

Metinvest COO: "No One Has Ever Won a War Without an Economy and Taxes" —Oleksandr Myronenko to Süddeutsche Zeitung

In an interview with Süddeutsche Zeitung, Germany's largest daily newspaper, Oleksandr Myronenko, chief operating officer of Metinvest Group, spoke about the reality of crucial metallurgical production amid staff and electricity shortages, products for the front line, mobilisation and women in production, frontline enterprises and product imports during the war.



Metinvest owns steel plants, iron ore and coal assets. With over 50,000 people, it is Ukraine's largest private employer and taxpayer, as well as the country's largest private sponsor to the army.

The majority owner of Metinvest and DTEK, the electricity producer, is Rinat Akhmetov, the richest man in Ukraine.

- Mr Myronenko, what does your company do during the war?

— We are, of course, trying to maintain our production while also helping the Ukrainian army in any way we can.

- What does this mean in practice?

— At the beginning of the invasion, we supplied critically needed plates for bulletproof vests, and our steel was used to build hundreds of kilometres of fortifications. Currently, we are also manufacturing armour protection for military vehicles and protective structures to counter drone attacks, including Abrams, Leopard and Ukrainian tanks. Recently, we completed the construction of an underground field hospital near the front line, which is six metres deep and spans over 500 square metres.

— Since 2022, you have also been manufacturing decoys of guns, tanks and even Himars rocket launchers to mislead the Russians. How many decoys have you produced?

— This is classified information, as are many other projects that I will be able to talk about only after the war. Almost 500 of our people are working on production for the army, even in their spare time. We are the largest private sponsor of the army in Ukraine. We could do even more, but we are sorely short of people.

- How many people are you short?

— Around 4,000 employees, which is a fifth of the number we need. The situation is similar at all large enterprises in Ukraine. We are trying to get by, asking those who can work on weekends, paying bonuses and so on. But there are some areas where, despite various improvisations, we are not even reaching half of the pre-war production volume.

— Is this related to the mobilisation of your employees?

— Yes, in particular. We are a leading company in terms of mobilisation and have been since the beginning. We have around 60,000 employees, and more than 8,000 of them are on the front line. Regrettably, over 600 of our employees have already been killed. Each month, 100 to 170 employees are mobilised from our enterprises. And it is very difficult to find new people.

- Why?

— Millions of Ukrainians have moved to safer regions in western Ukraine or abroad. Today, many men choose to work unofficially to avoid attracting the attention of military conscription offices and being drafted into the army. But as a large, responsible company, we comply with the current legislation and hire all men through military conscription offices as required by law.

— Do strategically important enterprises, such as yours, have the opportunity to defer employees from mobilisation?

— Yes, but only half of our employees. There have been cases where deferred men were taken from the streets during checks. For the continuous operation of technologically complex production, such as metallurgy, 50% of the workforce is insufficient. At least 80% of employees need to be exempt. Of course, they can draft all Ukrainian workers, but no war has ever been won without an economy and tax revenue. During the first half of 2024, we paid almost UAH10 billion (slightly less than EUR217 million) in taxes and duties.

- Can women take up vacant positions?

— About a third of our employees are women, and they now hold some traditionally male positions in the mines. But we are not talking about hundreds or thousands of women, only dozens. Many jobs are physically demanding, and women were previously legally prohibited from holding them.

— Your steel plants also depend on electricity. What is the situation after the massive Russian attacks on the Ukrainian energy system?

— Currently, the situation is critically stable. We were able to stop importing electricity from abroad, as we did in August and early September: we had done so because at that time the population was often cut off from electricity for several hours and we had to maintain uninterrupted production. Now we can supply ourselves with electricity produced in Ukraine only. But power generation has been significantly disrupted because of the destruction of both power plants and infrastructure. Electricity needs to be not only produced, but also transmitted and transformed. Transporting electricity, for example, from a nuclear power plant through transformers to our plants, is now one of the largest challenges. Previously, the plant had three different power lines: now, it has only one. If there is an accident, we cannot switch to another line. This was the case recently, when we were forced to temporarily halt production at one plant. But metal, particularly in blast furnaces, is made continuously. If production is halted without preparation, it can take one, two or even three weeks to resolve all the issues.

- Do the Russians attack your facilities?

— Since the beginning of the invasion, several hundred times, certainly. We operate in four cities, two of which are close to the front line. In Pokrovsk, the front line is ten kilometres away, and in Zaporizhzhia, it is 45 kilometres away. Kryvyi Rih and Kamianske were also shelled. In July, the Russians hit the administrative building of our enterprise in Kryvyi Rih. Ten employees were killed and 55 injured. There was no military reason for shelling the building, which was used only by civilians.

- What is the situation at your enterprise in Pokrovsk near the front line?

— We still have 2,000 people working in a coal mine that has been hit dozens of times. Three key bridges in the city were recently destroyed, so alternative routes are now being built. We are trying to find accommodation for our employees in villages away from the front line and doing everything we can to keep production running.

- What will happen if the Russians occupy Pokrovsk?

— We are doing everything possible to prevent them from doing so, starting with the construction of fortifications around the city. Every day, 30 of our excavators dig shelters, anti-tank ditches and so on. We have also stockpiled coal at our enterprises, which, in the worst-case scenario, will allow us to continue operating until we start importing coal from abroad. Of course, then we will operate less efficiently because imported coal is more expensive. Electricity has already risen in price, while prices for our products have fallen, particularly because of increased supplies from China. We now have three mining and processing plants and two steel plants operating at 60% of capacity. It is impossible to do more. Indeed, we would have to repair and modernise two blast furnaces,

but this would cost up to US\$250 million each. During the war, none of the European banks will finance such investments. - How do you transport coal or steel products? You have many customers abroad. — Two thirds of our exports are shipped through ports, to which the products are delivered mainly by rail. In addition, 25-30% of our exports are transported directly by rail to other countries. — At the beginning of the invasion, there were long delays. What is the situation today? — At the beginning of the war, we experienced delays of 45 or even 60 days. But overall, Ukraine's railway system is very well designed: in Soviet times, many more industrial enterprises transported cargo by rail. Of course, our transport comes in third place after passenger and military needs. But in fact, we experience restrictions only when the Russians attack a particular railway bridge. We have no particular issues with delivery times. If it takes 10-15 hours longer, it is not a major issue. - In August 2023, the Black Sea corridor for ships with Ukrainian grain was reopened. Do you also use it? — Yes, the corridor has significantly improved the situation for us. Earlier, our enterprises were operating at 35-40% of capacity, as we could export only by rail to Romania, by land. Now two thirds of exports are again going through Ukraine's Black Sea ports, and mining enterprises are operating at 80% of capacity. — In mid-September, the Russians launched a missile attack on a Turkish ship carrying Ukrainian grain in Romanian waters. Have any of your ships been damaged? - At the beginning of the operation of the corridor, in addition to our vessel, an Asian ship loaded with grain was

hit, resulting in several crew members being injured. So far, we have been lucky: none of our vessels have been

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hit.

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