

## Operational Results for 9M 2019

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 2019.

### Management comments

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

“The Company recorded a year-on-year increase in production volumes of all iron ore products during the first nine months of 2019. Shipments of iron ore products (including concentrate, pellets and HBI/DRI) increased by 1.5%. Meanwhile, the share of high value-added products (pellets and HBI/DRI) comprised 73% of the total amount of iron ore product shipments.

In the third quarter of 2019, the Company launched fine screening technology at Mikhailovsky GOK as part of the implementation of the comprehensive program of strategic development aimed to improve product quality. This technology has previously been successfully implemented at Lebedinsky GOK. The use of fine screening technology will enable the Company to increase premium-quality pellet production as soon as the fourth quarter of 2019.

Steel product shipments in the first nine months of 2019 decreased by 1.1% compared to the same period last year, primarily due to the development of Flexible Modular Furnace steel production technology at Ural Steel.”

#### Production by product

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Iron ore <sup>1</sup>	30,069	30,012	0.2%	10,404	10,063	3.4%
Pellets	21,228	20,772	2.2%	7,157	7,230	-1.0%
HBI/DRI	5,905	5,828	1.3%	1,857	2,029	-8.5%
Hot metal	2,081	2,238	-7.0%	719	684	5.1%
Crude steel	3,628	3,729	-2.7%	1,197	1,246	-3.9%

#### Shipments by product

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Iron ore <sup>1</sup>	5,167	5,268	-1.9%	1,996	1,547	29.0%
Pellets	10,784	10,534	2.4%	3,894	3,554	9.6%
HBI/DRI	3,328	3,214	3.5%	1,006	1,098	-8.4%
Pig iron	1,391	1,616	-13.9%	465	394	18.0%
Steel products	3,407	3,444	-1.1%	1,113	1,168	-4.7%

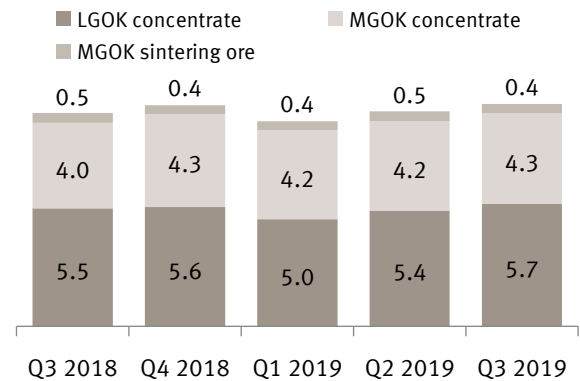
<sup>1</sup> Hereinafter iron ore refers to iron ore concentrate and sintering ore

## 1. Iron ore products

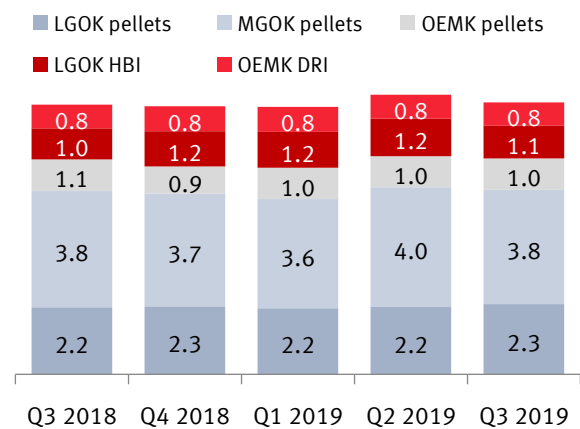
### 1.1 Production

- In 9M 2019, iron ore production amounted to 30.1 mn tonnes (+0.2% y-o-y<sup>2</sup>). In Q3 2019, production volumes increased by 3.4% q-o-q<sup>3</sup>. The growth was driven by the completion of maintenance works on water-slurry circuit systems at MGOK<sup>4</sup> in Q2 2019 and an increase in productivity due to the processing of higher quality ore
- In 9M 2019, pellet production increased by 2.2% y-o-y and amounted to 21.2 mn tonnes as a result of the completion of major maintenance works at Pellet Plant #2 at LGOK<sup>5</sup> and the reconstruction of Pellet Plant #3 at MGOK (1<sup>st</sup> stage), and a change in the pellet product mix. However, in Q3 2019, pellet production decreased by 1.0% q-o-q primarily due to the major maintenance works at Pellet Plant #1 at MGOK
- In 9M 2019, the Company produced 5.9 mn tonnes of HBI/DRI, which represents 1.3% growth y-o-y. This is mainly explained by the increase in production volumes at the more productive HBI-3 Plant, which underwent major maintenance works in Q3 2018. However, in Q3 2019, production volumes decreased by 8.5% q-o-q due to scheduled major maintenance works at HBI-1 and HBI-2 Plants.

### Iron ore production mn tonnes



### Pellets and HBI/DRI production mn tonnes



<sup>2</sup> Hereinafter y-o-y represents change in 9M 2019 vs. 9M 2018 (if not stated otherwise)

<sup>3</sup> Hereinafter q-o-q represents change in Q3 2019 vs. Q2 2019 (if not stated otherwise)

<sup>4</sup> Hereinafter, MGOK represents Mikhailovsky GOK

<sup>5</sup> Hereinafter, LGOK represents Lebedinsky GOK

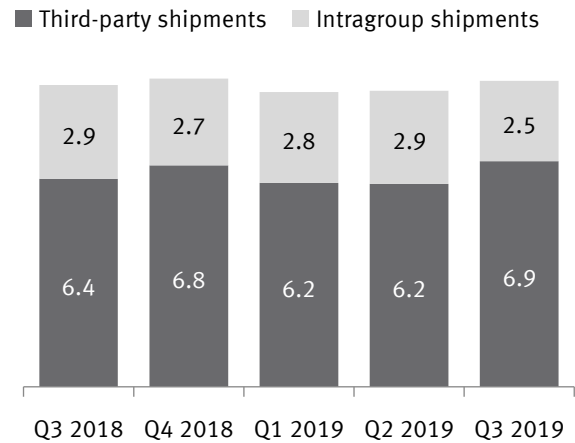


## 1.2 Shipments

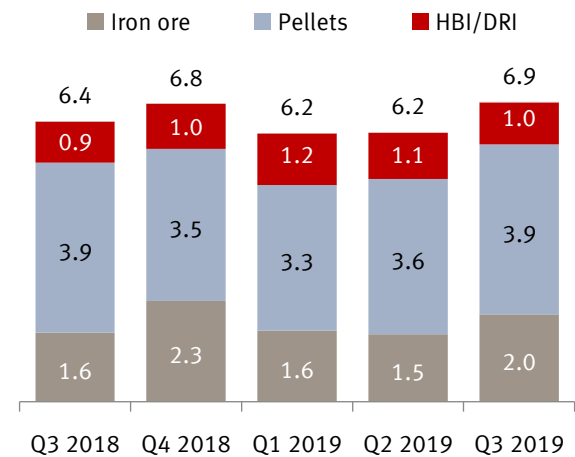
- In 9M 2019, the total volume of iron ore product shipments to third parties increased by 1.5% y-o-y and amounted to 19.3 mn tonnes. In Q3 2019, shipment volumes grew by 11.2% q-o-q mainly due to the increase in supplies of pellets and iron ore concentrate to Asia (China, Japan)
- HVA<sup>6</sup> iron ore products (pellets and HBI/DRI) prevail in the total volume of iron ore product shipments and amounted to 73% in 9M 2019 and 71% in Q3 2019
- The share of iron ore product shipments to the domestic market amounted to 52% in 9M 2019 (compared to 66% in 9M 2018) and 46% in Q3 2019
- The Company increased the volume of export supplies during the reporting period by 44.6% y-o-y mainly due to the increase in supplies to Asia – its share comprised 20% in 9M 2019 compared to 3% in 9M 2018. In Q3 2019, export supplies increased by 26.4% q-o-q



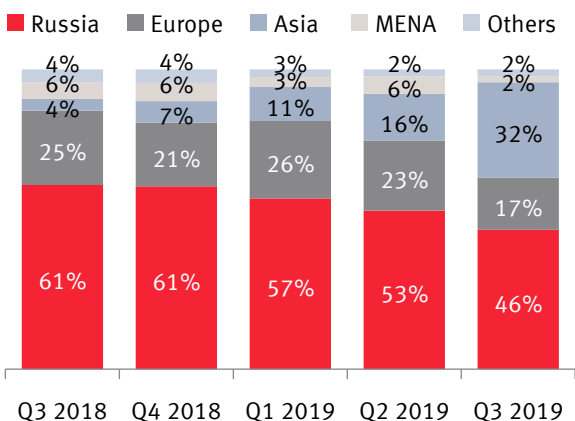
### Shipments of iron ore products mn tonnes



### Shipments to external customers mn tonnes



### Shipments by region\*



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

<sup>6</sup>HVA – high value-added

## 2. Pig iron and steel products

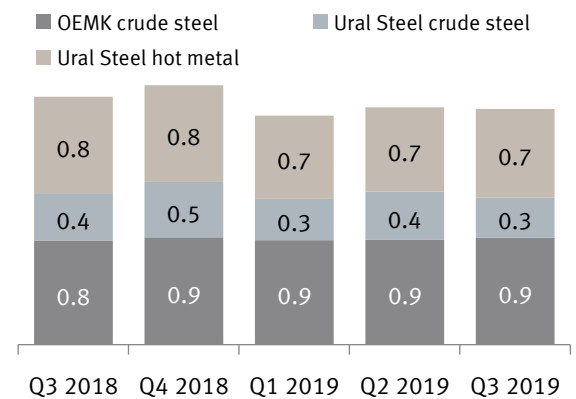
### 2.1 Production

- In 9M 2019, the output of hot metal decreased by 7.0% y-o-y and amounted to 2.1 mn tonnes due to major maintenance works at Blast Furnace #3 at Ural Steel. In Q3 2019, the Company increased hot metal production by 5.1% q-o-q due to the completion of major maintenance works at Blast Furnaces #3 and #4 in Q2 2019
- Crude steel production decreased by 2.7% y-o-y to 3.6 mn tonnes in 9M 2019 and by 3.9% q-o-q to 1.2 mn tonnes in Q3 2019. This growth was mainly a result of the development of FMF<sup>7</sup> steel production technology and major maintenance works at CCM #1 and CCM #2<sup>8</sup> at Ural Steel in Q3 2019

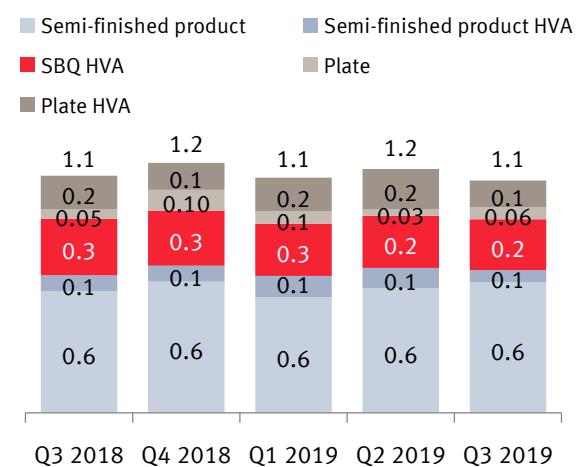
### 2.2 Shipments

- Pig iron shipments to third parties decreased from 1.6 mn tonnes in 9M 2018 to 1.4 mn tonnes in 9M 2019 mainly owing to the growth of internal consumption for steel production. Herewith, pig iron shipments in Q3 2019 comprised 0.5 mn tonnes with the 0.1 mn tonnes of growth q-o-q
- The share of HVA<sup>9</sup> steel product shipments amounted to 43% in 9M 2019 (compared to 45% in 9M 2018). The share of shipments in Q3 2019 comprised 39%
- In 9M 2019, pig iron and steel product shipments to the Russian market increased by 6.6% and amounted to 31% (compared to 28% in 9M 2018). In Q3 2019, the share of shipments to the Russian market was 30%, while the increase in export supplies was 7.6% q-o-q mainly due to the increase in shipments to Asia (China, the Philippines, Japan)

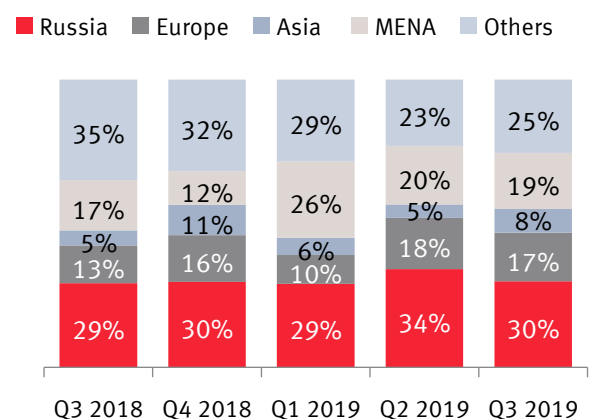
### Production of steel products mn tonnes



### Shipments to external customers mn tonnes



### Shipments by region\*



\* Shipments of pig iron and steel products

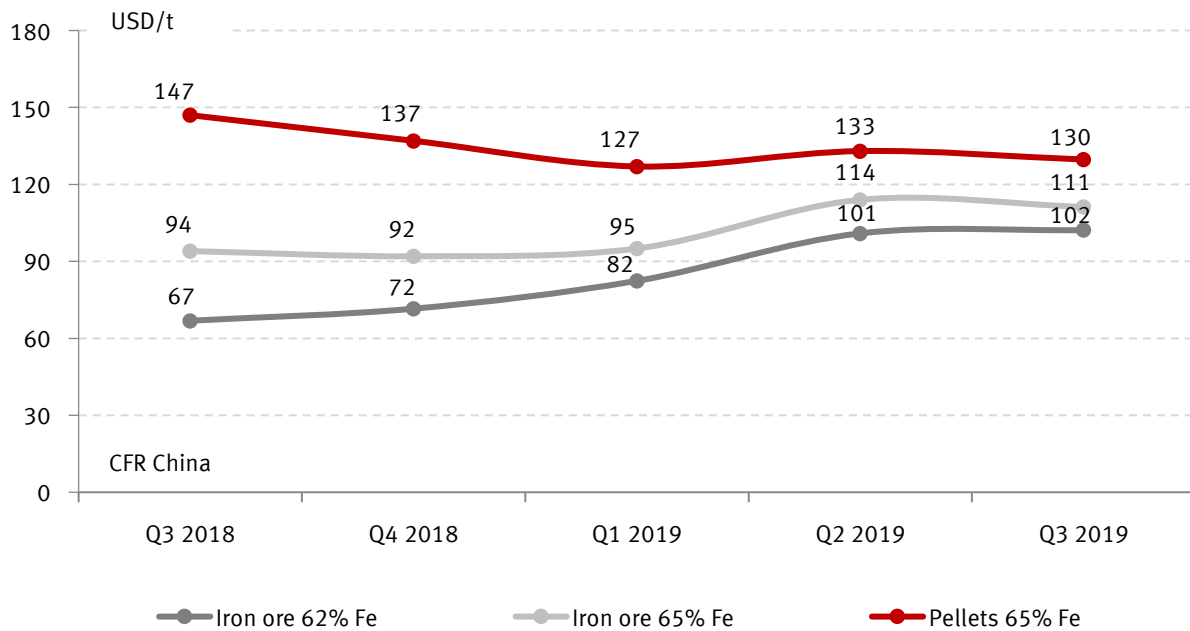
<sup>7</sup> FMF – Flexible Modular Furnace

<sup>8</sup> CCM #1,2 – Continuous Casting Machine #1,2

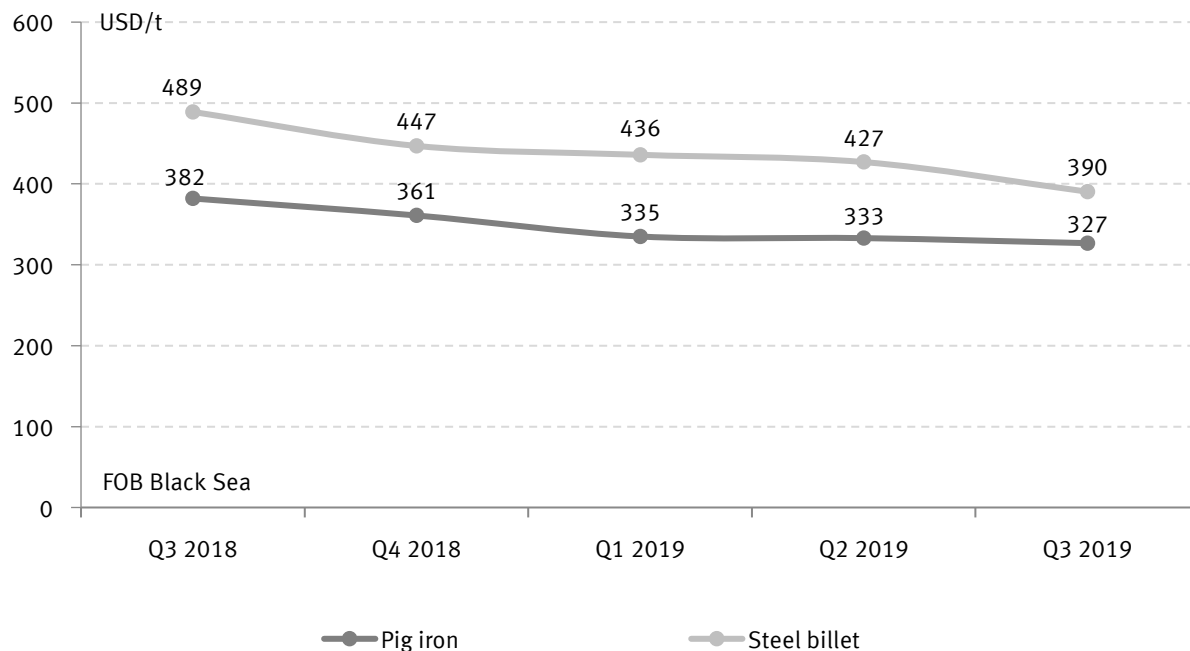
<sup>9</sup> The list of steel products by types is presented in the Appendix below

### 3. Global iron ore and steel indices<sup>10</sup>

#### 3.1 Iron ore products



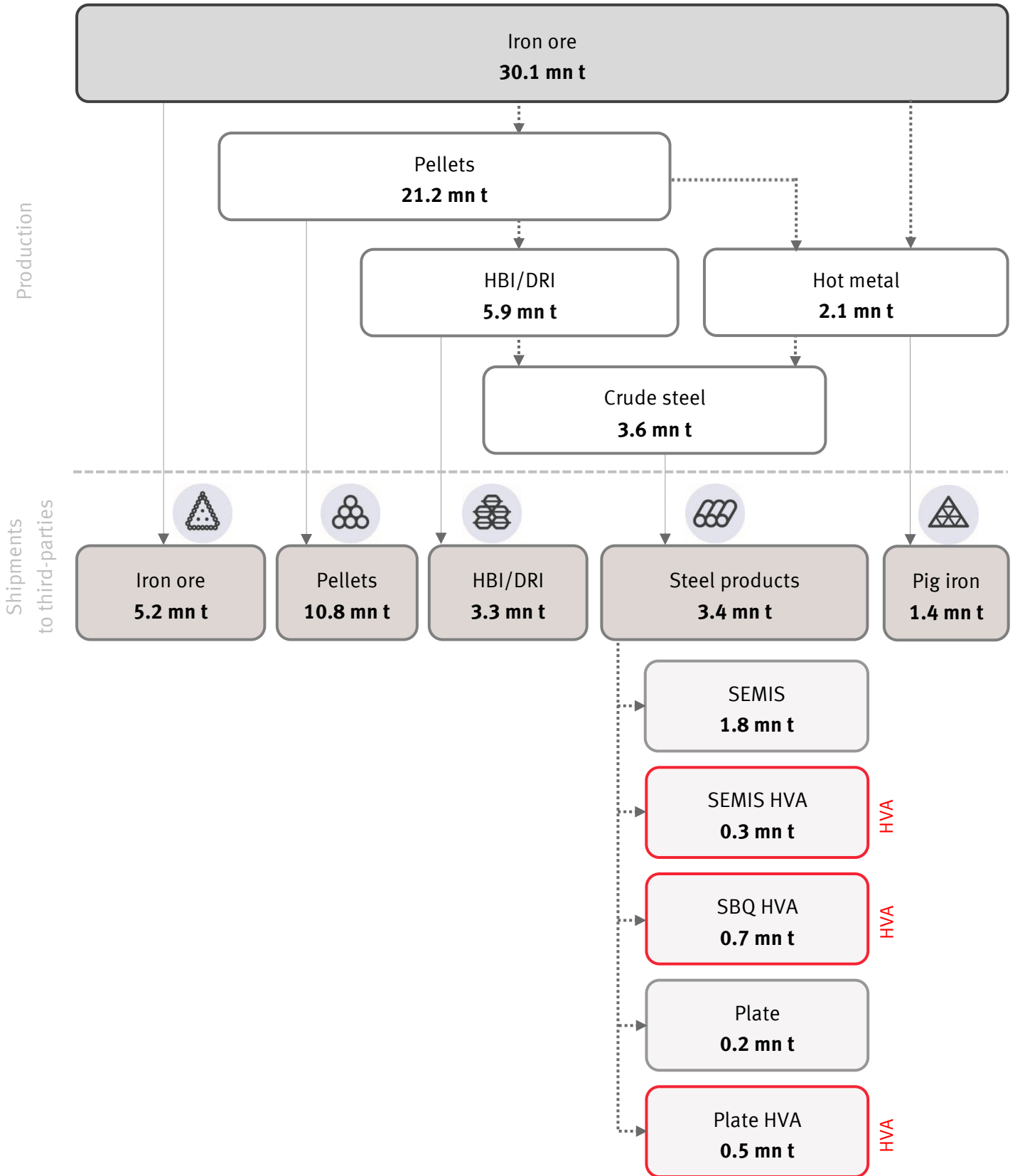
#### 3.2 Pig iron and steel



<sup>10</sup> Source: Fastmarkets, quarterly average



Production and shipments for 9M 2019



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

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Iron ore*	30,069	30,012	0.2%	10,404	10,063	3.4%
Pellets	21,228	20,772	2.2%	7,157	7,230	-1.0%
HBI/DRI	5,905	5,828	1.3%	1,857	2,029	-8.5%

**Shipments by product\*\***

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Iron ore*	5,167	5,268	-1.9%	1,996	1,547	29.0%
Pellets	10,784	10,534	2.4%	3,894	3,554	9.6%
HBI/DRI	3,328	3,214	3.5%	1,006	1,098	-8.4%
Other***	43	29	48.3%	16	16	0.0%
Total shipments	19,322	19,044	1.5%	6,911	6,214	11.2%

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

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Russia	10,026	12,617	-20.5%	3,211	3,287	-2.3%
Europe	4,262	4,022	6.0%	1,203	1,455	-17.3%
Asia	3,875	566	>100%	2,203	969	>100%
MENA	694	1,051	-34.0%	139	355	-60.8%
Other	466	788	-40.9%	155	148	4.7%
Total shipments	19,322	19,044	1.5%	6,911	6,214	11.2%

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

\*\* Shipments from plants (deviation from sales figures is possible due to changes in traders' inventories and is treated as immaterial)

\*\*\* 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 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Hot metal	2,081	2,238	-7.0%	719	684	5.1%
Crude steel	3,628	3,729	-2.7%	1,197	1,246	-3.9%

**Shipments by product\***

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Pig iron	1,391	1,616	-13.9%	465	394	18.0%
Steel products, incl.**:	3,407	3,444	-1.1%	1,113	1,168	-4.7%
SEMIS	1,778	1,721	3.3%	626	597	4.9%
SEMIS HVA	256	230	11.3%	57	97	-41.2%
SBQ HVA	744	822	-9.5%	244	250	-2.4%
Plate	150	176	-14.8%	57	33	72.7%
Plate HVA	481	495	-2.8%	129	191	-32.5%
Total shipments, incl.:	4,799	5,060	-5.2%	1,579	1,562	1.1%
Steel products HVA	1,480	1,547	-4.3%	430	538	-20.1%

**Shipments by region**

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Russia	1,485	1,394	6.5%	471	533	-11.6%
Europe	711	851	-16.5%	267	277	-3.6%
Asia	305	211	44.5%	131	74	77.0%
MENA	1,063	879	20.9%	307	318	-3.5%
Other	1,235	1,726	-28.4%	402	360	11.7%
Total shipments	4,799	5,060	-5.2%	1,579	1,562	1.1%

\* Shipments from plants (deviation from sales figures is possible due to changes in traders' inventories and is treated as immaterial)

\*\* 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 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Concentrate	16,164	16,277	-0.7%	5,730	5,414	5.8%
Pellets	6,751	6,540	3.2%	2,328	2,229	4.4%
HBI	3,508	3,429	2.3%	1,078	1,240	-13.1%

**Shipments by product**

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Concentrate	8,191	8,297	-1.3%	2,972	2,789	6.6%
Pellets	1,504	1,508	-0.3%	643	413	55.7%
HBI	3,618	3,429	5.5%	1,112	1,229	-9.5%
Other	323	265	21.9%	92	105	-12.4%
Total shipments	13,636	13,500	1.0%	4,818	4,536	6.2%

**Inc. intragroup shipments**

Concentrate	4,922	4,795	2.6%	1,518	1,847	-17.8%
Pellets	365	334	9.3%	120	120	0.0%
HBI	425	329	29.2%	149	176	-15.3%
Other	279	236	18.2%	76	89	-14.6%

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

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Sintering ore	1,296	1,300	-0.3%	423	460	-8.0%
Concentrate	12,609	12,434	1.4%	4,252	4,189	1.5%
Pellets	11,370	11,150	2.0%	3,786	3,971	-4.7%

**Shipments by product**

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Sintering ore	1,193	1,134	5.2%	418	449	-6.9%
Concentrate	1,648	1,659	-0.7%	414	374	10.7%
Pellets	10,994	11,066	-0.7%	3,740	3,726	0.4%
Total shipments	13,835	13,859	-0.2%	4,572	4,549	0.5%

**Inc. intragroup shipments**

Sintering ore	250	277	-9.7%	138	112	23.2%
Concentrate	693	750	-7.6%	152	107	42.1%
Pellets	1,348	1,707	-21.0%	369	465	-20.6%

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

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Pellets	3,107	3,082	0.8%	1 044	1 030	1.4%
DRI	2,397	2,400	-0.1%	779	789	-1.3%
Crude steel	2,575	2,562	0.5%	870	854	1.9%

**Shipments by product**

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
DRI	134	114	17.5%	44	44	0.0%
Steel products	2,447	2,444	0.1%	827	815	1.5%
Total shipments	2,581	2,558	0.9%	871	859	1.4%

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

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Hot metal	2,081	2,238	-7.0%	719	684	5.1%
Crude steel	1,052	1,168	-9.9%	327	391	-16.4%

**Shipments by product**

tonnes '000	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Change
Pig iron	1,391	1,616	-13.9%	465	394	18.0%
Steel products	961	1,000	-3.9%	286	353	-19.0%
Total shipments	2,352	2,617	-10.1%	752	748	0.5%



## IR contacts

For any additional information, please do not hesitate to contact our Investor Relations & Corporate Ratings department or send an email to [ir@metalloinvest.com](mailto:ir@metalloinvest.com).



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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 controlled by Holding Company USM LLC. The main beneficiaries are Alisher Usmanov (49%) and Vladimir Skoch (30%).