



The Pokrovske coal business

5 March 2021



The Pokrovske coal business at a glance



The Pokrovske coal business is one of the leading producers of high-quality coking coal in Eastern Europe, with strategic importance for Metinvest

Strengthening vertical integration

After the integration of the Pokrovske coal business, Metinvest's self-sufficiency in coking coal is expected to reach 100%

248 MT

Coking coal resources according to JORC as of 1 Jan 2019

3.2 MT

Coking coal concentrate produced in 2020

US\$144 M

EBITDA in 2020

11.6 thousand

Employees as at 31 December 2020



Asset description

The Pokrovske coal business is the largest coking coal extraction and production business in Ukraine

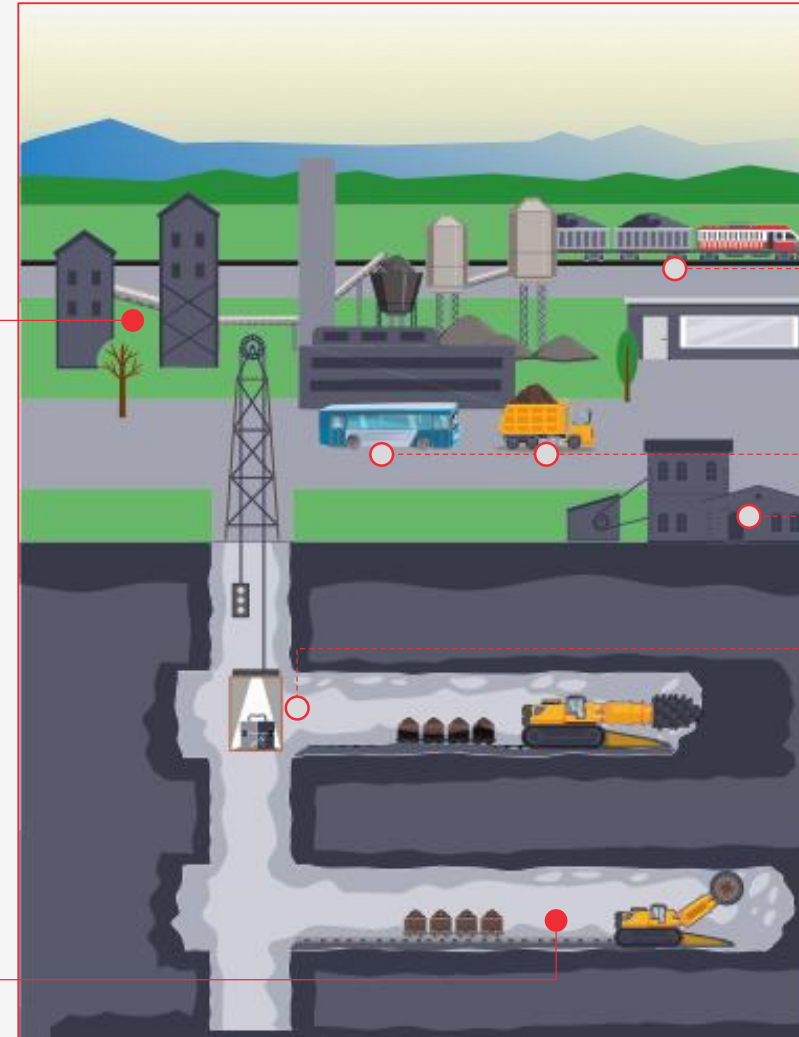
Its key companies are:

- The Pokrovske Colliery is engaged in the production of high grade “K”, run-of-mine coking coal, which, according to its characteristics, falls into the range of grades forming a segment of solid coals (Hard Coking Coal Medium Volatile). Its current capacity is approximately 8 mt of raw coking coal a year
- The Svyato-Varvarinskaya enrichment factory, which is located on one production site with the colliery, processes (enriches) coking coal mined into coking coal concentrate. It was commissioned in 2009 and is one of the largest enrichment factories in Ukraine. Its designed annual processing capacity is around 8 mt of raw coking coal a year

Other companies are engaged in supporting and servicing activities to maintain and develop the core business

Pokrovske coal business

Svyato-Varvarinskaya enrichment factory
Raw coking coal enrichment and coking coal concentrate production



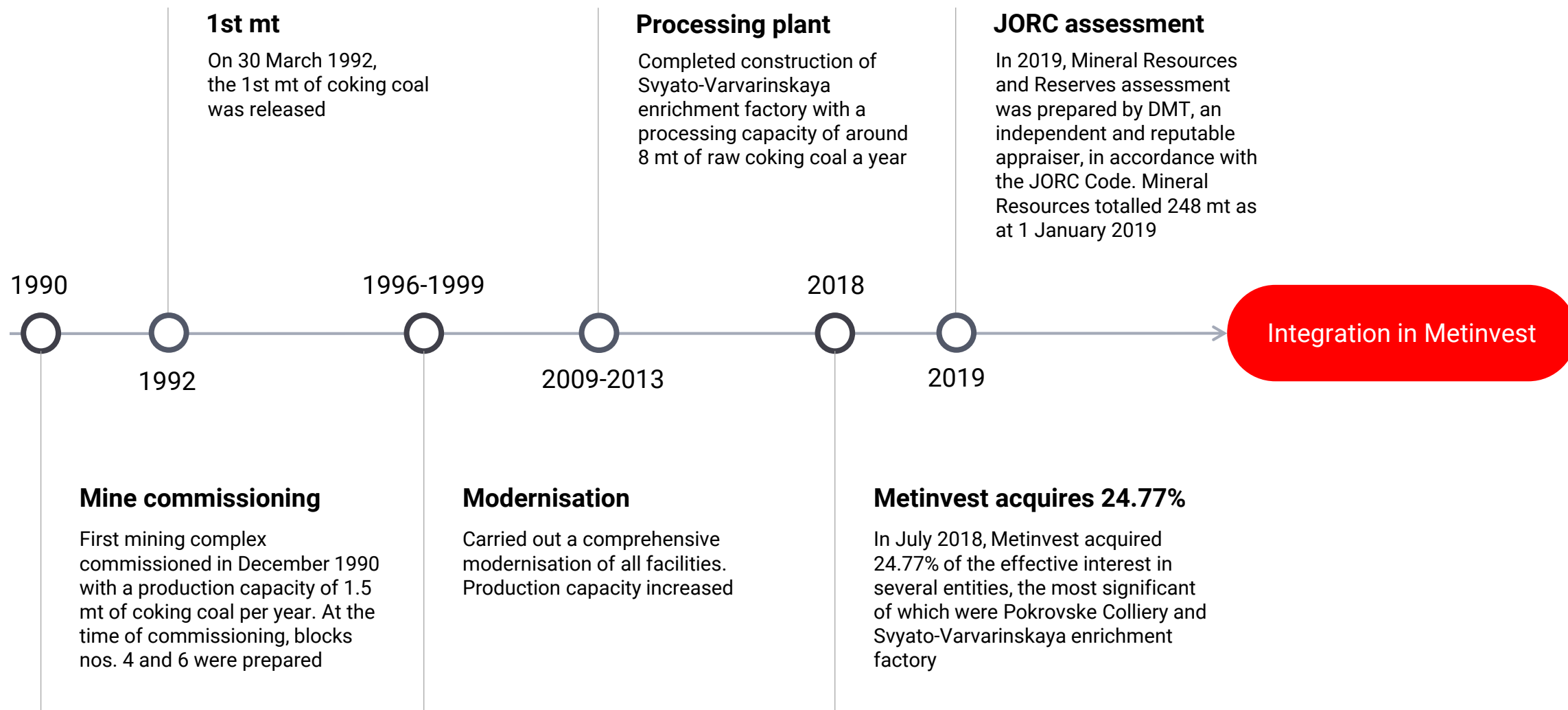
Logistical services
Passenger and cargo transportation, special equipment maintenance and rail transportation

Pokrovske Colliery
Raw coking coal mining

Mine construction, machinery production, service and repairs
Engineering and construction of underground mines, equipment production and installation



History





Operating profile

The Pokrovske coal business's mining licence is valid until 2028. Currently it is operating several blocks at a depth of 593–930 m

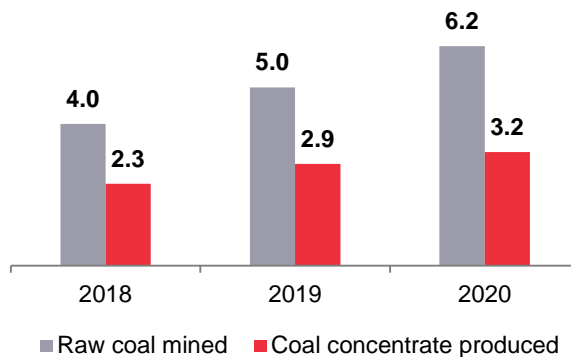
Sufficient reserves allow the business to operate for at least 30 years. Further exploration is ongoing

Mineral Resources and Reserves¹ according to JORC as at 1 January 2019, MT

Mineral Resources	248
Measured	208
Indicated	40
Mineral Reserves	151
Proven	99
Probable	52

Raw coal mined and coal concentrate produced²

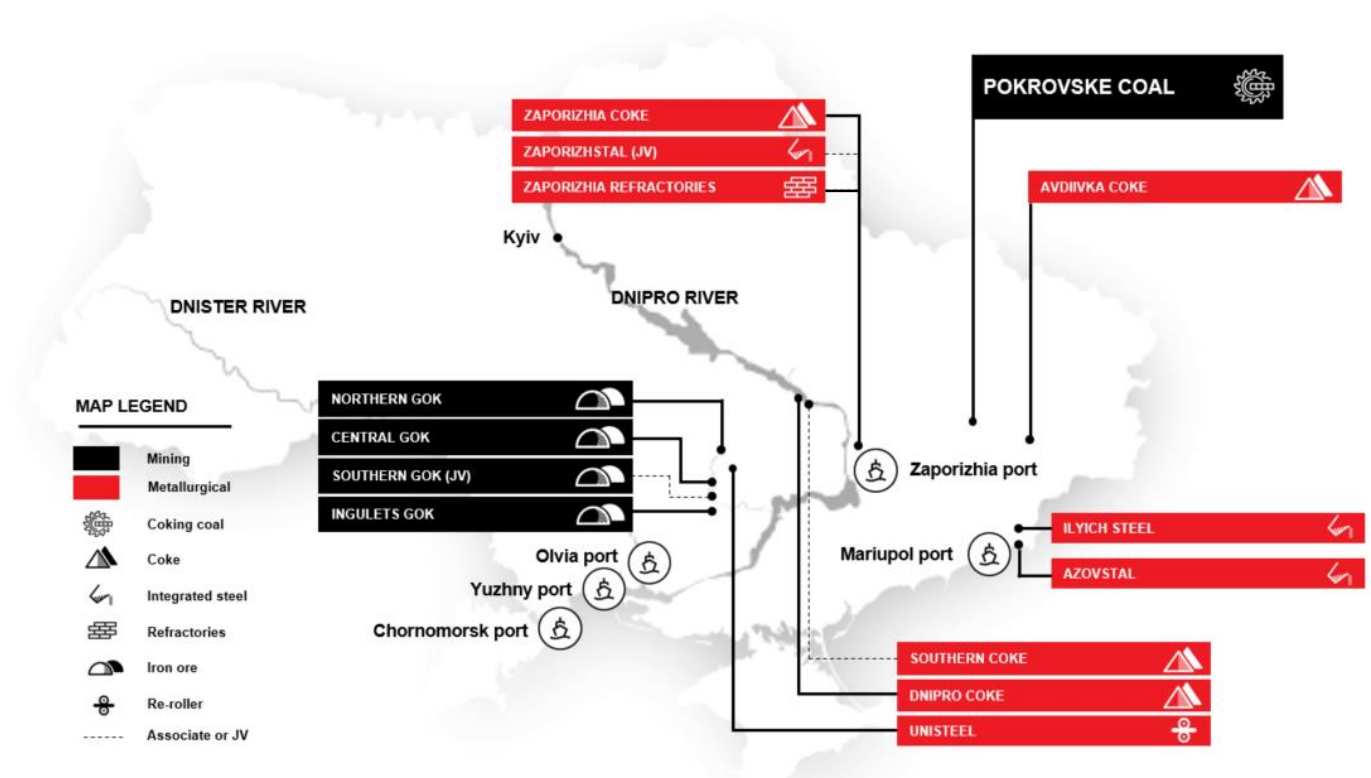
MT



Notes:

1. Mineral resources are potentially valuable, and for which reasonable prospects exist for eventual economic extraction. Mineral Reserves is the economically mineable part of a Measured or Indicated Mineral Resource
2. According to management estimates

Proximity to Metinvest assets





Financial highlights

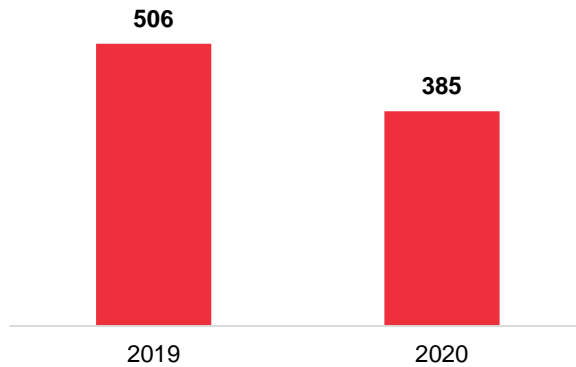
Revenues decreased by 24% y-o-y to US\$385 mn in 2020, amid a decrease in the benchmark coking coal price, partly compensated by an increase in volumes

The Pokrovske coal business has a long-term contract with Metinvest to supply its coking coal at market prices linked to the hard coking coal FOB Australia benchmark.

In 2020, the Pokrovske coal business supplied Metinvest with 2.8 mt of coking coal concentrate

Revenues

US\$ mn



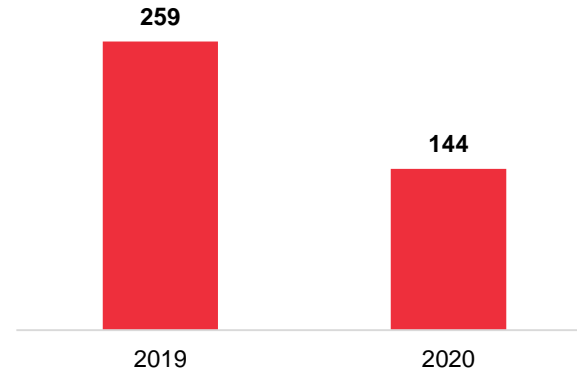
EBITDA was US\$144 mn in 2020, down 44% y-o-y, amid lower selling prices

EBITDA margin amounted to 38% in 2020, down 13 pp y-o-y

Modernised production facilities, highly skilled management and accurate geological planning allow the Pokrovske coal business to maintain low production costs, as well as the benchmark quality of its products

EBITDA

US\$ mn



The Pokrovske coal business continues to invest in the upgrade and expansion of its operations

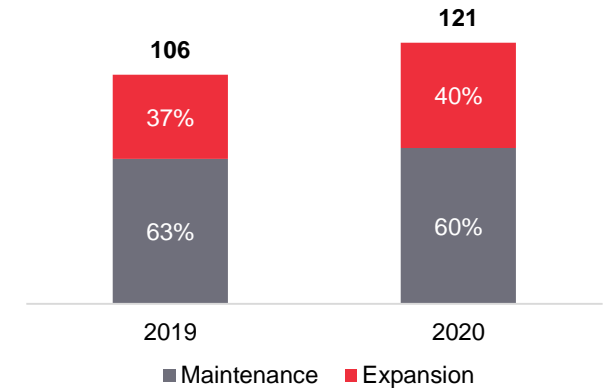
CAPEX totalled US\$121 mn in 2020, up 15% y-o-y

Key ongoing projects include:

- Final stage of construction of block no. 11
- Construction works to develop block no. 12
- New equipment for production intensification

CAPEX

US\$ mn



Note:
All data is calculated based on management estimates of Pokrovske coal business