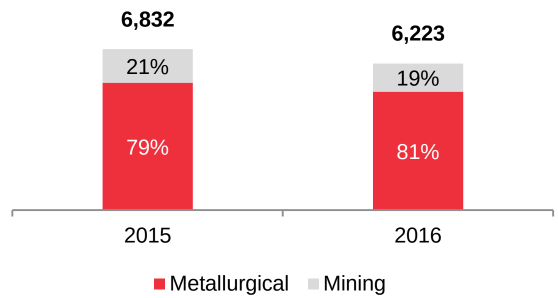
2016 highlights

- Total revenues decreased by 9% y-o-y to US$6,223M
  - Metallurgical revenues fell by 7% y-o-y to US$5,027M
  - Mining revenues dropped by 16% y-o-y to US$1,196M
- Total EBITDA increased by US$628M y-o-y to US$1,153M
  - Metallurgical EBITDA rose US$251M y-o-y to US$737M
  - Mining EBITDA increased by US$460M y-o-y to US$548M
- Total EBITDA excluding impairment of trade and other receivables was US$1,380M in 2016 (US$817M in 2015)
- EBITDA margin increased by 11 pp y-o-y to 19%
- The segments' shares in EBITDA[1] changed in 2016: 57% in Metallurgical (85% in 2015) and 43% in Mining (15% in 2015)
- Net cash from operating activities dropped by 23% y-o-y to US$490M, mainly due to a negative change in working capital
- Total CAPEX increased by 31% y-o-y to US$374M

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

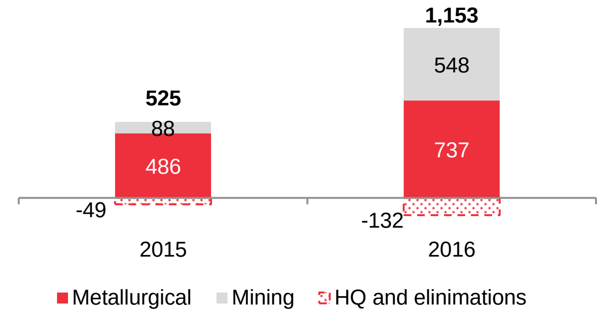
Revenues

US$ million



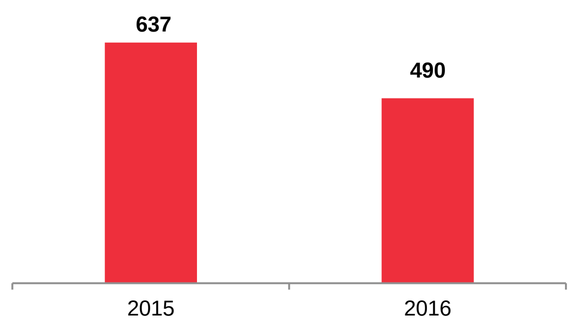
EBITDA

US$ million



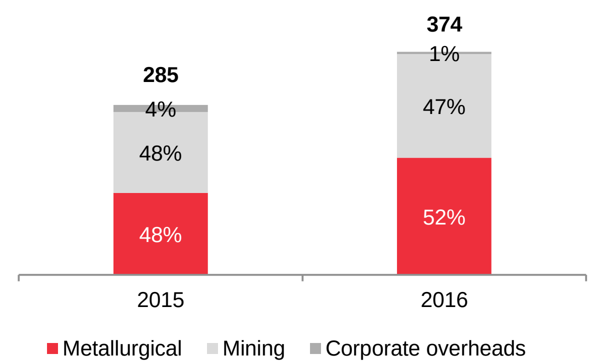
Net cash from operating activities

US$ million



CAPEX

US$ million

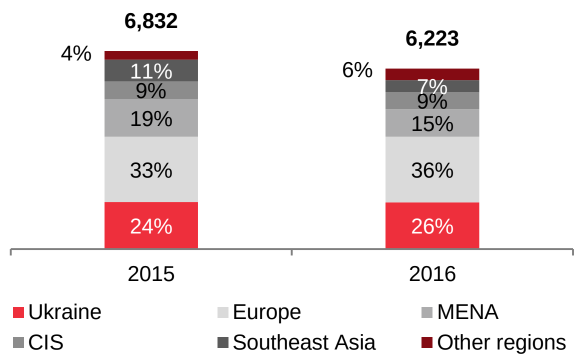


Global sales portfolio

- Total sales declined by 9% y-o-y (US$609M), mainly driven by:
    - lower selling prices of steel and iron ore products, which hit multi-year lows in 1Q 2016, although partly recovered in 2H 2016
    - lower iron ore sales volumes due to (i) lower overall production following underinvestment in CAPEX during liquidity constraints between 2014 and 1H 2016, and (ii) higher intragroup consumption amid greater crude steel output (+9% y-o-y)
- Share of international sales decreased by 2 pp y-o-y to 74% in 2016
- Stronger sales on key markets:
    - shares of Ukraine and Europe increased by 2 pp and 3 pp y-o-y to 26% and 36% respectively, amid greater demand for flat, long and iron ore products and market premiums on iron ore products
- Proportion of sales in hard currencies (US$, EUR, GBP) amounted to 77% (-5 pp) in 2016

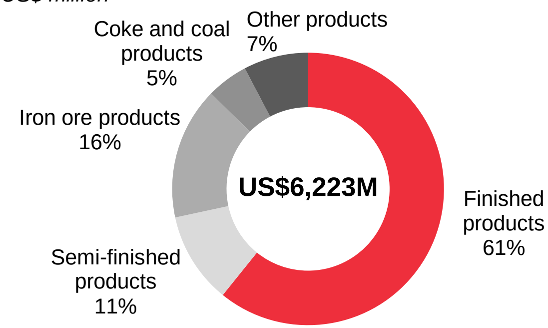
Total sales by region

US$ million



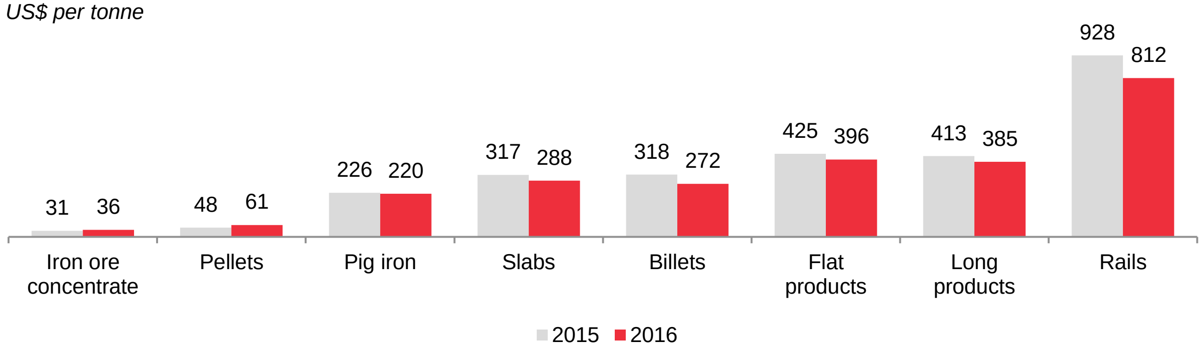
Total sales by product in 2016

US$ million



Price dynamics, FCA basis

US$ per tonne

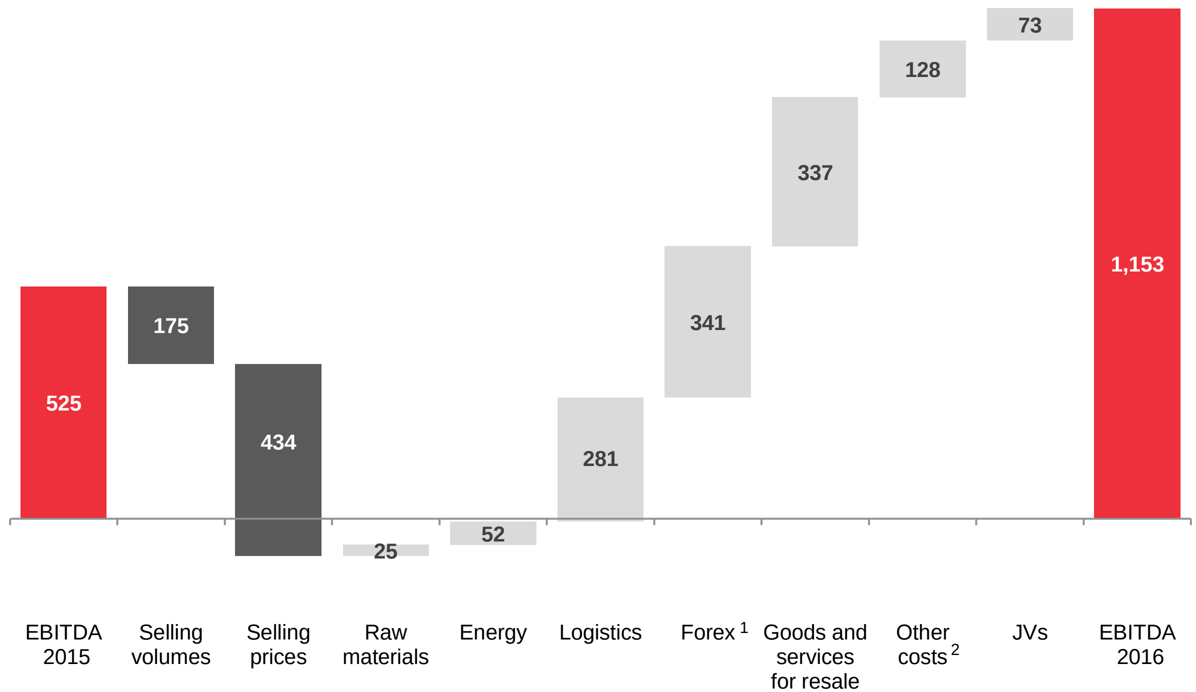


EBITDA

- Total EBITDA soared by US$628M y-o-y to US$1,153M
- Positive EBITDA drivers were:
  - hryvnia devaluation (US$341M)
  - decreased cost of goods and services for resale (US$337M), mainly goods from Zaporizhstal
  - lower freight costs and other transportation expenses (US$281M), primarily due to lower sea shipment volumes to Southeast Asia, lower freight tariffs and lower expenses on loading, unloading and storage in port
  - lower consumption of natural gas and fuel, as well as lower gas prices (US$52M)
  - lower purchases of ferroalloys and lower market prices of coal, coke, scrap and iron ore (US$25M)
  - lower other costs (US$128M), amid a fall in fixed costs and lower impairment of trade and other accounts receivable
  - higher contribution of JVs (US$73M), namely from Southern GOK (US$61M) and Zaporizhstal (US$12M)
- Negative EBITDA drivers were:
  - lower average selling prices (US$434M)
  - lower iron ore sales volumes (US$175M)

EBITDA drivers

US$ million



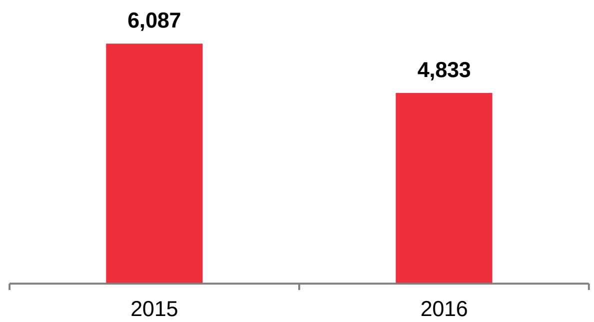
1. Forex includes forex on cost of sales, distribution costs, general and administrative expenses and other operating expenses.
2. Other costs include fixed costs, change in WIP and FG, impairment of trade and other accounts receivable and other costs.

Operating expenses

- Cost of sales dropped by 21% y-o-y to US$4,833M, mainly due to:
  - hryvnia depreciation (US$366M)
  - lower cost of goods and services for resale (US$337M), mainly goods from Zaporizhstal
  - decrease in impairment of PPE and intangible assets (US$328M)
  - reversal of a provision for inventory impairment created at the end of 2015 as a result of sale price growth (US$45M)
  - lower purchases of ferroalloys and lower average market prices of coal, coke, scrap and iron ore (US$25M)
  - lower consumption of natural gas and fuel, as well as decreased gas prices (US$52M)
- Distribution costs declined by 28% y-o-y to US$660M, driven by:
  - lower sea freight costs, mainly due to reduced shipment volumes to Southeast Asia and lower sea freight tariffs given decreased crude oil prices
  - lower other transportation costs
- General and administrative expenses decreased by 8% y-o-y to US$183M, mainly due to the hryvnia devaluation

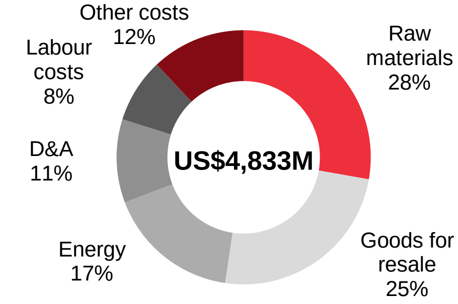
Cost of sales

US$ million



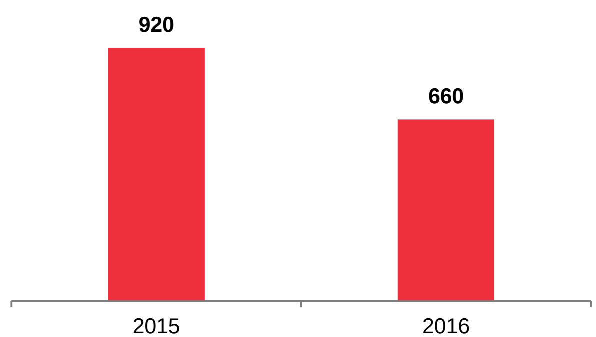
Cost of sales by nature in 2016

US$ million



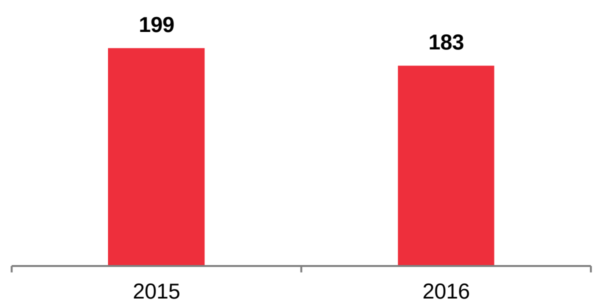
Distribution costs

US$ million



General and administrative expenses

US$ million

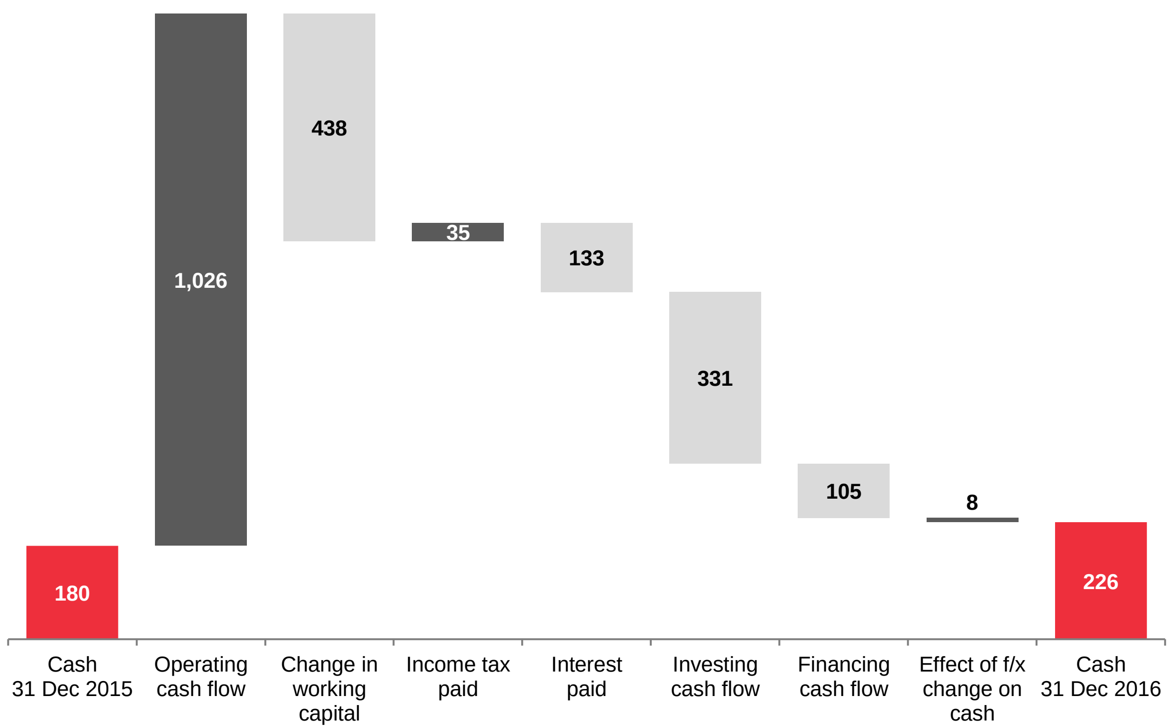


Cash flow

- The cash balance stood at US$226M as of 31 December 2016, up 26% y-t-d
- Net cash from operating activities dropped by 23% y-o-y to US$490M, mainly due to a negative change in working capital amid:
    - higher trade receivables following selling price growth y-t-d and greater cash-covered letters of credit for coal purchases
    - higher inventories amid greater stocks of steel products and higher production costs y-t-d due to raw material price growth
- Income tax paid was positive, as previously prepaid tax was reimbursed to some Ukrainian subsidiaries[1]
- Interest paid decreased by 34% y-o-y, as
    - in 1H 2016, 30% of accrued interest was paid and the remaining 70% capitalised in line with restructuring undertakings
    - In 2H 2016, liquidity improved, which allowed Metinvest to repay US$40M of capitalised interest via cash sweep
- Financing cash outflow of US$105M, mainly due to repayment of trade finance lines

Cash flow in 2016

US$ million



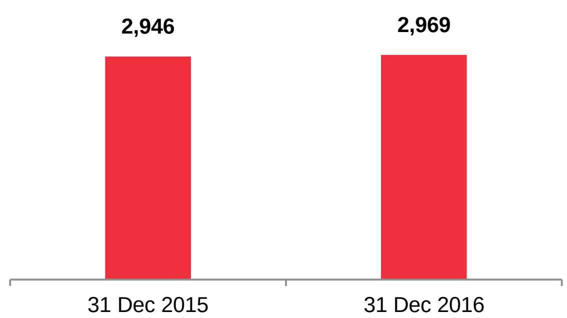
1. Since January 2016, tax prepayment requirements were lifted and tax is paid quarterly based on actual financial performance of an entity

Debt profile

- As of 31 December 2016, total debt was US$2,969M
- Metinvest launched debt restructuring discussions with creditors in early 2015 due to tight liquidity situation caused by such factors as:
  - the conflict in Eastern Ukraine, which affected production volumes and the Group's ability to refinance debt, caused by extensive withdrawals of trade finance lines
  - multi-year low prices of key products
- US$2.8B (94% of debt portfolio) was restructured
  - On 4 January 2017, the maturity of seller notes was extended to 31 December 2021
  - On 22 March 2017, bonds and PXF facilities were restructured and all defaults resolved: new US$1.2B bond due 2021 was issued; four PXF facilities were amended, restated and combined into one US$1.1B due 2021
  - Shareholder loans were subordinated, maturity extended to 2022
- Following the successful restructuring, Metinvest's credit rating was upgraded by:
  - Moody's to 'Caa2' ('stable' outlook), capped by Ukraine's country ceiling
  - Fitch to 'B' ('stable' outlook), one notch higher than Ukraine's country ceiling

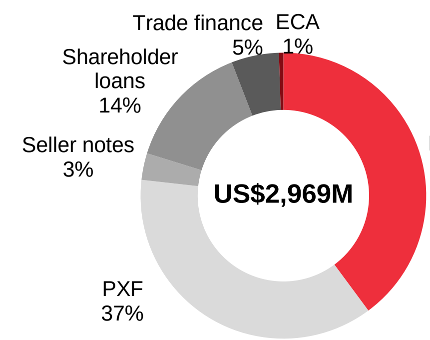
Total debt

US$ million



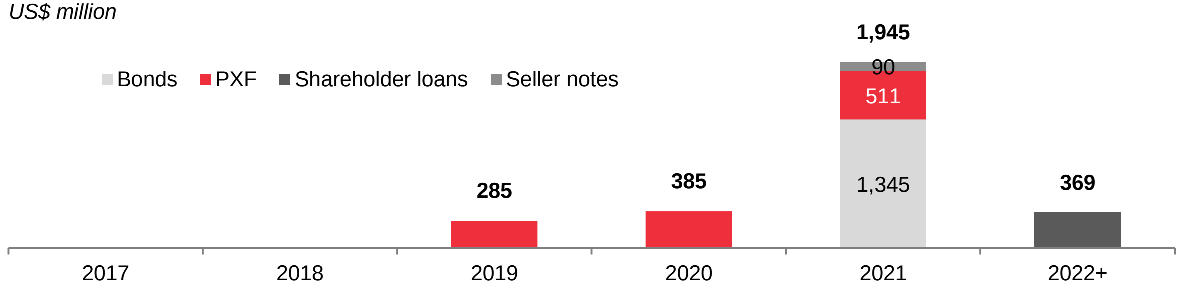
Total debt by instrument: 31 Dec 2016

US$ million



Corporate debt maturity profile (assuming conservative case)*

US$ million



(*) Assumptions:
1) Bonds: no cash sweep, all unpaid amounts to be capitalised, bullet repayment on 31 December 2021
2) PXF: no cash sweep, all unpaid amounts to be capitalised, quarterly fixed repayments and normalisation repayments (LIBOR is floored at 1.00% pa) starting 2019, the remaining balance payable on 30 June 2021
3) Seller notes: no principal repayment via cash sweep and coal sales cash sweep, bullet repayment on 31 December 2021
4) Subordinated shareholder loans: payable only after bonds and PXF facility are repaid
5) ECA facility and trade finance are not included as they are not part of the restructuring

Key terms for bonds and PXF

		Bonds	PXF
Reprofiling		3 series of bonds exchanged into a new single series of bonds	4 syndicated PXF facilities consolidated into a single facility
Amount		US$1,197 million	US$1,109 million
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 Jan 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 Jan 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[3] • 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	

1. Share pledges may be released subject to certain conditions

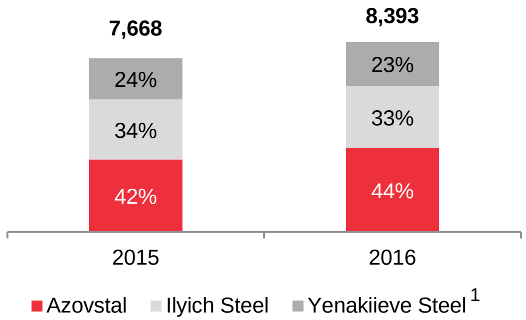
Operational review

Metallurgical segment operations

- In 2016, crude steel output increased by 9% y-o-y to 8,393KT, driven by:
  - a recovery in global steel prices
  - increased output at Azovstal (+16% y-o-y) and Ilyich Steel (+3% y-o-y) after major blast furnace overhauls and stabilised raw material supplies
  - 7% y-o-y rebound in production at Yenakiieve Steel[1], which was shut down from 7 February to 16 March 2015
- Share of finished products increased by 5 pp y-o-y to 74% in 2016, as production was adjusted in favour of higher-margin finished products:
  - 9% y-o-y increase in flat product output, namely plates at the Mariupol steelmakers, plates and coils at the European re-rollers
  - 30% y-o-y rise in long product output amid resumed operations at Yenakiieve Steel, greater output at at Azovstal and Promet Steel, as deliveries of billets for re-rolling in Bulgaria stabilised
  - rail supplies to Ukraine and Uzbekistan
- Coke[2] output rose by 6% y-o-y, driven by:
  - a rise in production of 410KT at Avdiivka Coke, where operations were comparatively stable during 2016
  - an increase in output of 50KT at Zaporizhia Coke, as coking chambers of coke oven no. 2 were commissioned
- Metinvest covered 96%[3] of its coke needs with own production in 2016

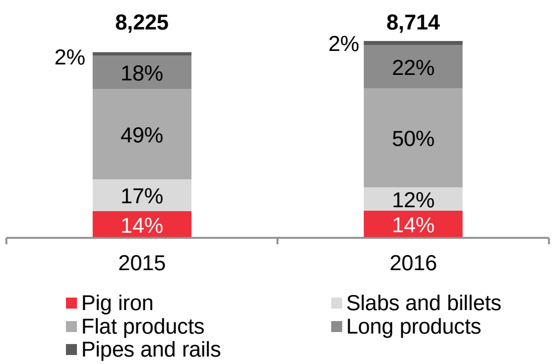
Crude steel production

thousand tonnes



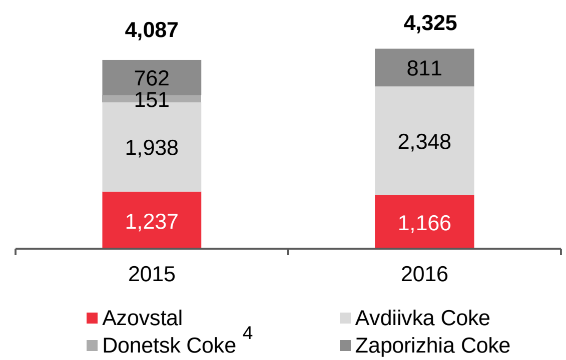
Output of merchant steel products

thousand tonnes



Coke production

thousand tonnes



1. Seized in March 2017
2. Dry blast furnace coke output
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 includes coke consumption by Yenakiieve Steel, which was seized in March 2017. Without Yenakiieve Steel, coke self-sufficiency in 2016 would have been 121%
4. Stopped for cold mothballing in 4Q 2015; seized in March 2017

METINVEST

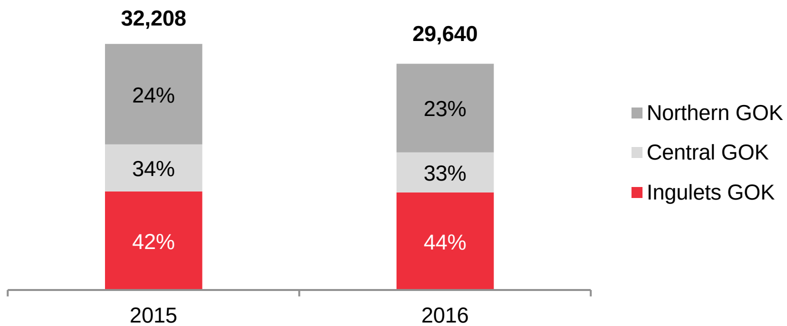
Mining segment operations

- Overall production of iron ore concentrate dropped by 8% y-o-y to 29,640KT due to the need to restore the rate and pace of overburden removal, which fell amid the liquidity constraints in 2014 and 1H 2016. This resulted in a:
  - drop in production of 1,518KT at Northern GOK
  - fall in output of 930KT at Central GOK
  - decrease in production of 120KT at Ingulets GOK
- Volume of merchant iron ore concentrate fell by 2,768KT y-o-y to 10,946KT, due to lower overall concentrate output and the redirection for pellet production for intragroup consumption
- Volume of merchant pellets decreased by 521KT y-o-y to 6,147KT due to increased intragroup consumption
- Iron ore self-sufficiency was 276%[1] in 2016

- Coking coal concentrate production dropped by 7% y-o-y to 3,051KT due to:
  - a fall in production of 638KT at United Coal given the unfavourable market environment in 1H 2016 and difficult geological conditions
  - an increase in output of 404KT at Krasnodon Coal[2] due to intermittent opportunities to ship coal
- United Coal accounted for 75% and Krasnodon Coal for 25% of coal production in 2016 (2015: 89% and 11% respectively)
- Some 39%[3] of Metinvest's coking coal needs were covered by own production in 2016

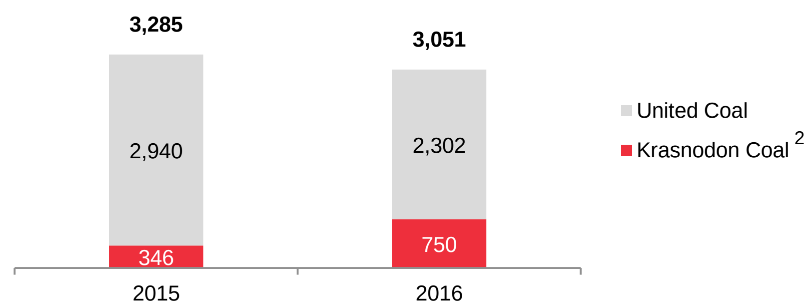
Iron ore concentrate production

thousand tonnes



Coking coal production

thousand tonnes



1. 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 includes iron ore consumption by Yenakiieve Steel, which was seized in March 2017. Without Yenakiieve Steel, iron ore self-sufficiency in 2016 would have been 349%
2. Seized in March 2017
3. 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 includes coal production by Krasnodon Coal and coke consumption by Yenakiieve Steel, both of which were seized in March 2017. Without Krasnodon Coal and Yenakiieve Steel, coal self-sufficiency in 2016 would have been 37%

METINVEST

Metallurgical segment financials

- Metallurgical revenues fell by US$380M y-o-y, impacted mainly by:
  - lower selling prices of steel products, which followed benchmarks on key markets and reached the bottom in 1Q 2016
- Sales by region changed y-o-y:
  - higher share of Ukraine (+1 pp) and Europe (+1 pp), due to greater demand on flat and long products;
  - higher share of North America (+2 pp), amid greater sales volumes of pig iron and finished steel products
  - lower share of MENA (-4 pp), amid lower sales volumes of semi-finished products
- Top five steel customers accounted for 11% of segmental revenues

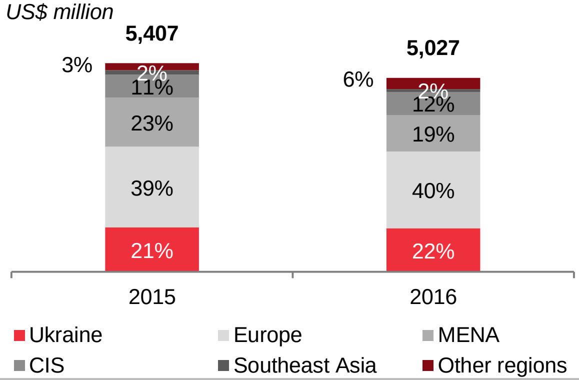
Segment financials

US$ million	2016	2015	Change
Sales (total)	**5,104**	**5,516**	**-7%**
Sales (external)	**5,027**	**5,407**	**-7%**
% of Group total	*81%*	*79%*	*+2 pp*
EBITDA	**737**	**486**	**52%**
% of Group total[1]	*57%*	*85%*	*-28 pp*
margin	*14%*	*9%*	*+5 pp*
EBITDA excl. impairment of trade and other receivables	**807**	**531**	**52%**
CAPEX	**196**	**137**	**43%**

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

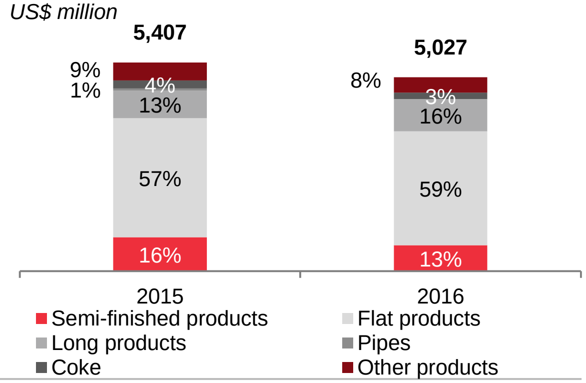
Sales by region

US$ million



Sales by product

US$ million



Mining segment financials

- Mining revenues fell by US$229M y-o-y in 2016, driven mainly by:
  - lower selling prices of iron ore products in line with global benchmarks
  - lower sales volumes amid a fall in overall output of iron ore products and coking coal
- Sales by region changed y-o-y:
  - higher shares of Ukraine (+7 pp) and Europe (+11 pp) amid greater demand on iron ore products and market premiums, which reduced remaining available volumes and resulted in a lower share of Southeast Asia (-17 pp)
  - lower share of MENA (-3 pp) amid lower sales volumes of pellets
- Top five iron ore customers accounted for 53% of segmental sales

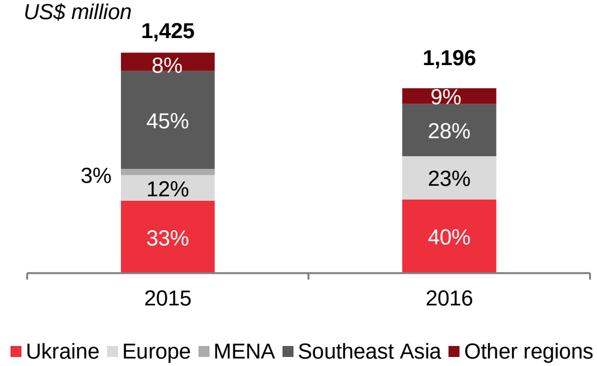
Segment financials

US$ million	2016	2015	Change
Sales (total)	**2,266**	**2,861**	**-21%**
Sales (external)	**1,196**	**1,425**	**-16%**
% of Group total	*19%*	*21%*	*-2 pp*
EBITDA	**548**	**88**	**523%**
% of Group total[1]	*43%*	*15%*	*+28 pp*
margin	*24%*	*3%*	*+21 pp*
EBITDA excl. impairment of trade and other receivables	**705**	**335**	**111%**
CAPEX	**174**	**136**	**28%**

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

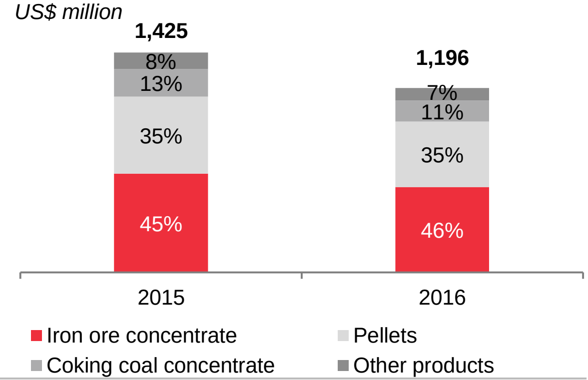
Sales by region

US$ million



Sales by product

US$ million



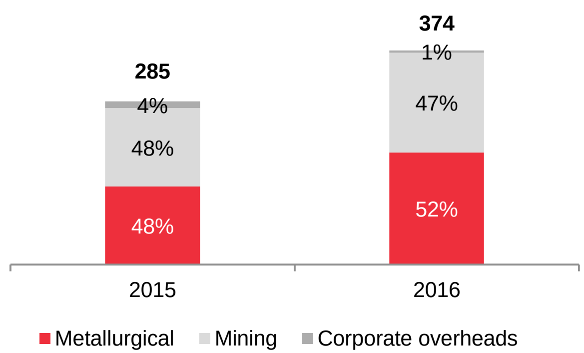
Capital expenditure

Capital expenditure

- Since 2014, there has been significant underinvestment in CAPEX due to poor liquidity, market uncertainty, the ongoing conflict in Eastern Ukraine and debt restructuring negotiations
- Several projects were delayed, postponed or frozen
- Focus remained on vital maintenance projects and top-priority expansion projects offering a fast payback
- In 2016, CAPEX increased by 31% y-o-y to US$374M
  - Metallurgical segment increased CAPEX by 43% y-o-y to US$196M
  - Mining segment reduced CAPEX by 28% y-o-y to US$174M
- Expenditure on maintenance projects amounted to 75% of total investments (73% in 2015) and on expansion projects to 25% (27% in 2015)
- Metallurgical and Mining segments accounted for 52% and 47% of CAPEX respectively (2015: 48% and 48% respectively)
- 2017 CAPEX in capped at US$636M by restructuring undertakings

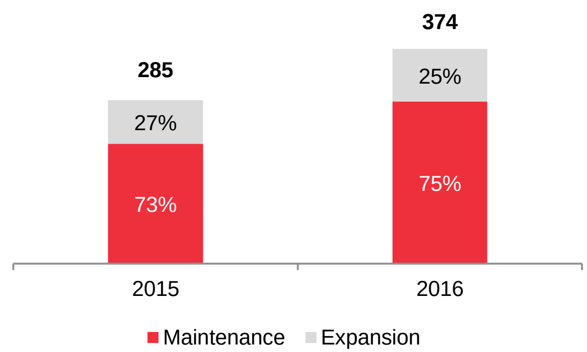
CAPEX by segment

US$ million



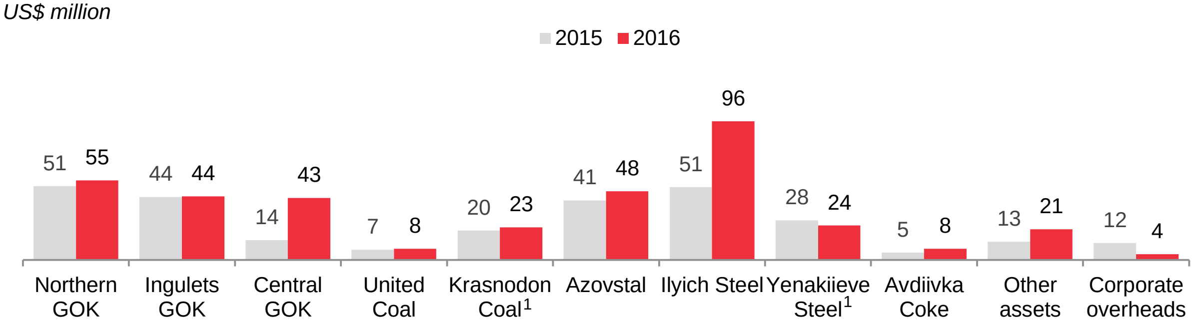
CAPEX by purpose

US$ million



CAPEX by key asset

US$ million



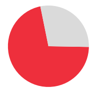
1. Seized in March 2017

Strategic CAPEX projects in 2016

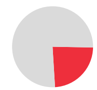
No	Project	Asset	Description	Status
1	Construction of pulverised coal injection (PCI) facilities	Azovstal	Eliminate the need for natural gas in the production process and use coke more efficiently	PCI injection into BF no. 4 started in November 2016. Construction work at BF no. 2 started in December 2016.
2	Replacement of turbine air blower no. 3	Azovstal	Increase blowing parameters, which will raise blast furnace productivity and decrease coke consumption	Project completed in April 2016
3	Major overhaul of blast furnace (BF) no. 4	Ilyich Steel	Maintain volume of hot metal production	Construction started in early 2016 and completed in May 2016
4	Reconstruction of dust-trapping facilities at basic oxygen furnace no. 2	Ilyich Steel	Comply with environmental requirements	Project completed. Design parameters reached in December 2016, ahead of schedule.
5	Construction of continuous casting machine no. 4	Ilyich Steel	Increase slab casting capacity, improve product quality and reduce costs	Construction work started in September 2016
6	Sinter plant reconstruction	Ilyich Steel	Comply with environmental requirements	Reconstruction is ongoing
7	Construction of crusher and conveyor system (CCS) at the 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
8	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	Work to replace the remaining filters is ongoing
9	Construction of CCS	Ingulets GOK	Reduce operational and capital expenditures in iron ore mining and maintain production volumes	Construction is ongoing on the Vostochny conveyor line only. Construction of the Zapadny conveyor line has been frozen since 1Q 2015.

Appendices

Metinvest in brief



71.24 %
System Capital Management



23.76 %
Smart Group

5.00 %
Clarendale Limited[1]

Metinvest

- Multinational group with operations in Ukraine, Italy, Bulgaria, the UK and the US
- Vertically integrated business model: from iron ore and coal to finished steel products
- Substantial resource base provides long-term security for steelmaking operations
- Global distribution network with easy access to both mature and emerging markets
- Improving health and safety and investing in mitigating our environmental footprint

Mining segment

- Top 9 iron ore producer in the world[2]
- Top 2 iron ore producer in the CIS[2]
- Long-life proven and probable iron ore reserves in Ukraine of 1,318MT[3]
- More than fully self-sufficient in iron ore concentrate and pellets
- Captive long-life coal reserves of 565MT[4] in Ukraine and the US
- Contribution to the Group's total EBITDA of 43%[5] in 2016
- Sales outside Ukraine accounted for 60% of revenues in 2016

Metallurgical segment

- Top 37 steel producer in the world[6]
- Top 6 steel producer in the CIS[6]
- Annual steelmaking capacity of 11MT[7]
- Annual coke production capacity of 7MT
- Around 75% share of finished steel goods in the product mix in 2016
- Contribution to the Group's total EBITDA of 57%[5] in 2016
- Sales outside Ukraine accounted for 78% of revenues in 2016

1. As at 31 December 2016, 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 548MT of reserves between 1 January 2010 and 31 December 2016. Ore reserves refer to the economically mineable part of mineral resources.
4. As at 31 December 2016, including 443MT 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 including 2.7MT capacity of Yenakiieve Steel which assets were seized in March 2017

Global presence

Operations

❶ **Ukrainian operations**

Azovstal
Ilyich Steel
Yenakiieve Steel
Khartsyzk Pipe
Avdiivka Coke
Zaporizhia Coke

Northern GOK
Central GOK
Ingulets GOK
Krasnodon Coal

❷ Ferriera Valsider (Italy)
❸ Metinvest Trametal (Italy)
❹ Spartan UK (UK)
❺ Promet Steel (Bulgaria)
❻ United Coal (US)

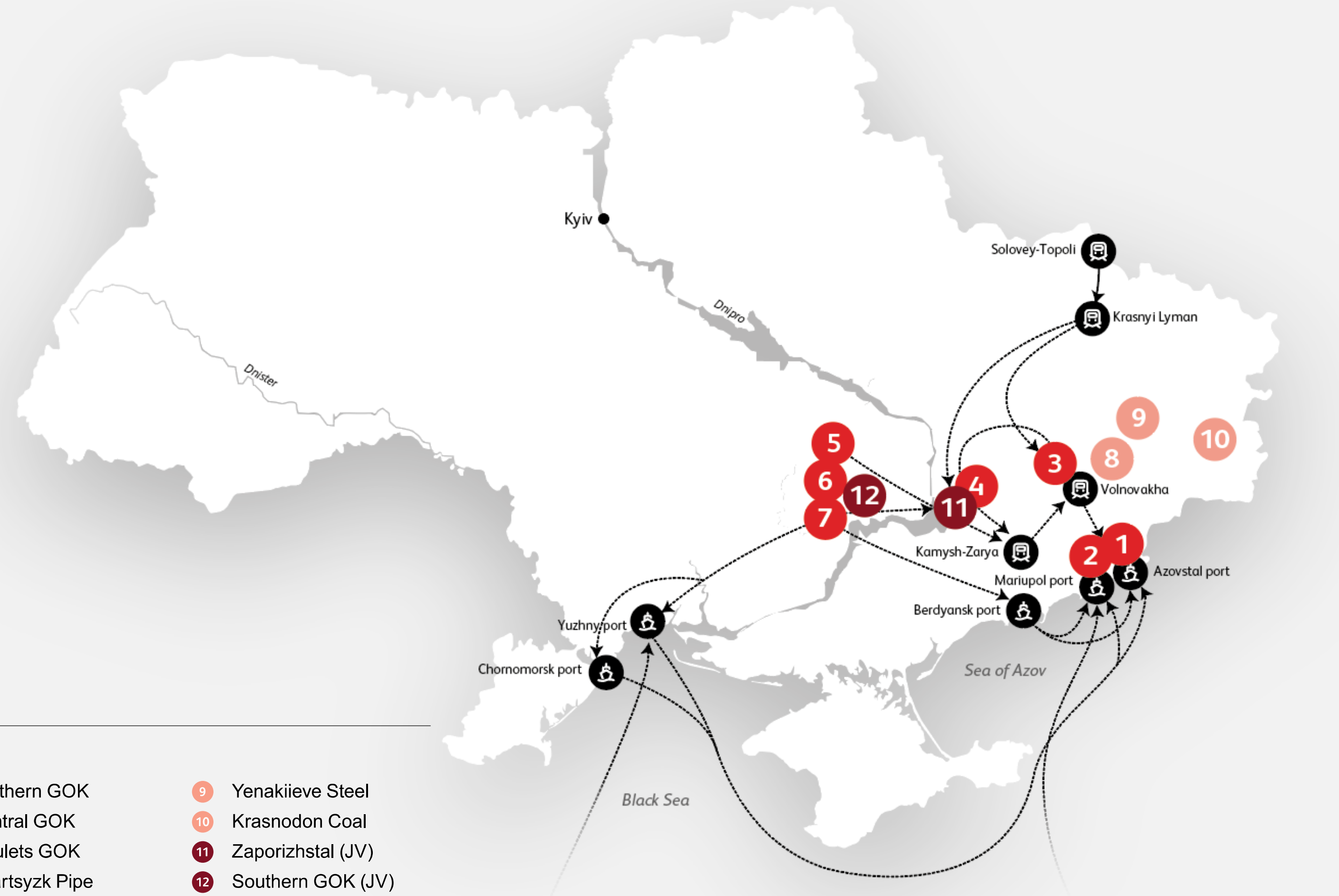
Sales offices

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

Operations in Ukraine

Map legend

- Operational assets
- Joint Ventures
- Affected assets
- Logistic routes



Metinvest's Ukrainian operations

1. Azovstal
2. Ilyich Steel
3. Avdiivka Coke
4. Zaporizhia Coke
5. Northern GOK
6. Central GOK
7. Inguletz GOK
8. Khartsyzk Pipe
9. Yenakiieve Steel
10. Krasnodon Coal
11. Zaporizhstal (JV)
12. Southern GOK (JV)

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

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)

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)

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)

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)

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)

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)

G. Frank Rieger
Class B Member
(2014–)
- Chairman of advisory Board of Smart Energy (2014–)
- Member of the Supervisory Board at Smart-Holding (2014-2015)
- Acting CFO at Yukos Oil Company (2005-2006)
- Vice president Yukos RM (2000-2005)
- Degree (Hons) in Engineering and Economics in Machine-Building from Kharkiv Engineering and Economic Institute (Ukraine)

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 sustainable development of regions
Results in 2016	▪ Over US$66M was spent on health and safety ▪ Provided extensive HSE training for over 6,860 managers and supervisors ▪ Conducted 233,608 audits and identified 279,087 safety issues, which were addressed swiftly ▪ Conducted 114 HAZIDs and 3 HAZOPs at subsidiaries, and developed 7,759 recommendations to reduce risks to an acceptable level	▪ Over US$179M was spent on environmental safety (including both capital and operational environmental improvements) ▪ Progress on key environmental projects ○ reconstruction of sinter plant no. 1 and basic oxygen converter no. 2 at Ilyich Steel ○ replacement of gas-cleaning equipment of Lurgi 552-B pelletising machine at Northern GOK	▪ Invested around US$6M to support communities in cities where Metinvest operates ▪ Selected and implemented 53 community projects under the “We Improve the City” initiative ▪ Held around 500 environmental events of the “Green Centre” in Mariupol and expanded this campaign to Kryvyi Rih in September

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

Thank you!

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