

## Operational Results for 9M 2020

Metalloinvest (the “Company”), a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel, today announces its operational results for the first nine months of 2020.

### Management comments

Nazim Efendiev, CEO of Management Company Metalloinvest, commented:

“For the period from January to September 2020, the Company increased its production of iron ore, a base product for further processing, by 1% over the same period last year.

Qualitative changes have taken place in the structure of pellet production - Mikhailovsky GOK named after A.V. Varichev increased the production of commercial pellets with an iron content of over 65%, increasing the share of fluxed pellets in the total volume from 35% to 46%.

Steel production increased by 3% mainly due to an increase in volumes at Ural Steel after completion of the reconstruction of electric arc furnaces using the innovative FMF technology, that took place in 2019”.

#### Production by product

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Iron ore <sup>1</sup>	30,360	30,069	1.0%	10,180	10,404	-2.2%
Pellets	20,767	21,228	-2.2%	6,611	7,157	-7.6%
HBI/DRI	5,761	5,905	-2.4%	1,649	1,857	-11.2%
Hot metal	1,811	2,081	-13.0%	546	719	-24.1%
Crude steel	3,741	3,628	3.1%	1,198	1,197	0.1%

#### Shipments<sup>2</sup> by product

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Iron ore <sup>1</sup>	5,769	5,167	11.7%	2,331	1,996	16.8%
Pellets	11,625	10,784	7.8%	4,097	3,894	5.2%
HBI/DRI	3,270	3,328	-1.7%	895	1,006	-11.0%
Pig iron	919	1,391	-33.9%	216	465	-53.5%
Steel products	3,516	3,407	3.2%	1,061	1,113	-4.7%

<sup>1</sup> Hereinafter iron ore refers to iron ore concentrate and sintering ore

<sup>2</sup> Due to the transition to a new integrated financial and business operations management system based on SAP S/4HANA business suite the methodology for shipments disclose was changed. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

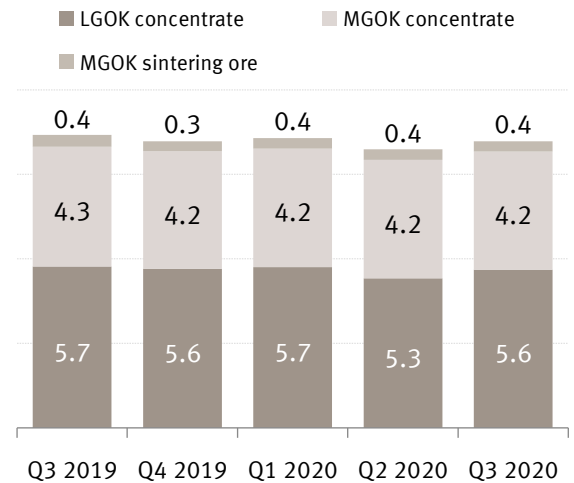
## 1 Iron ore products

### 1.1 Production

- In 9M 2020, iron ore production amounted to 30.4 mn tonnes, a 1.0% y-o-y<sup>3</sup> increase. This is mainly attributed to the increase in productivity due to the processing of higher quality ore and the reduction of iron ore consumption for concentrate. In Q3 2020, production volumes decreased by 2.2% y-o-y and amounted to 10.2 mn tonnes. The decrease in volumes is associated with equipment repairs
- Due to the reconstruction of Pellet Plant #3 at MGOK, which took place in Q3 2020, pellet production in 9M 2020 decreased by 2.2% y-o-y and amounted to 20.8 mn tonnes. In Q3 2020, pellet production decreased by 7.6% y-o-y
- In 9M 2020, the Company produced 5.8 mn tonnes of HBI/DRI, which is 2.4% less than in 9M 2019. The decrease is due to the overhaul of HBI Plants #1 and #3 and the modernisation of DRI Plant #1 in Q3 2020

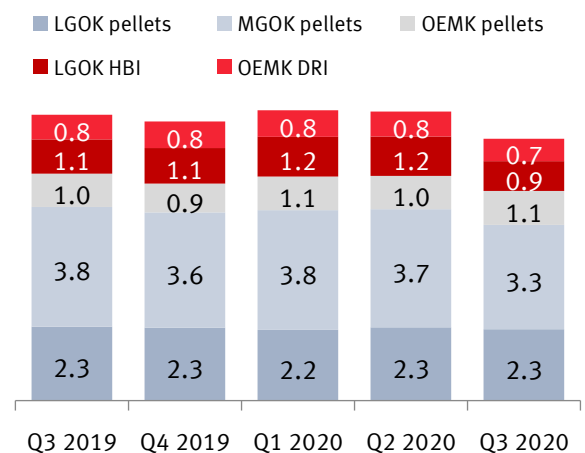
### Iron ore production

mn tonnes



### Pellets and HBI/DRI production

mn tonnes



<sup>3</sup> Hereinafter y-o-y represents change in 9M 2020 vs. 9M 2019 or Q3 2020 vs. Q3 2019 respectively (if not stated otherwise)



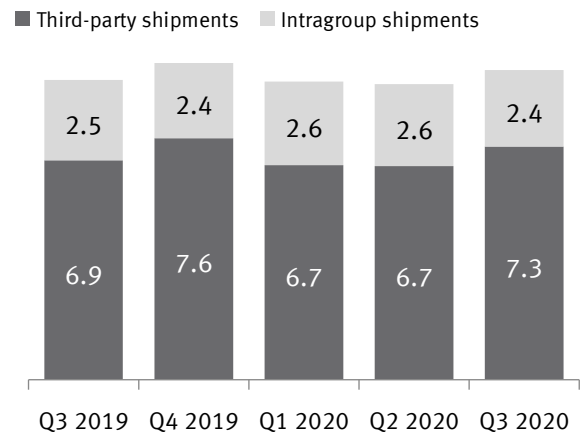
## 1.2 Shipments

- In 9M 2020, the total volume of iron ore product shipments to third parties increased by 7.8% y-o-y and amounted to 20.8 mn tonnes. The main growth driver was an increase in pellets shipment to Europe and Asia.
- The HVA<sup>4</sup> iron ore products (pellets and HBI/DRI) continue to prevail in the total volume of iron ore product shipments and amounted to 72.1% in 9M 2020
- The share of iron ore product shipments to the domestic market decreased slightly to 47.8%, compared to 51.9% in 9M 2019
- In 9M 2020, the Company increased the volume of export shipments to Europe and Asia by 17.5% y-o-y. The volume of shipments to China increased by 2.5 times



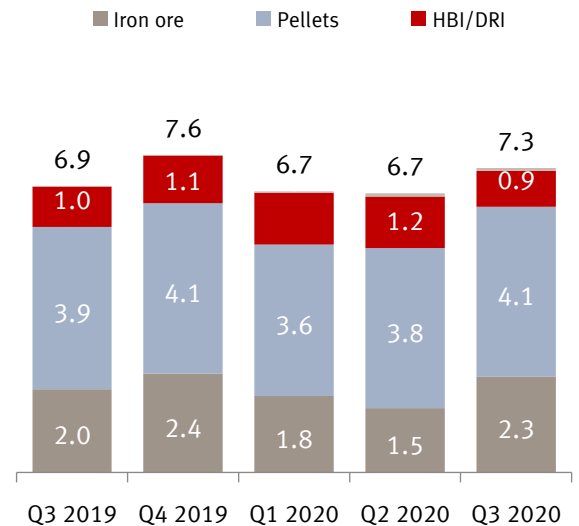
### Shipments of iron ore products

mn tonnes

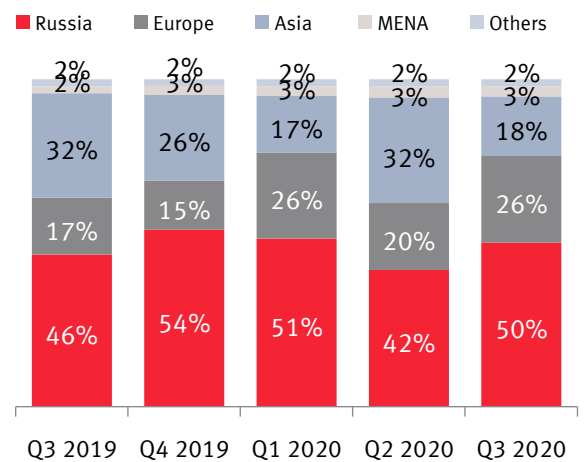


### Shipments to external customers

mn tonnes



### Shipments by region\*



\* Shipments of iron ore, pellets and HBI/DRI

<sup>4</sup> HVA – high value-added

## 2 Pig iron and steel products

### 2.1 Production

- In 9M 2020, hot metal production decreased by 13.0% y-o-y and amounted to 1.8 mn tonnes due to a decrease in the productivity of Blast Furnace #3 at Ural Steel, as a result of repair works
- Crude steel production increased by 3.1% y-o-y to 3.7 mn tonnes. This growth was mainly a result of the reconstruction of electric arc furnaces using FMF<sup>5</sup> technology at Ural Steel carried out in 2019 and a change in the product mix at OEMK. In 9M 2020, production at Ural Steel grew by 9.1% y-o-y.

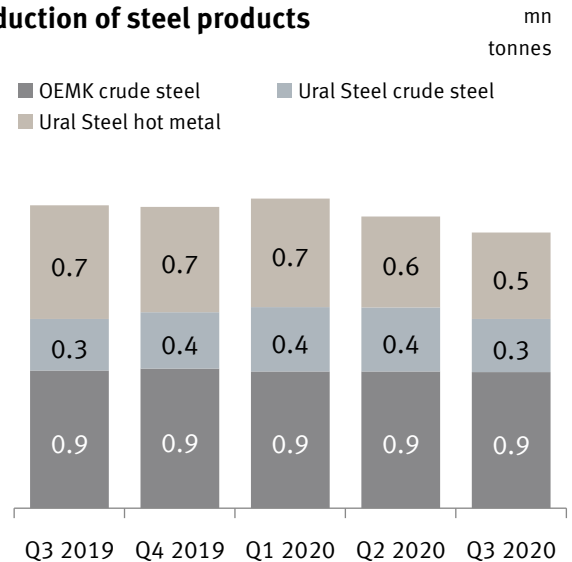
### 2.2 Shipments

- Due to a decrease in hot metal production, as well as an increase of internal pig iron consumption to facilitate steel production growth, pig iron supplies to third parties decreased from 1.4 mn tonnes in 9M 2019 to 0.9 mn tonnes in 9M 2020
- The share of HVA<sup>6</sup> steel product shipments amounted to 35.3% in 9M 2020
- In 9M 2020, pig iron and steel product shipments to the Russian market increased by 1.2% y-o-y and amounted to 32.2%

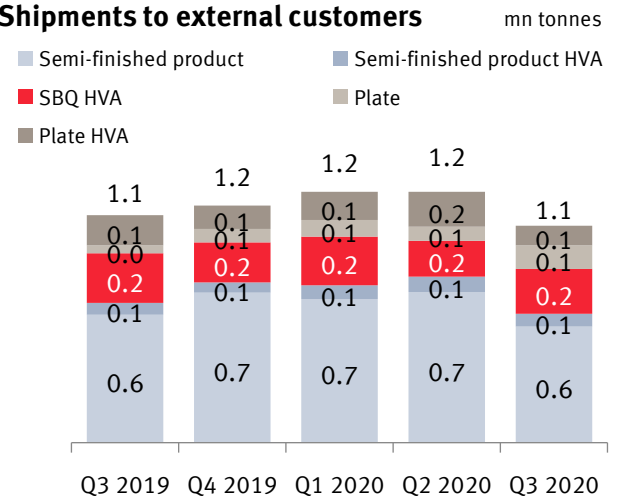


<sup>5</sup> FMF – Flexible Modular Furnace

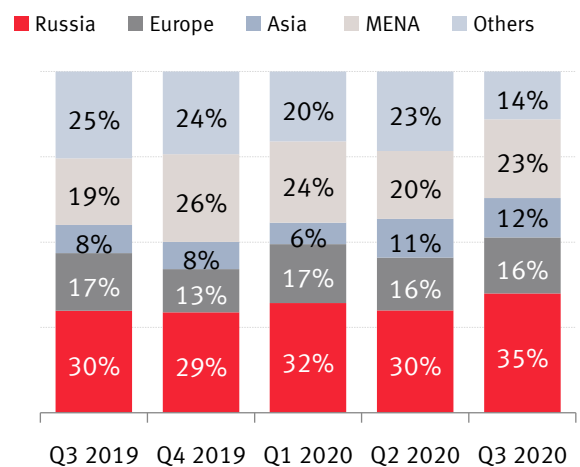
### Production of steel products



### Shipments to external customers



### Shipments by region\*\*

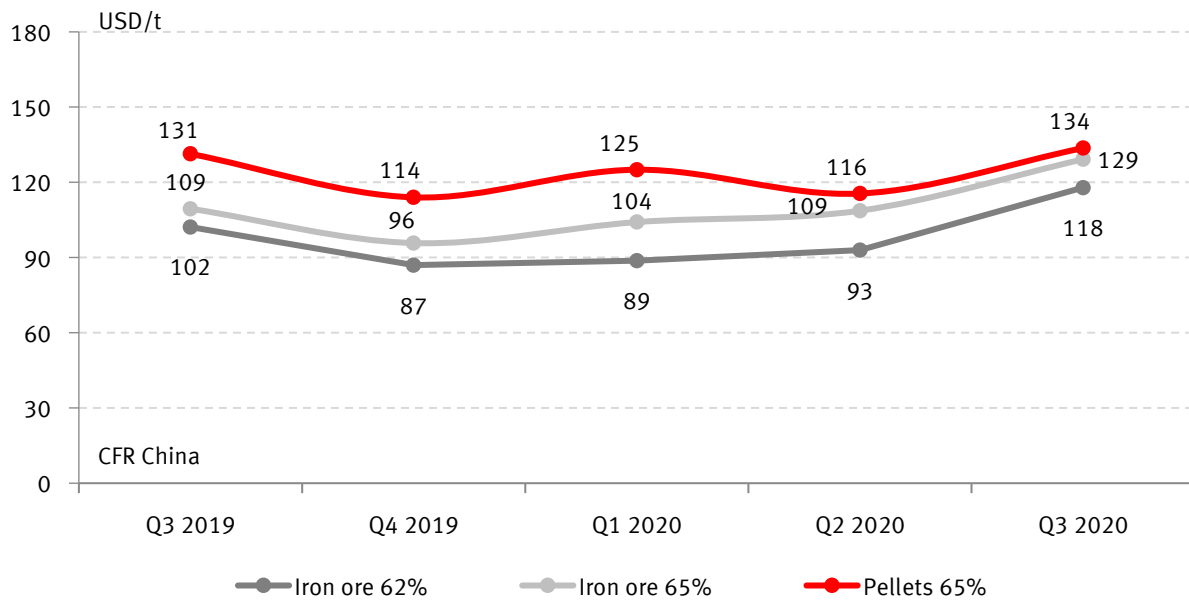


\* Shipments of pig iron and steel products

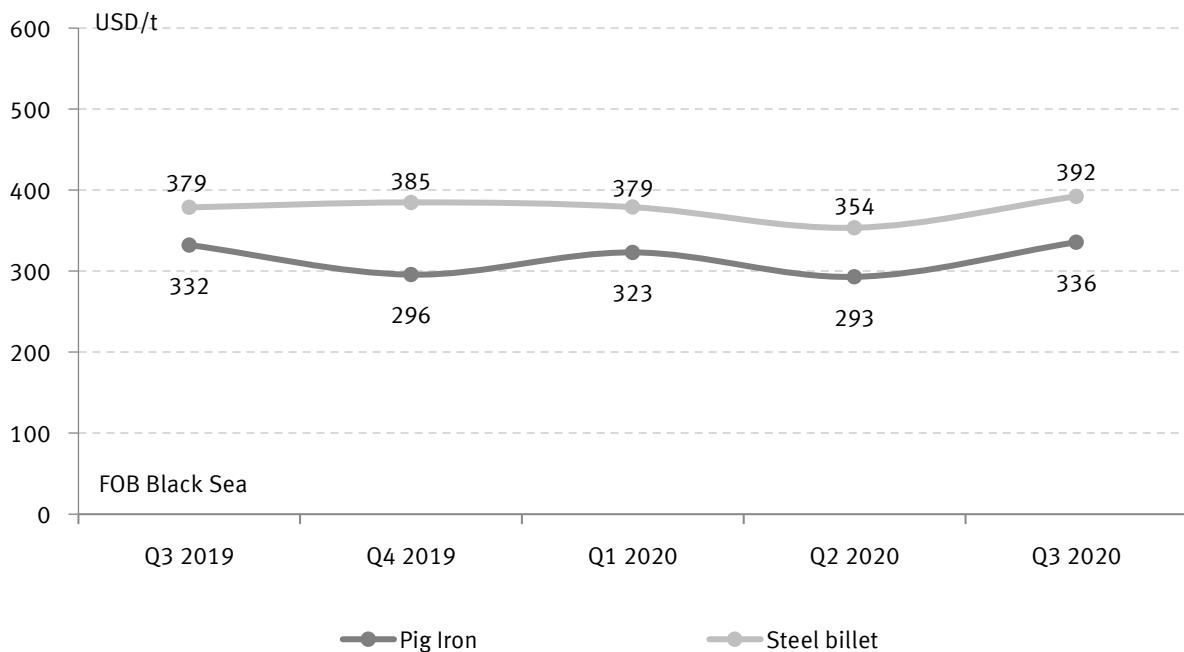
<sup>6</sup> The list of steel products by types is presented in the Appendix below

### 3 Global iron ore and steel indices<sup>7</sup>

#### 3.1 Iron ore products



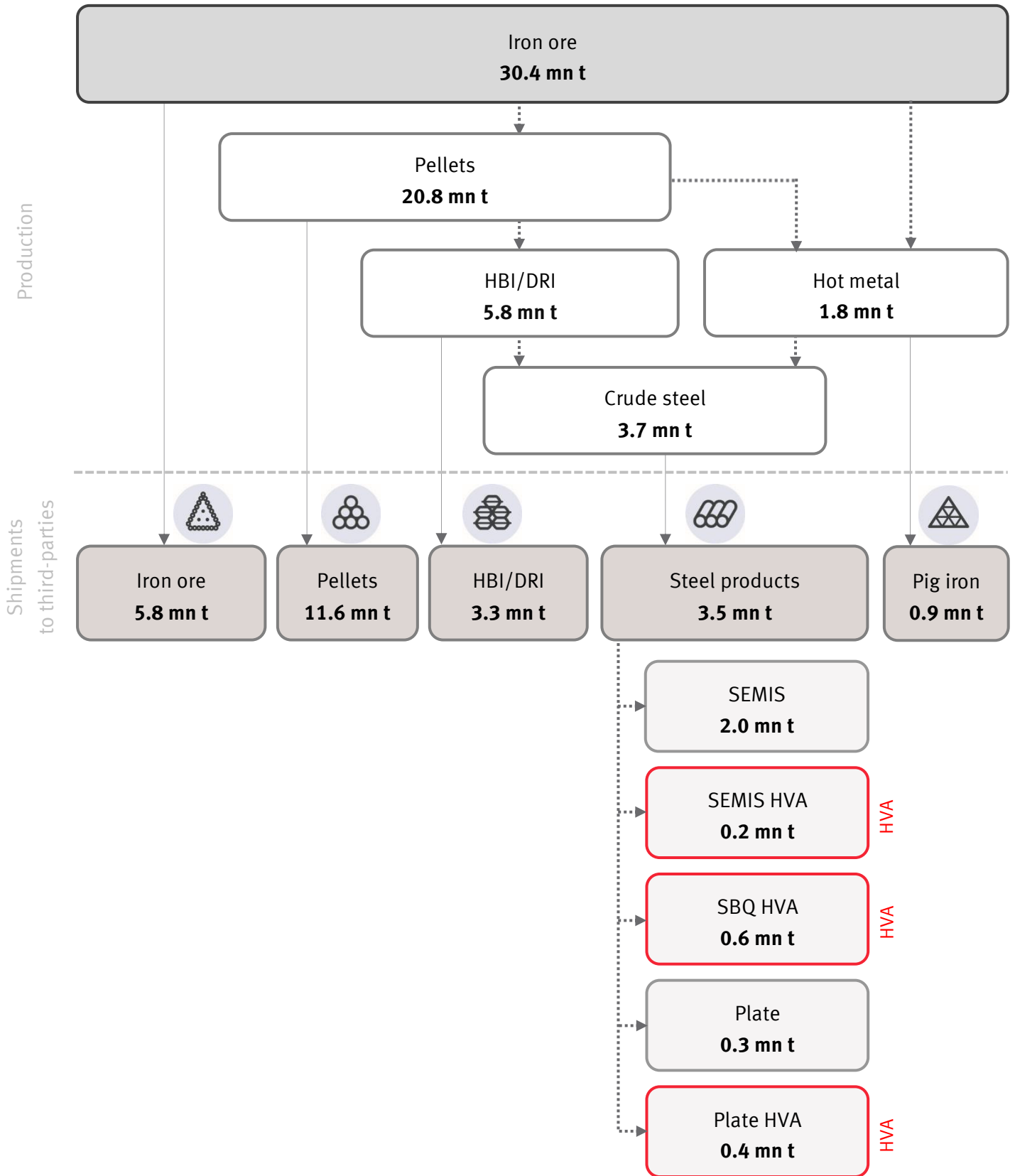
#### 3.2 Pig iron and steel



<sup>7</sup> Source: Company data, Fastmarkets, quarterly average



Production and shipments for 9M 2020



**Appendix**
Metalloinvest consolidated results – Iron ore products
**Production**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Iron ore*	30,360	30,069	1.0%	10,180	10,404	-2.2%
Pellets	20,767	21,228	-2.2%	6,611	7,157	-7.6%
HBI/DRI	5,761	5,905	-2.4%	1,649	1,857	-11.2%

**Shipments by product\*\***

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Iron ore*	5,769	5,167	11.7%	2,331	1,996	16.8%
Pellets	11,625	10,784	7.8%	4,097	3,894	5.2%
HBI/DRI	3,270	3,328	-1.7%	895	1,006	-11.0%
Other***	174	43	-	65	16	-
Total shipments	20,837	19,322	7.8%	7,389	6,911	6.9%

**Shipments by region\*\*\*\***

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Russia	9,985	10,026	-0.4%	3,709	3,211	15.5%
Europe	5,101	4,262	19.7%	1,957	1,203	62.7%
Asia	4,722	3,875	21.9%	1,348	2,203	-38.8%
MENA	643	694	-7.3%	232	139	66.9%
Other	387	466	-17.0%	143	155	-7.7%
Total shipments	20,837	19,322	7.8%	7,389	6,911	6.9%

\* Iron ore refers to iron ore concentrate and sintering ore

\*\* Due to the transition to a new integrated financial and business operations management system based on SAP S/ 4HANA it was changed the methodology to disclose shipments. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

\*\*\* HBI fines and pellets screening at LGOK

\*\*\*\* Iron ore, pellets, HBI/DRI, HBI fines and pellets screening

**Appendix (continued)**
**Metalloinvest consolidated results – Pig iron and steel products**
**Production by product**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Hot metal	1,811	2,081	-13.0%	546	719	-24.1%
Crude steel	3,741	3,628	3.1%	1,198	1,197	0.1%

**Shipments by product\***

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Pig iron	919	1,391	-33.9%	216	465	-53.5%
Steel products, incl. **: <ul style="list-style-type: none"> <li>SEMIS</li> <li>SEMIS HVA</li> <li>SBQ HVA</li> <li>Plate</li> <li>Plate HVA</li> </ul>	3,516	3,407	3.2%	1,061	1,113	-4.7%
	2,009	1,778	13.0%	568	626	-9.3%
	206	256	-19.5%	63	57	10.5%
	632	744	-15.1%	219	244	-10.2%
	266	131	-	116	38	-
	403	500	-19.4%	94	148	-36.5%
Total shipments, incl.:	4,435	4,799	-7.6%	1,227	1,579	-22.3%
Steel products HVA	1,242	1,499	-17.1%	377	449	-16.0%

**Shipments by region**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Russia	1,426	1,485	-4.0%	446	471	-5.3%
Europe	727	711	2.3%	209	267	-21.7%
Asia	427	305	40.0%	147	131	12.2%
MENA	984	1,063	-7.4%	295	307	-3.9%
Other	870	1,235	-29.6%	179	402	-55.5%
Total shipments	4,435	4,799	-7.6%	1,276	1,579	-19.2%

\* Due to the transition to a new integrated financial and business operations management system based on SAP S/ 4HANA it was changed the methodology to disclose shipments. Starting from 01.01.2020 the export supplies are presented as the shipments to the final customer from the warehouses of Metalloinvest Trading AG (until 31.12.2019, exports are represented by shipments from the warehouses of plants)

\*\* Steel product categories include:

SEMIS – blum, cast squares, square billets from OEMK and cast billets from Ural Steel

SEMIS HVA – pipe billets from OEMK

SBQ HVA – long products, wire coils from OEMK

Plate – flat products from Ural Steel

Plate HVA – strips, construction plate and bridge steel products from Ural Steel



**Appendix (continued)**
**Metalloinvest operational results – Mining segment**
**LGOK**
**Production by product**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Concentrate	16,624	16,164	2.8%	5,613	5,730	-2.0%
Pellets	6,797	6,751	0.7%	2,254	2,328	-3.2%
HBI	3,435	3,508	-2.1%	945	1,078	-12.3%

**Shipments by product**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Concentrate	8,409	8,191	2.7%	2,795	2,972	-6.0%
Pellets	1,450	1,504	-3.6%	692	643	7.6%
HBI	3,486	3,618	-3.6%	969	1,112	-12.9%
Other	281	323	-12.7%	79	92	-14.1%
Total shipments	13,626	13,636	-0.1%	4,535	4,818	-5.9%

**Inc. intragroup shipments**

Concentrate	4,635	4,922	-5.8%	1,436	1,518	-5.4%
Pellets	138	365	-62.2%	0	120	-
HBI	325	425	-23.5%	105	149	-29.5%
Other	107	279	-61.6%	13	76	-82.9%

**MGOK**
**Production by product**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Sintering ore	1,125	1,296	-13.2%	370	423	-12.5%
Concentrate	12,610	12,609	0.0%	4,196	4,252	-1.3%
Pellets	10,793	11,370	-5.1%	3,288	3,786	-13.2%

**Shipments by product**

tonnes '000	9M 2020	9M 2019	Change	3K 2020	3K 2019	Change
Sintering ore	1,019	1,193	-14.6%	365	418	-12.7%
Concentrate	2,318	1,648	40.7%	1,039	414	-
Pellets	11,399	10,994	3.7%	3,830	3,740	2.4%
Total shipments	14,736	13,835	6.5%	5,234	4,572	14.5%

**Inc. intragroup shipments**

Sintering ore	178	250	-28.8%	67	138	-51.4%
Concentrate	1,164	693	68.0%	366	152	-
Pellets	1,085	1,348	-19.5%	424	369	14.9%

**Appendix (continued)**
**Metalloinvest operational results – Steel segment**
**OEMK**
**Production by product**

tonnes '000	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Pellets	3,177	3,107	2.3%	1,069	1,044	2.4%
DRI	2,326	2,397	-3.0%	704	779	-9.6%
Crude steel	2,593	2,575	0.7%	862	870	-0.9%

**Shipments by product**

tonnes '000	9M 2020	9M 2019	Change	3K 2020	3K 2019	Change
DRI	110	134	-17.9%	32	44	-27.3%
Steel products	2,504	2,447	2.3%	776	827	-6.2%
Total shipments	2,613	2,581	1.2%	816	871	-6.3%

**Ural Steel**
**Production by product**

tonnes '000	9M 2020	9M 2019	Change	3K 2020	3K 2019	Change
Hot metal	1,811	2,081	-13.0%	546	719	-24.1%
Crude steel	1,148	1,052	9.1%	336	327	2.8%

**Shipments by product**

tonnes '000	9M 2020	9M 2019	Change	3K 2020	3K 2019	Change
Pig iron	919	1,391	-33.9%	216	465	-53.5%
Steel products	1,013	961	5.4%	285	286	-0.3%
Total shipments	1,932	2,352	-17.9%	501	752	-33.4%



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Metalloinvest is a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel. The Company has the world's second-largest measured iron ore reserve base and is one of the lowest-cost iron ore producers.

Metalloinvest is wholly owned by Holding Company USM LLC. Alisher Usmanov is the major beneficiary of Holding Company USM LLC (49%).