

Operational Results for Q1 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 quarter of 2020.

Management comments

Nazim Efendiev, acting CEO of Management Company Metalloinvest, commented:

“In Q1 2020, the Company increased the output of key products compared both to Q4 2019 and Q1 2019. The implementation of our comprehensive development programmes enables us to consistently increase the share of high value-added products within our product portfolio.

Meantime, the impact of COVID-19 on the steel industry in a number of regions has led us to seek alternative sales markets. China, one of the first countries to overcome the pandemic peak, is now the key driver of demand. Given our low production costs and a diversified product mix we expect the Company to successfully cope with the current challenges and be able to maintain sustainable sales in Q2 2020.”

Production by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Iron ore ¹	10,292	10,173	1.2%	9,602	7.2%
Pellets	7,070	6,848	3.2%	6,840	3.4%
HBI/DRI	2,085	1,961	6.3%	2,020	3.2%
Hot metal	688	667	3.1%	678	1.5%
Crude steel	1,272	1,240	2.6%	1,185	7.3%

Shipments by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Iron ore ¹	1,842	2,268	-18.8%	1,624	13.4%
Pellets	3,910	4,087	-4.3%	3,336	17.2%
HBI/DRI	1,176	1,041	13.0%	1,224	-3.9%
Pig iron	370	343	7.9%	532	-30.5%
Steel products	1,184	1,161	2.0%	1,126	5.2%

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

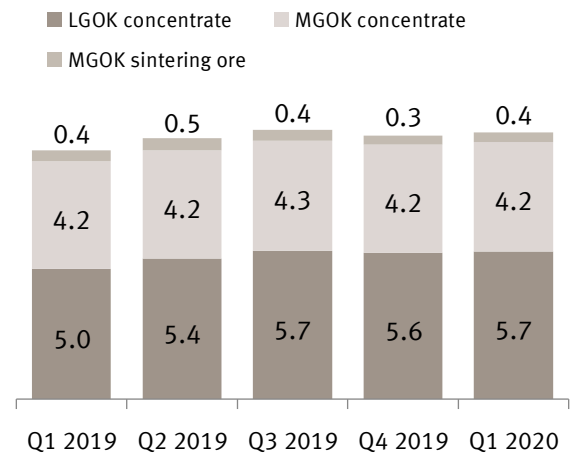
1. Iron ore products

1.1 Production

- In Q1 2020, iron ore production increased by 1.2% q-o-q² and by 7.2% y-o-y³ and amounted to 10.3 mn tonnes. This dynamic was due to an increase in efficiency as a result of improved quality characteristics of the mined iron ore and decreased ore consumption for concentrate. Another factor was the optimisation of maintenance work duration
- In Q1 2020, pellet production increased by 3.2% q-o-q and by 3.4% y-o-y and amounted to 7.1 mn tonnes. The q-o-q growth was a result of scheduled major maintenance works at OEMK's Pellet Plant in Q4 2019 and a decrease in maintenance work duration at Pellet Plant #3 at MGOK⁴. Pellet production growth y-o-y was primarily driven by the optimisation of maintenance work duration at MGOK, increased efficiency and a change in the number of working days
- In Q1 2020, the Company produced 2.1 mn tonnes of HBI/DRI, which represents 6.3% growth q-o-q and 3.2% growth y-o-y. Production volume increase q-o-q was due to the completion of the major maintenance works at HBI-3 Plant at LGOK⁵ in Q4 2019. The growth dynamic y-o-y was primarily due to an increase in productivity at HBI plants and an increase in the number of working days

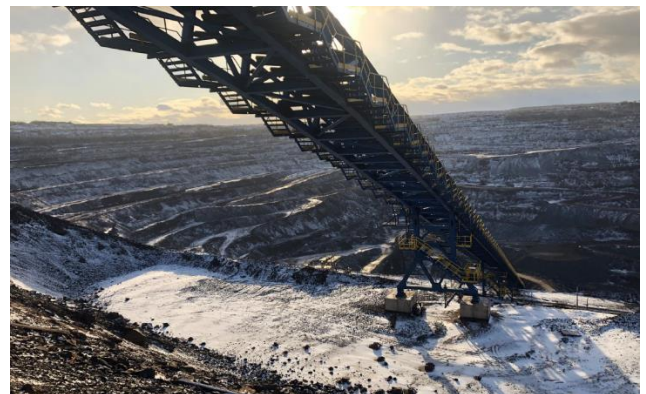
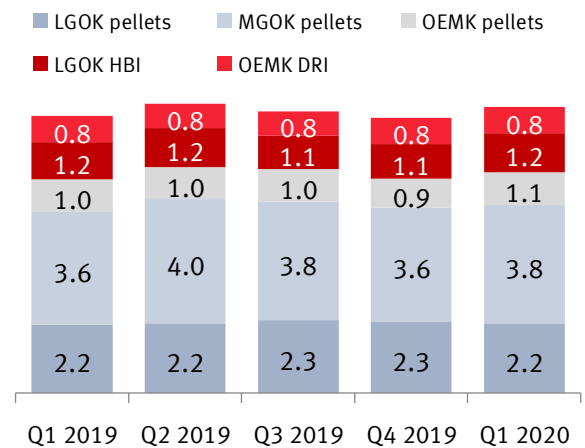
Iron ore production

mn tonnes



Pellets and HBI/DRI production

mn tonnes



² Hereinafter q-o-q represents change in Q1 2020 vs. Q4 2019 (if not stated otherwise)

³ Hereinafter y-o-y represents change in Q1 2020 vs. Q1 2019 (if not stated otherwise)

⁴ Hereinafter MGOK represents Mikhailovsky GOK

⁵ Hereinafter LGOK represents Lebedinsky GOK

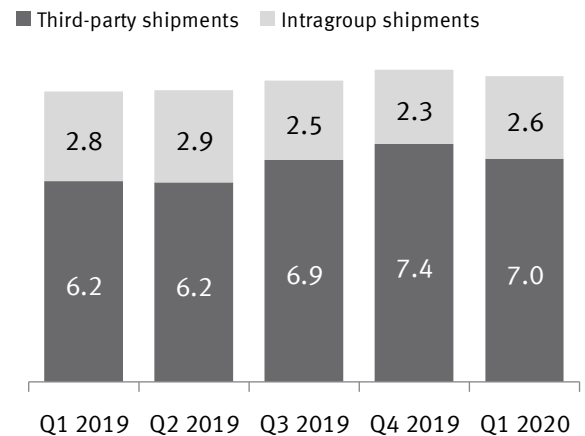


1.2 Shipments

- In Q1 2020, the total volume of iron ore product shipments to third parties decreased by 6.2% q-o-q and amounted to 7.0 mn tonnes, while shipment volumes grew by 12.2% y-o-y mainly driven by the increase in pellet supply to China
- HVA⁶ iron ore products (pellets and HBI/DRI) form the majority of iron ore product shipments and amounted to 73% in Q1 2020 (compared to 69% in Q4 2019 and 74% in Q1 2019)
- The share of iron ore product shipments to the domestic market amounted to 49% in Q1 2020 (compared to 54% in Q4 2019 and 57% in Q1 2019)
- The Company increased the volume of export supplies in Q1 2020 by 3.8% q-o-q primarily due to the increase in supply to Europe, which comprised a 27% share of total shipments in Q1 2020 compared to 15% in Q4 2019. Export supplies grew by 32.3% y-o-y as a result of an increase in shipments to Asia and Europe – by 90.5% and 17.1% respectively

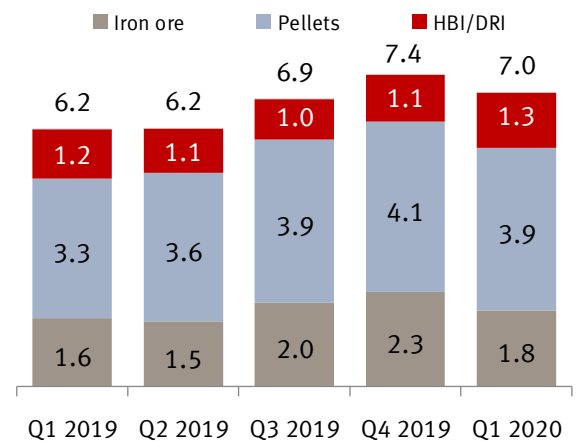
Shipments of iron ore products

mn tonnes

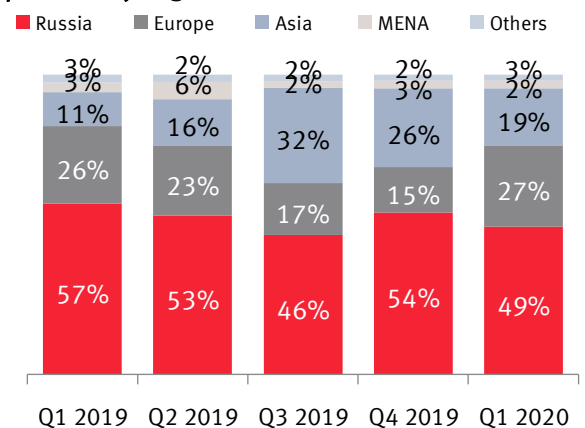


Shipments to external customers

mn tonnes



Shipments by region*



* Shipments of iron ore, pellets and HBI/DRI

⁶HVA – high value-added

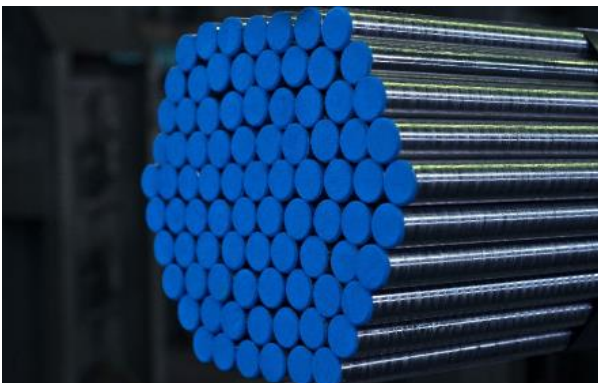
2. Pig iron and steel products

2.1 Production

- In Q1 2020, Metalloinvest produced 0.7 mn tonnes of hot metal, +3.1% q-o-q and +1.5% y-o-y. The production growth was mainly driven by the optimisation of maintenance work duration
- Crude steel production grew by 2.6% q-o-q and by 7.3% y-o-y to 1.3 mn tonnes in Q1 2020. Q-o-q growth was mainly driven by the increased demand for heavy plate. Y-o-y growth was primarily a result of the stoppage of the EAF⁷ #2 shop in Q1 2019 for the reconstruction of FMF⁸ #2 at Ural Steel

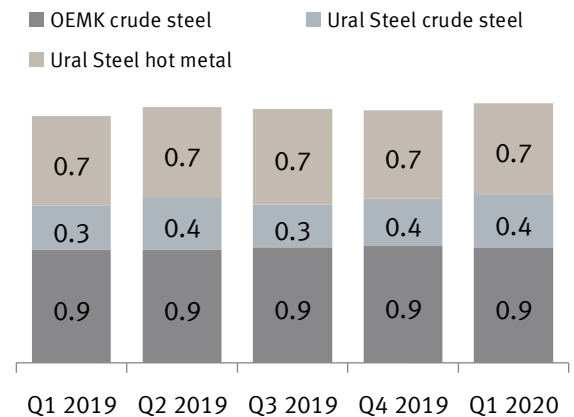
2.2 Shipments

- Pig iron shipments to third parties increased by 7.9% q-o-q to 0.4 mn tonnes. Meanwhile, y-o-y shipments decreased by 30.5% mainly due to the growth of internal consumption
- The share of HVA⁹ steel product shipments amounted to 38% in Q1 2020 (compared to 31% in Q4 2019)
- In Q1 2020, pig iron and steel product shipments to the Russian market increased by 12.2% q-o-q and by 3.3% y-o-y and amounted to 32% (compared to 29% in Q4 2019)



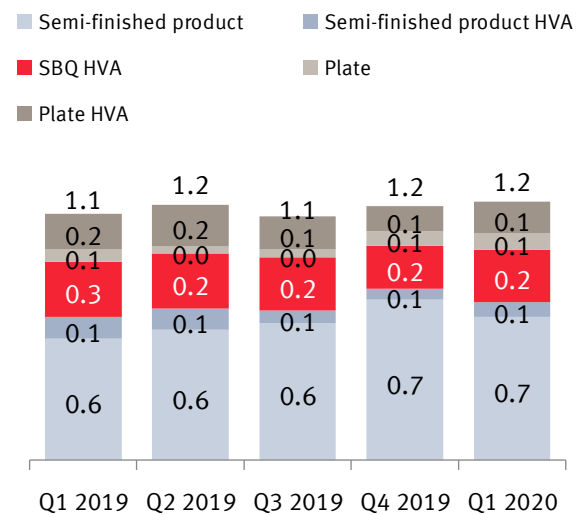
Production of steel products

mn tonnes

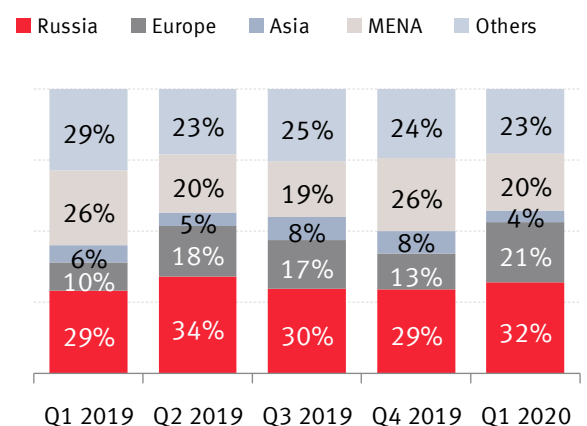


Shipments to external customers

mn tonnes



Shipments by region**



* Shipments of pig iron and steel products

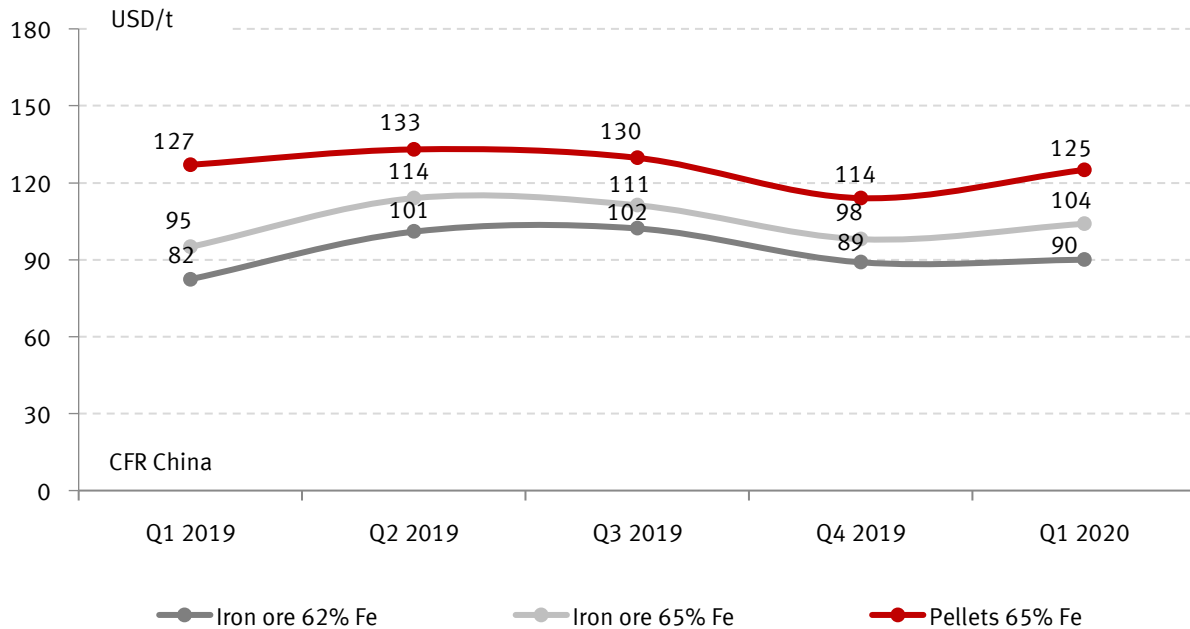
⁷ EAF – Electric arc furnace

⁸ FMF – Flexible Modular Furnace

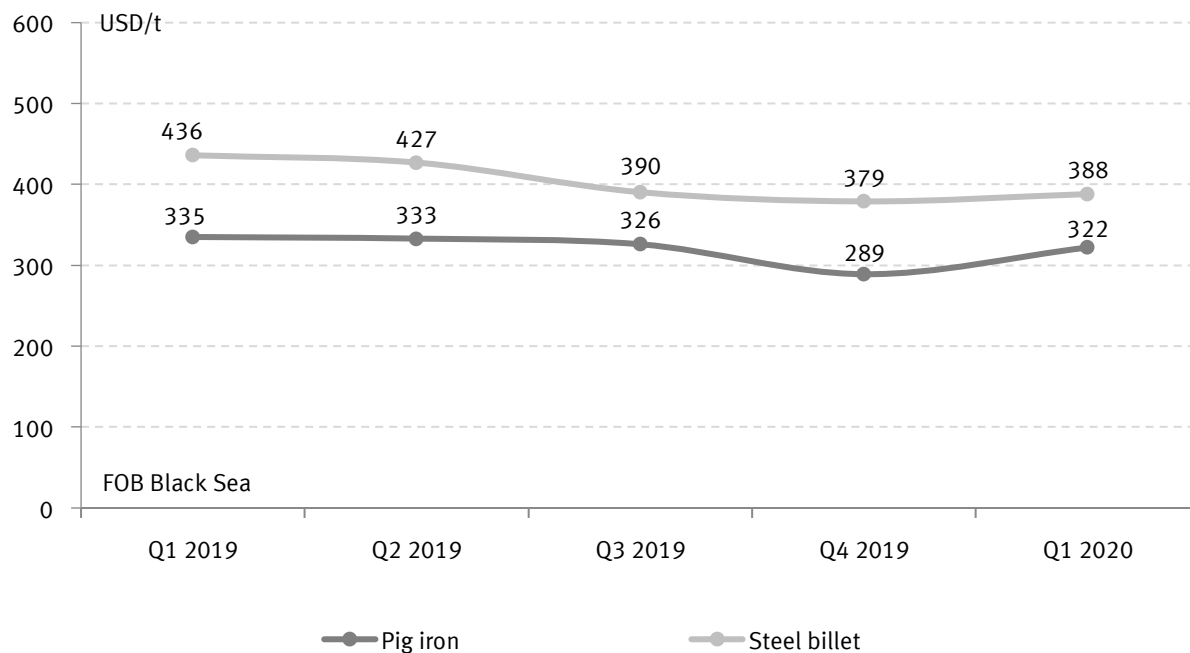
⁹ The list of steel products by types is presented in the Appendix below

3. Global iron ore and steel indices¹⁰

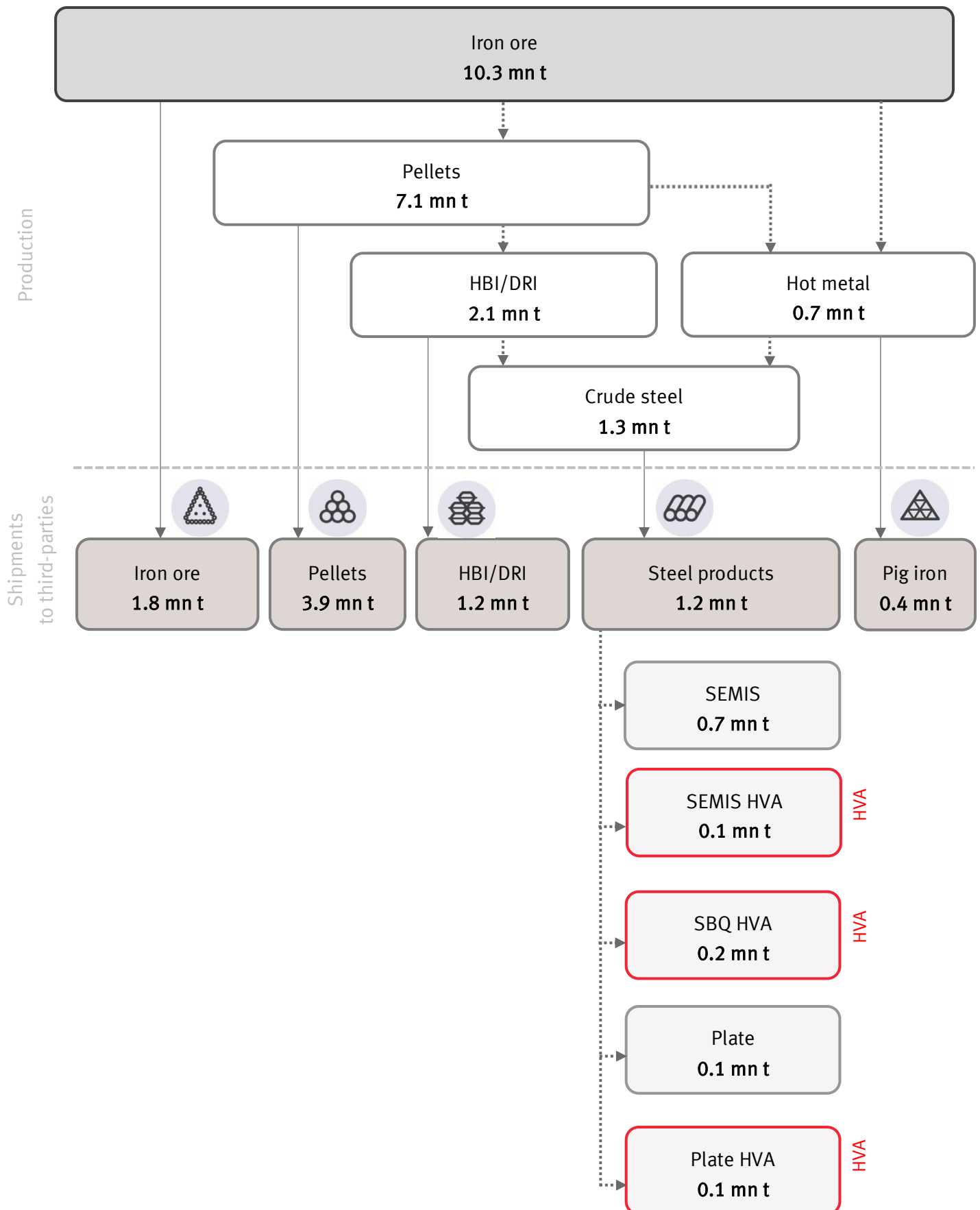
3.1 Iron ore products



3.2 Pig iron and steel



¹⁰ Source: Fastmarkets, quarterly average

Production and shipments for Q1 2020


Appendix
Metalloinvest consolidated results – Iron ore products

Production					
tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Iron ore*	10,292	10,173	1.2%	9,602	7.2%
Pellets	7,070	6,848	3.2%	6,840	3.4%
HBI/DRI	2,085	1,961	6.3%	2,020	3.2%

Shipments by product**					
tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Iron ore*	1,842	2,268	-18.8%	1,624	13.4%
Pellets	3,910	4,087	-4.3%	3,336	17.2%
HBI/DRI	1,176	1,041	13.0%	1,224	-3.9%
Other***	23	10	>100%	12	91.7%
Total shipments	6,951	7,407	-6.2%	6,197	12.2%

Shipments by region****					
tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Russia	3,420	4,006	-14.6%	3,528	-3.1%
Europe	1,878	1,111	69.0%	1,604	17.1%
Asia	1,337	1,947	-31.3%	702	90.5%
MENA	172	194	-11.3%	199	-13.6%
Other	145	150	-3.3%	163	-11.0%
Total shipments	6,951	7,407	-6.2%	6,197	12.2%

* 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	Q1 2020	Q4 2019	Change	Q1 2019	Change
Hot metal	688	667	3.1%	678	1.5%
Crude steel	1,272	1,240	2.6%	1,185	7.3%

Shipments by product*					
tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Pig iron	370	343	7.9%	532	-30.5%
Steel products, incl.**:	1,184	1,161	2.0%	1,126	5.2%
SEMIS	656	733	-10.5%	554	18.4%
SEMIS HVA	67	51	31.4%	102	-34.3%
SBQ HVA	240	196	22.4%	250	-4.0%
Plate	76	66	15.2%	59	28.8%
Plate HVA	144	115	25.2%	161	-10.6%
Total shipments, incl.:	1,554	1,504	3.3%	1,658	-6.3%
Steel products HVA	451	361	24.9%	513	-12.1%

Shipments by region					
tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Russia	497	443	12.2%	481	3.3%
Europe	329	189	74.1%	166	98.2%
Asia	63	120	-47.5%	99	-36.4%
MENA	312	387	-19.4%	439	-28.9%
Other	354	364	-2.7%	473	-25.2%
Total shipments	1,554	1,504	3.3%	1,658	-6.3%

* 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	Q1 2020	Q4 2019	Change	Q1 2019	Change
Concentrate	5,706	5,649	1.0%	5,020	13.7%
Pellets	2,235	2,297	-2.7%	2,195	1.8%
HBI	1,250	1,121	11.5%	1,191	5.0%

Shipments by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Concentrate	2,963	3,027	-2.1%	2,429	22.0%
Pellets	420	697	-39.7%	448	-6.3%
HBI	1,241	1,114	11.4%	1,277	-2.8%
Other	103	100	3.0%	126	-18.3%
Total shipments	4,727	4,939	-4.3%	4,281	10.4%

Inc. intragroup shipments

Concentrate	1,633	1,228	33.0%	1,558	4.8%
Pellets	71	103	-31.1%	125	-43.2%
HBI	107	115	-7.0%	100	7.0%
Other	80	90	-11.1%	114	-29.8%

MGOK
Production by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Sintering ore	378	349	8.3%	414	-8.7%
Concentrate	4,208	4,175	0.8%	4,168	1.0%
Pellets	3,776	3,637	3.8%	3,613	4.5%

Shipments by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Sintering ore	306	310	-1.3%	326	-6.1%
Concentrate	590	570	3.5%	860	-31.4%
Pellets	3,907	3,905	0.1%	3,527	10.8%
Total shipments	4,803	4,785	0.4%	4,714	1.9%

Inc. intragroup shipments

Sintering ore	36	58	-37.9%	0	-
Concentrate	348	353	-1.4%	434	-19.8%
Pellets	346	413	-16.2%	514	-32.7%

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

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Pellets	1,059	913	16.0%	1,033	2.5%
DRI	836	840	-0.5%	829	0.8%
Crude steel	866	884	-2.0%	851	1.8%

Shipments by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
DRI	42	43	-2.3%	47	-10.6%
Steel products	822	849	-3.2%	805	2.1%
Total shipments	865	892	-3.0%	852	1.5%

Ural Steel
Production by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Hot metal	688	667	3.1%	678	1.5%
Crude steel	406	356	14.0%	334	21.6%

Shipments by product

tonnes '000	Q1 2020	Q4 2019	Change	Q1 2019	Change
Pig iron	370	343	7.9%	532	-30.5%
Steel products	361	311	16.1%	321	12.5%
Total shipments	732	654	11.9%	853	-14.2%

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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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 HC USM LLC. Alisher Usmanov is the major beneficiary of Holding Company USM LLC (49%).