METINVEST

1Q 2019 Preliminary Results

Bank of America Merrill Lynch
2019 Emerging Markets Corporate Debt and Equity Conference

28-31 May 2019

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1Q 2019 highlights

Summary

US$ mn	1Q 2019	1Q 2018	Change
Revenues	**2,863**	**3,019**	**-5%**
Adjusted EBITDA[1]	**435**	**649**	**-33%**
EBITDA margin	15%	21%	-6 pp
Operating cash flow	**317**	**162**	**96%**
CAPEX	**198**	**216**	**-8%**

US$ mn	31 Mar 2019	31 Dec 2018	Change
Total debt[2]	**2,682**	**2,743**	**-2%**
Cash and cash equivalents	**218**	**280**	**-22%**
Net debt[3]	**2,464**	**2,463**	**0%**
Net debt to LTM EBITDA	**1.1x**	**1.0x**	**0.1x**

Production (kt)	1Q 2019	1Q 2018	Change
Hot metal	**1,957**	**2,156**	**-9%**
Crude steel	**1,941**	**1,825**	**6%**
Coke	**1,269**	**1,346**	**-6%**
Iron ore concentrate	**7,204**	**6,924**	**4%**
Coking coal concentrate	**674**	**633**	**6%**

Credit ratings	Fitch	S&P	Moody's
Rating / outlook	**B+ / stable**	**B- / positive**	**B3 / stable**

1. Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment 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.
2. Total debt is calculated as the sum of bank loans, bonds, trade finance, lease liabilities and deferred consideration.
3. Net debt is calculated as total debt less cash and cash equivalents.

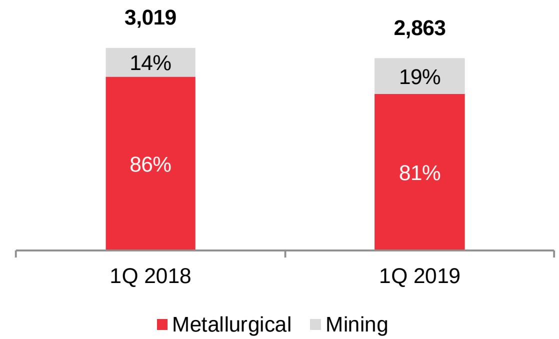
Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Financial highlights

- Total revenues decreased by 5% y-o-y
  - Metallurgical revenues fell by 10% y-o-y to US$2,333 mn
  - Mining revenues climbed by 23% y-o-y to US$530 mn
- Total EBITDA declined by 33% y-o-y
  - Metallurgical EBITDA dropped by 82% y-o-y to US$68 mn
  - Mining EBITDA increased by 5% y-o-y to US$366 mn
- The segments' shares in EBITDA[1] changed y-o-y in 1Q 2019: 84% for Mining (48% in 1Q 2018) and 16% for Metallurgical (52% in 1Q 2018)
- The consolidated EBITDA margin was 15%, down 6 pp y-o-y
  - Metallurgical EBITDA margin declined by 11 pp y-o-y to 3%
  - Mining EBITDA margin rose by 2 pp y-o-y to 42%
- Operating cash flow (OCF) almost doubled y-o-y to US$317 mn amid improved EBITDA to OCF conversion (73% in 1Q 2019, compared with 25% in 1Q 2018)
- CAPEX totalled US$198 mn, down 8% y-o-y

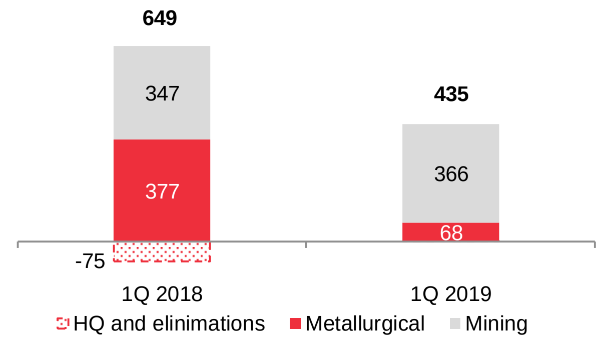
Revenues

US$ mn



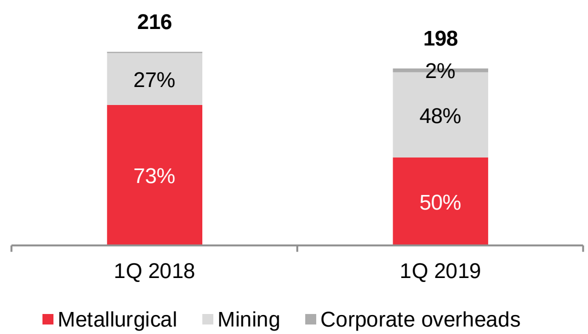
EBITDA

US$ mn



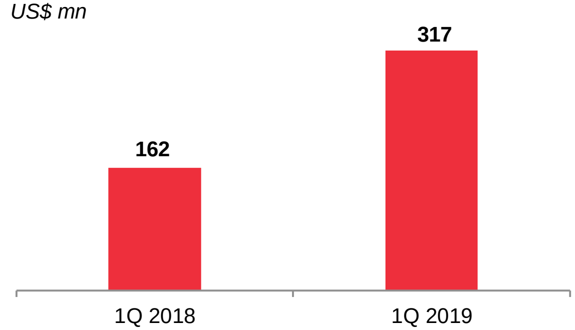
CAPEX

US$ mn



Operating cash flow

US$ mn



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

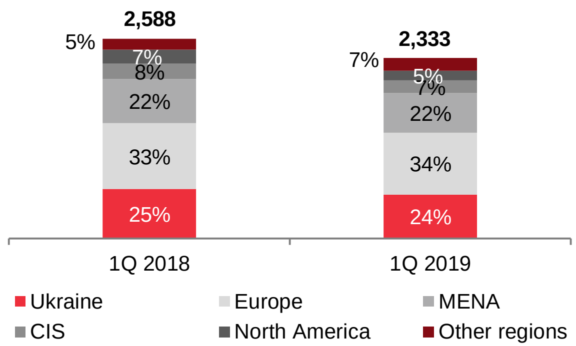
Sales portfolio

- Metallurgical sales
  - 10% y-o-y decline, mainly amid lower steel selling prices, which followed global benchmarks, and lower resales volumes
  - greater in-house steel product volumes following the change in the product mix, mainly due to the launch of the new CCM[1] no. 4 at Ilyich Steel, allowing the plant to use greater volumes of hot metal in steelmaking and further downstream, instead of pig iron
  - higher share of Europe (+1 pp y-o-y), mainly following greater sales volumes of slabs and flat products
  - lower share of Ukraine (-1 pp y-o-y), mainly due to lower steel prices, weaker demand from pipe producers and lower coke resales
- Mining sales
  - 23% y-o-y rise, primarily due to higher volumes and increased selling prices, in line with global benchmarks
  - share of premium European market remained 49%, flat y-o-y, amid solid demand
  - share of Ukraine fell to 39%, as incremental volumes from greater output went to other regions (incl. test sales to Malaysia, Brazil)
- Sales in hard currencies (US$, EUR, GBP) accounted for 80% in 1Q 2019, down 1 pp y-o-y

1. Continuous casting machine

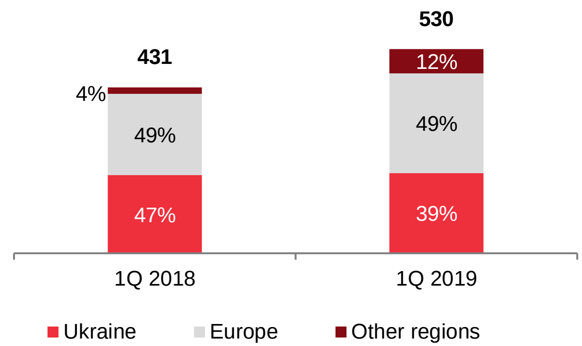
Metallurgical sales by region

US$ mn



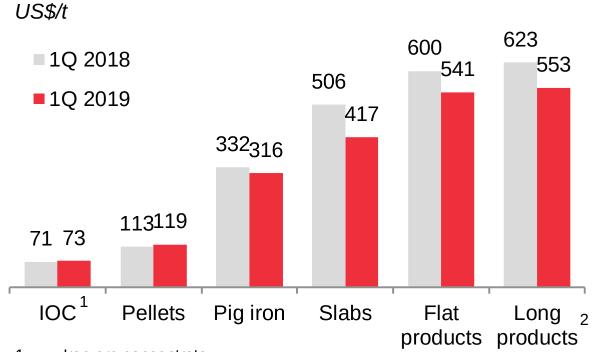
Mining sales by region

US$ mn



Price trends, FCA basis

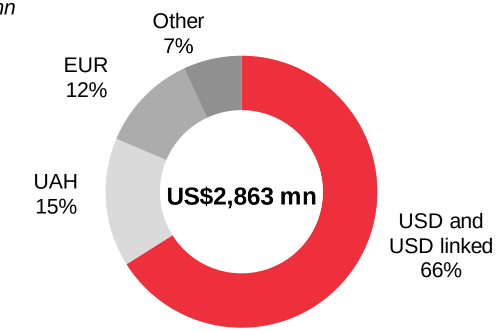
US$/t



1. Iron ore concentrate
2. Excluding railway products

Total sales by currency in 1Q 2019

US$ mn

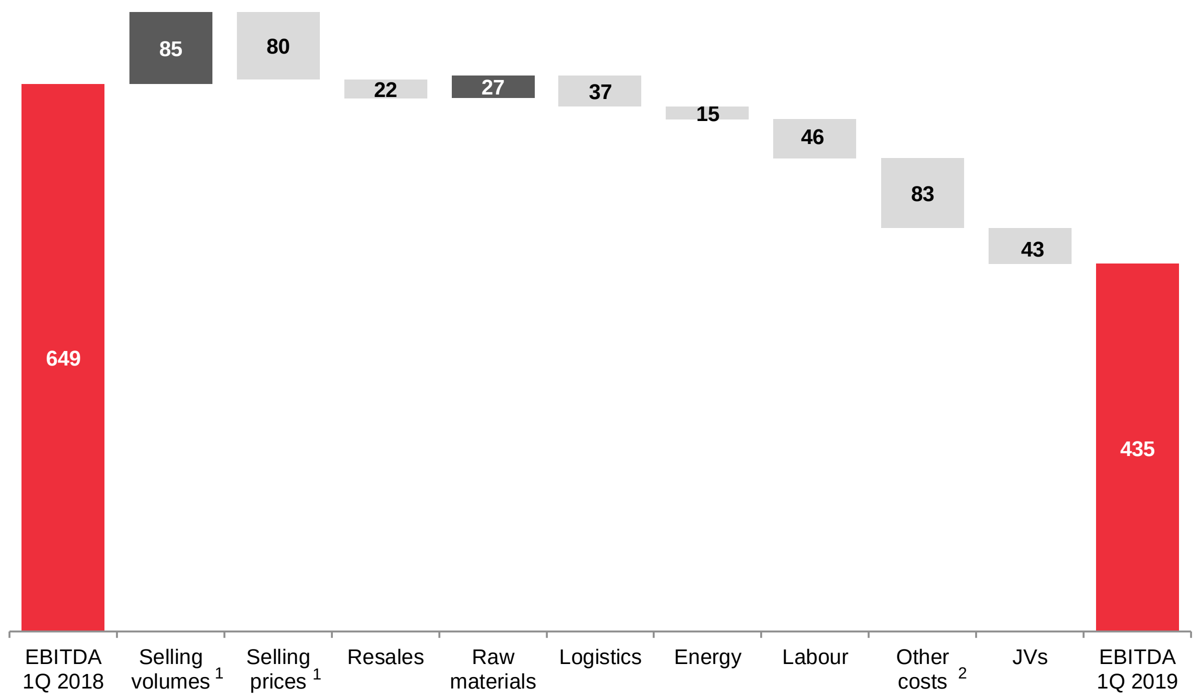


EBITDA

- Total EBITDA declined by US$214 mn y-o-y to US$435 mn, driven by:
    - lower average steel selling prices, which affected sales of in-house steel products, earnings from resales and contribution from the metallurgical JV
    - cost increase from:
        - salary hikes for production staff (25% in April 2018, 10% in October 2018)
        - greater railway and freight expenses amid increased shipments of slabs and iron ore products to Europe and Southeast Asia, and railcar usage fees
        - energy, due to higher natural gas prices (+6% y-o-y) and electricity tariffs in Ukraine (+12% y-o-y), as well as greater consumption of electricity and fuel
        - inventory reduction and higher repair and maintenance expenses
- Positive EBITDA drivers were:
    - greater sales volumes of in-house steel and iron ore products
    - higher average iron ore selling prices
    - lower raw material costs, mainly due to lower consumption of purchased coking coal (amid a 6% y-o-y drop in coke output) and billets for rolling at Promet Steel, as well as lower market prices of coal and scrap

EBITDA drivers

US$ mn



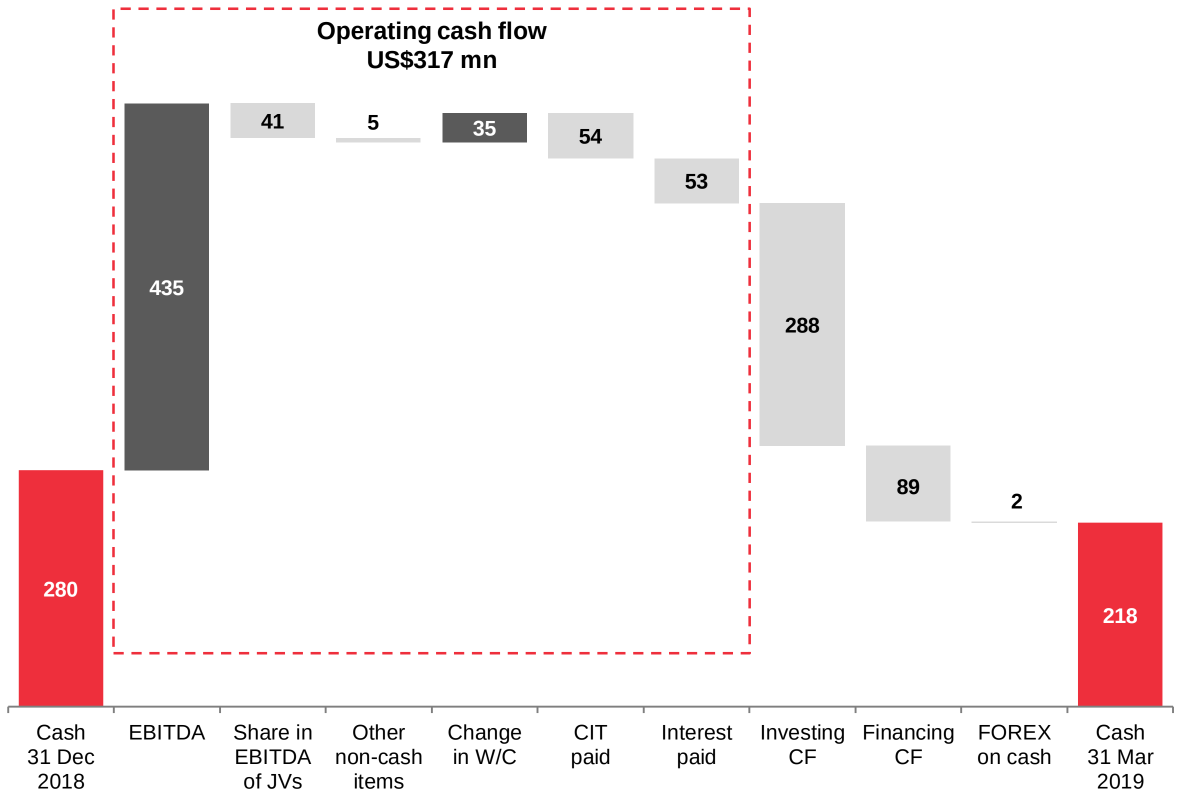
1. Net of resales
2. Other costs include fixed costs (excl. labour costs), change in work in progress and finished goods and other expenses; net of resales.

Cash flow

- Operating cash flow
  - almost doubled y-oy to US$317 mn
  - EBITDA to Operating cash flow conversion improved to 73% in 1Q 2019 (25% in 1Q 2018)
- Working capital
  - release totalled US$35 mn, mainly due to inventory decrease (primarily slabs, flat products and coal), which improved inventory turnover to 7.3x (from 7.0x in the end of 2018)
- Investing cash outflow includes US$219 mn used to purchase PPE and IA
- Financing cash outflow was primarily due to:
  - less use of trade finance lines (US$45 mn)
  - repayment of US$15 mn of deferred consideration for the acquisition of around 25% of a coking coal business in Ukraine

Cash flow in 1Q 2019

US$ mn

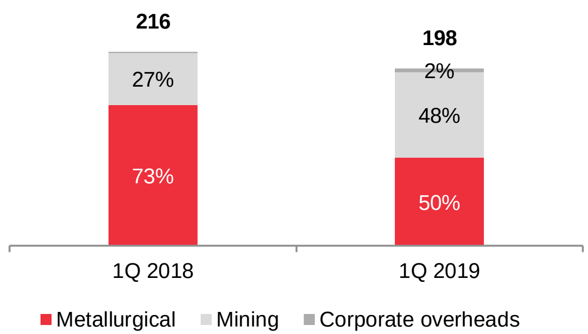


Capital expenditure

- In 1Q 2019:
  - CAPEX totalled US$198 mn, down 8% y-o-y
  - The Mining segment accounted for 48% of total investments (+21 pp y-o-y)
  - The share of expansion projects reached 43% (+4 pp y-o-y)
- Implementation of the Technological Strategy 2030 is on track:
  - Enhanced focus on operational safety and reduction of environmental footprint
  - Steel
    - the launch of the CCM no. 4 at Ilyich Steel effectively increased the Group’s crude steel production capacity by 14% to 9.6 mt/y, moving Metinvest closer to its long-term target of 11 mt/y
    - sharpened focus on downstream: the Group acquired a Ukrainian galvanised steel producer to increase the share of HVA products
  - Iron ore
    - improved quality led to greater sales on premium markets
    - maintained low-cost position

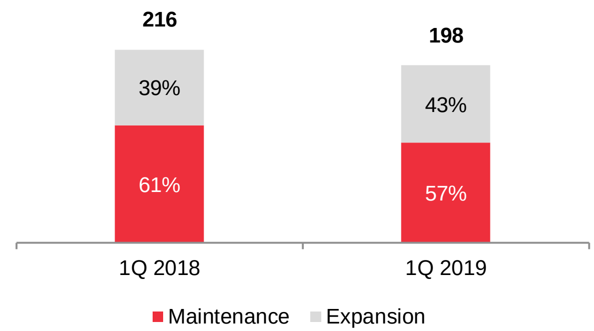
CAPEX by segment

US$ mn



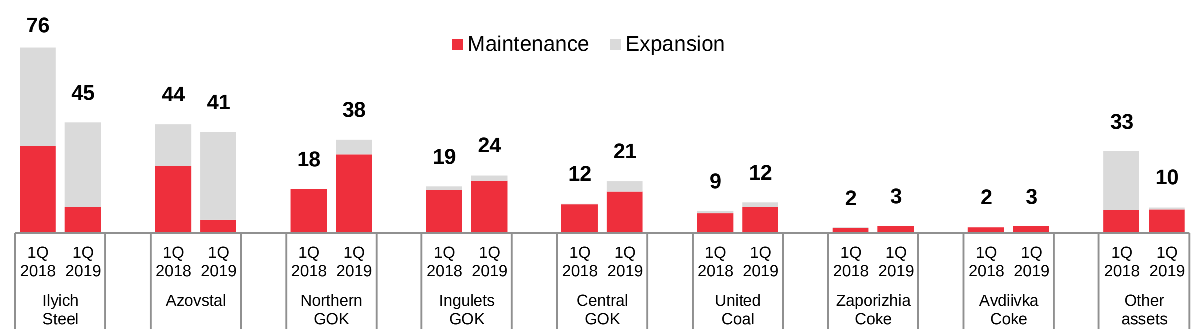
CAPEX by purpose

US$ mn



CAPEX by key asset

US$ mn



Key strategic CAPEX projects in 2019

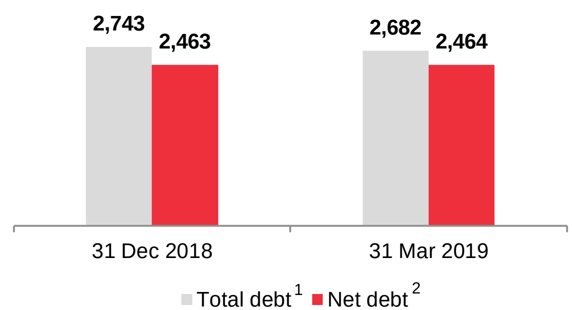
No	Project	Asset	Description	Status
1	**Construction of continuous casting machine (CCM) no. 4**	**Ilyich Steel**	Boost slab casting capacity to 4.3 mt/y, improve product quality, decrease costs and reduce environmental impact	The active construction stage started in September 2016. The first pill heat was cast in November 2018, as expected. Officially launched in March 2019.
2	**Reconstruction of 1700 hot strip mill**	**Ilyich Steel**	Increase hot strip mill capacity, improve the steel surface quality and reduce the process waste during slab rolling	Basic engineering development started in 3Q 2017. Detailed engineering plans and documentation are ready. Construction preparation works have started. Core equipment is being manufactured. Commissioning is expected in 2H 2019.
3	**Sinter plant reconstruction**	**Ilyich Steel**	Comply with environmental requirements	New gas cleaning filters have been installed in the sintering zones of sintering machines (SMs) nos. 1-10 and cooling zones of SMs nos. 7-9. Remaining cyclones are to be replaced by mid-2019. Desulphurisation complexes at SMs nos. 7-9 are being tested, while their construction at other SMs is ongoing.
4	**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	The final investment decision was made in July 2017 and the active construction stage has started. The launch has been postponed to mid-2019 due to delays with engineering and a lack of contractor personnel.
5	**Construction of pulverised coal injection (PCI) facilities**	**Azovstal**	Minimise the need for natural gas in the production process and use coke more efficiently	Two of four BFs are operating using PCI technology (nos. 2 and 4). Construction at BF no. 3 is ongoing: PCI injection has been postponed to mid-2019 to align with the major overhaul schedule.
6	**Construction of crusher and conveyor system at Pervomaisky quarry**	**Northern GOK**	Reduce operational and capital expenditure 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 has been postponed to 2020.
7	**Construction of crusher and conveyor system**	**Ingulets GOK**	Reduce operational and capital expenditure in iron ore mining and maintain production volumes	Construction is ongoing on the Vostochny conveyor line.
8	**Upgrade of pelletising machines OK-306 and Lurgi 278-A**	**Northern GOK**	Improve mechanical properties of pellets to capture additional market premium	Shipment of equipment and construction are in progress. Commissioning is expected in 2H 2019.
9	**Re-equipment of beneficiation facilities to produce DRI-quality pellets**	**Central GOK**	Improve mechanical properties of pellets to penetrate new premium markets	In 2H 2018, the project execution plan was approved, and shipment of core equipment commenced. Construction works are scheduled to start in 2H 2019 with commissioning expected in 2020.

Debt profile

- Sustainable maturity profile amid no significant repayments until 2023
- 2023 and 2026 bonds are included into JPMorgan Corporate Emerging Markets Index (CEMBI) series
- As of 31 March 2019:
  - total debt was down 2% y-t-d to US$2,682 mn amid less use of trade finance facilities
  - net debt was flat y-t-d at US$2,464 mn
  - net debt to LTM EBITDA was 1.1x (+0.1x y-t-d)
  - 94% of debt is US$-denominated => debt service is hedged by revenues in hard currencies

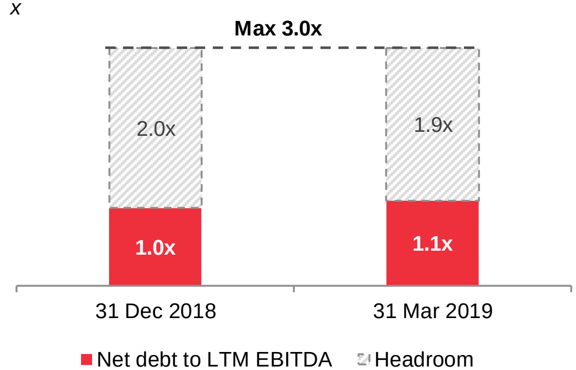
Total and net debt

US$ mn



Net debt to LTM EBITDA

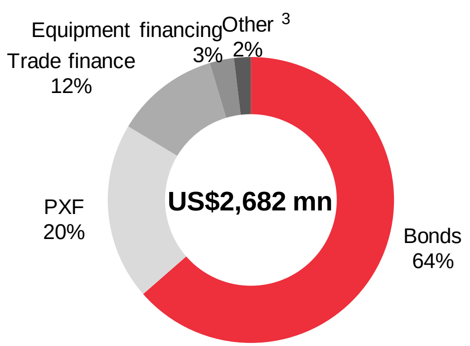
x



1. Total debt is calculated as the sum of bank loans, bonds, trade finance, lease liabilities and deferred consideration
2. Net debt is calculated as total debt less cash and cash equivalents

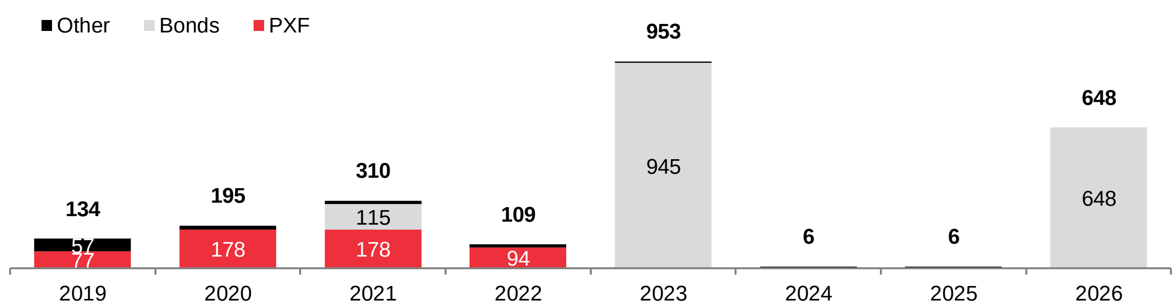
Total debt breakdown as of 31 Mar 2019

US$ mn



Corporate debt maturity as of 31 Mar 2019[4]

US$ mn



3. Deferred consideration for Pokrovske coal business acquisition (24.99%) and lease liability under the IFRS 16
4. Notes:
   - Other includes deferred consideration for Pokrovske coal business acquisition (24.99%), ECA facilities and other facilities
   - Trade finance lines are mainly rollovers, so are excluded from the maturity profile chart
   - Bonds: US$115 mn at 7.50% pa due in 2021, US$945 mn at 7.75% pa due in 2023, US$648 mn at 8.50% pa due in 2026
   - PXF: US$528 mn at LIBOR + margin due in October 2022

METINVEST

Credit rating

Metinvest's ratings are constrained by the Sovereign rating

B+ / stable

FitchRatings

- → Two notches above Ukraine's country ceiling
- → Upgrade in April 2019
- → Launched ESG Relevance Scoring and assessed that **ESG risks have no impact on Metinvest's credit risks**

B- / positive

S&P Global

- → In line with Ukraine's Sovereign rating
- → Outlook changed to positive in January 2019

B3 / stable

Moody's

- → One notch above Ukraine's Sovereign rating
- → Capped by Ukraine's country ceiling
- → Upgrade in December 2018
- → Applying Moody's indicated rating methodology for the steel industry gives a rating of **Baa3**[1]

Moody's steel industry grid	A	Baa	Ba	B
Factor 1: Scale (20%)				
a) Revenues (US$ bn)		**US$10.7 bn**		
Factor 2: Business profile (20%)				
a) Business profile			**Ba**	
Factor 3: Profitability (15%)				
a) EBIT Margin		**11.5%**		
b) Return on tangible assets (EBIT / tangible assets)	**11.6%**			
Factor 4: Leverage and coverage (35%)				
a) Debt / EBITDA	**1.9x**			
b) Debt / book capitalisation	**38.1%**			
c) (CFO – dividends) / debt		**31.3%**		
d) EBIT / interest expense		**4.2x**		
Factor 5: Financial policy (10%)				
a) Financial policy			**Ba**	
Rating:				
a) **Indicated rating from grid**		**Baa3**		
b) Actual rating assigned				**B3**

1. Moody's 12-18 Month Forward View as of December 2018. Source: Moody's Investors Service, Credit Opinion: Metinvest B.V., 28 December 2018

ESG

	Environment	Social	Governance
Goals	▪ 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	▪ Develop the corporate governance system to be among the most transparent international companies and serve the interests of all stakeholders as thoroughly as possible
Initiatives	▪ 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	▪ Supervisory Board consists of 10 members: seven representing SCM and 3 representing SMART ▪ Supervisory Board includes four independent non-executive members ▪ Supervisory Board is assisted by four committees: Audit and Finance, Strategy and Investments, HSE, Appointments and Compensations
Recent events	▪ Around US$70 mn was spent on environmental safety[1] in 1Q 2019 ▪ Progress on key environmental projects: ○ ongoing reconstruction of gas-cleaning system of sinter plant at Ilyich Steel ○ major overhaul of gas-cleaning equipment at Azovstal's coke oven batteries ○ replacement of gas cleaning system of basic oxygen furnace no. 3 at Ilyich Steel ○ extensive maintenance of oven chambers at Avdiivka Coke and Zaporizhia Coke	▪ Invested US$3 mn to support communities in cities where Metinvest operates in 1Q 2019 ▪ Continued cooperation with "Zaporizhia Joint Action Platform": 11 projects were completed ▪ Continued cooperation with the Mariupol Development Fund: 9 projects were completed ▪ Started cooperation with the Foundation of the Future agency in Kryvyi Rih: 5 projects were completed ▪ Held around 140 environmental events as part of "Green Centre" in Mariupol, Kryvyi Rih and Zaporizhia ▪ Implemented 20 projects of the educational initiative 'Green Plant'	▪ Supervisory Board's expertise in external financing and human resources has been strengthened following the appointments of professionals with extensive experience in international debt capital markets, leading European financial institutions and global consulting companies ▪ Executive team has been strengthened by introducing two new positions: one to implement the integrated business management system and the other to implement the Technological Strategy 2030

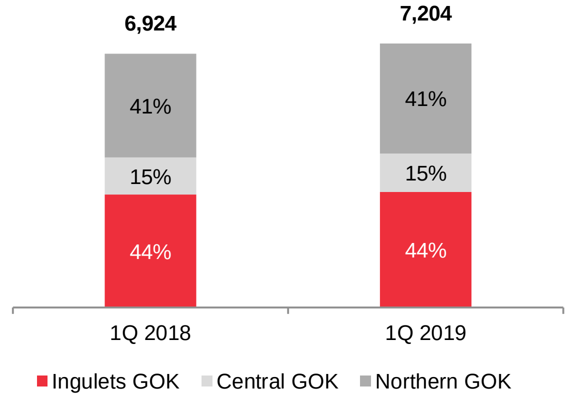
1. Including both capital and operational improvements

Segmental review

Mining operations

Iron ore concentrate production

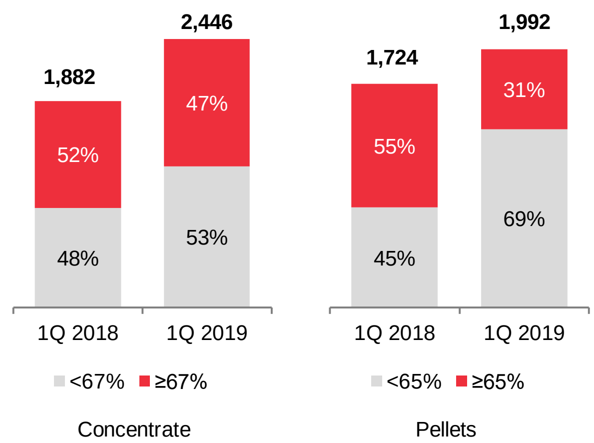
kt



- Overall iron ore concentrate production grew by 4% y-o-y, due to greater capacity utilisation at the iron ore beneficiation plants and higher Fe content of iron ore:
  - +6% y-o-y at Northern GOK
  - +5% y-o-y at Central GOK
  - +2% y-o-y at Ingulets GOK
- Iron ore self-sufficiency was c. 300%[1] in 1Q 2019
- Metinvest used 34%[2] of total iron ore concentrate internally and allocated 66%[2] for third-party sales (44% and 56% in 1Q 2018)

Output of iron ore products[3] by Fe %

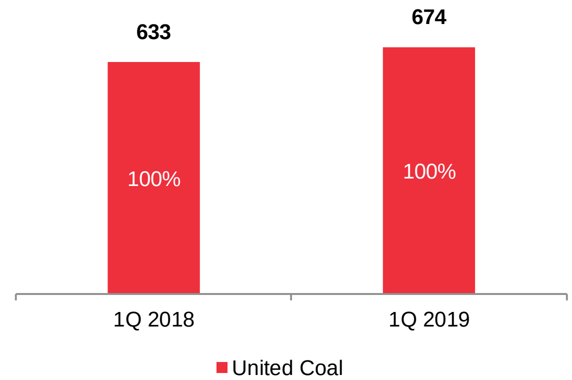
kt



- Merchant iron ore concentrate output increased by 30% y-o-y, while share of high-grade concentrate was 47% (-5 pp y-o-y), both due to lower intra-group consumption
- Merchant pellet output rose by 16% y-o-y amid:
  - greater total output of concentrate
  - lower intra-group consumption
  - higher output at Northern GOK as a result of improved equipment productivity after major overhauls in 2018
  - share of high-grade pellets was 31% (55% in 1Q 2018)

Coking coal production

kt



- Coking coal concentrate production rose by 6% y-o-y following the commissioning of new mining areas
- High-quality US coking coal is delivered to Metinvest's Ukrainian coke production facilities to cover around 40%[4] of intragroup needs
- Other coal volumes required for coke production are delivered by international and local suppliers
- Additional long-term supplies have been secured after acquiring up to 24.99% in coking coal assets in Ukraine, primarily the Pokrovske colliery and Sviato-Varvarynska coal enrichment plant (Pokrovske coal business)

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.
2. In iron ore concentrate equivalent
3. Merchant iron ore product output figures exclude intragroup sales and consumption.
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, and coal consumption for PCI is included in the calculation.

Mining segment financials

- Sales
  - External revenues increased by 23% y-o-y, driven by greater sales volumes of iron ore products and higher prices
  - Pellets accounted for 43% of the iron ore sales mix and merchant concentrate for another 57% in 1Q 2019 (45% and 55% in 1Q 2018, respectively)
  - The top five iron ore customers accounted for 82% of segmental sales
  - A total of 83% of iron ore volumes are sold under annual contracts (90% in 1Q 2018)
- EBITDA
  - EBITDA rose by 5% y-o-y, mainly due to higher iron ore prices and sales volumes, as well as higher earnings of United Coal amid greater volumes
  - The contribution to gross EBITDA[1] increased by 36 pp y-o-y to 84%
  - The EBITDA margin rose by 2 pp y-o-y to 42%
- The segment's CAPEX increased by 64% y-o-y to US$95 mn, due to higher investments at iron ore and coal producers

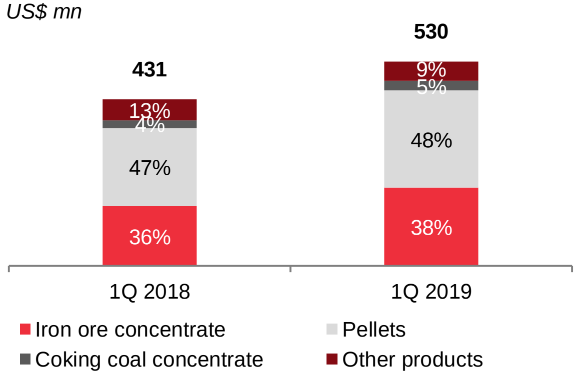
1. The contribution is to the gross EBITDA, before adjusting for corporate overheads

Segment financials

US$ mn	1Q 2019	1Q 2018	Change
Sales (total)	**880**	**876**	**0%**
Sales (external)	**530**	**431**	**23%**
% of Group total	*19%*	*14%*	*+5 pp*
EBITDA	**366**	**347**	**5%**
% of Group total[1]	*84%*	*48%*	*+36 pp*
margin	*42%*	*40%*	*+2 pp*
CAPEX	**95**	**58**	**64%**

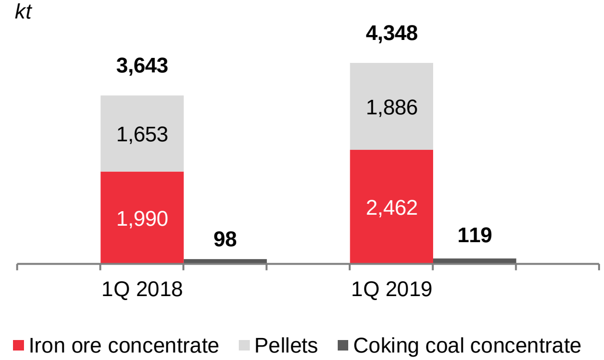
Sales by product

US$ mn



Sales by product

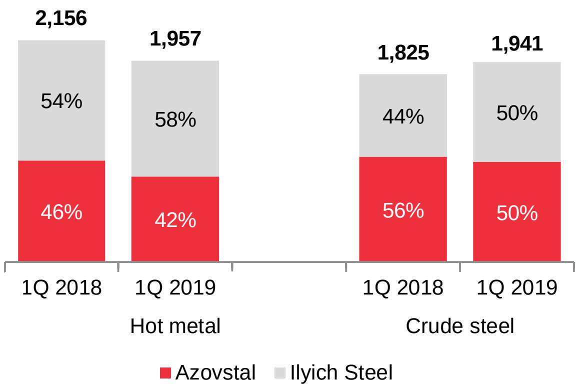
kt



Metallurgical operations

Hot metal and crude steel production

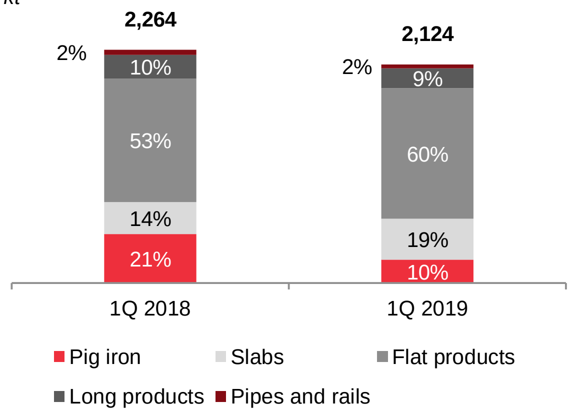
kt



- Total hot metal production declined by 9% y-o-y amid irregular supplies of primary raw materials
- Crude steel output rose by 6% y-o-y due to a 20% y-o-y increase at Ilyich Steel, as hot metal was redirected to make steel and downstream products instead of merchant pig iron due to the commissioning of CCM no. 4

Output of merchant steel products

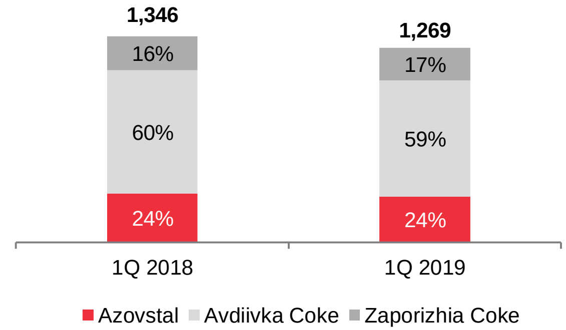
kt



- Steel product mix changed y-o-y in 1Q 2019:
  - the share of slabs rose by 5 pp y-o-y to 19% while that of pig iron dropped by 11 pp y-o-y to 10%, after the commissioning of new equipment at Ilyich Steel
  - the share of flat products reached 60%, up 7 pp y-o-y, amid a 6% rise in their output, supported by the acquisition of Unisteel's galvanising facilities (with production capacity of up to 100 kt/y)
  - the share of long products fell to 9% due to lower production amid seasonally weaker demand

Coke production

kt



- Coke[1] output decreased by 6% y-o-y, as production fell at Avdiivka Coke due to the unstable operation of coke oven batteries and a coke dry quenching plant
- Metinvest covered some 140%[3] of its coke needs with own production in 1Q 2019
- In January 2019, the Group acquired a 23.71% stake in Southern Coke, the Ukrainian metallurgical coke producer, for US$30 mn to secure Metinvest's long-term coke self-sufficiency

1. Dry blast furnace coke output
2. Coke self-sufficiency is calculated as actual coke production divided by actual consumption of coke to produce hot metal in the Metallurgical segment.

Metallurgical segment financials

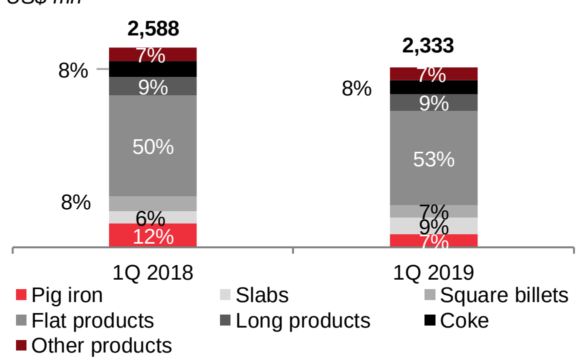
- Sales
  - External sales declined by 10% y-o-y, mainly due to lower steel selling prices in line with global benchmarks, and lower resales volumes
  - The share of HVA products[1] in the steel sales mix, excluding resales, remained flat y-o-y at 50% in 1Q 2019
  - The top five steel customers accounted for 16% of the segment's revenues
  - Almost all steel volumes are sold on the spot market
- EBITDA
  - Segment's EBITDA and EBITDA margin decreased y-o-y due to (i) lower steel prices, (ii) higher energy, logistics and labour costs, and (iii) a drop in the contribution from the Zaporizhstal JV
- The segment's CAPEX totalled US$98 mn, down 38% y-o-y

Segment financials

US$ mn	1Q 2019	1Q 2018	Change
Sales (total)	**2,353**	**2,603**	**-10%**
Sales (external)	**2,333**	**2,588**	**-10%**
% of Group total	*81%*	*86%*	*-5 pp*
EBITDA	**68**	**377**	**-82%**
% of Group total[2]	*16%*	*52%*	*-36 pp*
margin	*3%*	*14%*	*-11 pp*
CAPEX	**98**	**157**	**-38%**

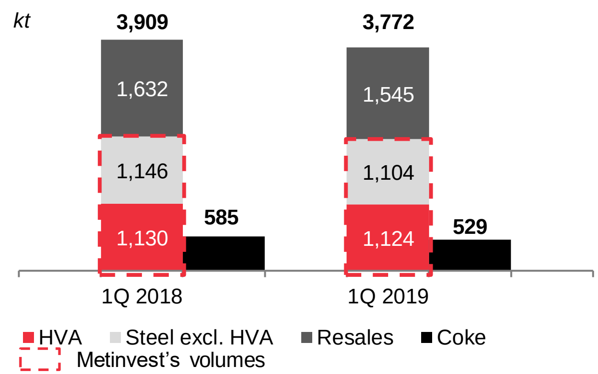
Sales by product

US$ mn



Sales by product

kt



1. HVA products include thick plates, cold-rolled flat products, hot-dip galvanised sheets and coils, structural sections, rails and pipes.
2. The contribution is to the gross EBITDA, before adjusting for corporate overheads.

Appendix

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 2 iron ore producer in Eastern Europe[2]
- Long-life proven and probable iron ore reserves in Ukraine of 1,190 mt[3]
- More than fully self-sufficient in iron ore concentrate and pellets
- Captive long-life coal reserves of 126 mt[4] in the US
- Contribution to the Group's total EBITDA of 84%[5] in 1Q 2019
- Sales outside Ukraine accounted for 61% of external revenues in 1Q 2019

Metallurgical segment

- Top 42 steel producer in the world[6]
- Top 4 steel producer in Eastern Europe[6]
- Annual steelmaking capacity of 9.6 mt/y[7]
- Annual coke production capacity of 6.9 mt/y
- 50% share of HVA products in steel sales mix[8] in 1Q 2019
- Contribution to the Group's total EBITDA of 16%[5] in 1Q 2019
- Sales outside Ukraine accounted for 76% of external revenues in 1Q 2019

1. As at 31 December 2018, 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 2018 production data
3. According to JORC methodologies, as at 1 January 2010 and adjusted for production of 676 mt of reserves between 1 January 2010 and 31 December 2018. Ore reserves refer to the economically mineable part of mineral resources.
4. As at 31 December 2018
5. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations.
6. World Steel Association 2017 ranking based on tonnage
7. Annual steel capacity of Mariupol steelmakers
8. Excluding resales

Strategic priorities to 2030

Value driver	Strategic goals
Sustainability	• Serve interests of all stakeholders
Low-cost steel producer	• Improve efficiency of hot metal and steel production through the modernisation of blast furnaces, construction of continuous casting machines and other projects to strengthen position on the global steel cost curve • Ensure effective logistics to and from production sites
Organic growth	• Maximise steel production capacity utilisation at existing sites • Implement the Technological Strategy 2030
Product portfolio enhancement	• Steel: Focus on flat products (via coil mill upgrades and downstream development), as well as structural sections and railway products • Iron ore: Focus on premium pellets (via upgrade of pelletising machines) and reduction of production costs
Priority market development	• Maximise sales in priority markets (Ukraine, Europe and MENA) • Implement distribution strategy in Europe, focusing on end-user customers and developing additional services through steel service centres to increase sales of high value-added (HVA) products
Customer focus	• Enhance value proposition for customers and control critical factors: product quality, lead time, 'on-time in-full' delivery • Develop additional services and feedback communication
Operating efficiency improvement	• Continue to implement lean manufacturing • Improve digitalisation of business processes • Enhance the operational model
Selective M&A	• Selective M&A to unlock further synergies from the integration of raw materials and semi-finished steel products

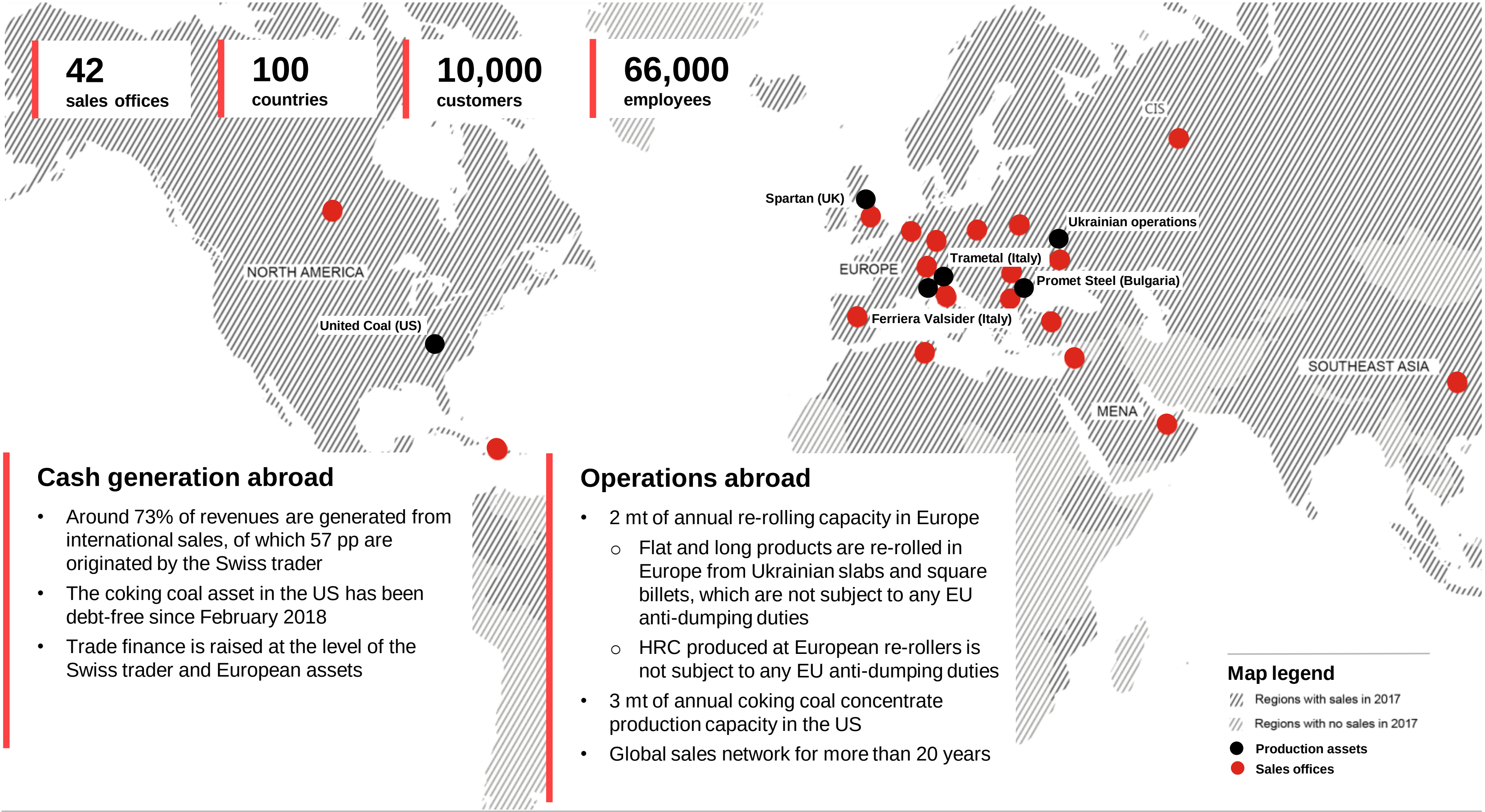
Global operations

42 sales offices

100 countries

10,000 customers

66,000 employees



Cash generation abroad

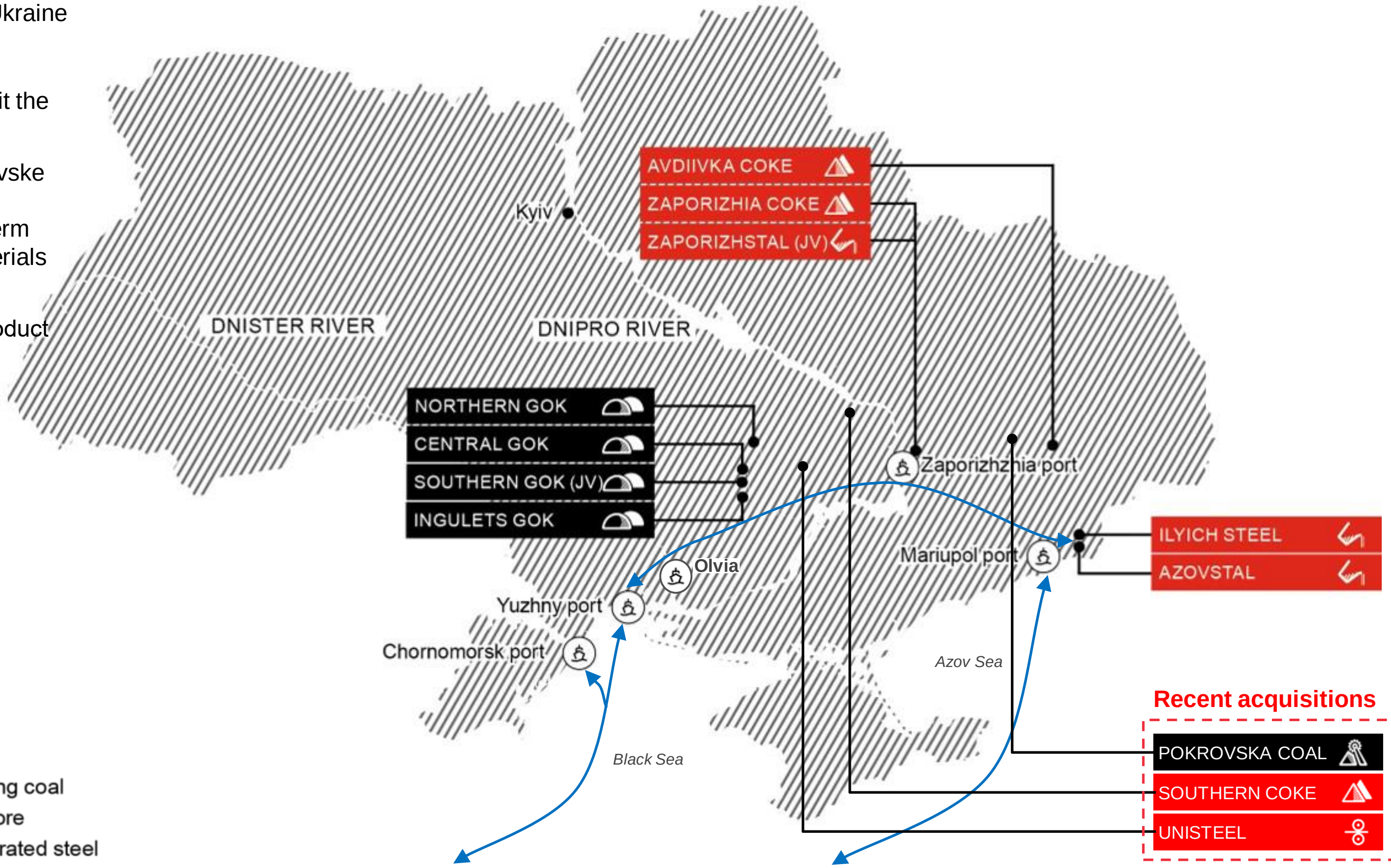
- Around 73% of revenues are generated from international sales, of which 57 pp are originated by the Swiss trader
- The coking coal asset in the US has been debt-free since February 2018
- Trade finance is raised at the level of the Swiss trader and European assets

Operations abroad

- 2 mt of annual re-rolling capacity in Europe
  - Flat and long products are re-rolled in Europe from Ukrainian slabs and square billets, which are not subject to any EU anti-dumping duties
  - HRC produced at European re-rollers is not subject to any EU anti-dumping duties
- 3 mt of annual coking coal concentrate production capacity in the US
- Global sales network for more than 20 years

Operations in Ukraine

- Stable operations of all assets in Ukraine
- Effective logistics in place
- 2018 and early 2019 acquisitions fit the business model:
  - Acquisition of 24.99% in Pokrovske coal business and 23.71% in Southern Coke secures long-term self-sufficiency in key raw materials
  - Acquisition of 100% in Unisteel enhances the Group's steel product portfolio



Legend

- Metallurgical
- Mining
- Logistic routes
- Coking coal
- Iron ore
- Integrated steel
- Re-roller
- Coke

Supervisory Board

Oleg Popov

Chairman (2018–)

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)

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)

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)

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)

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)

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 (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)

Yaroslav Simonov

Class A Member

(2014–)

- Director, Legal Affairs at SCM (2017–)
- Deputy Director at Voropaev and Partners Law Firm (2008-2017)
- 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)

Johan Bastin

Class A Member

(2018–)

- Member of supervisory boards of DTEK Energy, DTEK Renewables
- CEO at CapAsia (2009-2015)
- Managing Director at Darby Private Equity / Franklin Templeton Investments
- Business Group Director at EBRD (1993-2002)
- PhD from Université de Montréal (Canada)
- MSc from Eindhoven University of Technology (Netherlands)

Natalia Izosimova

Class A Member

(2018–)

- Board member of several major companies, consultant for top business executives
- Member of supervisory boards of several SCM companies (2007-2013)
- HR and Corporate Transformation Director at SCM (2005-2007)
- Various positions at McKinsey & Company (1994-2005)
- MS from Moscow Pedagogical University (Russia)

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

Economics and Business System Director (2018–)

- Logistics and Purchasing Director (2013-2018)
- 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)

Alexey Gromakov

Logistics and Purchasing Director (2018–)

- Director for Corporate Strategy and Regional Development at Beeline (2015-2018)
- Director of Purchasing and Logistics at Aeroflot (2009-2015)
- MBA from Kingston University (UK)
- Strategy and Innovation from Oxford University's Saïd Business School (UK)

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

Andriy Yemchenko

Chief Technology Officer

(2018–)

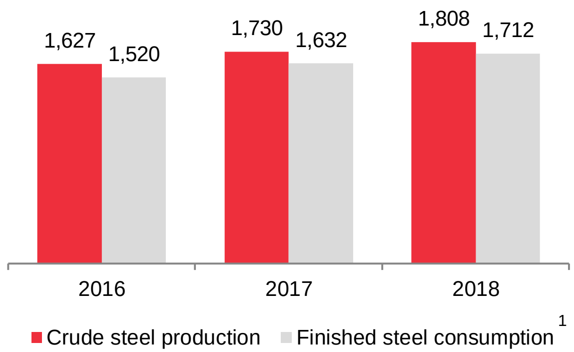
- Deputy of CEO for strategic development at Donetsksteel (2007-2018)
- Director of Directorate for Corporate Planning at Donetsksteel (2004-2007)
- Deputy CEO at Consortium Energo (1993-2004)
- PhD (metal treatment under pressure)

Global steel, iron ore and coking coal markets

- In 2018, global steel output rose by 4.5% y-o-y, while consumption increased by 4.9% y-o-y
- Global steel prices showed positive dynamics in 2018 amid strong demand in all regions, less pressure from Chinese exports, rising worldwide protectionism and high prices for coking coal and scrap
- In 2H 2018, steel prices were depressed amid heightened concerns about slowing global economic growth and greater trade tensions. This trend reversed in 1Q 2019, when steel prices rose amid higher iron ore prices and an earlier seasonal recovery in construction.
- In 1Q 2019, HRC FOB Black Sea slightly recovered from low levels at the end of 2018, although dropped compared with 1Q 2018, averaging US$498/t (flat q-o-q, -17% y-o-y)
- In 1Q 2019, 62% Fe iron ore price jumped by 12% q-o-q to US$83/t on supply cuts after the tailing dam collapse in Brazil and Cyclone Veronica in Australia
- In 1Q 2019, premiums for pellets grew amid tight market conditions resulting from pellet supply reductions from Brazil. The Atlantic Basin premium increased by 16% y-o-y to US$67/t
- In 1Q 2019, the premium for 65% Fe content to 62% Fe content decreased by 20% y-o-y to US$13/t due to lower profitability of steel plants amid blended steel price dynamics
- In 1Q 2019, the average spot hard coking coal price fell by 10% y-o-y to US$206/t, remaining at high levels due to supply constraints (including slow production growth in China and logistical disruptions in Australia)

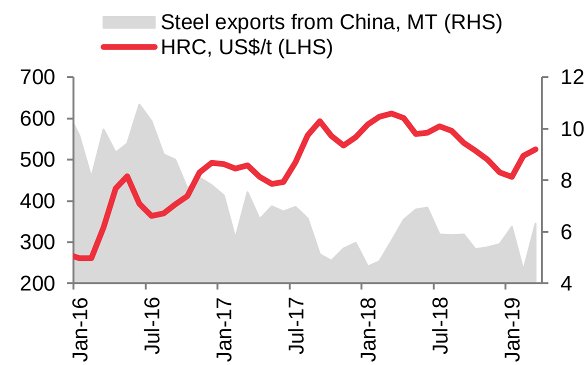
Global steel industry

MT



Source: World Steel Association

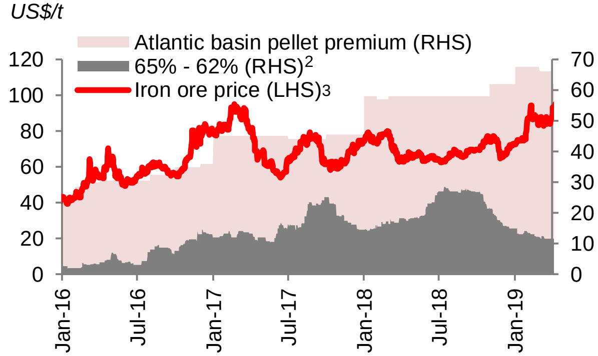
Steel product prices vs exports from China



Source: Bloomberg, Metal Expert

Iron ore price

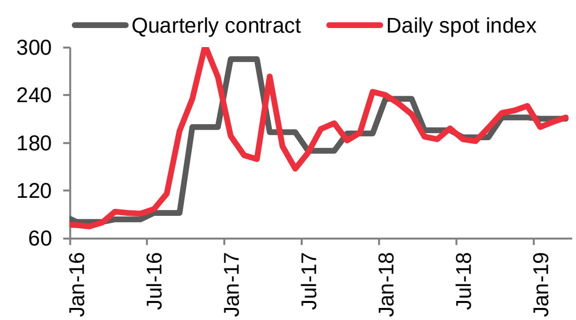
US$/t



Source: Bloomberg, Platts

Hard coking coal price[4]

US$/t



Source: Bloomberg, Platts

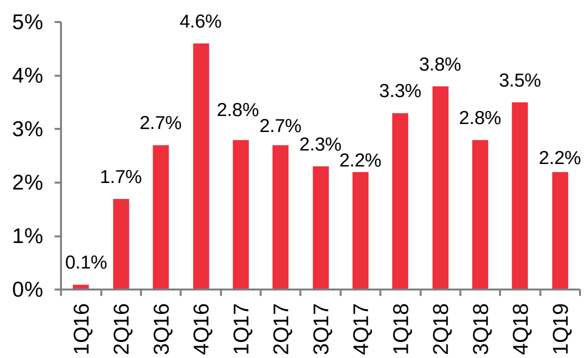
1. Apparent consumption of finished steel products
2. 65% vs 62% Fe iron ore fines premium, CFR China
3. 62% Fe iron ore fines, CFR China
4. FOB Australia

METINVEST

Macro and steel industry in Ukraine

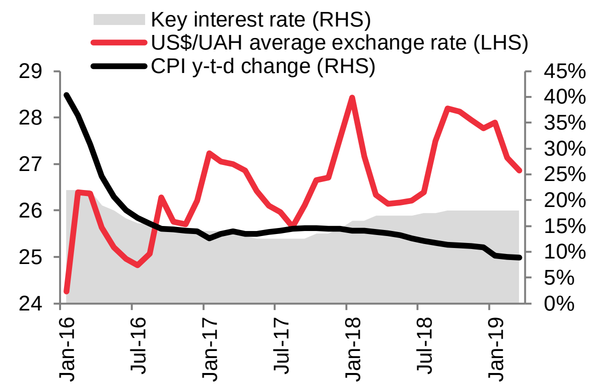
- Ukraine's economy continued to show stable growth in 1Q 2019, driven by structural economic reforms, higher consumer spending due to an increase in real wages, a record harvest, favourable export markets and stronger macroeconomic fundamentals
- Real GDP growth amounted to 2.2% y-o-y in 1Q 2019, compared with 3.5% y-o-y in 4Q 2018
- The NBU has followed a consistent interest rate policy of inflation targeting and kept the local currency floating
    - CPI slowed to 8.9% y-o-y in 1Q 2019, down from 13.8% in 1Q 2018
    - in 1Q 2019, the hryvnia exchange rate against the US dollar strengthened from 27.77 in December 2018 to 26.86 in March 2019
    - In 1Q 2019, the NBU kept its key interest rate unchanged at 18.0%. In April 2019, it lowered the rate by 50 bps to 17.5%
- In 1Q 2019, apparent steel consumption decreased by 6.0% y-o-y
- In 1Q 2019, total steel output rose by 10.5% y-o-y

Real GDP dynamics (y-o-y)



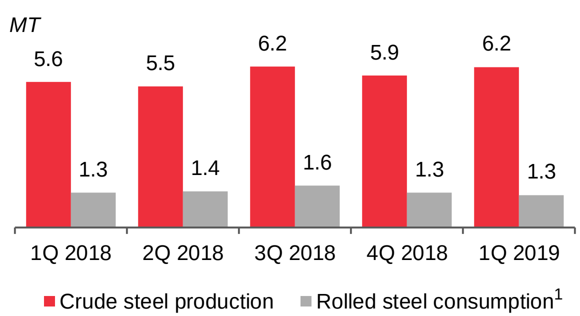
Source: State Statistics Service of Ukraine

Inflation targeting policy in place



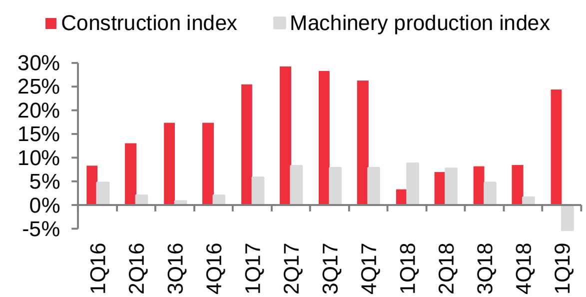
Source: National Bank of Ukraine, State Statistics Service of Ukraine

Steel industry



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

Key steel-consuming sectors[2]



Source: State Statistics Service of Ukraine
2. All indexes represent the cumulative index from the beginning of the respective year, y-o-y change.

Thank you!

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