METINVEST

2018 Results

Berlin, June 2019

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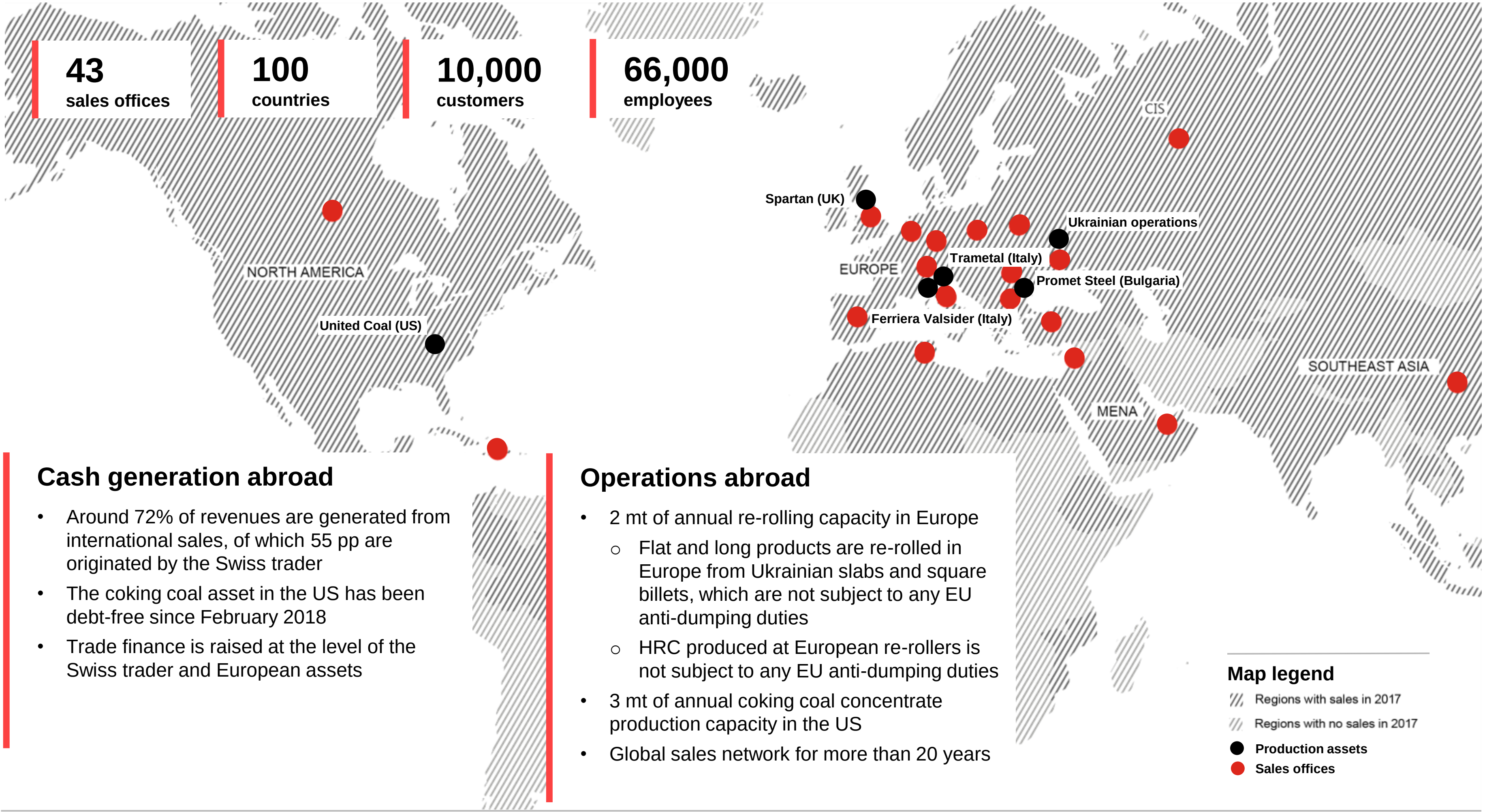
Global operations

43
sales offices

100
countries

10,000
customers

66,000
employees



Cash generation abroad

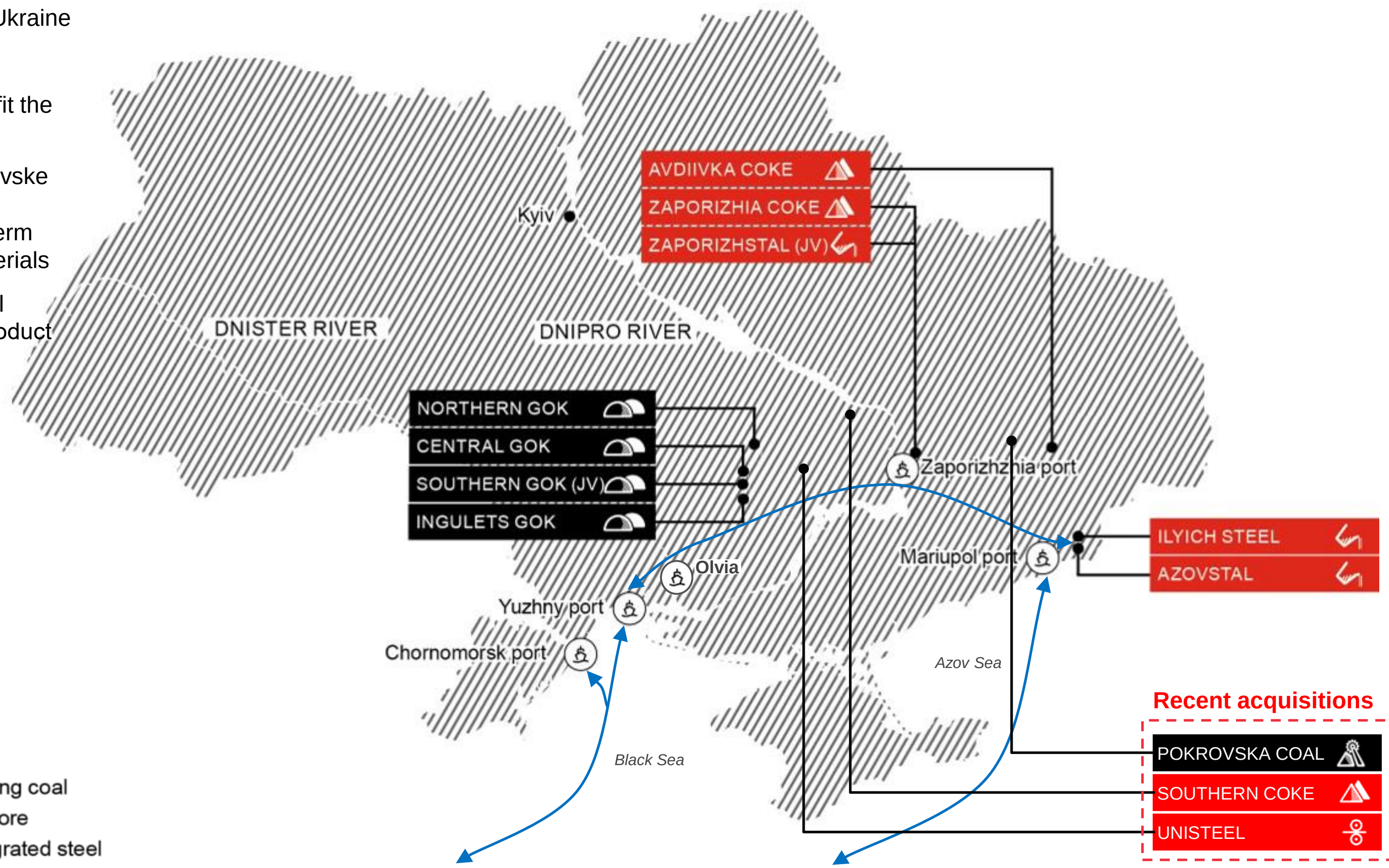
- Around 72% of revenues are generated from international sales, of which 55 pp are originated by the Swiss trader
- The coking coal asset in the US has been debt-free since February 2018
- Trade finance is raised at the level of the Swiss trader and European assets

Operations abroad

- 2 mt of annual re-rolling capacity in Europe
  - Flat and long products are re-rolled in Europe from Ukrainian slabs and square billets, which are not subject to any EU anti-dumping duties
  - HRC produced at European re-rollers is not subject to any EU anti-dumping duties
- 3 mt of annual coking coal concentrate production capacity in the US
- Global sales network for more than 20 years

Operations in Ukraine

- Stable operations of all assets in Ukraine
- Effective logistics in place
- 2018 and early 2019 acquisitions fit the business model:
  - Acquisition of 24.99% in Pokrovske coal business and 23.71% in Southern Coke secures long-term self-sufficiency in key raw materials
  - Acquisition of 100% in Unisteel enhances the Group's steel product portfolio



Legend

- Metallurgical
- Mining
- Logistic routes
- Coking coal
- Iron ore
- Integrated steel
- Re-roller
- Coke

Summary

US$ mn	2018	2017	Change
Revenues	**11,880**	**8,931**	**33%**
Adjusted EBITDA[1]	**2,513**	**2,044**	**23%**
EBITDA margin	21%	23%	-2 pp
CAPEX	**898**	**542**	**66%**
Free cash flow[2]	**673**	**146**	**>100%**

US$ mn	31 Dec 2018	31 Dec 2017	Change
Gross debt[3]	**2,743**	**3,017**	**-9%**
Cash and cash equivalents	**280**	**259**	**8%**
Net debt[4]	**2,463**	**2,298**	**7%**
Net debt to LTM EBITDA	**1.0x**	**1.1x**	**-0.1x**

Production[5] (kt)	2018	2017	Change
Hot metal	**8,205**	**7,941**	**3%**
Crude steel	**7,323**	**7,361**	**-1%**
Coke	**5,269**	**4,736**	**11%**
Iron ore concentrate	**27,353**	**27,464**	**0%**
Coking coal concentrate	**2,683**	**2,461**	**9%**

Credit ratings	Fitch	S&P	Moody's
Rating / outlook	**B / positive**	**B- / positive**	**B3 / stable**

1. Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment of property, plant and equipment, foreign exchange gains and losses, the share of results of associates and other expenses that the management considers non-core plus the share of EBITDA of joint ventures. Adjusted EBITDA will be referred to as EBITDA in this presentation
2. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities
3. Gross debt is calculated as the sum of bank loans, bonds, trade finance, finance lease, seller notes and subordinated shareholder loans
4. Net debt is calculated as gross debt less cash and cash equivalents and less subordinated shareholder loans
5. Figures for 2017 have been updated to exclude production at assets, control over which was lost in March 2017

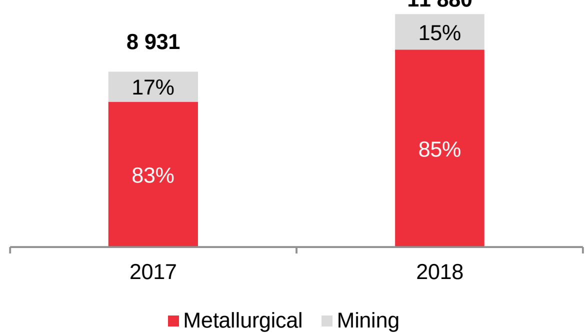
Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Financial highlights

- Total revenues increased by 33% y-o-y
  - Metallurgical revenues rose by 36% y-o-y to US$10,064 mn
  - Mining revenues climbed by 19% y-o-y to US$1,816 mn
- Total EBITDA grew by 23% y-o-y
  - Metallurgical EBITDA surged by 60% y-o-y to US$1,291 mn
  - Mining EBITDA fell by 8% y-o-y to US$1,268 mn
- The segments' shares in EBITDA[1] changed y-o-y in 2018: 50% for Metallurgical (37% in 2017) and 50% for Mining (63% in 2017)
- The consolidated EBITDA margin was 21%, down 2 pp y-o-y
  - Metallurgical EBITDA margin rose by 2 pp y-o-y to 13%
  - Mining EBITDA margin dropped by 6 pp y-o-y to 34%
- Total CAPEX soared by 66% y-o-y to US$898 mn
- Free cash flow[2] surged by 4.6 times y-o-y to US$673 mn

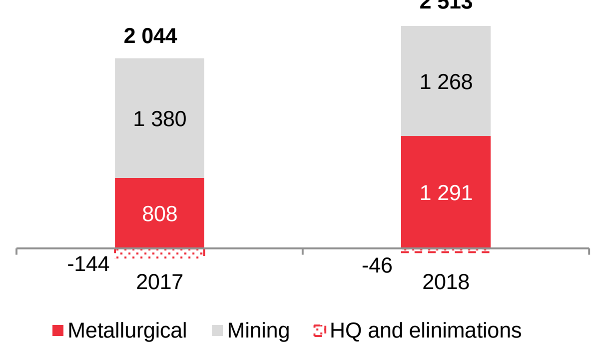
Revenues

US$ mn



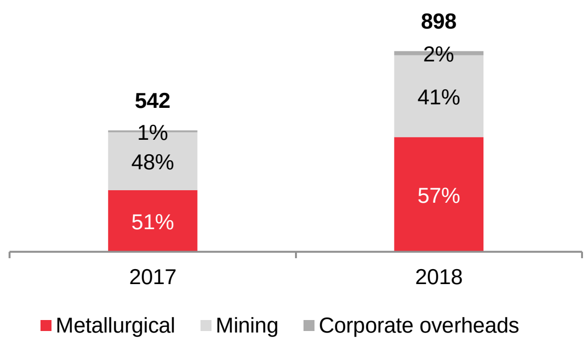
EBITDA

US$ mn



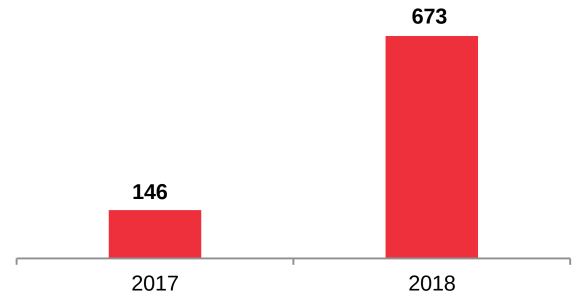
CAPEX

US$ mn



Free cash flow

US$ mn



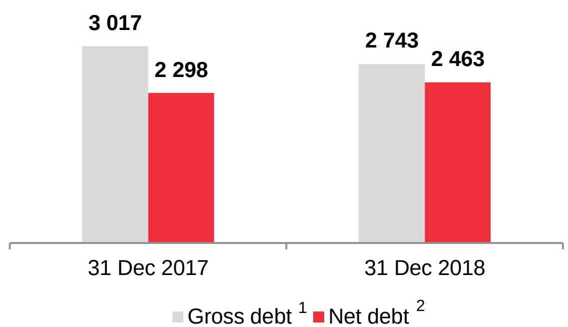
1. The contribution is to the gross EBITDA, before adjusting for corporate overheads and eliminations
2. Free cash flow is calculated as net cash from operating activities less net cash used in investing activities

Debt profile

- Sustainable maturity profile amid no significant repayments until 2023
- US$63 mn of equipment financing secured y-t-d, including a EUR43 mn, 7-year, ECA-covered facility for CAPEX at Ilyich Steel
- As of 31 December 2018:
  - gross debt fell by 9% y-t-d to US$2,743 mn amid full repayment of shareholder loans and partial repayment of the PXF facility
  - net debt was US$2,463 mn (+7% y-t-d)
  - net debt to LTM EBITDA decreased to 1.0x (-0.1x y-t-d)
  - 94% of gross debt is US$-denominated and debt service is hedged by revenues in hard currencies

Gross and net debt

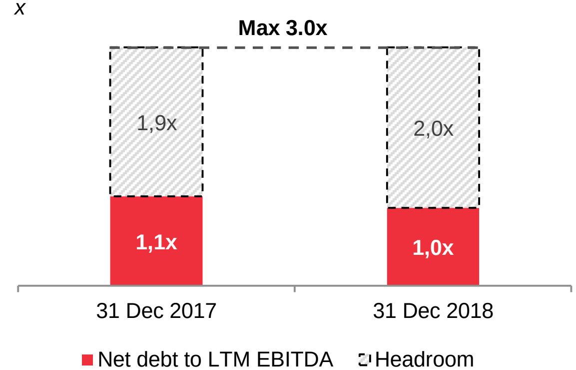
US$ mn



1. Gross debt is calculated as the sum of bank loans, bonds, trade finance, finance lease, seller notes and subordinated shareholder loans
2. Net debt is calculated as gross debt less cash and cash equivalents and less subordinated shareholder loans

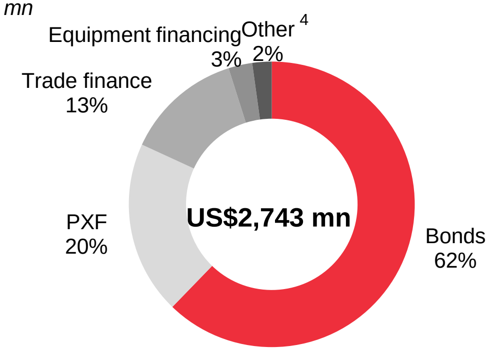
Net debt to LTM EBITDA

x



Gross debt breakdown as of 31 Dec 2018

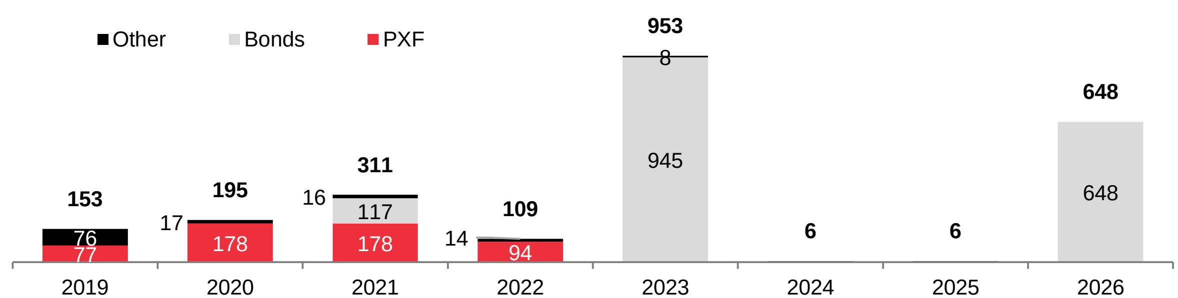
US$ mn



4. Deferred consideration for Pokrovske coal business acquisition (24.99%)

Corporate debt maturity as of 31 Dec 2018[3]

US$ mn



3. Notes:
   - Other includes deferred consideration for Pokrovske coal business acquisition (24.99%), ECA facilities, finance lease and other facilities
   - Trade finance lines are mainly rollovers, therefore are excluded from the maturity profile chart

Refinancing overview

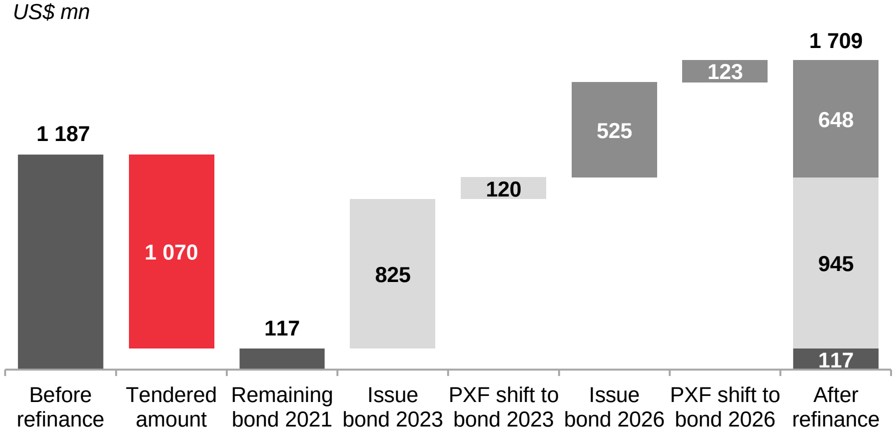
- In April 2018, a bond and PXF refinancing was successfully completed to:
  - decrease total funding costs
  - smooth and extend the maturity profile
  - untie the bonds and PXF facility by removing the inter-creditor agreement
  - reduce refinancing risks
  - align bond terms with standard market terms for similarly rated issuers
  - release certain covenants
- US$205 mn of new incremental proceeds from the refinancing were used to partly repay ahead of schedule the PXF facility
- The transaction awarded Emerging EMEA Bond of 2018 by International Financing Review (IFR)

Bonds and PXF key parameters

	Bond 2021	Bond 2023	Bond 2026	PXF
Amount	US$$117 mn	US$945 mn	US$648 mn	US$528 mn
Interest rate	7.50%	7.75%	8.50%	LIBOR + margin
Repayment schedule	Bullet	Bullet	Bullet	Equal monthly instalments
Final maturity	31 Dec 2021	23 Apr 2023	23 Apr 2026	18 Oct 2022

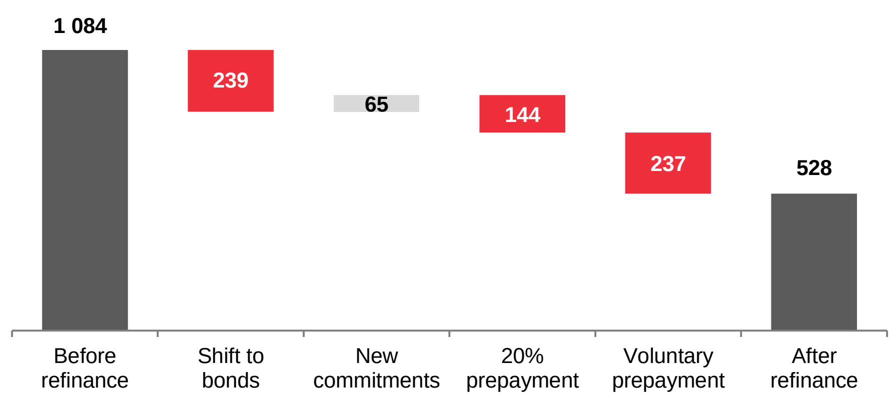
Bond evolution

US$ mn



PXF evolution

US$ mn



Credit rating

Metinvest's ratings are constrained by the Sovereign rating

B+ / stable

FitchRatings

- → Two notches above Ukraine's country ceiling
- → Upgrade in April 2019
- → Launched ESG Relevance Scoring and assessed that **ESG risks have no impact on Metinvest's credit risks**

B- / positive

S&P Global

- → In line with Ukraine's Sovereign rating
- → Outlook changed to positive in January 2019

B3 / stable

Moody's

- → One notch above Ukraine's Sovereign rating
- → Capped by Ukraine's country ceiling
- → Upgrade in December 2018
- → Applying Moody's indicated rating methodology for the steel industry gives a rating of **Baa3**[1]

Moody's steel industry grid	A	Baa	Ba	B
Factor 1: Scale (20%)				
a) Revenues (US$ bn)		**US$10.7 bn**		
Factor 2: Business profile (20%)				
a) Business profile			**Ba**	
Factor 3: Profitability (15%)				
a) EBIT Margin		**11.5%**		
b) Return on tangible assets (EBIT / tangible assets)	**11.6%**			
Factor 4: Leverage and coverage (35%)				
a) Debt / EBITDA	**1.9x**			
b) Debt / book capitalisation	**38.1%**			
c) (CFO – dividends) / debt		**31.3%**		
d) EBIT / interest expense		**4.2x**		
Factor 5: Financial policy (10%)				
a) Financial policy			**Ba**	
Rating:				
a) **Indicated rating from grid**		**Baa3**		
b) Actual rating assigned				**B3**

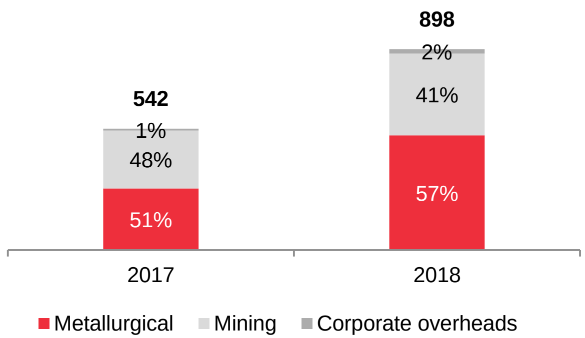
1. Moody's 12-18 Month Forward View as of December 2018. Source: Moody's Investors Service, Credit Opinion: Metinvest B.V., 28 December 2018

Capital expenditure

- In 2018:
  - CAPEX soared by 66% y-o-y to US$898 mn
  - The Metallurgical segment accounted for 57% of total investments (+6 pp y-o-y)
  - The share of expansion projects reached 32% (+15 pp y-o-y)
- The Technological Strategy 2030 focuses on:
  - Enhance operational safety and reduce environmental footprint
  - Steel
    - increase steel production capacity at Azovstal and Ilyich Steel to 11 mt/y by implementing numerous projects, including major overhauls of BFs and construction of new CCMs
    - focus on downstream to increase share of HVA products (mainly flat, sections and rails)
    - improve production cost efficiency
  - Iron ore
    - pursue quality over quantity strategy
    - increase Fe content and enhance key mechanical and chemical characteristics of iron ore products to penetrate premium markets
    - maintain low-cost position
- Key ongoing strategic projects are on slide 15

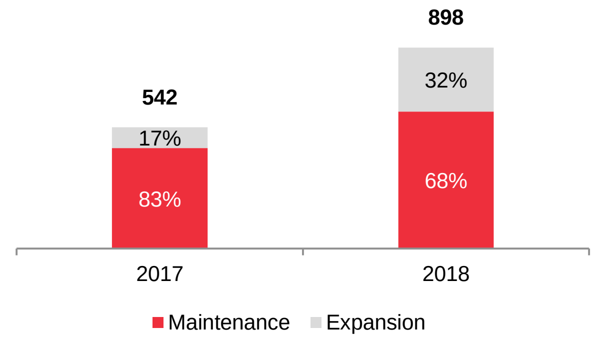
CAPEX by segment

US$ mn



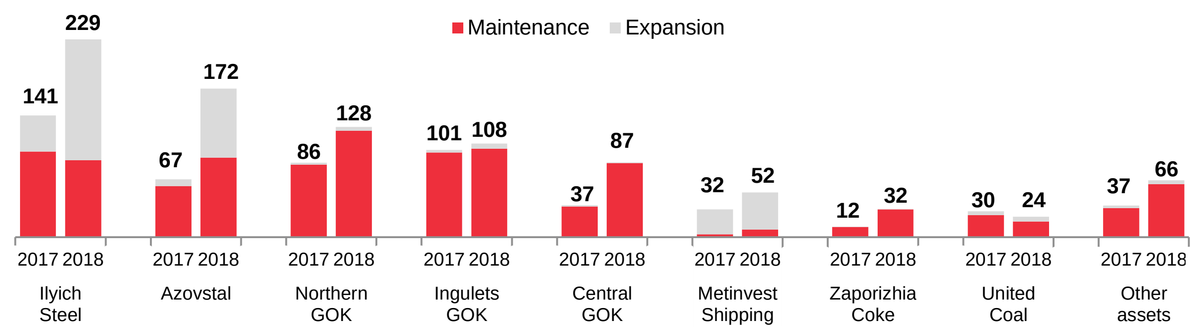
CAPEX by purpose

US$ mn



CAPEX by key asset

US$ mn



ESG

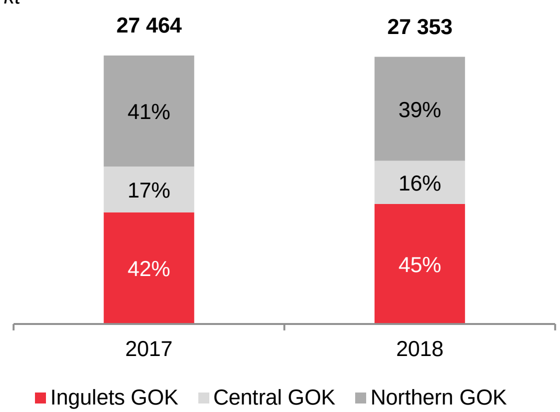
	Environment	Social	Governance
Goals	▪ Reduce environmental footprint ▪ Introduce more efficient energy-saving technology ▪ Meet European standards in this area ▪ Respond rapidly to any critical issues	▪ Work in partnership with the communities where Metinvest operates to achieve long-term improvements in social conditions ▪ Maintain close dialogue with local stakeholders	▪ Develop the corporate governance system to be among the most transparent international companies and serve the interests of all stakeholders as thoroughly as possible
Initiatives	▪ Continually examine and enhance environmental standards within the framework of the Technological Strategy ▪ Require all newly built and reconstructed assets to meet EU environmental standards ▪ Regularly review the environmental action plan to target efforts more effectively	▪ Implement social partnership programmes with local authorities ▪ Empower local communities ▪ Foster the development of green and ecological initiatives ▪ Enhance the sustainable development of regions	▪ Supervisory Board consists of 10 members: 7 representing SCM and 3 representing SMART ▪ Supervisory Board includes three independent non-executive members: Stewart Pettifor, Christiaan Norval and Johan Bastin ▪ Supervisory Board is assisted by four committees: Audit and Finance, Strategy and Investments, HSE, Appointments and Compensations
Results 2018	▪ Around US$260 mn was spent on environmental safety[1] ▪ Progress on key environmental projects: ○ reconstruct gas cleaning system of sinter plant at Ilyich Steel ○ major overhaul of gas-cleaning equipment at Azovstal's secondary steel treatment facilities ○ construct gas-cleaning system for new CCM no. 4 at Ilyich Steel ○ replace gas cleaning units of pelletising machines at Northern GOK and Central GOK ○ extensive maintenance of oven chambers at Avdiivka Coke and Zaporizhia Coke	▪ Paid US$0.7 bn of taxes, incl. CIT and other taxes ▪ Invested US$13 mn to support communities in cities where Metinvest operates ▪ Implemented nine projects of the "We Improve the City" initiative in Mariupol ▪ Implemented 18 projects of the "#ClassMetinvest2018" and six projects of the "#FestMetinvest2018" initiatives in Kryvyi Rih ▪ Selected and implemented 73 projects of the "We are the City" initiative in Zaporizhia ▪ Continued cooperation with the Mariupol Development Fund: 27 projects were completed ▪ "Zaporizhia. Joint Action Platform" was launched ▪ Held around 1,000 environmental events as part of "Green Centre" in Mariupol and Kryvyi Rih, and expanded this campaign to Zaporizhia	▪ Supervisory Board's expertise in external financing and human resources has been strengthened following the appointments of professionals with extensive experience in international debt capital markets, leading European financial institutions and global consulting companies ▪ Executive team has been strengthened by introducing two new positions: one to implement the integrated business management system and the other to implement the Technological Strategy 2030

1. Including both capital and operational improvements

Mining operations

Iron ore concentrate production

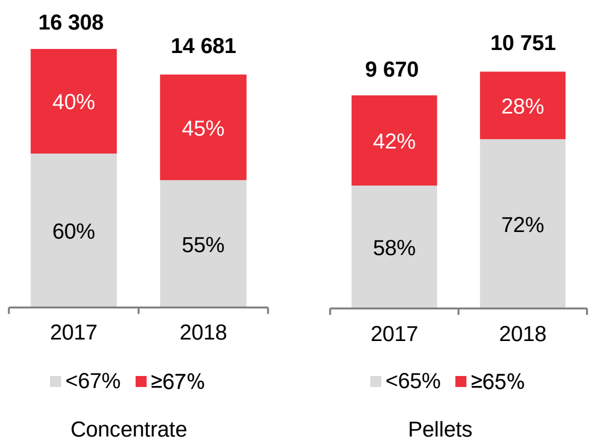
kt



- Overall iron ore concentrate production remained flat y-o-y amid greater output at Ingulets GOK (+7% y-o-y) following the expansion of the off-highway truck fleet
- Iron ore self-sufficiency was 276%[1] in 2018
- Metinvest used 40%[2] of total iron ore concentrate internally and allocated 60%[2] for third-party sales

Output of iron ore products[3] by Fe %

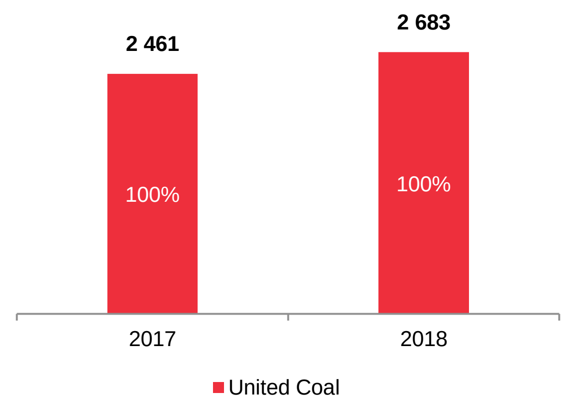
kt



- Metinvest's strategy is to produce premium products (with greater Fe content and better mechanical and chemical characteristics) to penetrate premium markets
  - share of high-grade concentrate (Fe ≥67%) increased by 5 pp y-o-y to 45%
  - share of high-grade pellets (Fe ≥65%) stood at 28%
  - pellet output increased by 11% y-o-y, as this product offered higher margins than iron ore concentrate

Coking coal production[4]

kt



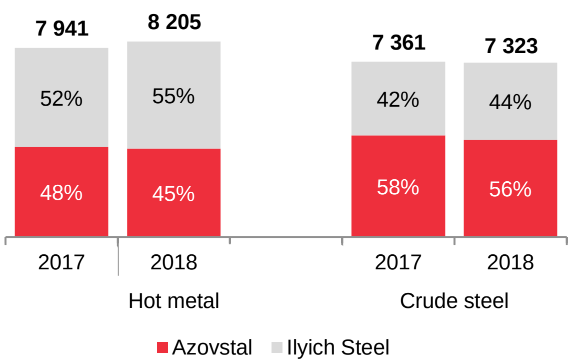
- Coking coal concentrate production grew by 9% y-o-y following the commissioning of new mining areas and upgrades of key equipment
- High-quality US coking coal is delivered to Metinvest's Ukrainian coke production facilities to cover around 43%[5] of intragroup needs
- Other coal volumes required for coke production are delivered by international and local suppliers
- Additional long-term supplies have been secured after acquiring up to 24.99% in coking coal assets in Ukraine, primarily Pokrovske Colliery and Svyato-Varvarinskaya Enrichment Plant (Pokrovske coal business)

1. Iron ore self-sufficiency is calculated as actual iron ore concentrate production divided by actual consumption of iron ore products to produce hot metal in the Metallurgical segment
2. In iron ore concentrate equivalent
3. Including production for intragroup consumption
4. Figures for 2017 have been updated to exclude production at assets, control over which has been lost since March 2017
5. Coal self-sufficiency is calculated as actual coal concentrate production divided by actual consumption of coal concentrate to produce coke required for production of hot metal in the Metallurgical segment, and coal consumption for PCI is included in the calculation

Metallurgical operations

Hot metal and crude steel production[1]

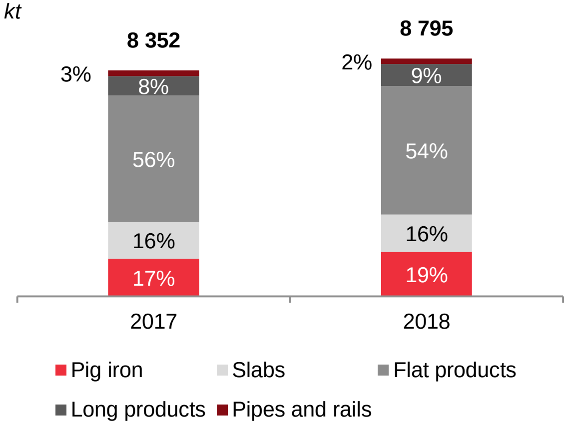
kt



- Total hot metal production rose by 3% y-o-y due to an 8% y-o-y increase at Ilyich Steel amid stable raw material supplies (irregular in 2017)
- Crude steel output edged down by 1% y-o-y due to a 4% y-o-y decrease at Azovstal amid scheduled major overhauls of blast furnaces and basic oxygen furnaces

Output of merchant steel products[1]

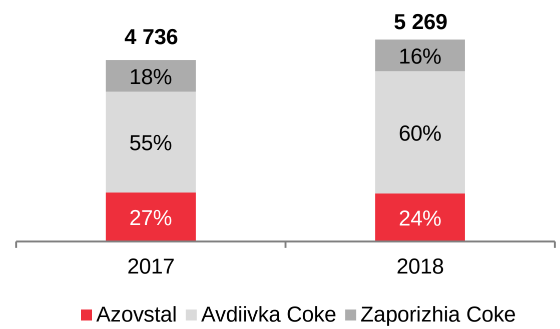
kt



- Steel product mix in 2018:
  - the pig iron share reached 19% while the slab share remained at 16%, both amid higher output following a favourable market trend
  - the flat product share remained above 50%, primarily due to greater output of plates at Ilyich Steel (+254 kt) given strong demand
  - the long product share rose to 9% due to higher production at Promet Steel, as stable supplies of square billets were secured
- The Group acquired 100% stake in Unisteel owning a galvanising line with production capacity of up to 100 kt/y.

Coke production

kt



- Coke[2] output increased by 11% y-o-y, driven by a rise in output of 563 kt at Avdiivka Coke, as all eight coke oven batteries have been in operation since May 2017
- Metinvest covered 151%[3] of its coke needs with own production in 2018
- The Group acquired 23.71% stake in Yuzhcoke, the Ukrainian metallurgical coke producer, for US$30 mn to secure Metinvest's long-term coke self-sufficiency

1. Figures for 2017 have been updated to exclude production at assets, control over which was lost in March 2017
2. Dry blast furnace coke output
3. Coke self-sufficiency is calculated as actual coke production divided by actual consumption of coke to produce hot metal in the Metallurgical segment.

EUR25 mln. Euler Hermes covered facility for the construction of the PCI technology at Enakievo Iron and Steel Works

Transaction parameters:

- Facility amount: EUR 24,640,000.00
- Lender: Deutsche Bank
- Borrower: Metinvest B.V.
- Suretyship provider: Inguletsk Iron Ore Enrichment Works
- Exporter: Kuttner GmbH & Co KG
- Repayment tenor: 8.5 years (17 equal consecutive semi-annual installments)

- Facility Agreement was signed in July 2012 and fully disbursed in Feb 2016
- Despite difficult economic and political environment in Ukraine and the fact that since March 2017 Metinvest has no control over Enakievo Iron and Steel Works, Metinvest fulfilled its obligations in full and in time and is committed to serve its debt according to the schedule