



ESG Presentation

Barclays ESG Emerging Markets Corporate Day

3 December 2020



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9M 2020 ESG highlights



Environment

The 2020 ecological agenda was ring-fenced despite ongoing heightened uncertainty

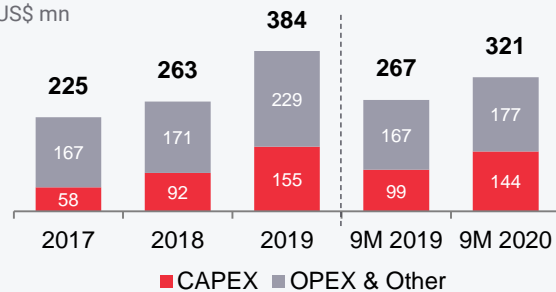
Around US\$321 mn was spent on environmental safety¹ in 9M 2020, up 20% y-o-y

Progress on key projects to reduce environmental footprint, including:

- reconstruction of the gas cleaning system at Ilyich Steel's sinter plant
- reconstruction of the gas cleaning systems for basic oxygen furnaces nos. 1 and 2 at Azovstal
- replacement of the gas cleaning units of the Lurgi 552-A roasting machine at Northern GOK

Spending on the environment¹

US\$ mn



Social

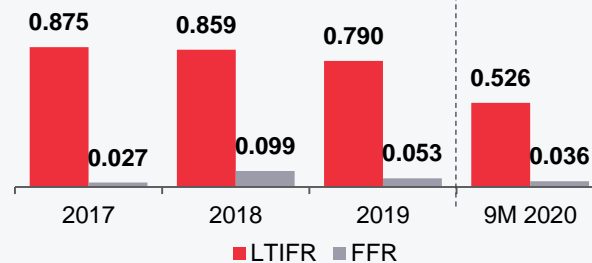
US\$64 mn was spent on health and safety in 9M 2020, down 2% y-o-y

Metinvest rejected tax holidays offered by the Ukrainian government and paid US\$423 mn of taxes globally in 9M 2020, including corporate income tax

US\$11 mn was invested to support communities in 9M 2020, of which around US\$5 mn was spent to help fight COVID-19

In response to the COVID-19 pandemic, Metinvest has undertaken a number of measures to protect its employees and help local communities

LTIFR² and FFR³



Governance

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

The Supervisory Board's expertise in metallurgy has been strengthened following the appointment of Avetik Chalabyan, who previously held various positions at McKinsey & Company (2001-2020), including Senior Partner (2013-2020) leading the global Metallurgical practice

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

Metinvest published the Sustainability Report 2019, which was prepared in accordance with the Global Reporting Initiative (GRI) and, for the first time ever, the guidelines of the Sustainability Accounting Standards Board (SASB) were considered

Two ESG ratings were received from reputable ESG rating agencies:

- debut ESG Risk Ratings score of 32.0 from Sustainalytics
- ESG Rating of 'B' from MSCI, unchanged y-o-y

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.



UN Sustainable Developments Goals

Metinvest recognises the importance of the Sustainable Development Goals (SDG) adopted by United Nations (UN) member states in 2015 and strives to do its part in creating a better future, not only for itself, but also for subsequent generations

Metinvest's sustainability initiatives in 2019 centred on:

- responsible labour practices
- occupational health and safety standards
- building reliable infrastructure in its cities of presence
- rethinking operational efficiency
- upgrading machinery and equipment to meet the most recent environmental standards

These areas are covered by the following SDGs, which were the Group's primary focus in 2019:

- SDG 8 (Decent Work and Economic Growth)
- SDG 9 (Industry, Innovation and Infrastructure)
- SDG 11 (Sustainable Cities and Communities)
- SDG 12 (Responsible Consumption and Production)

Metinvest acknowledges the importance of mitigating climate risks and aims to make SDG 13 (Climate Action) its primary focus in 2020 and beyond

To this end, the Group is currently in the process of introducing a comprehensive action plan to address emissions abatement and energy efficiency





Sustainability initiatives and ESG ratings



In 2010, Metinvest joined the UN Global Compact, a United Nations programme that has become the world's largest corporate social responsibility initiative



Since 2010, Metinvest has published 7 social reports prepared in accordance with the Global Reporting Initiative (GRI) Standards

Starting in 2019, the basis for the social report has been changed to annual from biannual to improve transparency and timeliness of non-financial information disclosure

When preparing the Sustainability Report 2019, for the first time, the guidelines of the Sustainability Accounting Standards Board (SASB) were considered



SUSTAINALYTICS

32.0

In June 2020, Metinvest received an overall ESG Risk Ratings score of 32.0 from Sustainalytics, a leading global provider of ESG research, ratings and data, with the following score distribution: Environment – 18.7, Social – 8.4 and Governance – 4.9

The ESG Risk Ratings score is a measure of unmanaged risk on an absolute scale of 0-100, with a lower score signalling less unmanaged ESG 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 assessed the Group's management of material ESG issues as strong

Compared with other companies in the steel industry analysed by Sustainalytics, Metinvest was ranked in ninth place out of the 140 steel companies worldwide

MSCI ESG RATINGS



CCC B BB BBB A AA AAA

As of 2020, Metinvest received an MSCI ESG Rating of 'B'¹, which is unchanged from the previous year

MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale ranging from 'AAA' ('leader') to 'CCC' ('laggard'), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers

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Governance





Governance highlights

Metinvest B.V.'s corporate governance structure is built in accordance with and in compliance with Dutch laws

Recent changes in the Supervisory Board

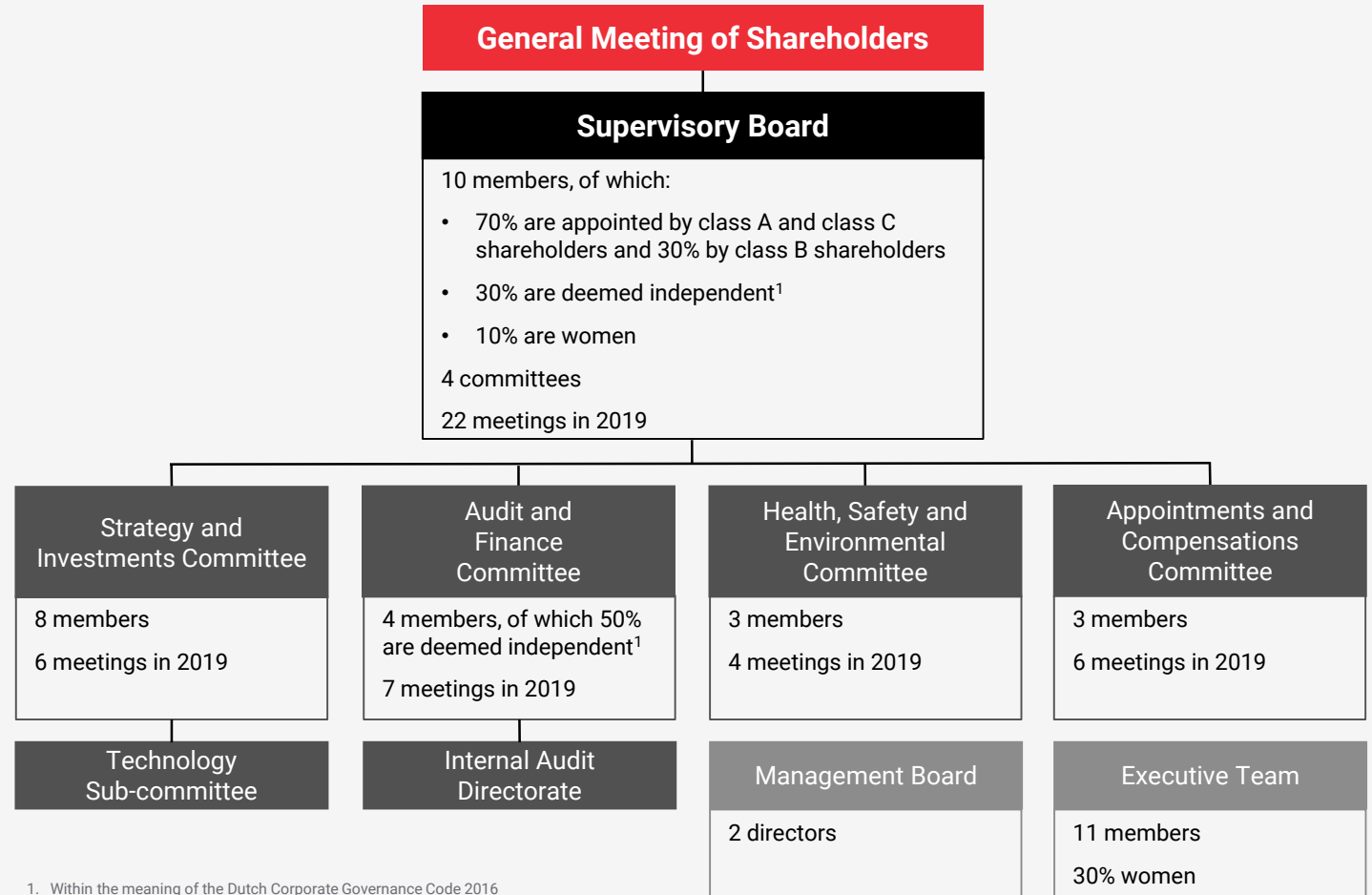
- In October 2020, Avetik Chalabyan joined the Supervisory Board and became a member of the Strategy and Investments Committee; Mr Chalabyan previously held various positions at McKinsey & Company (2001-2020), including Senior Partner (2013-2020) leading the global Metallurgical practice

Recent changes in the Executive Team

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

Goal

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



1. Within the meaning of the Dutch Corporate Governance Code 2016



Composition of the Supervisory Board and its committees

	Status	Class membership	Independent	Strategy and Investments Committee	Audit and Finance Committee	Appointments and Compensations Committee	Health, Safety and Environmental Committee
Oleg Popov	Chairman	A					
Alexey Pertin	Deputy Chairman	B					
Christiaan Norval	Member	A	✓				
Johan Bastin	Member	A	✓				
Natalia Izosimova	Member	A	✓				
Damir Akhmetov	Member	A					
Gregory Mason	Member	B					
Mikhail Novinskii	Member	B					
Yaroslav Simonov	Member	A					
Avetik Chalabyan	Member	A					

Chair

Member



Governance codes and policies

Trust Line

Metinvest uses the Trust Line maintained by SCM, one of its shareholders, allowing stakeholders to anonymously report violations of the law, breaches of business conduct and corporate ethics

In 2019, 746 reports were submitted via the Trust Line, 359 of which were confirmed in such areas as violations of internal procedure and others

- Toll free number in Ukraine: 0800 60 07 77
- International number: +38 044 224 72 32
- Email: trustline@scm.com.ua
- Website: scm.com.cy/trust-line

Code of Ethics

The Code of Ethics is built around the following core values: health and the environment, customer focus, professionalism, leadership, teamwork, non-discrimination and lawfulness

It is publicly available on the Group's website

In 2019, 31,856 employees passed an online Code of Ethics training

Compliance Programme

The Compliance Programme was introduced to:

- ensure that all employees follow all ethical and legal standards when conducting business
- prevent any legal violations
- promote compliance as a core aspect of the Group's corporate culture

Conflicts of interest

The Procedure for Declaring Conflicts of Interest requires employees to inform their direct supervisor and the legal team about any real or potential conflict of interest

All employees holding management positions are required to submit declarations confirming that they do not have any conflicts of interest or declaring any issues

In 2019, 99% of all declarants submitted their annual declarations

Ethics Committee

The Ethics Committee meets once a quarter to discuss the implementation of the Compliance Programme throughout the Group, take decisions concerning conflicts of interest and review reports received via the Trust Line

Supplier selection

The Policy on Supplier Selection ensures that Metinvest always seeks to work with partners and contractors who share its ethical and business principles, including those regarding health, safety and the environment, by conducting supplier assessments via pre-qualification and pre-contract procedures

In 2019, around 11,000 pre-contract assessment procedures were conducted, during which 60 suppliers were disqualified

Anti-corruption, Anti-bribery

The Group strictly follows anti-corruption laws in its daily operations; Metinvest does not offer or take bribes, nor does it promote corruption; the Group is committed to working with counterparties and business partners whose reputation is not associated with corruption and bribery

There were no reported and confirmed cases of corruption violations in 2019

AML/CFT

The Procedure on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requires obligatory compliance due diligence checks of all counterparties, including for watchlists covering sanctions, terrorism, money laundering, dual/military-use products, corruption and other areas of interest

In 2019, Metinvest checked 566 transactions for risk of AML/CFT violations, of which 22 resulted in a ban on cooperation

Anti-monopoly compliance

Metinvest complies with all competition laws in the countries where it operates; requirements for fair competition are spelled out in the Code of Ethics; the Group has approved anti-trust compliance policies at its largest enterprises



Environment





Environment in numbers

Metinvest is committed to reducing its environmental impact and helping to fight global climate change

Metinvest is in full compliance with all regional environmental laws and regulations

To reduce its environmental impact, Metinvest:

- closed open-hearth furnaces at Azovstal in 2011 and Ilyich Steel in 2014
- decommissioned a sinter plant and three obsolete coke batteries at Azovstal in 2012; sinter production was transferred to Ilyich Steel's sinter plant, the ecological reconstruction of which is about to be completed
- implements the environmental agenda of the Technological Strategy 2030 to lower emissions, enhance energy efficiency and reduce water usage

All Group companies regularly report to the local authorities on their compliance with legal requirements

In 2019, Metinvest was not subject to significant fines or penalties for non-compliance with environmental laws and regulations

Goals

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

1 policy

in the field of Health,
Safety and
the Environment

10 assets

with ISO 50001
energy management
system certification

15 assets

with ISO 14001
environmental management
system certification

+46% y-o-y

spending on environment
in 2019

-10% y-o-y

direct GHG emissions in
CO₂ equivalent in 2019

+22% y-o-y

energy saved
in 2019

80%

recycled and reused water
in 2019, up 2 pp y-o-y

-9% y-o-y

water withdrawal
in 2019

-10% y-o-y

water discharge
in 2019



Environmental highlights

Emissions

- In 2019, gross direct greenhouse gas (GHG) emissions fell by 10% y-o-y, primarily due to alterations in blast furnace (BF) utilisation at Azovstal, as well as the shutdown of BF no. 3 at Ilyich Steel and coke chambers at coke producers for major overhaul
- In 2019, gross air emissions rose by 2.8% y-o-y, mostly due to gaseous components (carbon monoxide) coming from the combustion process (new bag filters at Ilyich Steel's sinter plant require greater air pressure, which consequently leads to a higher volume of this gas); at the same time, the emissions of dust, sulphur oxides (SOX) and nitrogen oxides (NOX) decreased y-o-y

Water

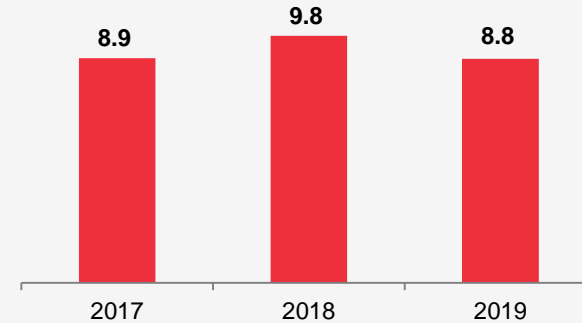
- In 2019, overall water intake decreased by 9% y-o-y following the implementation of projects to modernise wastewater treatment equipment, recycle water used in technological processes, as well as reuse mining and wastewater
- Share of recycled and reused water reached 80% in 2019, up 2 pp y-o-y

Energy

- In 2019, total energy consumption decreased by 7% y-o-y due to reduced coke usage and increased pulverised coal injection (PCI) at Azovstal following the commissioning of BF no. 3

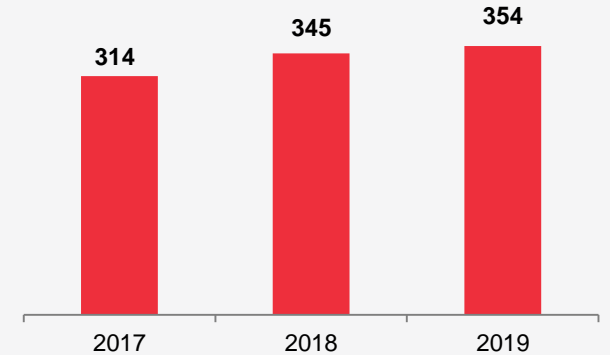
Gross direct GHG emissions (scope 1)

MT of CO₂ equivalent



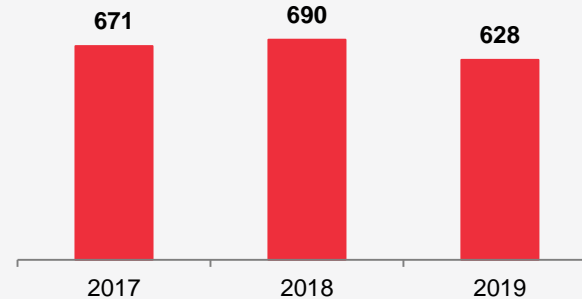
Gross air emissions¹

KT



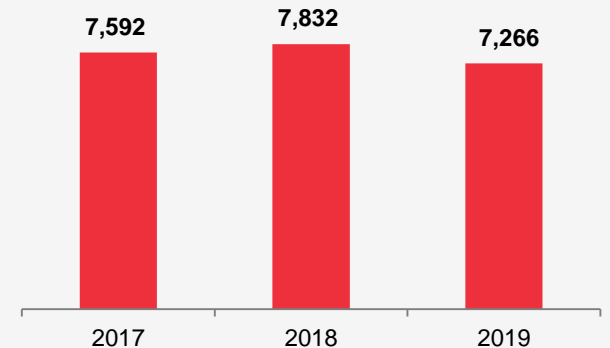
Water intake²

MCM³



Direct energy use⁴

KTOE⁵



1. Gross emissions include nitrogen dioxide (NO₂), sulphur dioxide (SO₂), carbon monoxide (CO) and solids (dust)

2. Water intake is water withdrawal from water bodies for consumption or storage

3. Million cubic metres

4. Renewable sources were not used. Only purchased (or extracted) fuel was factored into these calculations. The coefficients used for conversion to tonnes of oil equivalent are as follows: natural gas – 1.15, heating oil – 1.37, coke – 0.94, diesel fuel – 1.45, petrol – 1.49, coal – 0.888, electric power – 0.123.

5. Thousand tonnes of oil equivalent. A tonne of oil equivalent is a unit of measurement equal to the amount of energy released by burning one tonne of crude oil.



Environmental modernisation

Metinvest is working to consistently achieve incremental reductions in pollutant emissions, modernising production assets and introducing new technology

The Technological Strategy 2030 envisages upgrading all gas-cleaning, dust-trapping and wastewater processing equipment at major production units, including beneficiation and roasting machines, sinter plants, blast furnaces, basic oxygen furnaces and re-rolling mills

The 2020 ecological agenda was ring-fenced despite ongoing heightened uncertainty

Progress achieved on several projects:

- the largest project – the reconstruction of Ilyich Steel’s sinter plant – is at the final stage
- construction of new gas cleaning facilities of the casting yard and bunker ramp of BF no. 3 at Ilyich Steel
- reconstruction of the gas cleaning systems for basic oxygen furnaces nos. 1 and 2 at Azovstal – expected 70% reduction of dust emissions
- replacement of gas cleaning units of Lurgi 552-A roasting machine at Northern GOK – expected 40% reduction of dust emissions

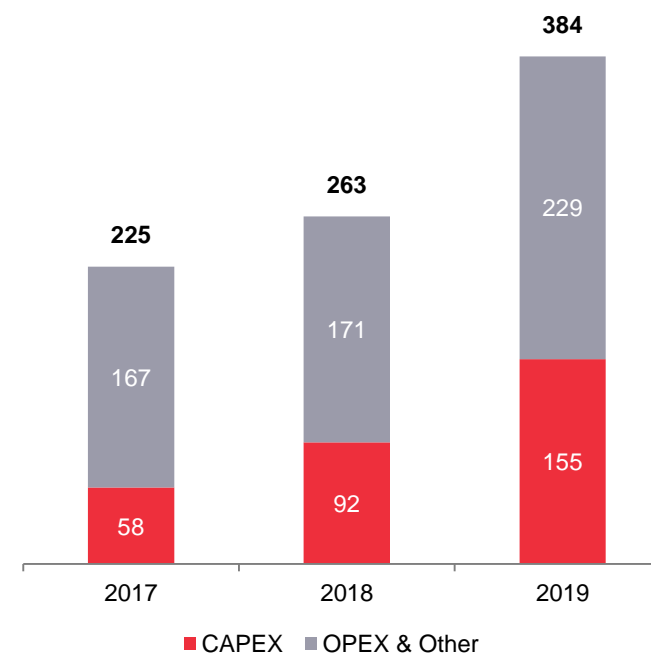


Environmental spending

2019 TOTAL

US\$384 mn

+46% y-o-y





Key environmental data

Indicator	Units	2017	2018	2019	3-YEAR CHANGE
Gross direct GHG emissions (scope 1)	MT of CO ₂ equivalent	8.9	9.8	8.8	0%
Gross air emissions, incl.:	KT	314	345	354	+13%
- Nitrogen dioxide (NO ₂)	KT	15	16	15	-5%
- Sulphur dioxide (SO ₂)	KT	20	20	18	-11%
- Carbon monoxide (CO)	KT	241	271	288	+20%
- Solids (dust)	KT	29	30	26	-12%
Water intake ¹	MCM	671	690	628	-9%
Water consumption ²	MCM	653	672	614	-9%
Wastewater discharge	MCM	595	605	545	-10%
Share of reused and recycled water	%	79%	78%	80%	+1 pp
Total volume of waste generated	MT	214	220	234	+9%
Direct energy use	KTOE	7,592	7,832	7,266	-4%
Total energy saved as a result of energy efficiency measures, incl.:	KTOE	235	131	159	-33%
- Electric power	KTOE	19	30	37	+96%
- Heat energy	KTOE	5.3	2.4	5.1	-4%
- Fuel	KTOE	211	99	116	-45%

1. Water consumption – the use of water withdrawn from water bodies in production operations and for household
2. Water intake – water withdrawal from water bodies for consumption or storage



Social





Social in numbers

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

Human capital

66,565

employees

32%

women

11%

staff turnover

+37%

average monthly salary

US\$5 mn

investments in employee training

>90%

employees covered by collective bargaining agreement

Health and safety

0 incidents

long-term goal

10 assets

with ISO 45001 or 18001 certification

0.790

lost-time injury frequency rate

0.053

fatality frequency rate

US\$102 mn

spending on health and safety

1,611

employees attended corporate health and safety trainings

Communities

US\$741 mn

taxes paid

US\$11 mn

community investments

US\$5 mn

spending to fight COVID-19



COVID-19 response

As of the end of September 2020, the Group has invested around US\$5 mn in initiatives to prevent the spread of the virus at the cities in which it operates

In response to the COVID-19 pandemic:

- all administrative employees switched to remote work, enhanced health protocols introduced at all assets; cancelled public events and business trips
- all employees were provided with necessary means for personal protection recommended by international and national health organisations
- the Group purchased 18,000 COVID-19 express tests for 44 medical institutions
- Metinvest constructed oxygen supply points and new oxygen lines at three healthcare facilities in Mariupol
- Metinvest provided food packages to more than 2,000 of its retired employees who live in Mariupol, Zaporizhia, Kryvyi Rih, Avdiivka and Novhorodske
- Together with the charitable initiatives of shareholders, the Rinat Akhmetov Foundation and Vadym Novynskyi's International Charitable Foundation, Metinvest has provided COVID-19 rapid tests, medical ventilators and protective equipment to hospitals all over Ukraine



Humanitarian Aid from China

An important COVID-19 response initiative that Metinvest supported was arranging and financing the delivery of humanitarian supplies worth more than US\$1 mn from China to Ukraine

The Group spent roughly US\$260,000 to organise a flight from Beijing to Boryspil, where humanitarian aid was collected in the presence of Metinvest's CEO, Ukraine's Deputy Foreign Minister, Ukraine's Deputy Minister of Health and China's Ambassador to Ukraine

COVID-19 tests, lung ventilators, disinfectants and infrared thermometers from Chinese government bodies, private organisations, associations and foundations were distributed among Ukrainian governmental authorities, medical institutions and universities in Kyiv and ten of the country's regions



Human capital highlights

Employee turnover rate was 11.0% in 2019, down 0.7 pp y-o-y

The Group is developing a regional network of Metinvest Career Centers in the Ukrainian cities in which Metinvest operates

Metinvest supports all employees affected by layoffs and offers free career-counselling services

Metinvest was recognised in four nominations of the Top 100 Talent Departments, Brands and Employers ranking in Ukraine in 2019:

1. Top 10 employee brands
2. The most efficient HR team
3. Top 20 HR directors
4. Top 10 educational programmes

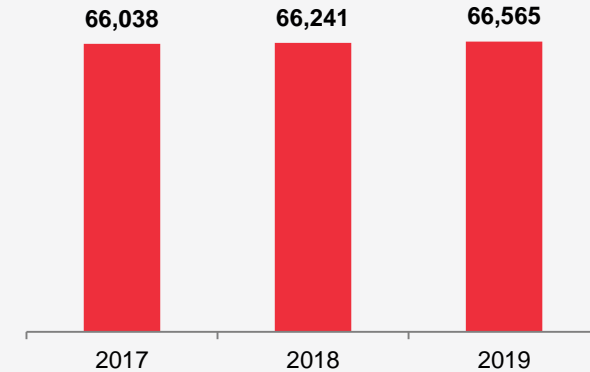
The average monthly salary in the Group reached US\$984 per month, up 37% y-o-y, due to:

- average salary increase for Ukrainian production personnel of 15% from April 2019
- the appreciation of the Ukrainian currency against hard currencies

Metinvest provides a variety of training and development opportunities to ensure continuous professional and career growth for employees at all levels

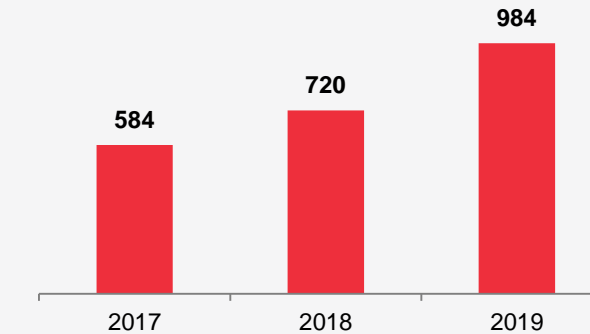
- 73 hours per year is the average amount of trainings received by one employee

Employee headcount

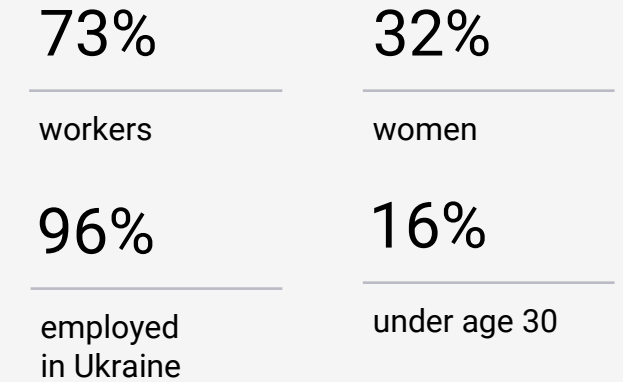


Average monthly salary

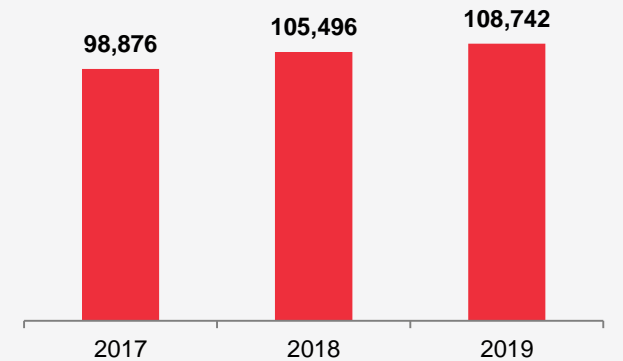
US\$



Staff structure in 2019



Number of training enrollments¹



1. These figures represent the cumulative number of training sessions attended by employees during the reporting period



Health and safety highlights

Metinvest is committed to reinforcing a safety-first culture at all facilities

A new five-year roadmap was developed in 2019 to further improve Metinvest's occupational health and safety management system and achieve the ultimate goal of zero incidents

As part of this roadmap, management remuneration has been linked to health and safety performance to strengthen their focus in this area

- A Health and Safety Trigger has been introduced to calibrate bonus awards for the Executive Team and general directors of assets

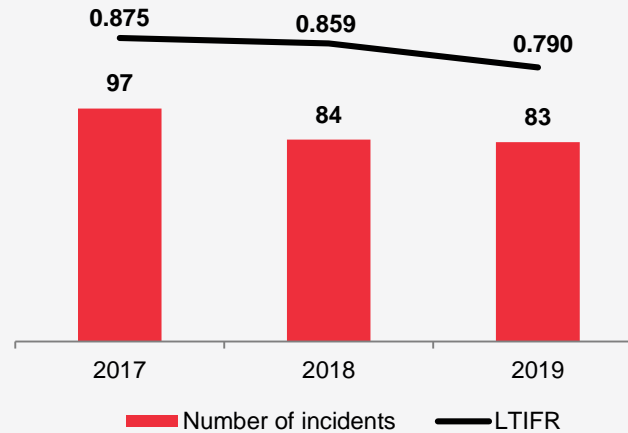
In 2019, the Group improved the health and safety performance at nearly all production assets, achieving the lowest LTIFR in its history

Spending on health and safety was US\$102 mn in 2019, up 7% y-o-y

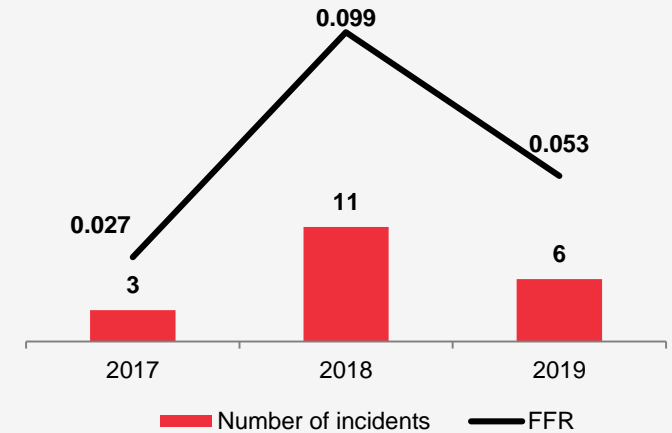
In 2019, 1,611 employees took part in health and safety training and 236 employees attended first-aid medical training

Contractors are subject to the same occupational health and safety rules as Metinvest employees and comply with the Safety Standard for Contractor Organisations

Number of lost-time injury incidents / LTIFR¹

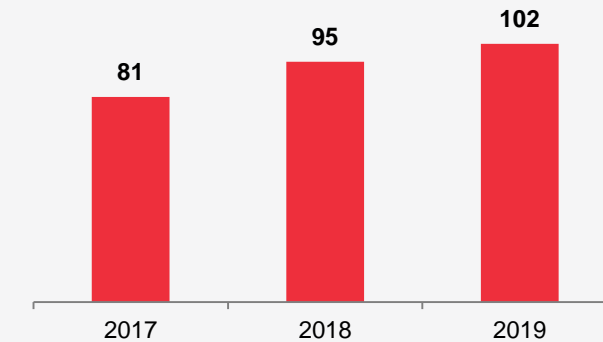


Number of fatal incidents / FFR²

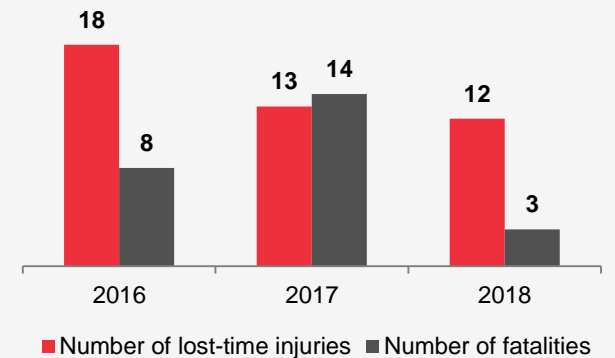


Spending on health and safety

US\$ mn



Health and safety of contractors



1. The lost-time injury frequency rate (LTIFR) is calculated as the number of lost-time incidents per 1 million hours worked
 2. The fatality frequency rate (FFR) is calculated as the number of fatalities that result from work-related injuries per 1 million hours worked



Community development highlights

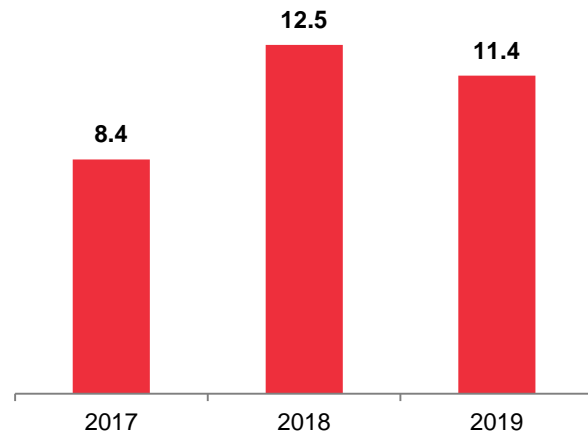
In 2019, Metinvest invested a total of US\$11 mn in its communities, demonstrating a strong commitment to local residents

The Group's community investment strategy is guided by an intention to serve as many beneficiaries as possible, even under the circumstances of market challenges, which in 2019 led to a slight decrease in investments compared with 2018

In 2019, Metinvest paid US\$741M in taxes to state and local budgets, supporting the economies of the regions where it operates

Community investment

US\$ mn



Upgrading social infrastructure



- 51,799 m² of roads repaired
- 87 playgrounds constructed
- 55 apartment buildings repaired
- 27 public spaces modernised

Promoting sport and culture



- 42 sporting events
- 98 sportgrounds
- 75 cultural events
- 21 cultural institutions
- 17 sport facilities

Promoting ecological agenda



- 1,250 requests for beautification fulfilled
- 4,113 trees planted
- 781 tonnes of trash cleaned up
- 118 hectares of territory cleaned

Advancing education



- 57 educational projects implemented
- 51 educational institutions received assistance

Supporting healthcare



- 15 healthcare facilities renovated
- 19 pieces of medical equipment purchased
- 10 healthcare facilities supplied with 58,602 m² of oxygen



9M 2020 financial highlights





Financial highlights

Total revenues¹ decreased by 10% y-o-y:

- metallurgical revenues fell by 13% y-o-y to US\$5,982 mn
- mining revenues increased by 1% y-o-y to US\$1,646 mn

Adjusted EBITDA² increased by 16% y-o-y:

- metallurgical EBITDA rose 36x y-o-y to US\$501 mn
- mining EBITDA fell by 20% y-o-y to US\$968 mn

The segmental contribution to EBITDA³ changed y-o-y:

- metallurgical accounted for 34% (1% in 9M 2019)
- mining accounted for 66% (99% in 9M 2019)

The consolidated EBITDA margin rose by 4 pp y-o-y to 18%:

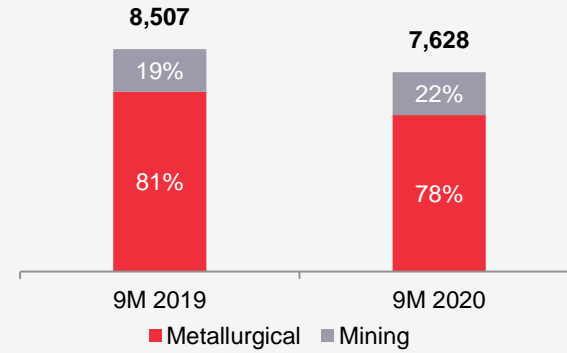
- metallurgical EBITDA margin increased by 8 pp y-o-y to 8%
- mining EBITDA margin fell by 2 pp y-o-y to 42%

CAPEX totalled US\$460 mn, down 40% y-o-y

Free cash flow⁴ reached US\$575 mn, up 9x y-o-y

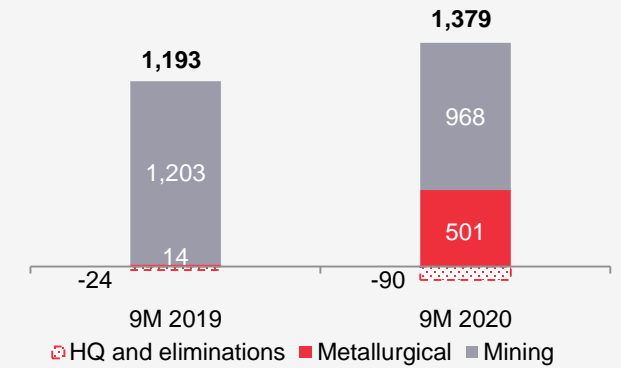
Revenues

US\$ mn



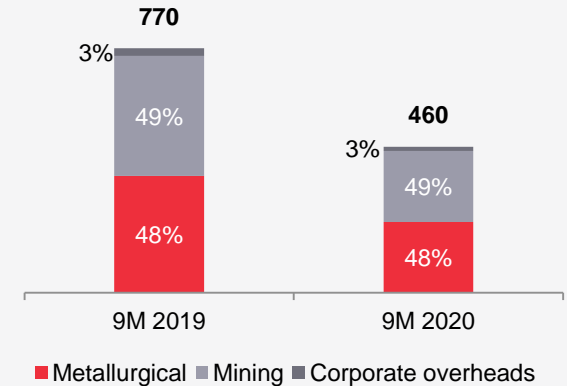
EBITDA

US\$ mn



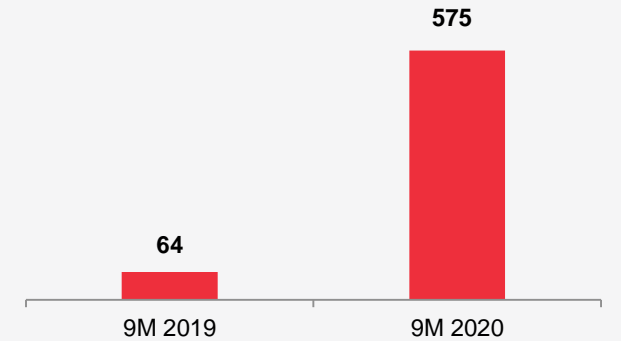
CAPEX

US\$ mn



Free cash flow

US\$ mn



1. External revenues for 9M 2019 were adjusted during the preparation of the FY2019 financial statements
 2. 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. EBITDA for 9M 2019 was adjusted during the preparation of the FY2019 financial statements
 3. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations
 4. 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

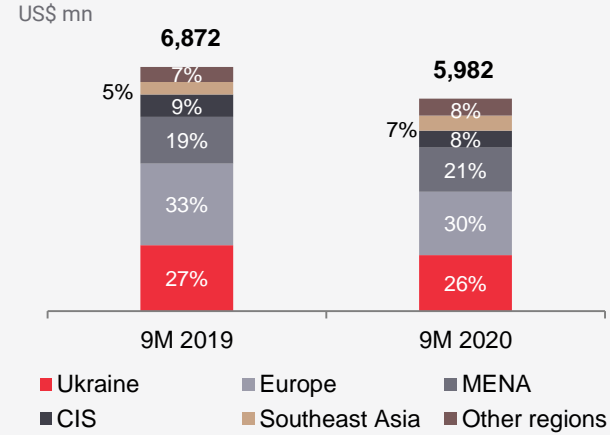
- 13% y-o-y decline, mainly due to:
 - decreased selling prices of steel and coke products in line with global benchmarks
 - the impact of the COVID-19 pandemic on demand in several strategic markets for the Group in 1H 2020
- distribution highlights:
 - lower share of Europe (-3 pp), due to weak demand for pig iron, slabs and flat products
 - higher share of MENA (+2 pp), due to demand in Turkey for high quality slabs and HRC
 - higher share of Southeast Asia (+2 pp), as Metinvest resumed sales to China amid a strong post-Covid economic recovery, selling 862 kt of semi-finished and finished products in the country

Mining sales

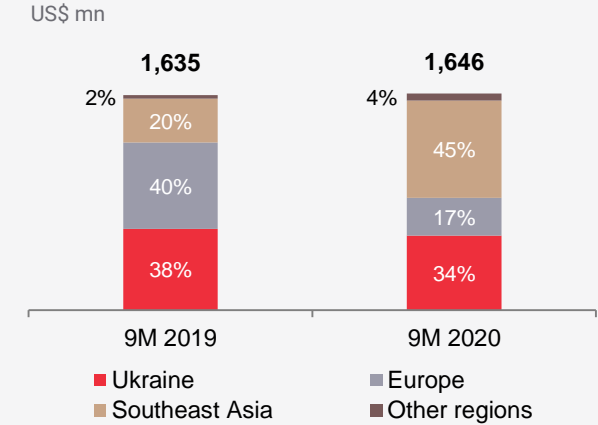
- 1% y-o-y increase, despite a significant change in the iron ore sales mix and geography due to weak demand in Europe, strong demand in China and reduced pellet premiums globally
 - share of Southeast Asia reached 45%, up 25 pp y-o-y
 - share of Europe was 17%, down 23 pp y-o-y

Sales in hard currencies (US\$, US\$-linked, EUR and GBP) accounted for 81% in 9M 2020 (+2 pp y-o-y)

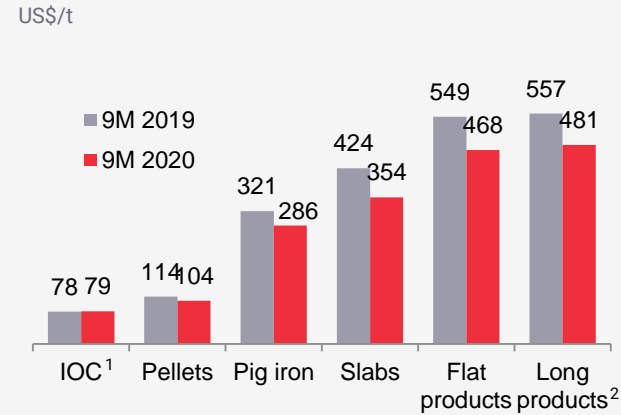
Metallurgical sales by region



Mining sales by region

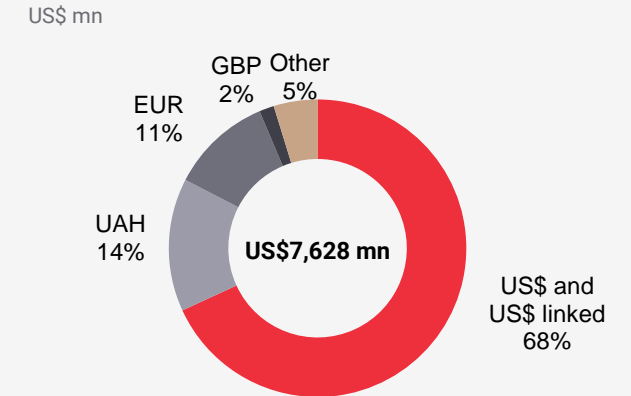


Price trends, FCA basis



1. Iron ore concentrate
2. Excluding railway products

Total sales by currency in 9M 2020





EBITDA

EBITDA rose by 16% y-o-y to US\$1,379 mn, mainly driven by:

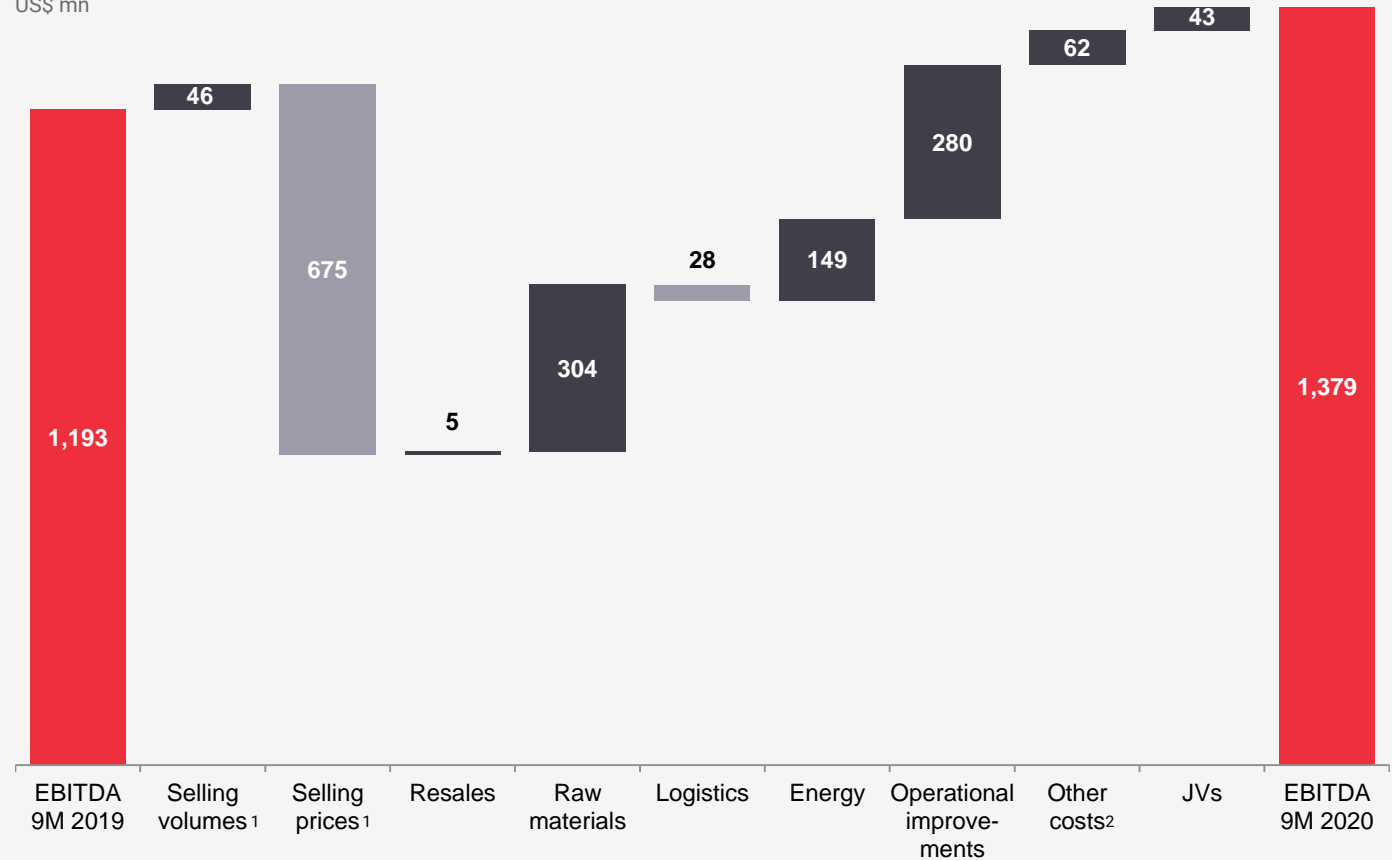
- lower spending on raw materials, primarily as a result of:
 - decreased market prices of coking coal, coke, scrap, ferroalloys
 - reduced consumption of seaborne coking coal
 - fewer purchases of third-party coils for further processing
 - lower railway costs in the US
- a positive effect from operational improvements amid:
 - improved efficiency of raw and energy material consumption
 - increased productivity of key production equipment
 - streamlined logistics
 - enhanced value proposition for customers
- lower expenses on energy materials, mainly amid reduced prices of natural gas (-43% y-o-y) and PCI coal (-34% y-o-y)
- greater sales volumes
- improved contribution from the joint ventures

Negative EBITDA drivers were:

- lower selling prices for steel products, coke and coking coal concentrate, as well as weaker pellet premiums
- greater spending on goods logistics, mainly due to a 2x increase in iron ore shipments to China and higher deliveries of pig iron and steel products to North America, Southeast Asia and MENA

EBITDA drivers

US\$ mn



1. Net of resales

2. Other costs include forex effect, fixed costs and other expenses; net of resales



Cash flow

Operating cash flow

- US\$1,192 mn in 9M 2020, up 59% y-o-y
- EBITDA to OCF conversion reached 86% in 9M 2020, up 23 pp y-o-y

Working capital release, attributable to:

- a decrease in inventory (US\$194 mn), mainly iron ore concentrate, coal and pig iron
- an increase in trade payables (US\$245 mn)

Purchases of property, plant and equipment (PPE) and intangible assets (IA) totalled US\$505 mn, down 24% y-o-y, including the settlement of accounts payable for CAPEX from previous periods

Financing cash outflow, mainly attributable to:

- net trade financing repayments of US\$126 mn
- scheduled PXF repayment of US\$88 mn

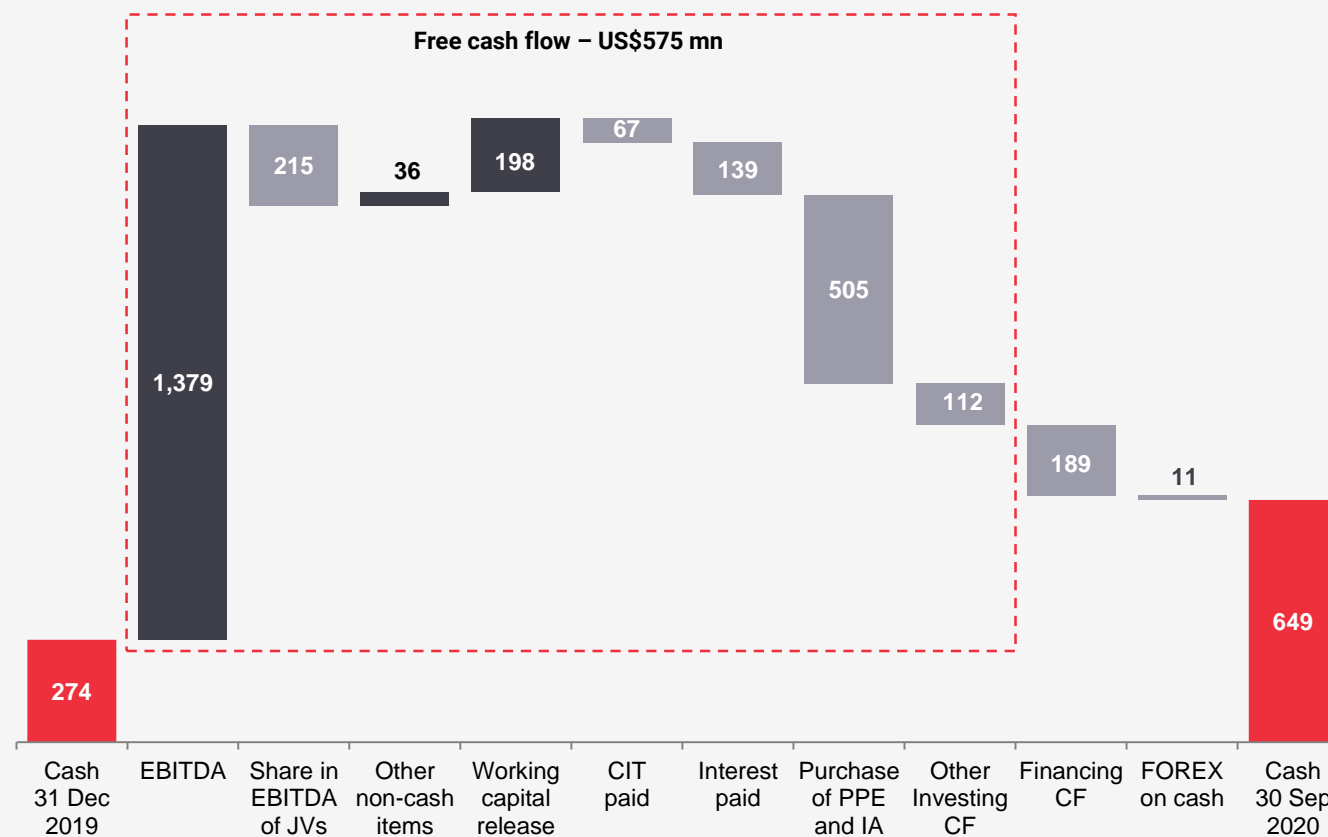
No dividends paid in 9M 2020

Free cash flow reached US\$575 mn, up 9x y-o-y

Cash balance improved to US\$649 mn as at 30 September 2020, up 2.4x y-t-d

Cash flow in 9M 2020

US\$ mn





Capital expenditure

In 9M 2020:

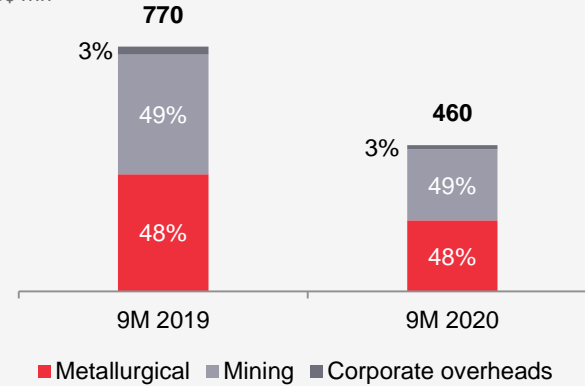
- CAPEX was US\$460 mn, down 40% y-o-y, as planned
- segmental breakdown remained unchanged y-o-y
- the share of strategic projects was 33% (-2 pp y-o-y)

2020 CAPEX priorities:

- ring-fenced environmental agenda: such investments totalled US\$144 mn in 9M 2020, up 44% 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
 - Northern GOK completed the first stage of the OK-306 roasting machine technical modernisation to improve mechanical properties of pellets
- conducting crucial maintenance
- developing design of projects in the pipeline, driven by the Technological Strategy 2030

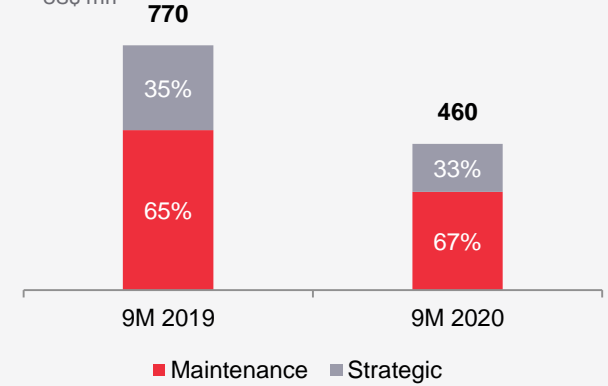
CAPEX by segment

US\$ mn



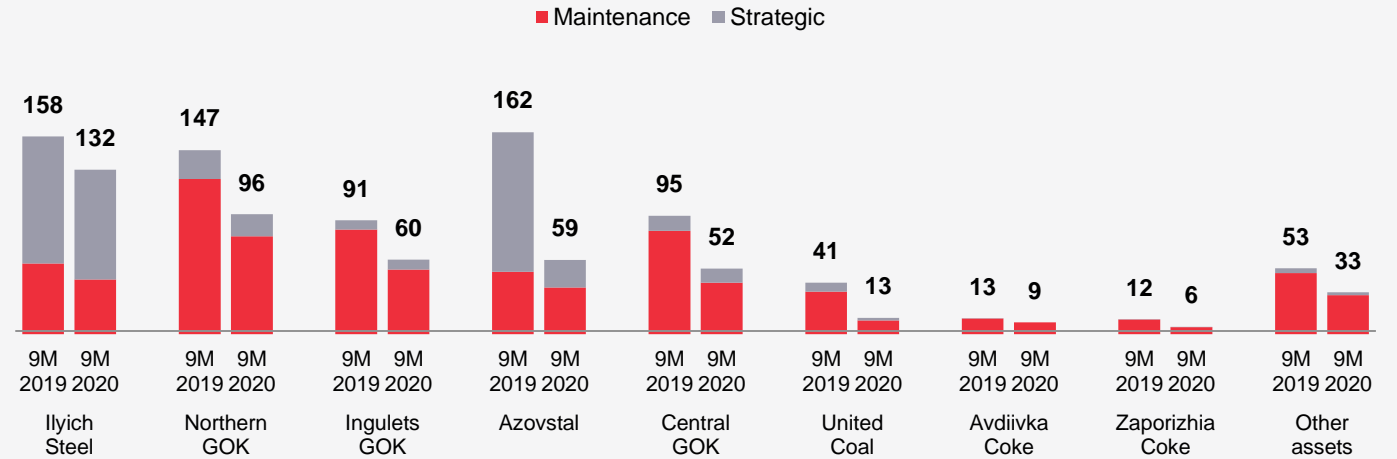
CAPEX by purpose

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 was installed and produced first coils in November 2020
2	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
3	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
4	Reconstruction with new construction of the gas cleaning facilities of the casthouse and stockhouse of blast furnaces (BF) nos. 3 and 5	Ilyich Steel	Comply with environmental requirements	The project at BF no. 3 was completed in March 2020, KPIs have been fulfilled. The project at BF no. 5 started in 3Q 2020, with its completion expected in 2021
5	Reconstruction of gas cleaning equipment of basic oxygen furnaces (BOF)	Azovstal	Comply with environmental requirements	Basic and detailed engineering and documentation is being developed. A contract for the main technological equipment supply has been signed. Launch is scheduled for 2022
6	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
7	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
8	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
9	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
10	Upgrade of roasting machine OK-306 (1st stage)	Northern GOK	Improve mechanical properties of pellets to capture additional market premium	The 1st stage of technical modernisation of OK-306 was finalized in 3Q 2020.
11	Replacement of gas cleaning units at Lurgi 552-A roasting machine	Northern GOK	Comply with environmental requirements and improve workplace conditions	Active construction works are ongoing. Completion is expected in 2022



Debt profile

As at 30 September 2020:

- total debt was US\$2,927 mn (-3% y-t-d)
- net debt was US\$2,278 mn (-17% y-t-d)
- net debt to LTM EBITDA was 1.6x (-0.7x y-t-d)

In October 2020, Metinvest successfully extended its bond maturity profile and lowered its refinancing risks by:

- issuing US\$333 mn 7-year bond bearing a 7.65% coupon
- effectively redeeming all of US\$115 mn bonds due in 2021 and 38% of bonds due in 2023

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

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

CREDIT RATINGS

BB- negative / outlook change (Jun-20)

Fitch

B stable / rating affirmed (Jul-20)

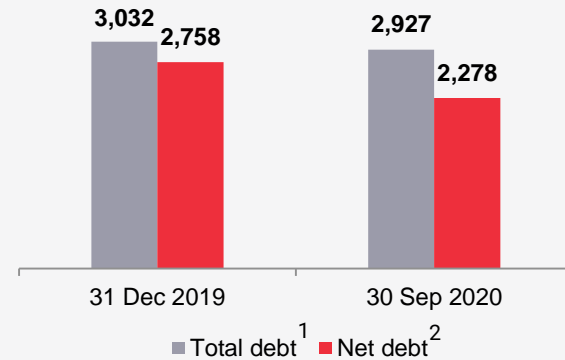
S&P

B2 stable / rating upgrade (Jun-20)

Moody's

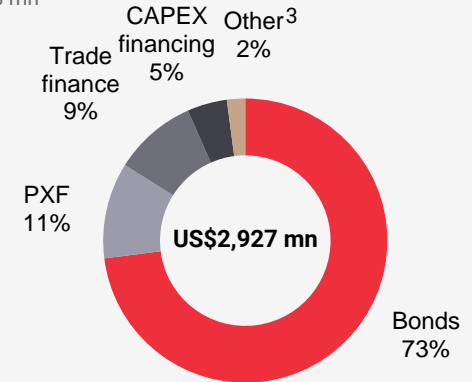
Total and net debt

US\$ mn



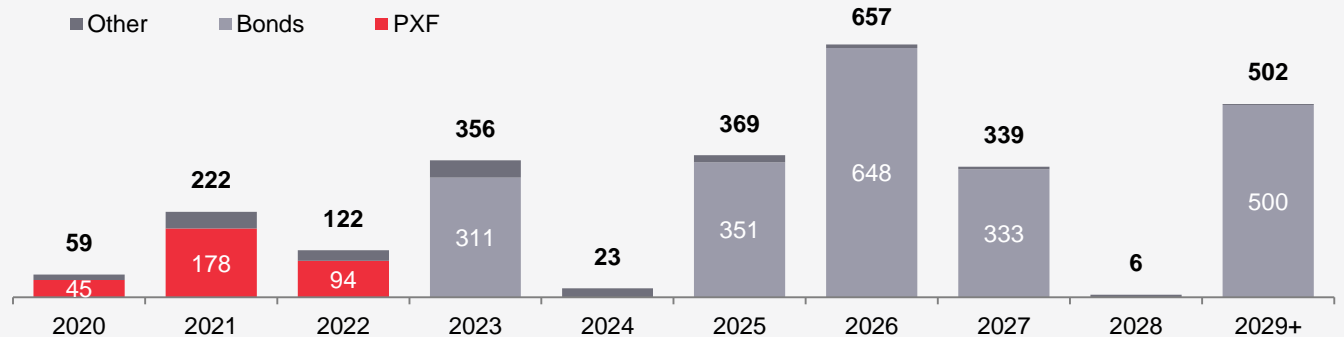
Total debt breakdown as at 30 Sep 2020

US\$ mn



Corporate debt maturity after bond liability management⁴

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\$311 mn at 7.75% pa due in 2023, EUR300 mn at 5.625% pa due in 2025 (converted at EUR/USD f/x of 1.1707), US\$333 mn at 7.65% pa due in 2027, US\$648 mn at 8.50% pa due in 2026, US\$500 mn at 7.75% pa due in 2029

• PXF as of 30 Sep 2020: US\$317 mn at LIBOR + margin due in October 2022

• Other as of 30 Sep 2020 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



Appendix





Composition of the 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)



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)



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)



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)



Avetik Chalabyan

Class A Member

(2020–)

- Various positions at McKinsey & Company (2001-2020), including Senior Partner (2013-2020) leading global Metallurgical practice
- MBA from University of North Carolina Kenan-Flagler Business School (US)
- MSc in Physics from Yerevan State University (Armenia)



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 St 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)



Composition of the Executive Team



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)



Aleksander 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 Development 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)



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)



Alexey Gromakov
Logistics and Procurement 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)



Iuliia 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)



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)



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)



Aleksei Komlyk
Chief Sustainability Officer
(2013–)

- PR and Regional Development Director of Metinvest (2013-2019)
- 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)
- MBA from IMD (Switzerland)



Oleg Shudra
Internal Audit Director
(2010–)

- Director of Controlling department at Metinvest (2010-2015)
- Director at PwC Ukraine (2008-2010)
- Senior Manager at PwC Ukraine (2005-2008)
- CFA and FCCA