

Operational Results for FY 2019 and Q4 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 twelve months and the fourth quarter of 2019.

Management comments

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

“In 2019, the Company successfully completed one of the stages of the comprehensive strategic development program aimed to improve product quality. It was implemented fine screening technology at MGOK. Four sections of fine screening technology started to operate at full capacity in the fourth quarter of 2019 that allowed to produce concentrate with a higher iron ore content. Reconstruction of Pellet Plant at MGOK enabled the Company to produce premium-quality pellets.

Thereby, during twelve months of 2019 the Company demonstrated the growth of production and shipments of high value-added products (pellets and HBI/DRI). Its share in the total amount of iron ore product shipments comprised 72%.

In 2019, crude steel production decreased by 3.7% y-o-y mainly due to reconstruction of flexible modular furnaces at Ural Steel and the development of a new steel production technology.”

Production by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Iron ore ¹	40,242	40,359	-0.3%	10,173	10,404	-2.2%
Pellets	28,076	27,658	1.5%	6,848	7,157	-4.3%
HBI/DRI	7,866	7,826	0.5%	1,961	1,857	5.6%
Hot metal	2,749	3,025	-9.1%	667	719	-7.2%
Crude steel	4,867	5,053	-3.7%	1,240	1,197	3.6%

Shipments by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Iron ore ¹	7,435	7,573	-1.8%	2,268	1,996	13.6%
Pellets	14,871	14,013	6.1%	4,087	3,894	5.0%
HBI/DRI	4,369	4,248	2.8%	1,041	1,006	3.5%
Pig iron	1,735	2,175	-20.2%	343	465	-26.2%
Steel products	4,568	4,642	-1.6%	1,161	1,113	4.3%

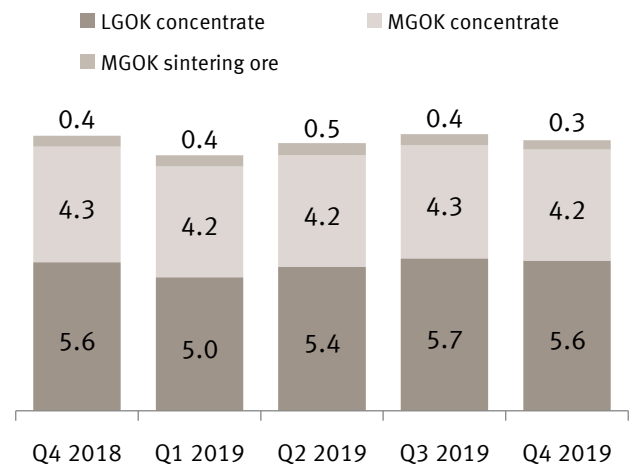
¹ Hereinafter iron ore refers to iron ore concentrate and sintering ore

1. Iron ore products

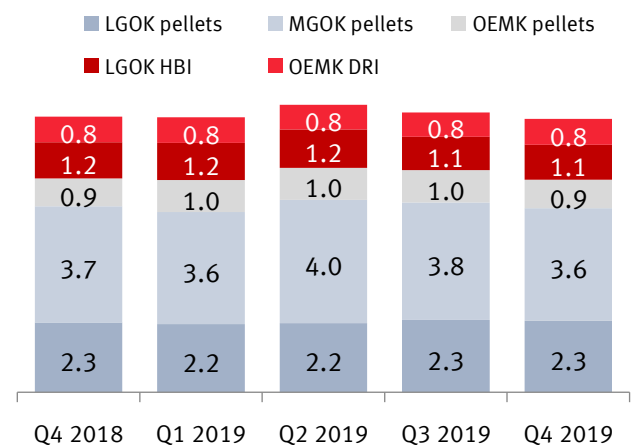
1.1 Production

- In FY 2019, iron ore production amounted to 40.2 mn tonnes (-0.3% y-o-y²). In Q4 2019, production volumes decreased by 2.2% q-o-q³. This was due to a change in both the product mix and the quality characteristics of the mined iron ore. Another factor was the production of concentrate with a higher iron ore content after the four sections of fine screening technology started to operate at full capacity at MGOK⁴, which in turn led to a decrease in the physical volume of production
- In FY 2019, pellet production increased by 1.5% y-o-y and amounted to 28.1 mn tonnes, as a result of the completion of major maintenance works at Pellet Plant #2 at LGOK⁵, the reconstruction of Pellet Plant #3 at MGOK, the optimisation of the duration of maintenance works, and a change in the pellet production mix. However, in Q4 2019, pellet production decreased by 4.3% q-o-q, primarily due to scheduled major maintenance works at OEMK's Pellet Plant
- In FY 2019, the Company produced 7.9 mn tonnes of HBI/DRI, which represents 0.5% growth y-o-y. Meanwhile, in Q4 2019, production volumes increased by 5.6% q-o-q due to the completion of scheduled major maintenance works at DRI Plant #1 and DRI Plant #2 at OEMK and at HBI-1 Plant and HBI-2 Plant at LGOK in Q3 2019, as well as the increase in production volumes at HBI-3 Plant, the most productive facility

Iron ore production mn tonnes



Pellets and HBI/DRI production mn tonnes



² Hereinafter y-o-y represents change in FY 2019 vs. FY 2018 (if not stated otherwise)

³ Hereinafter q-o-q represents change in Q4 2019 vs. Q3 2019 (if not stated otherwise)

⁴ Hereinafter MGOK represents Mikhailovsky GOK

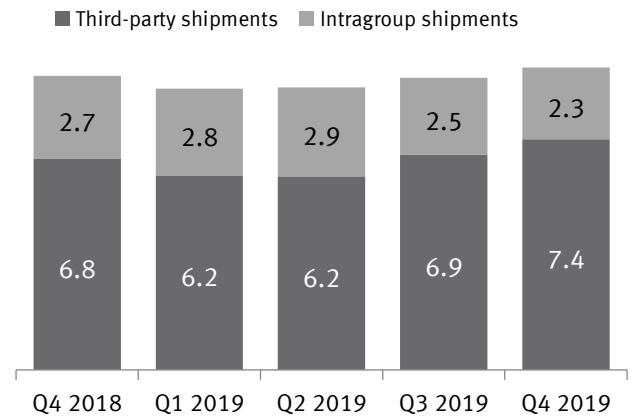
⁵ Hereinafter LGOK represents Lebedinsky GOK

1.2 Shipments

- In FY 2019, the total volume of iron ore product shipments to third parties increased by 3.3% y-o-y and amounted to 26.7 mn tonnes. In Q4 2019, shipment volumes grew by 7.2% q-o-q, mainly due to the increase in supplies of pellets and iron ore concentrate to the domestic market
- HVA⁶ iron ore products (pellets and HBI/DRI) prevail in the total volume of iron ore product shipments and amounted to 72% in FY 2019 and 69% in Q4 2019
- The share of iron ore product shipments to the domestic market amounted to 53% in FY 2019 (compared to 65% in FY 2018) and 54% in Q4 2019
- The Company increased the volume of export supplies in FY 2019 by 39.7% y-o-y mainly due to the increase in supplies to Asia – its share comprised 22% of total shipments in FY 2019 compared to 4% in FY 2018. In Q4 2019, export supplies decreased by 8.1% q-o-q as a result of the reallocation of shipments to the domestic market

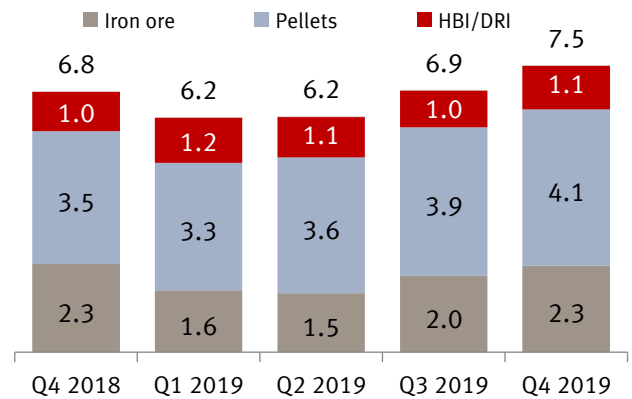
Shipments of iron ore products

mn tonnes

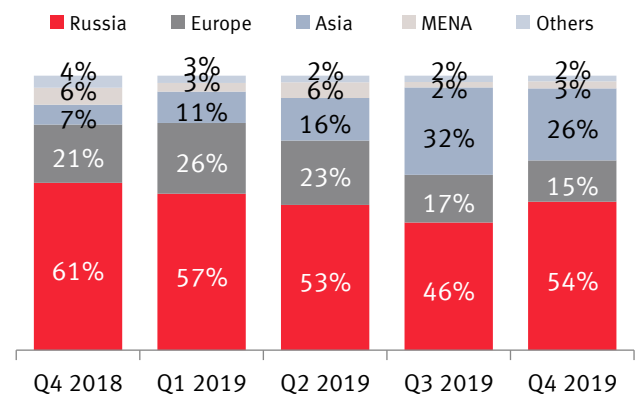


Shipments to external customers

mn tonnes



Shipments by region*



* Shipments of iron ore, pellets and HBI/DRI

⁶HVA – high value-added

2. Pig iron and steel products

2.1 Production

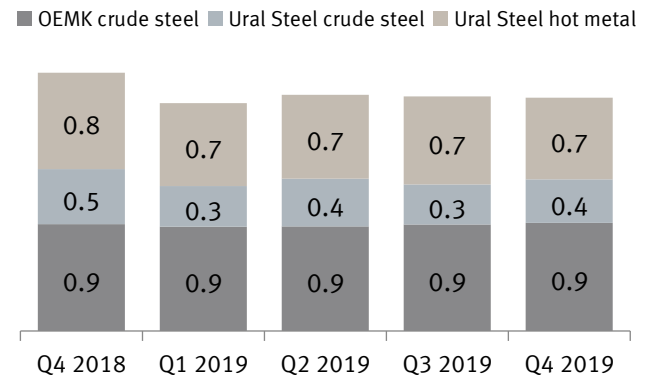
- In FY 2019, the output of hot metal decreased by 9.1% y-o-y and amounted to 2.7 mn tonnes due to maintenance works at the blast furnaces. In Q4 2019, hot metal production declined by 7.2% q-o-q
- Crude steel production decreased by 3.7% y-o-y to 4.9 mn tonnes in FY 2019 mainly as result of the reconstruction of FMF⁷ #1 and FMF #2 at Ural Steel. Meanwhile, in Q4 2019, the production volume increased by 3.6% q-o-q and amounted to 1.2 mn tonnes. This growth was driven by the completion of major maintenance works at CCM⁸ #1 and the reconstruction of FMF #1 at Ural Steel in Q3 2019

2.2 Shipments

- Pig iron shipments to third parties decreased from 2.2 mn tonnes in FY 2018 to 1.7 mn tonnes in FY 2019, mainly due to the growth of internal consumption of these products. Pig iron shipments in Q4 2019 comprised 0.3 mn tonnes, which represents a decrease of 0.1 mn tonnes q-o-q
- The share of HVA⁹ steel product shipments amounted to 41% in FY 2019
- In FY 2019, pig iron and steel product shipments to the Russian market increased by 0.6% and amounted to 31% (compared to 28% in FY 2018). In Q4 2019, the share of shipments to the Russian market was 29%

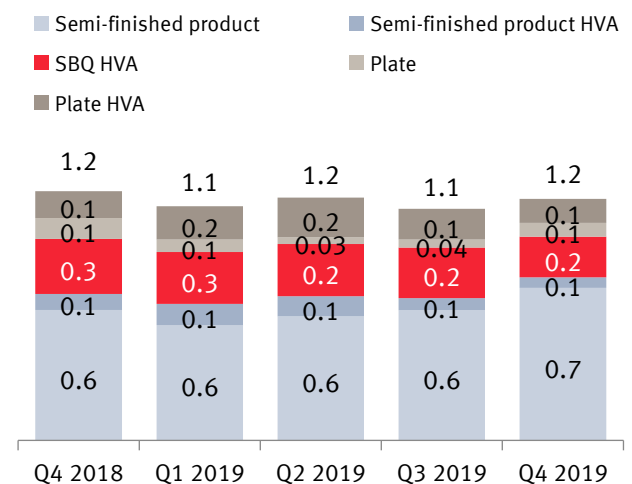
Production of steel products

mn tonnes

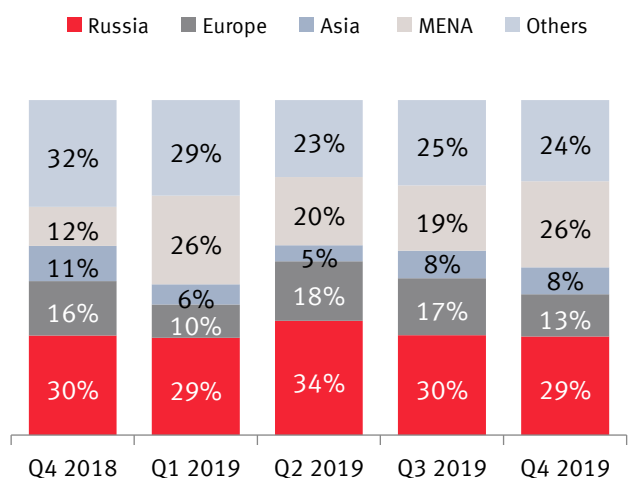


Shipments to external customers

mn tonnes



Shipments by region*



* Shipments of pig iron and steel products

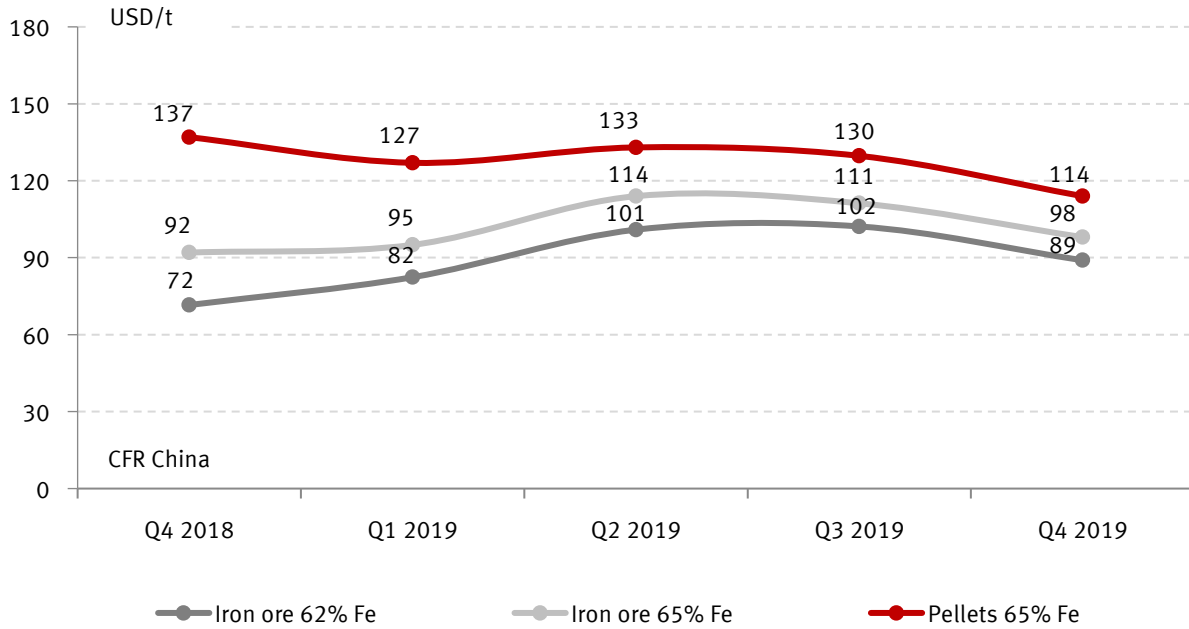
⁷ FMF – Flexible Modular Furnace

⁸ CCM – Continuous Casting Machine

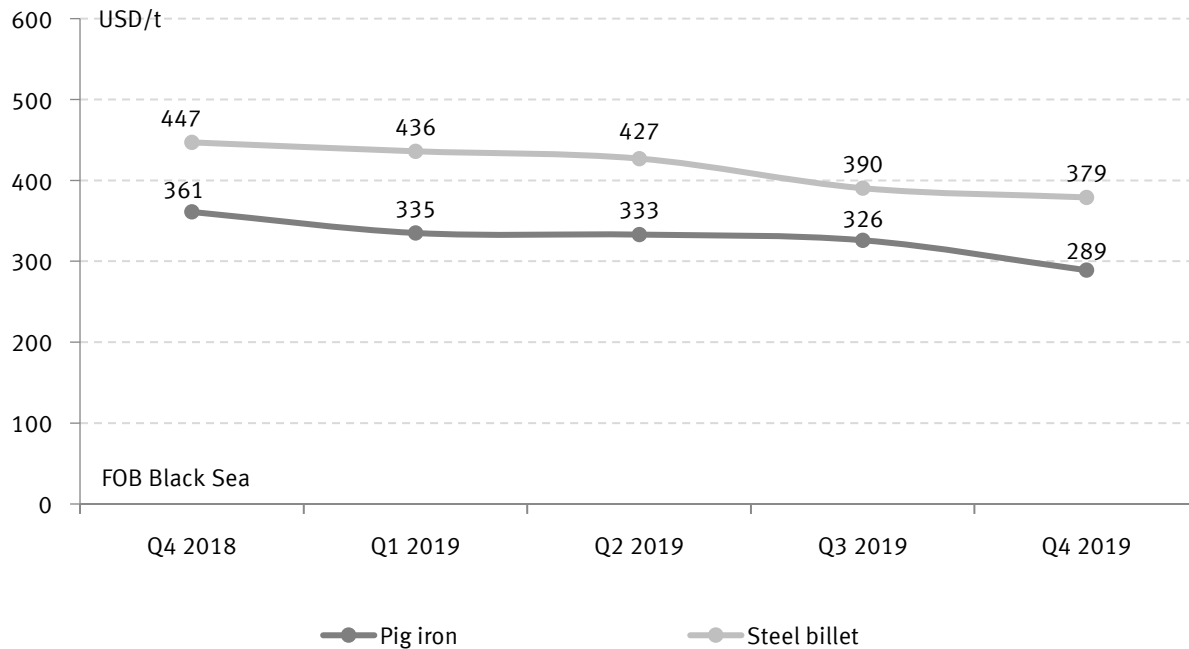
⁹ The list of steel products by types is presented in the Appendix below

3. Global iron ore and steel indices¹⁰

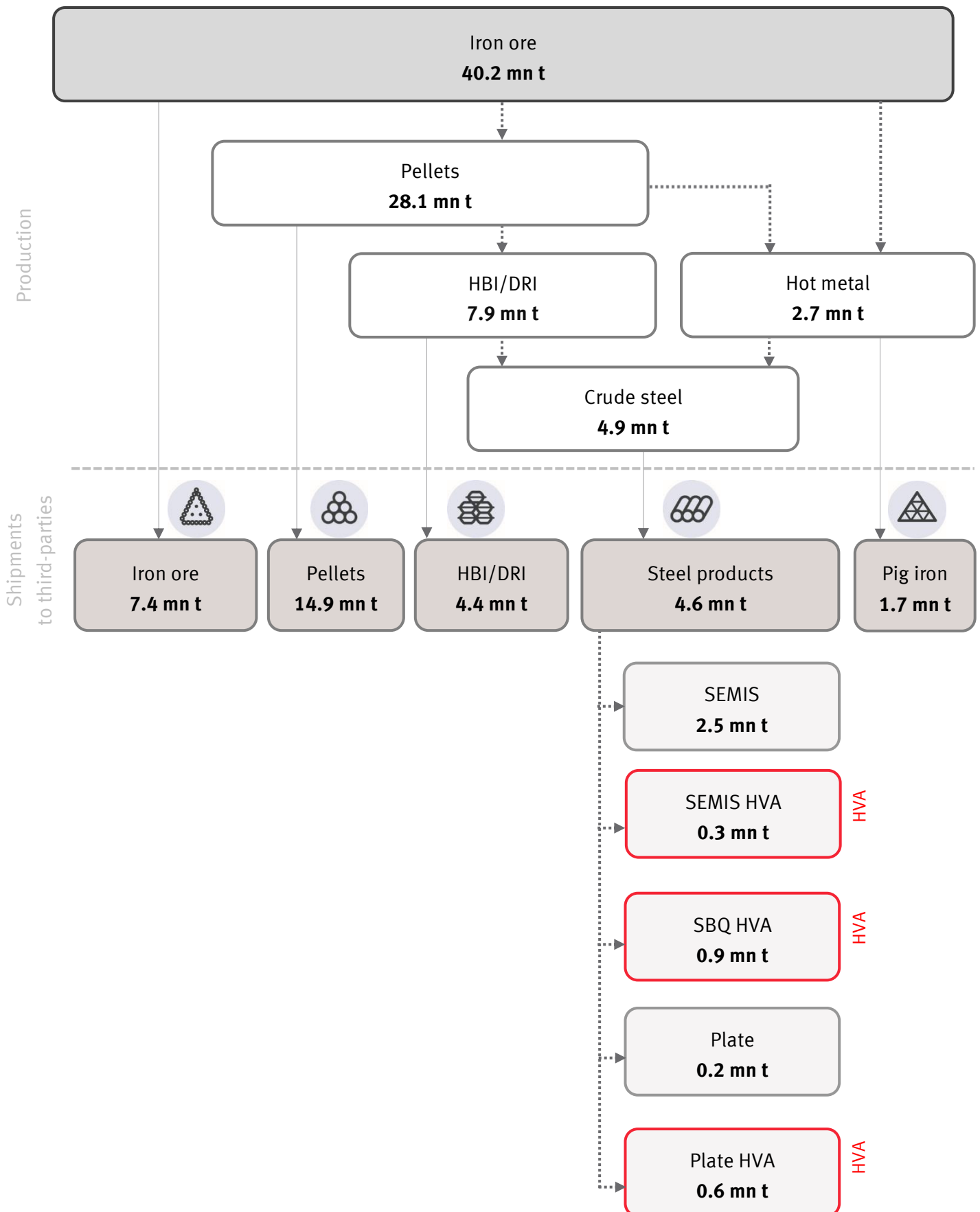
3.1 Iron ore products



3.2 Pig iron and steel



¹⁰ Source: Fastmarkets, quarterly average

Production and shipments for FY 2019


Appendix
Metalloinvest consolidated results – Iron ore products
Production

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Iron ore*	40,242	40,359	-0.3%	10,173	10,404	-2.2%
Pellets	28,076	27,658	1.5%	6,848	7,157	-4.3%
HBI/DRI	7,866	7,826	0.5%	1,961	1,857	5.6%

Shipments by product**

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Iron ore*	7,435	7,573	-1.8%	2,268	1,996	13.6%
Pellets	14,871	14,013	6.1%	4,087	3,894	5.0%
HBI/DRI	4,369	4,248	2.8%	1,041	1,006	3.5%
Other***	54	34	58.8%	10	16	-37.5%
Total shipments	26,729	25,869	3.3%	7,407	6,911	7.2%

Shipments by region****

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Russia	14,031	16,778	-16.4%	4,006	3,211	24.8%
Europe	5,373	5,473	-1.8%	1,111	1,203	-7.6%
Asia	5,821	1,059	>100%	1,947	2,203	-11.6%
MENA	888	1,467	-39.5%	194	139	39.6%
Other	616	1,093	-43.6%	150	155	-3.2%
Total shipments	26,729	25,869	3.3%	7,407	6,911	7.2%

* 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	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Hot metal	2,749	3,025	-9.1%	667	719	-7.2%
Crude steel	4,867	5,053	-3.7%	1,240	1,197	3.6%

Shipments by product*

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Pig iron	1,735	2,175	-20.2%	343	465	-26.2%
Steel products, incl.**:	4,568	4,642	-1.6%	1,161	1,113	4.3%
SEMIS	2,511	2,349	6.9%	733	626	17.1%
SEMIS HVA	306	307	-0.3%	51	57	-10.5%
SBQ HVA	939	1,086	-13.5%	196	244	-19.7%
Plate	197	276	-28.6%	66	38	73.7%
Plate HVA	615	624	-1.4%	115	148	-22.3%
Total shipments, incl.:	6,303	6,818	-7.6%	1,504	1,579	-4.7%
Steel products HVA	1,860	2,018	-7.8%	361	449	-19.6%

Shipments by region

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Russia	1,928	1,916	0.6%	443	471	-5.9%
Europe	900	1,136	-20.8%	189	267	-29.2%
Asia	425	396	7.3%	120	131	-8.4%
MENA	1,450	1,084	33.8%	387	307	26.1%
Other	1,599	2,286	-30.1%	364	402	-9.5%
Total shipments	6,303	6,818	-7.6%	1,504	1,579	-4.7%

* 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	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Concentrate	21,813	21,867	-0.2%	5,649	5,730	-1.4%
Pellets	9,048	8,792	2.9%	2,297	2,328	-1.3%
HBI	4,629	4,603	0.6%	1,121	1,078	4.0%

Shipments by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Concentrate	11,218	11,269	-0.5%	3,027	2,972	1.9%
Pellets	2,201	1,995	10.3%	697	643	8.4%
HBI	4,732	4,508	5.0%	1,114	1,112	0.2%
Other	423	360	17.5%	100	92	8.7%
Total shipments	18,574	18,132	2.4%	4,939	4,818	2.5%

Inc. intragroup shipments

Concentrate	6,150	6,062	1.5%	1,228	1,518	-19.1%
Pellets	468	414	13.0%	103	120	-14.2%
HBI	540	406	33.0%	115	149	-22.8%
Other	369	325	13.5%	90	76	18.4%

MGOK
Production by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Sintering ore	1,645	1,710	-3.8%	349	423	-17.5%
Concentrate	16,784	16,782	0.0%	4,175	4,252	-1.8%
Pellets	15,007	14,888	0.8%	3,637	3,786	-3.9%

Shipments by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Sintering ore	1,503	1,495	0.5%	310	418	-25.8%
Concentrate	2,218	2,331	-4.8%	570	414	37.7%
Pellets	14,899	14,854	0.3%	3,905	3,740	4.4%
Total shipments	18,620	18,679	-0.3%	4,785	4,572	4.7%

Inc. intragroup shipments

Sintering ore	308	326	-5.5%	58	138	-58.0%
Concentrate	1,045	1,134	-7.8%	353	152	>100%
Pellets	1,762	2,421	-27.2%	413	369	11.9%

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

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Pellets	4,020	3,977	1.1%	913	1,044	-12.5%
DRI	3,237	3,223	0.4%	840	779	7.8%
Crude steel	3,459	3,435	0.7%	884	870	1.6%

Shipments by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
DRI	177	146	21.2%	43	44	-2.3%
Steel products	3,296	3,268	0.9%	849	827	2.7%
Total shipments	3,473	3,414	1.7%	892	871	2.4%

Ural Steel
Production by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Hot metal	2,749	3,025	-9.1%	667	719	-7.2%
Crude steel	1,408	1,618	-13.0%	356	327	8.9%

Shipments by product

tonnes '000	FY 2019	FY 2018	Change	Q4 2019	Q3 2019	Change
Pig iron	1,735	2,176	-20.3%	343	465	-26.2%
Steel products	1,272	1,374	-7.4%	311	286	8.7%
Total shipments	3,007	3,550	-15.3%	654	752	-13.0%

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.

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Director of department

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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 USM Holdings. The main beneficiary of USM Holdings is Alisher Usmanov (49%).