METINVEST

1H 2020 Results

8 September 2020

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Industry Overview

Global steel, iron ore and coking coal markets

Global steel production increased by 3.0% y-o-y in 2019, mainly attributable to strong output growth in China, Iran, Vietnam, India and the US. At the same time, global finished steel consumption rose by 3.4% y-o-y, driven mainly by strong demand in Asia, while demand in most other regions was rather weak.

The outbreak of the COVID-19 pandemic in early 2020 resulted in an economic downturn affecting all major economies. Stimulus measures across the world are supporting ongoing economic recovery.

Numerous lockdowns impacted supply and demand across all commodities. Oil prices dropped dramatically, resulting in a positive impact on transportation and raw material costs.

The price of hot-rolled coils (HRC) on FOB Black Sea basis fell by 14% y-o-y to US$426/t in 1H 2020. Steel prices have been recovering since the end of May, amid economic stimulus measures and the easing of lockdown restrictions across the world.

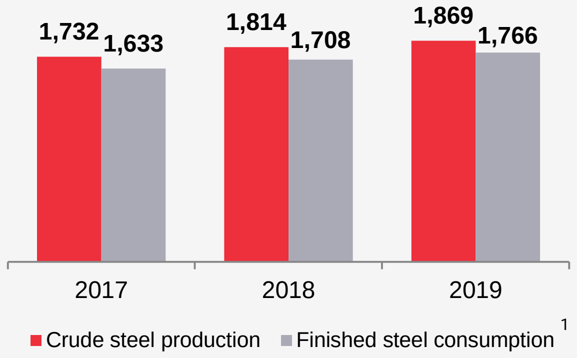
The price for 62% Fe iron ore has remained elevated this year, averaging US$92/t in 1H 2020 (flat y-o-y), amid strong demand in Asia and China in particular, where hot metal production rose by 2% y-o-y in 1H 2020, as well as supply disruptions in Brazil.

Meanwhile, the pellet premium in Europe fell by 56% y-o-y to US$30/t in 1H 2020, amid a 16% y-o-y drop in steel output in the region.

The hard coking coal spot price dropped by 33% y-o-y to an average of US$137/t in 1H 2020.

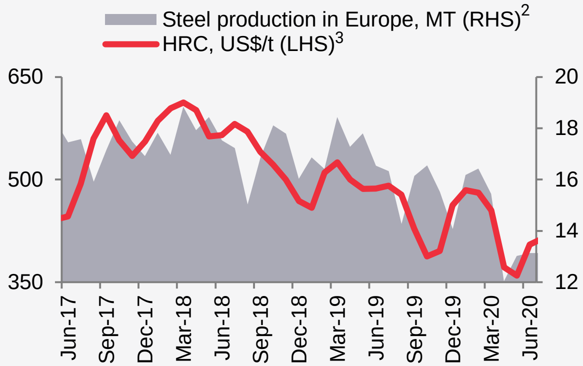
Global steel industry

MT



Source: World Steel Association (WSA)

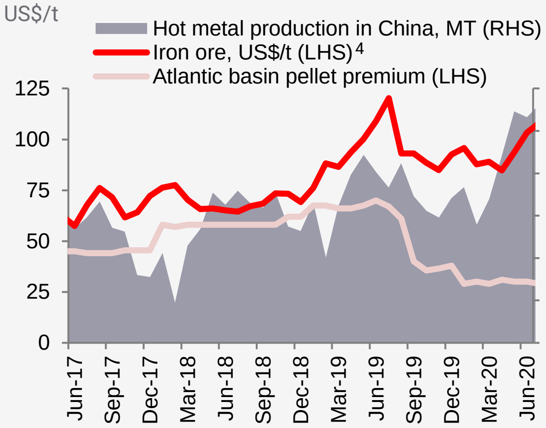
Steel price and production in Europe



Source: WSA, Metal Expert

Iron ore price

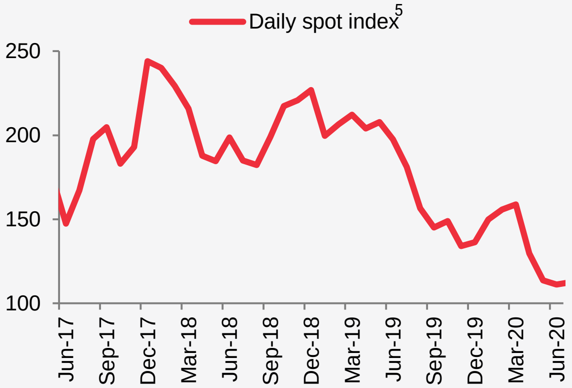
US$/t



Source: Bloomberg, WSA

Hard coking coal price

US$/t



Source: Bloomberg, Platts

1. Apparent consumption of finished steel products. 2019 data is WSA estimate as of April 2020
2. Europe includes the current 27 EU member states and the UK, Bosnia-Herzegovina, North Macedonia, Norway, Serbia and Turkey
3. FOB Black Sea
4. 62% Fe iron ore fines, CFR China
5. FOB Australia

Macro and steel industry in Ukraine

The Ukrainian economy demonstrated sustained growth for four straight years through the end of 2019, amid overall macroeconomic stabilisation. This was supported by structural reforms, a rise in domestic investment, revival in household consumption, an expansion in the agricultural sector and construction activity, as well as the improved environment on external markets.

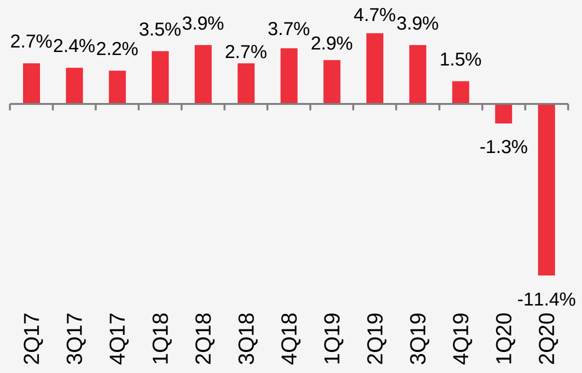
In 2020, the country's real GDP declined by 1.3% y-o-y in Q1 and 11.4% y-o-y in Q2, mainly attributable to a contraction in industrial production and construction activity, as well as the lockdown measures introduced in March to contain the spread of the COVID-19 pandemic.

The NBU continued to follow an interest rate policy of inflation targeting and keeping the local currency floating:

- consumer price index (CPI) stabilised at 2.4% y-o-y in June 2020, from 9.0% in June 2019, dropping below the target of 5%
- from April 2019, the NBU began a cycle of monetary policy easing and cut its key interest rate several times from 18.0% in early 2019 to 6.0% in June 2020
- although the hryvnia depreciated against the US dollar to 26.71 in June 2020 from 23.61 in December 2019, it appreciated by 4% y-o-y to 25.98 in 1H 2020 from 26.93 in 1H 2019

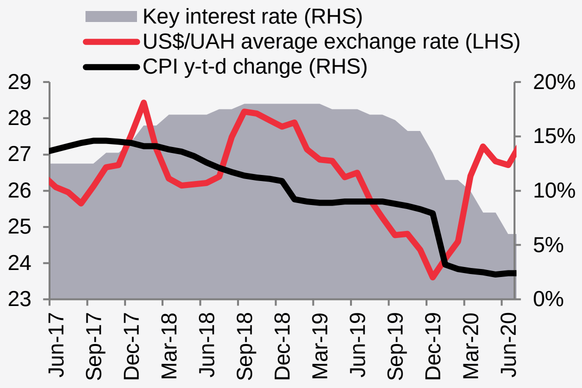
In 1H 2020, total steel output declined by 7.6% y-o-y. At the same time, apparent steel consumption fell by 16.1% y-o-y, mainly due to a 22.5% drop in machinery output, a 5.5% decline in construction activity and a 27.2% reduction in pipe production.

Real GDP dynamics (y-o-y)



Source: State Statistics Service of Ukraine

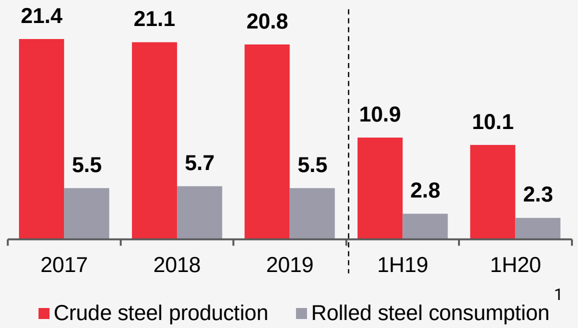
Inflation targeting policy in place



Source: National Bank of Ukraine (NBU), State Statistics Service of Ukraine

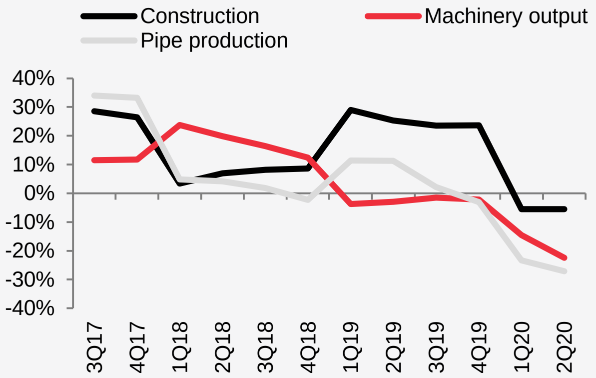
Steel industry

MT



Source: WSA, Metal Expert

Key steel-consuming sectors[2]



Source: State Statistics Service of Ukraine, Metal Expert

1. Consumption in Ukraine includes flat, long and certain semi-finished products but excludes pipes.
2. Index represents the cumulative index from the beginning of the respective year, y-o-y change.

1H 2020 Highlights

Financial highlights

Total revenues decreased by 15% y-o-y:

- metallurgical revenues fell by 18% y-o-y to US$3,899 mn
- mining revenues remained flat y-o-y at US$1,069 mn

Adjusted EBITDA[1] declined by 20% y-o-y:

- metallurgical EBITDA rose by 80% y-o-y to US$238 mn
- mining EBITDA fell by 31% y-o-y to US$546 mn

The segmental contribution to EBITDA[2] changed y-o-y:

- metallurgical accounted for 30% (14% in 1H 2019)
- mining accounted for 70% (86% in 1H 2019)

The consolidated EBITDA margin fell by 1 pp y-o-y to 14%:

- metallurgical EBITDA margin increased by 3 pp y-o-y to 6%
- mining EBITDA margin fell by 9 pp y-o-y to 36%

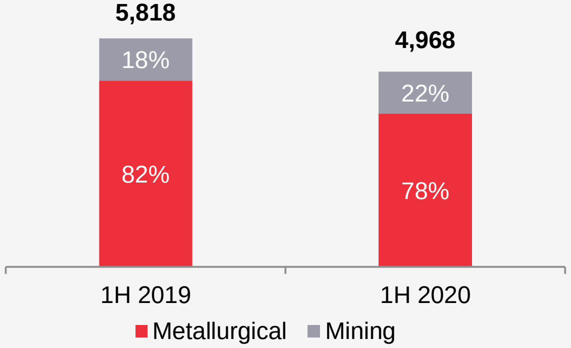
Operating cash flow (OCF) rose by 20% y-o-y to US$685 mn, while EBITDA to OCF conversion improved by 32 pp y-o-y to 96%

CAPEX totalled US$313 mn, down 35% y-o-y

Free cash flow[3] reached US$250 mn, up 6.1x y-o-y

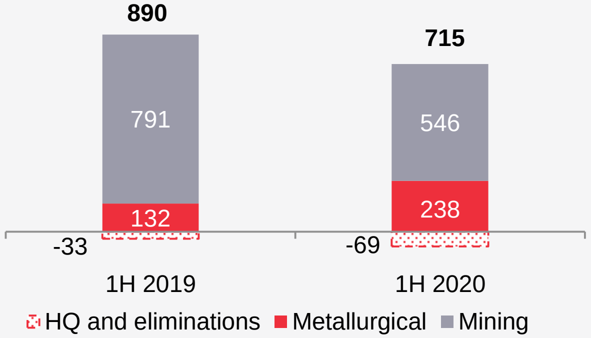
Revenues

US$ mn



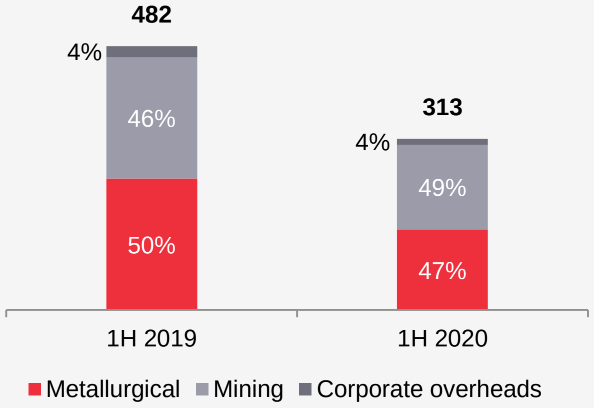
EBITDA

US$ mn



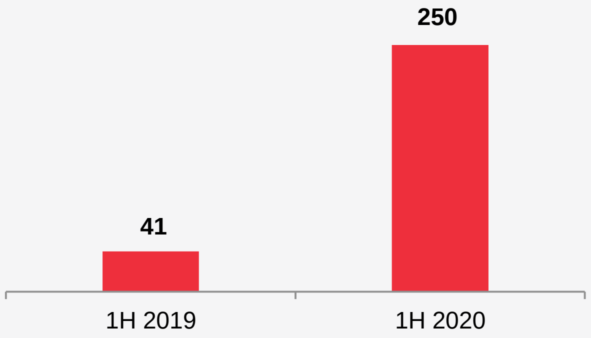
CAPEX

US$ mn



Free cash flow

US$ mn



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. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations
3. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities

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.

Sales portfolio

Metallurgical sales

- 18% y-o-y decline, mainly due to decreased selling prices of steel and coke products in line with global benchmarks and lower steel sales volumes amid the impact of the COVID-19 pandemic
- distribution highlights:
  - lower share of Europe (-1 pp), due to weak demand for pig iron, slabs and flat products
  - stable share of Ukraine, amid 23% y-o-y growth in semi-finished and long product sales volumes in the country
  - unchanged share of MENA, due to demand in Turkey for high quality slabs and HRC
  - stable share of Southeast Asia, as Metinvest resumed sales to China amid strong local demand, selling 457 kt of semi-finished and finished products in the country
  - higher share of North America (+1 pp) amid greater pig iron resales to the region

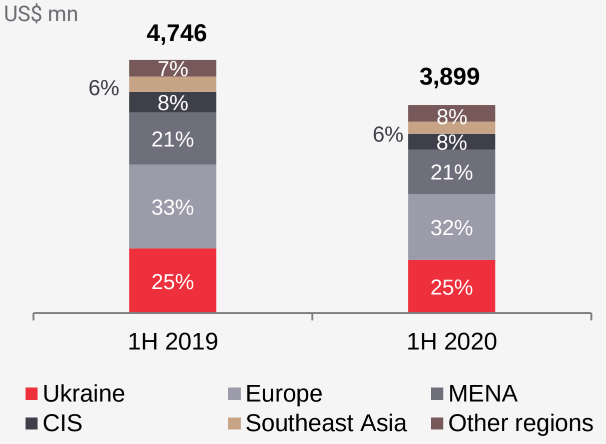
Mining sales

- flat y-o-y amid a change in the iron ore sales mix and geography against a backdrop of weak demand in Europe, strong demand in China and reduced pellet premiums
  - share of Southeast Asia reached 46%, up 32 pp y-o-y
  - share of Europe was 18%, down 27 pp y-o-y

Sales in hard currencies (US$, US$-linked, EUR and GBP) accounted for 82% in 1H 2020 (+3 pp y-o-y)

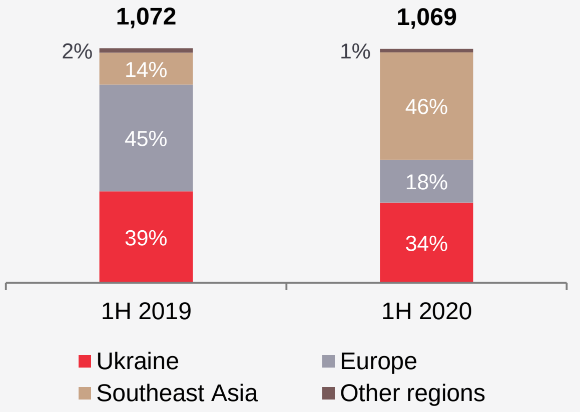
Metallurgical sales by region

US$ mn



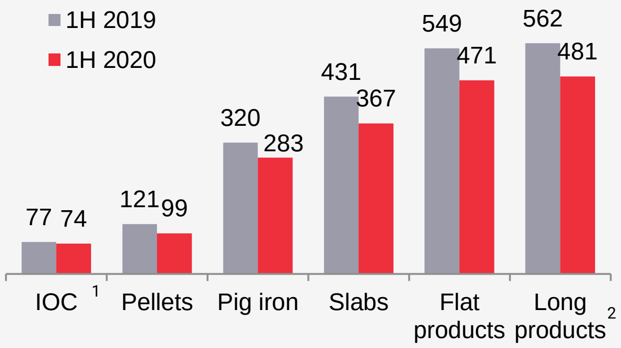
Mining sales by region

US$ mn



Price trends, FCA basis

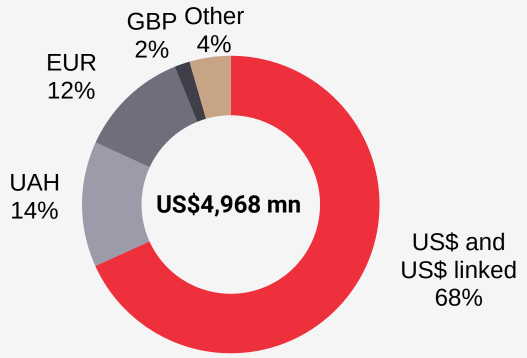
US$/t



1. Iron ore concentrate
2. Excluding railway products

Total sales by currency in 1H 2020

US$ mn



EBITDA

EBITDA totalled US$715 mn, down by 20% y-o-y, mainly driven by:

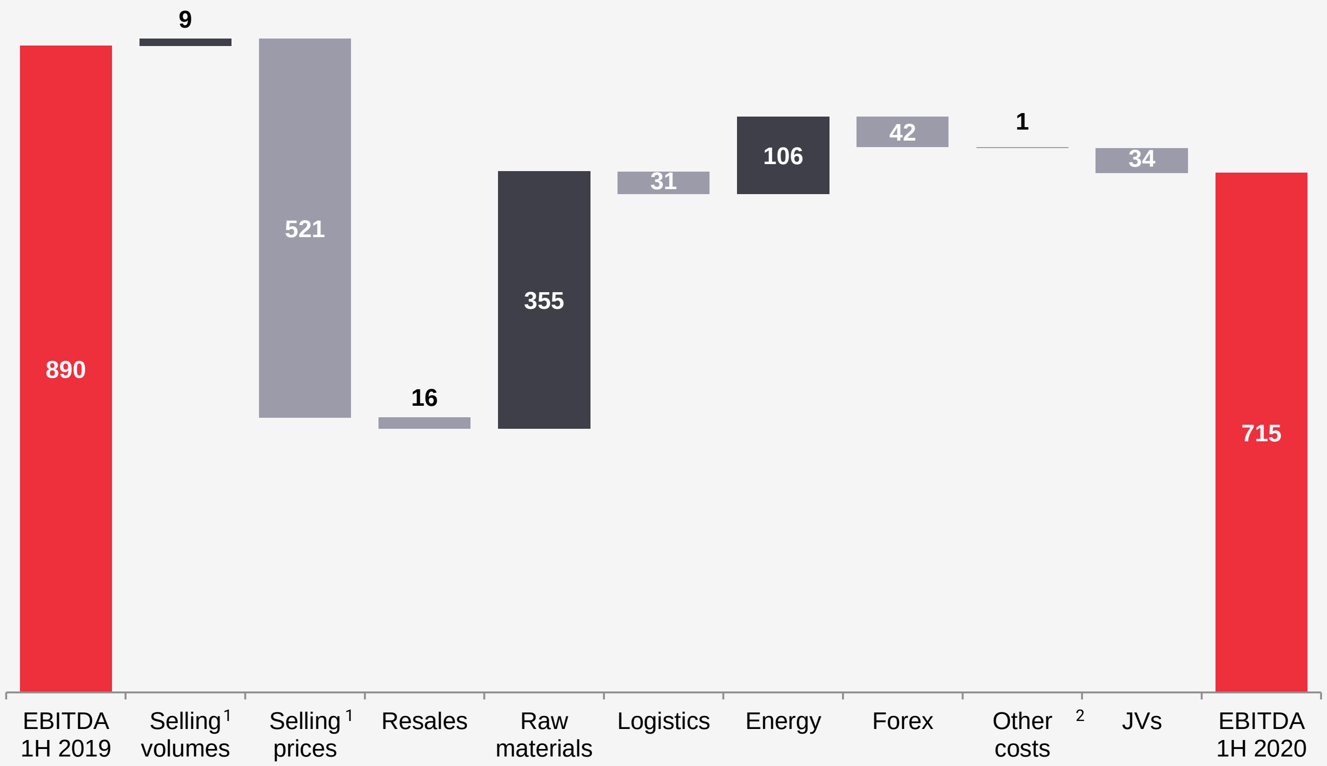
- lower average selling prices for Metinvest's semi-finished and finished steel products, coke and coking coal concentrate, as well as weaker pellet premiums
- lower steel sales volumes
- 4% y-o-y hryvnia appreciation against US dollar
- a deteriorated contribution from the joint ventures
- greater spending on goods transportation services, mainly due to higher sales volumes of iron ore products to Southeast Asia (+3,078 kt)

Positive EBITDA drivers were:

- lower spending on raw materials, mainly as a result of (i) reduced purchase prices; (ii) lower consumption of third-party scrap amid higher usage of pig iron and own scrap; (iii) lower consumption of coking coal due to a 4% y-o-y decrease in coke output; (iv) lower raw material transportation costs; and (v) lower cost of purchased semi-finished products
- lower expenses for energy materials, mainly due to lower prices of natural gas (-44% y-o-y) and PCI coal (-30% y-o-y)
- greater sales volumes of iron ore and coking coal concentrate, as well as coke

EBITDA drivers

US$ mn



1. Net of resales
2. Other costs include fixed costs and other expenses; net of resales

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Cash flow

Operating cash flow

- US$685 mn in 1H 2020, up 20% y-o-y
- EBITDA to OCF conversion reached 96% in 1H 2020, up 32 pp y-o-y

Working capital release, attributable to:

- a decrease in inventory (US$134 mn), mainly iron ore concentrate, pig iron and coal
- an increase in trade payables (US$241 mn)

Purchases of property, plant and equipment (PPE) and intangible assets (IA) totalled US$372 mn, down 15% y-o-y, including the settlement of accounts payable for CAPEX from previous periods

Financing cash outflow, mainly attributable to:

- scheduled PXF repayment of US$44 mn
- net trade financing repayments of US$21 mn

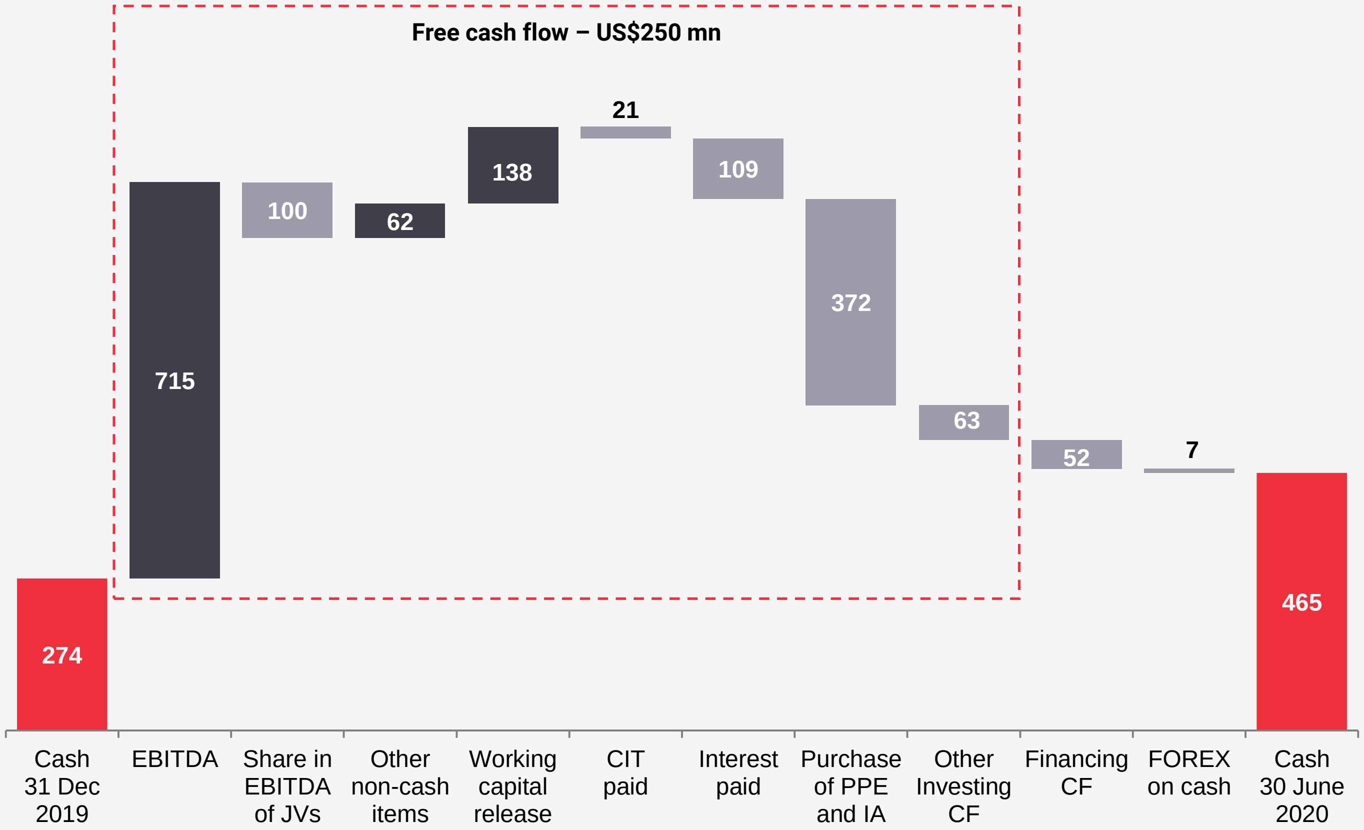
No dividends paid in 1H 2020

Free cash flow reached US$250 mn, up 6.1x y-o-y

Cash balance improved to US$465 mn as of 30 June 2020, up 70% y-t-d

Cash flow in 1H 2020

US$ mn



Capital expenditure

In 1H 2020:

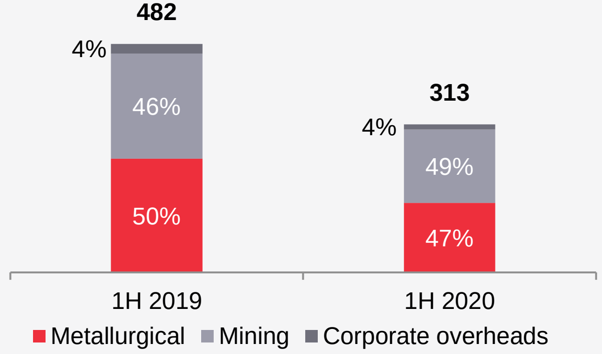
- CAPEX was US$313 mn, down 35% y-o-y, as planned
- the Mining segment accounted for 49% of total investments (+3 pp y-o-y)
- the share of strategic projects was 35% (-2 pp y-o-y)

2020 CAPEX priorities:

- ring-fenced environmental agenda: such investments totalled US$110 mn in 1H 2020, up 2.0x y-o-y
  - the largest project – the reconstruction of the Ilyich Steel sinter plant – at final stage
  - Ilyich Steel completed construction of new gas cleaning facilities of the casting yard and bunker ramp of BF no. 3
- complete ongoing strategic projects:
  - Ilyich Steel's hot strip mill 1700 is in pilot operation, the new down coiler is to be installed this year
  - Central GOK completed the upgrade of its beneficiation facilities to produce premium quality iron ore products
- conducting crucial maintenance
- developing design of projects in the pipeline, driven by the Technological Strategy 2030

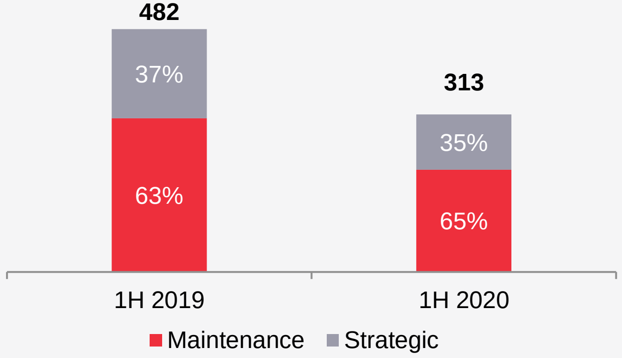
CAPEX by segment

US$ mn



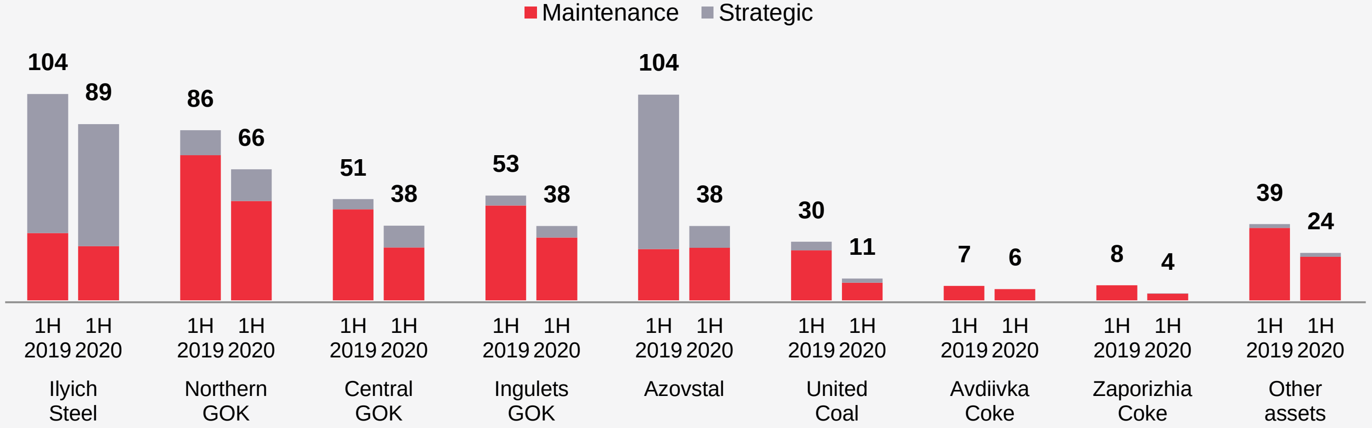
CAPEX by purpose

US$ mn



CAPEX by key asset

US$ mn



Key strategic CAPEX projects in 2020

No	Project	Asset	Description	Status
1	**Reconstruction of hot strip mill (HSM) 1700**	**Ilyich Steel**	Increase hot strip mill capacity to 2.5 mt/y; improve HRC quality by reducing the minimum thickness to 1.2 mm, increasing weight first to 27 t, and to 32 t with the new down coiler, as well as allowing widths of 900-1600 mm; and reduce production costs	The mill was shut down for a scheduled major overhaul from 27 August to 5 November 2019. First coils were produced in November 2019. Equipment testing is ongoing. The new down coiler is expected to be installed in 4Q 2020
2	**Sinter plant reconstruction**	**Ilyich Steel**	Comply with environmental requirements	The project is in the final stage and is expected to be completed in 2021. The gas purification cyclones of the sintering zone of sintering machines (SMs) nos. 1-12 and the cyclones of the cooling zone of SMs nos. 7-12 have been replaced, installation of new bag filters has been completed
3	**Reconstruction with new construction of the gas cleaning facilities of the casthouse and stockhouse of blast furnace (BF) no. 3**	**Ilyich Steel**	Comply with environmental requirements	The project was completed in March 2020. KPIs have been fulfilled
4	**Construction of air separation units**	**Ilyich Steel**	Increase production of oxygen and nitrogen required for steel production	Detailed engineering has been developed. Air Liquide was selected as the key equipment supplier. The company started the contracting process with its sub-suppliers. Commissioning is expected in 2022
5	**Major overhaul of BF no. 6**	**Azovstal**	Increase hot metal production capacity; reduce production costs by decreasing consumption of coke and coke nuts; and reduce environmental impact	Basic and detailed engineering and documentation is being developed
6	**Reconstruction of gas cleaning equipment of basic oxygen furnaces (BOF)**	**Azovstal**	Comply with environmental requirements	Basic and detailed engineering and documentation is being developed
7	**Installation of a new plasma cutting line**	**Metinvest Trametal**	Increase the cutting capacity by 150-190 kt/y of plates with a thickness from 4 mm to 40 mm	Basic and detailed engineering and documentation is being developed
8	**Re-equipment of beneficiation facilities to produce DRI-quality pellets**	**Central GOK**	Improve mechanical properties of pellets to penetrate new premium markets	Upgraded facilities put into pilot operation in March 2020. Test shipments of BF pellets were sent to customers
9	**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 Eastern conveyor line. It is expected to be completed in 2021
10	**Construction of crusher and conveyor system at Pervomaisky quarry**	**Northern GOK**	Reduce operational and capital expenditure in iron ore mining and maintain production volumes	Construction of the facility for rock transportation is ongoing. Completion is scheduled for the end of 2021
11	**Upgrade of roasting machines OK-306 and Lurgi 278-A (1st stage)**	**Northern GOK**	Improve mechanical properties of pellets to capture additional market premium	The Lurgi-278-A was launched in 4Q 2019; pilot production is ongoing. Completion of the OK-306 is currently expected in 3Q 2020
12	**Replacement of gas cleaning units at Lurgi 552-A roasting machine**	**Northern GOK**	Comply with environmental requirements and improve conditions in the workplace	Active construction works are ongoing. Completion is expected in 2022

Debt profile

As of 30 June 2020:

- total debt was US$3,010 mn (-1% y-t-d)
- net debt was US$2,545 mn (-8% y-t-d)
- cash position was US$465 mn (+70% y-t-d)
- net debt to LTM EBITDA was 2.5x (+0.2x y-t-d)

US$65 mn has been secured so far this year to fund CAPEX

First partnership with an international financial institution:

- the board of directors of the Black Sea Trade and Development Bank approved a long-term EUR62 mn facility

CREDIT RATINGS

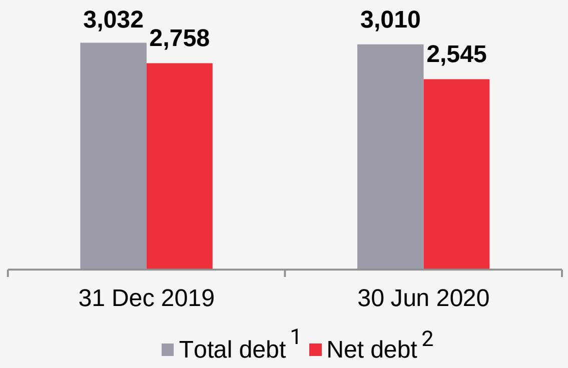
BB- negative / outlook change (Jun-20)
Fitch

B stable / rating affirmed (Jul-20)
S&P

B2 stable / rating upgrade (Jun-20)
Moody's

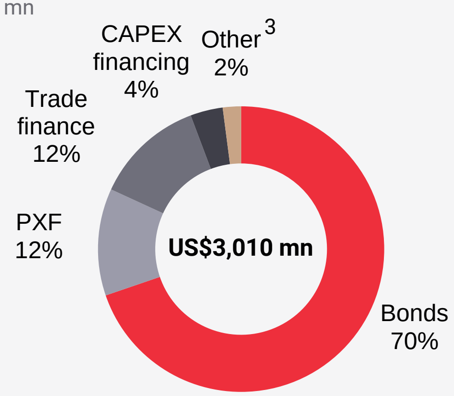
Total and net debt

US$ mn



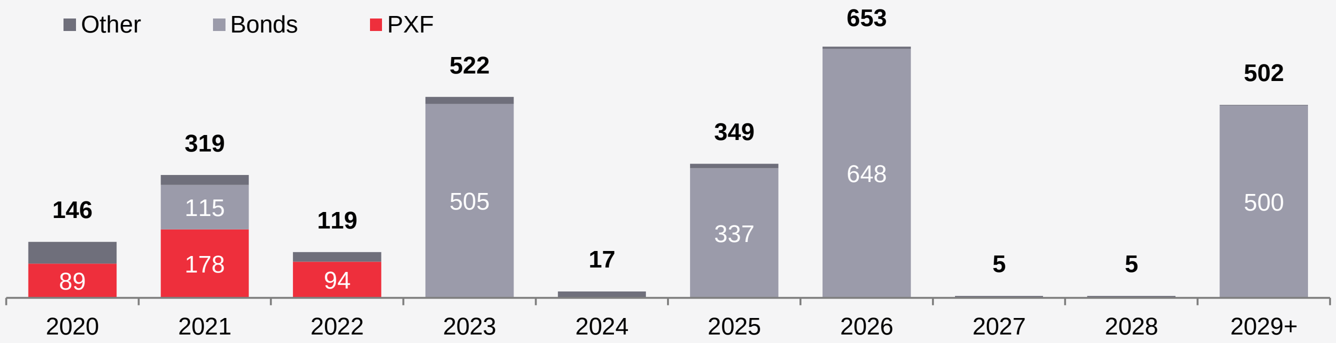
Total debt breakdown as at 30 June 2020

US$ mn



Corporate debt maturity as at 30 June 2020[4]

US$ mn



1. Total debt is calculated as the sum of bank loans, bonds, trade finance and lease liabilities
2. Net debt is calculated as total debt less cash and cash equivalents
3. Lease liability under the IFRS 16 and other bank loans
4. Notes:
   - Bonds: US$115 mn at 7.50% pa due in 2021, US$505 mn at 7.75% pa due in 2023, EUR300 mn at 5.625% pa due in 2025 (converted at EUR/USD f/x of 1.1221), US$648 mn at 8.50% pa due in 2026, US$500 mn at 7.75% pa due in 2029
   - PXF: US$362 mn at LIBOR + margin due in October 2022
   - Other facilities includes ECA-covered and other facilities
   - Trade finance lines are mainly rollovers, so are excluded from the maturity profile chart; Lease liability under the IFRS 16 is excluded

ESG

Environment

Goals

Reduce environmental footprint
Introduce more efficient, energy-saving technology
Meet best global standards in this area
Proactively address critical issues

Results in 1H 2020

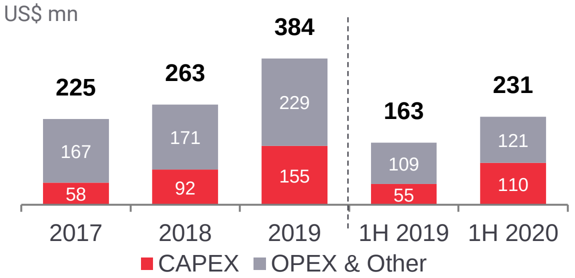
Around US$231 mn was spent on environmental safety[1] in 1H 2020, up 42% y-o-y

Progress on key projects to reduce environmental footprint, including:

- reconstruction of the gas cleaning system at Ilyich Steel's sinter plant (12 sintering machines) – expected up to 90% reduction of dust emissions and up to 40% reduction of SOx emissions
- reconstruction of the gas cleaning systems for basic oxygen furnaces Nos. 1 and 2 at Azovstal – expected 70% reduction of dust emissions

Spending on the environment[1]

US$ mn



Social

Goals

Cooperate with the communities where Metinvest operates to achieve sustainable improvements in social conditions
Maintain a close dialogue with local stakeholders
Achieve zero incidents

Results in 1H 2020

Around 67,000 employees as at 30 June 2020

US$46 mn was spent on health and safety in 1H 2020, up 18% y-o-y

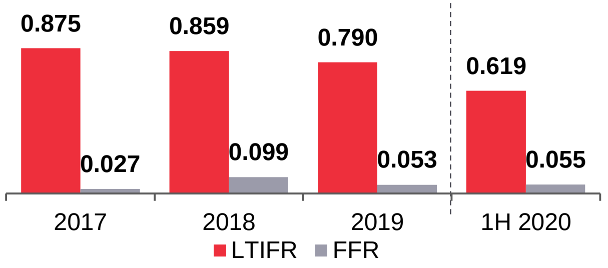
Metinvest rejected tax holidays offered by Ukrainian government and paid around US$256 mn of taxes globally in 1H 2020, incl. CIT

US$7 mn was invested to support communities in 1H 2020, of which around US$5 mn was spent to help fight COVID-19

In response to the COVID-19 pandemic:

- all administrative employees switched to remote work, enhanced health protocols introduced at all assets
- the Group purchased 18,000 COVID-19 express tests for 44 medical institutions and financed the delivery of humanitarian supplies from China
- Metinvest constructed oxygen supply points and new oxygen lines at three healthcare facilities in Mariupol

LTIFR[2] and FFR[3]



Governance

Goals

Develop the corporate governance system to be among the most transparent international companies and serve the interests of all stakeholders as thoroughly as possible

Results in 1H 2020

The Supervisory Board includes four independent members, who are deemed independent within the meaning of the Dutch Corporate Governance Code 2016

The HR, health and safety, environmental protection, PR and communications functions have been merged into Sustainable Development and People Management Directorate headed by Chief Sustainability Officer in order to ensure the sustainable development of the Group

SUSTAINALYTICS 32.0

In June 2020, Sustainalytics assigned Metinvest an ESG Risk Ratings score of 32.0 on a scale between 0 (lowest risk) and 100 (highest risk). While the risk of experiencing material financial impacts driven by ESG factors was assessed as high due to the steel industry's significant exposure, Sustainalytics recognised the Group's management of material ESG issues as strong.

MSCI ESG RATINGS B

CCC | B | BB | BBB | A | AA | AAA

As of 2019, Metinvest received an MSCI ESG Rating of 'B'[4] (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment

1. Including both capital and operational improvements
2. The lost-time injury frequency rate (LTIFR) is the number of lost-time incidents per 1 million man-hours.
3. The fatality frequency rate (FFR) is the number of job-related fatalities per 1 million man-hours.
4. Disclaimer statement. The use by Metinvest B.V. of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Metinvest B.V. by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Segmental review

Mining operations

Overall iron ore concentrate output grew by 5% y-o-y, as a result of higher production at all three assets and third-party ore processing at Central GOK:

- +5% y-o-y at Northern GOK
- +3% y-o-y at Ingulets GOK
- +12% y-o-y at Central GOK

Iron ore self-sufficiency of around 306%[1] in 1H 2020

Merchant iron ore concentrate[3] output surged by 52% y-o-y, amid higher output of total concentrate and changes in the order book at Northern GOK

Merchant pellet[3] output dropped by 35% y-o-y

- share of high grade pellets was 46%, up 17 pp y-o-y, primarily as a result of the unlocked production of concentrate with 70.5% Fe content and pellets with 67.5% Fe content that is used in DRI technology after the upgrade of the beneficiation facilities at Central GOK
- output of pellets with 67.5% Fe content reached 531 kt in 1H 2020

Coking coal concentrate output[4] at United Coal in the US rose by 9% y-o-y as new mines came onstream

Coking coal self-sufficiency was 55%[5] in 1H 2020

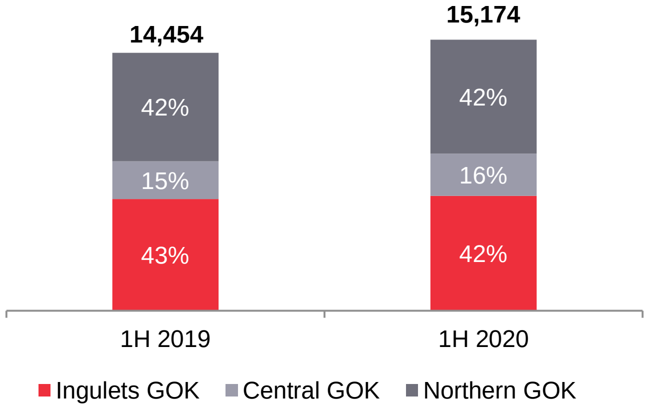
High-quality US coking coal is primarily delivered to Metinvest's Ukrainian coke production facilities

Other coal volumes required for coke production are sourced from international and local suppliers

Additional long-term supplies have been secured by the acquisition of 24.77% in the biggest coking coal business in Ukraine

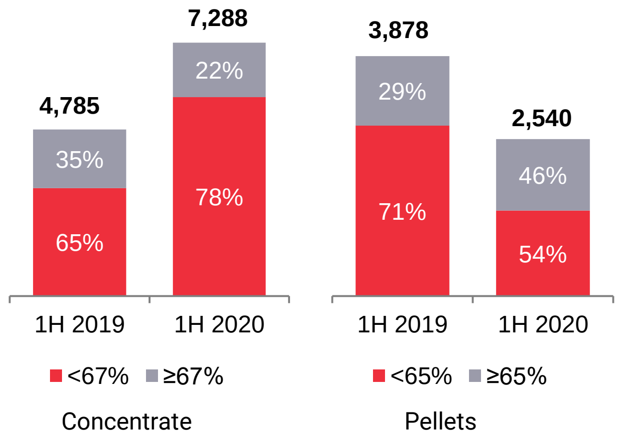
Iron ore concentrate production

kt



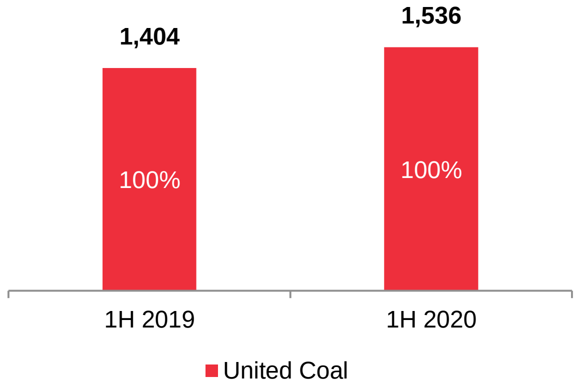
Output of iron ore products by Fe %

kt



Coking coal production

kt



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. The production data for merchant iron ore concentrate in 2019 and 1Q 2020 was revised to exclude sales between the mining assets to produce pellets.
4. Excluding production from raw coal purchased from third parties
5. 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 remained flat y-o-y, despite a significant redirection of iron ore products from Europe to Southeast Asia
- pellets accounted for 27% of the iron ore sales mix volumes and merchant concentrate for 73% in 1H 2020 (42% and 58% in 1H 2019, respectively)
- the top five iron ore customers accounted for 46% of segmental sales (73% in 1H 2019)
- overall, 63% of iron ore volumes were sold under annual contracts (80% in 1H 2019)

EBITDA

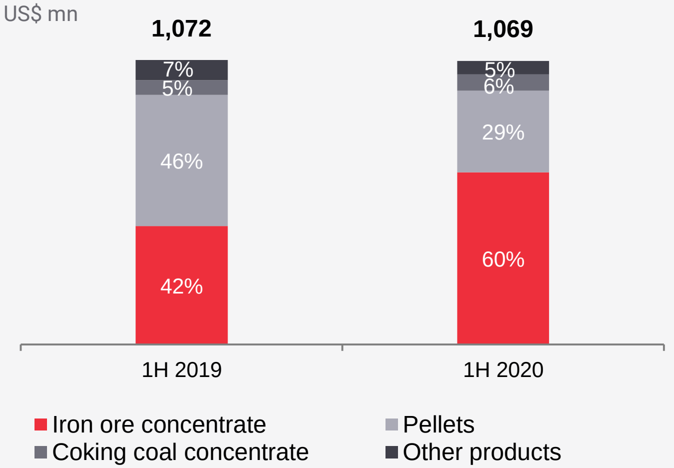
- EBITDA fell by 31% y-o-y, mainly due to the shift of the iron ore product mix towards concentrate amid weaker pellet demand and premiums, changes in the iron ore sales geography and lower coking coal prices
- the contribution to gross EBITDA[1] totalled 70%, down 16 pp y-o-y
- the EBITDA margin was 36%, down 9 pp y-o-y

The segment's CAPEX decreased by 30% y-o-y to US$155 mn, primarily due to lower maintenance investments at iron ore and coking coal producers

US$ mn	1H 2020	1H 2019	CHANGE
Sales (total)	1,534	1,752	-12%
Sales (external)	1,069	1,072	0%
% of Group total	22%	18%	+4 pp
EBITDA	546	791	-31%
% of Group total[1]	70%	86%	-16 pp
Margin	36%	45%	-9 pp
CAPEX	155	222	-30%

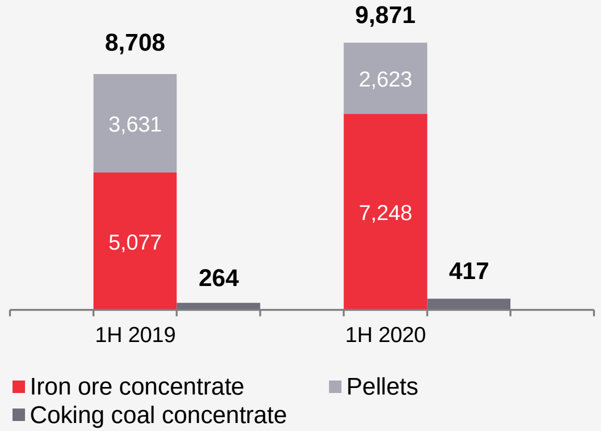
Sales by product

US$ mn



Sales by product

kt



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

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Metallurgical operations

Hot metal output rose by 1% y-o-y, due to 6% growth in production at Azovstal, amid the launch of BF no. 3 following a major overhaul and upgrade in June 2019

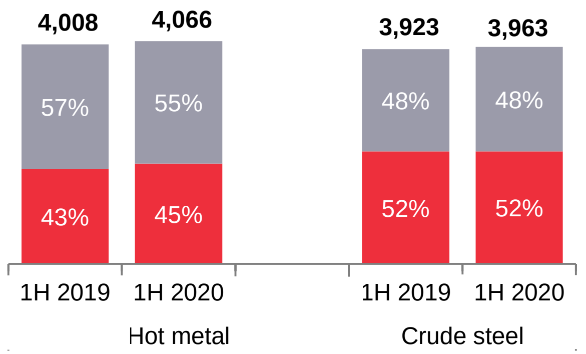
Crude steel production rose by 1% y-o-y amid a 2% y-o-y increase in output at Ilyich Steel, following the launch of the new continuous casting machine no. 4

Azovstal and Ilyich Steel completed major overhauls of BF no. 4 and BOF no. 2, respectively, in 1H 2020 and launched them when demand recovered

Due to COVID-19, Metinvest Trametal and Ferriera Valsider in Italy shut down production operations from March 25 to April 12 and April 30, respectively

Hot metal and crude steel production

kt

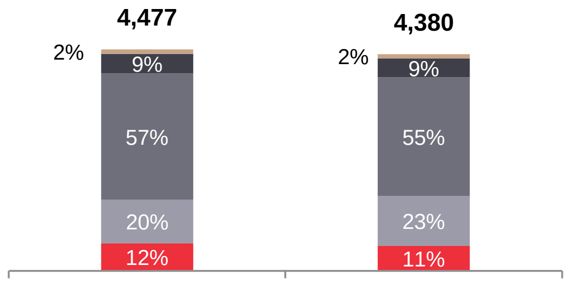


Merchant pig iron and steel product mix in 1H 2020:

- the share of pig iron decreased by 1 pp y-o-y to 11% due to a 9% y-o-y decline in output following the launch of new equipment at Ilyich Steel
- the share of slabs rose by 3 pp y-o-y to 23% due to a 15% y-o-y rise in output, amid greater demand
- the share of flat products shrank by 2 pp y-o-y to 55%, primarily due to a 22% y-o-y drop in plate output, partly compensated by a 70% rise in HRC output, due to the completion of Ilyich Steel's HSM 1700 revamp and steady market demand for that product
- shares of long products and pipes and rails remained flat y-o-y at 9% and 2%, respectively

Merchant pig iron and steel product output

kt



In March 2020, Metinvest increased its stake in Dnipro Coke to 73.01%, as a result of which, it became a subsidiary of the Group

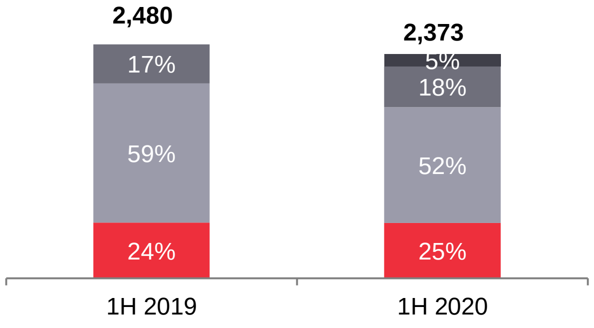
Coke[1] output decreased by 4% y-o-y, as fewer ovens at Avdiivka Coke were in operation, compared with 1H 2019, which was partly offset by the consolidation of Dnipro Coke's production from 2Q 2020 (128 kt)

Coke self-sufficiency stood at 166%[2] in 1H 2020

In 3Q 2020, Metinvest increased its stake in Zaporizhia Refractories, a producer of refractory products and materials in Ukraine, to 50.79%, following which it has become a subsidiary of the Group

Coke production

kt



1. Dry blast furnace coke output. Starting in 2Q 2020, coke production data include production volumes of Dnipro Coke after the Group increased its stake in the asset to 73.01%
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 18% y-o-y, mainly due to decreased steel and coke selling prices in line with global benchmarks, as well as lower steel sales volumes (primarily flat products)
- the share of HVA products[1] in the sales mix volumes, excluding resales, was 46% in 1H 2020, down 3 pp y-o-y
- the top five steel customers accounted for 17% of the segment's revenues (16% in 1H 2019)
- almost all steel volumes were sold on the spot market

EBITDA

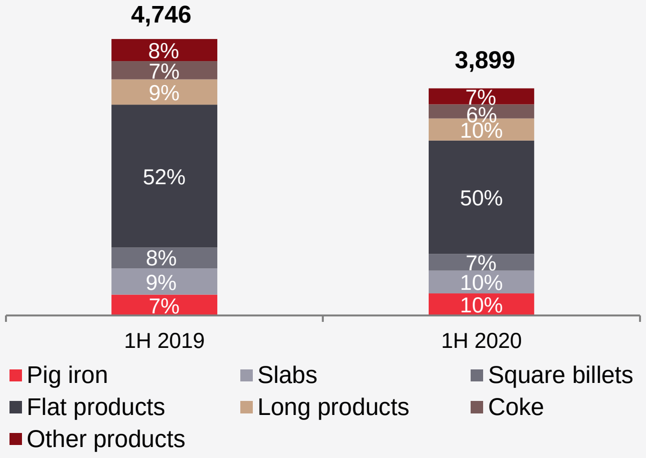
- EBITDA rose by 80% y-o-y, mainly due to lower expenses for raw and energy materials
- contribution to gross EBITDA[2] reached 30%, up 16 pp y-o-y
- EBITDA margin rose by 3 pp y-o-y to 6%, as a result of a lower cost base

The segment's CAPEX declined by 39% y-o-y to US$147 mn, following the completion of major strategic projects at Azovstal and reduced maintenance investments

US$ mn	1H 2020	1H 2019	CHANGE
Sales (total)	3,936	4,786	-18%
Sales (external)	3,899	4,746	-18%
% of Group total	78%	82%	-4 pp
EBITDA	238	132	+80%
% of Group total[1]	30%	14%	+16 pp
Margin[2]	6%	3%	+3 pp
CAPEX	147	240	-39%

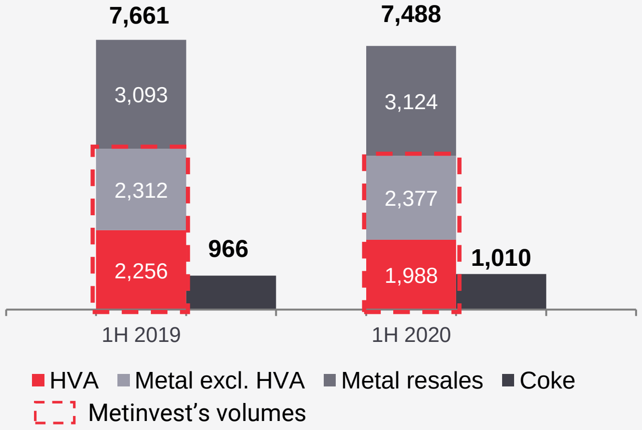
Sales by product

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

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