



IFRS FINANCIAL RESULTS

FOR Q4 & 12M 2021

28 FEBRUARY 2022
Magnitogorsk, Russia





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Notes

Horizontal lines for notes.

Q4 2021

EXECUTIVE SUMMARY

Finished products sales,
ths tonnes

■ Premium products, %

| | Q4 '20 | Q3 '21 | Q4 '21 |
|---|--------|--------|--------|
| Revenue, USD mln | 1,852 | 3,031 | 3,398 |
| EBITDA margin | 25.6% | 38.2% | 28.6% |
| EBITDA, USD mln | 474 | 1,157 | 972 |
| EBITDA per tonne ⁽¹⁾ , USD/t | 154 | 405 | 231 |
| Free cash flow (FCF) ⁽²⁾ , USD mln | 125 | 409 | 534 |
| Net Debt/EBITDA, x | -0.06x | 0.04x | -0.09x |

Change quarter-on-quarter
(q-o-q)

Revenue

+ 12.1%

EBITDA margin

- 9.6 p.p.

EBITDA

- 16.0%

FCF

USD 534 mln

Source: IFRS report, Metal Expert.

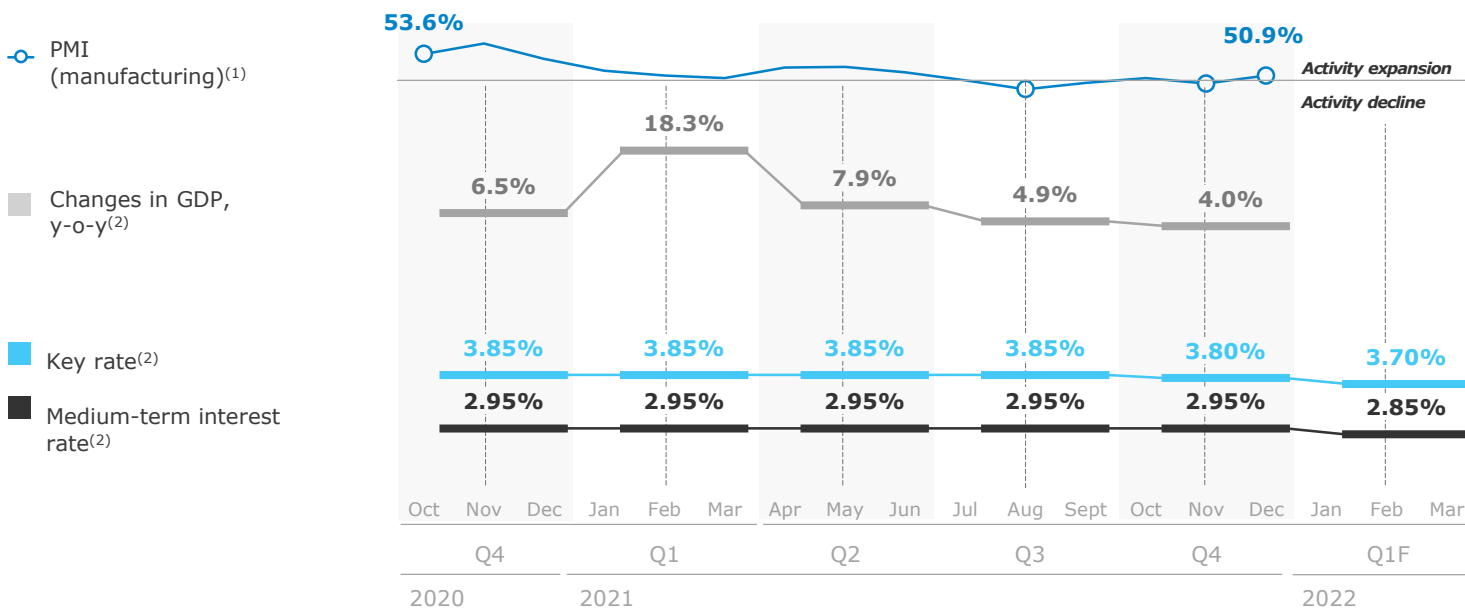
Notes: (1) Calculated as: (EBITDA Steel Russia + EBITDA Steel Turkey)/Finished products sales; (2) Calculated as net cash from operating activities plus interest received and proceeds from disposal of PPE and intangible assets, net of purchase of PPE and intangible assets (CAPEX).

MARKET OVERVIEW



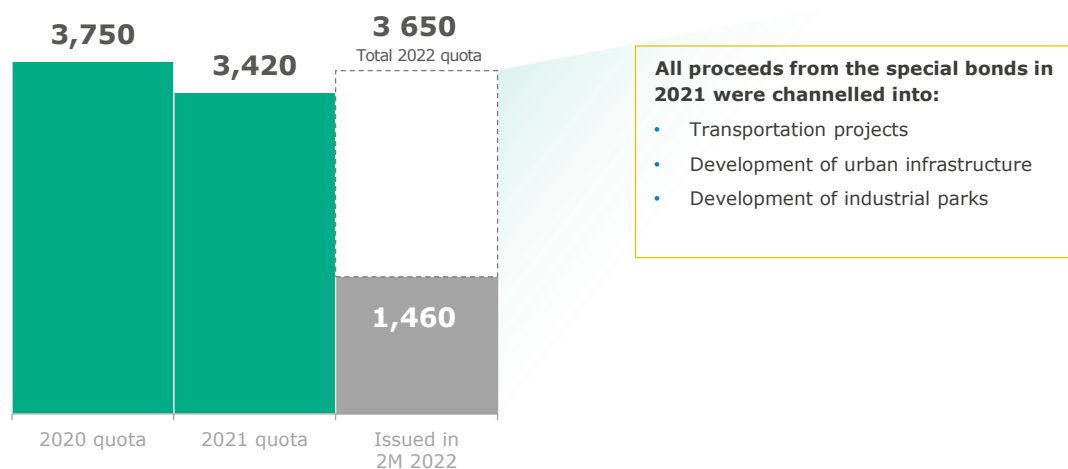
Q4 2021

MACROECONOMIC ENVIRONMENT IN CHINA



Special bonds issuance^(3,4)

RMB bn



China's GDP was up 4.0% y-o-y, but its growth rates continued to slow down in Q4 2021 amid the spread of the Delta variant, a sluggish real estate market, and measures taken to prevent the economy from overheating

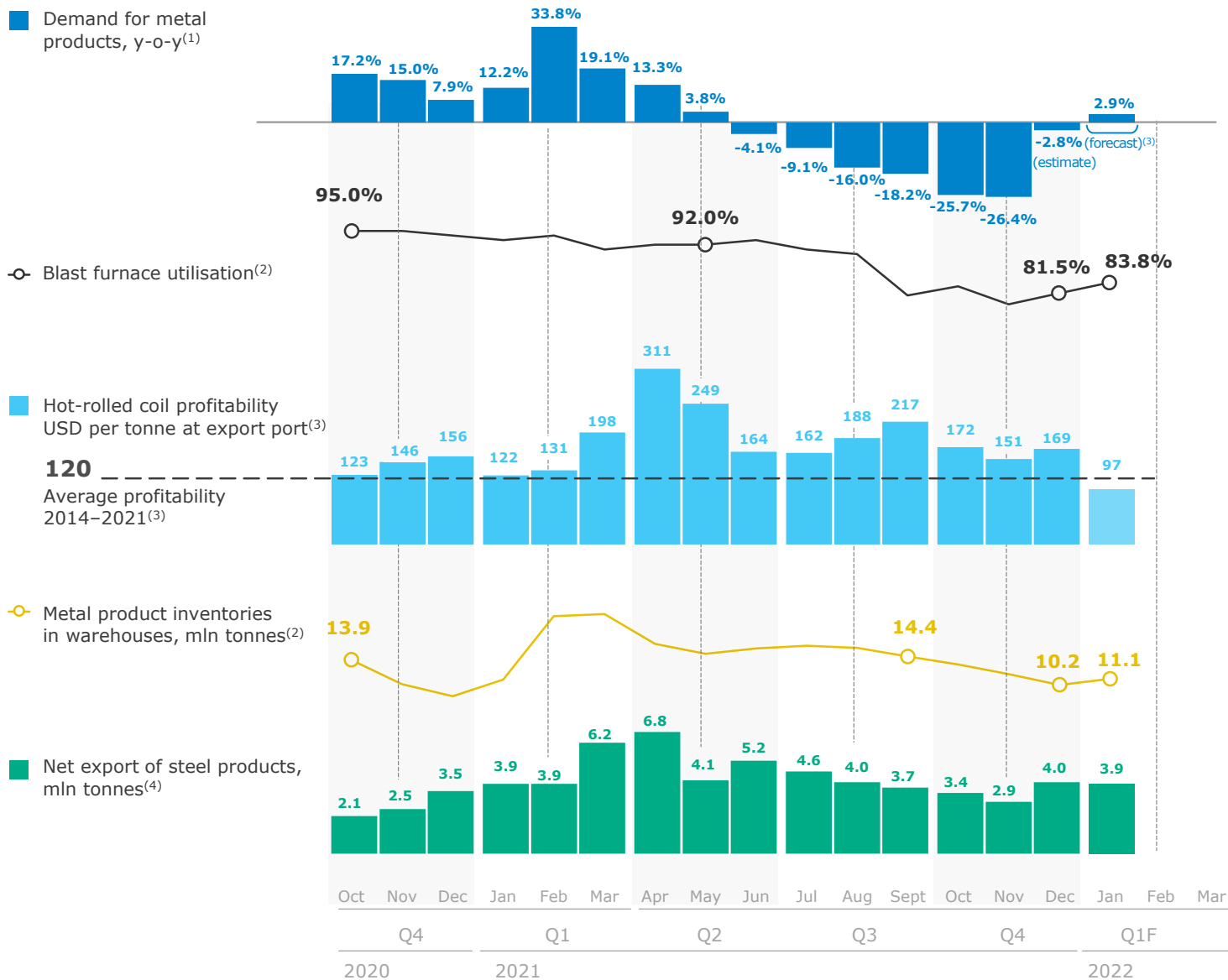
In 2022, China's monetary policy will focus on moderation, flexibility, and on providing reasonable and sufficient liquidity to spur on the economy

The Chinese government will maintain its special bond quota for 2022 at RMB 3.65 trillion, reflecting its plans to boost economic growth going forward

The special bonds issuance programme – initially intended to facilitate economic growth through a wide range of infrastructure projects – will continue to support steel consumption in 2022

Q4 2021

STEEL MARKET IN CHINA



China's steel output fell 3% y-o-y to 1,033 million tonnes in 2021, declining steadily since June, although at a slower rate in December

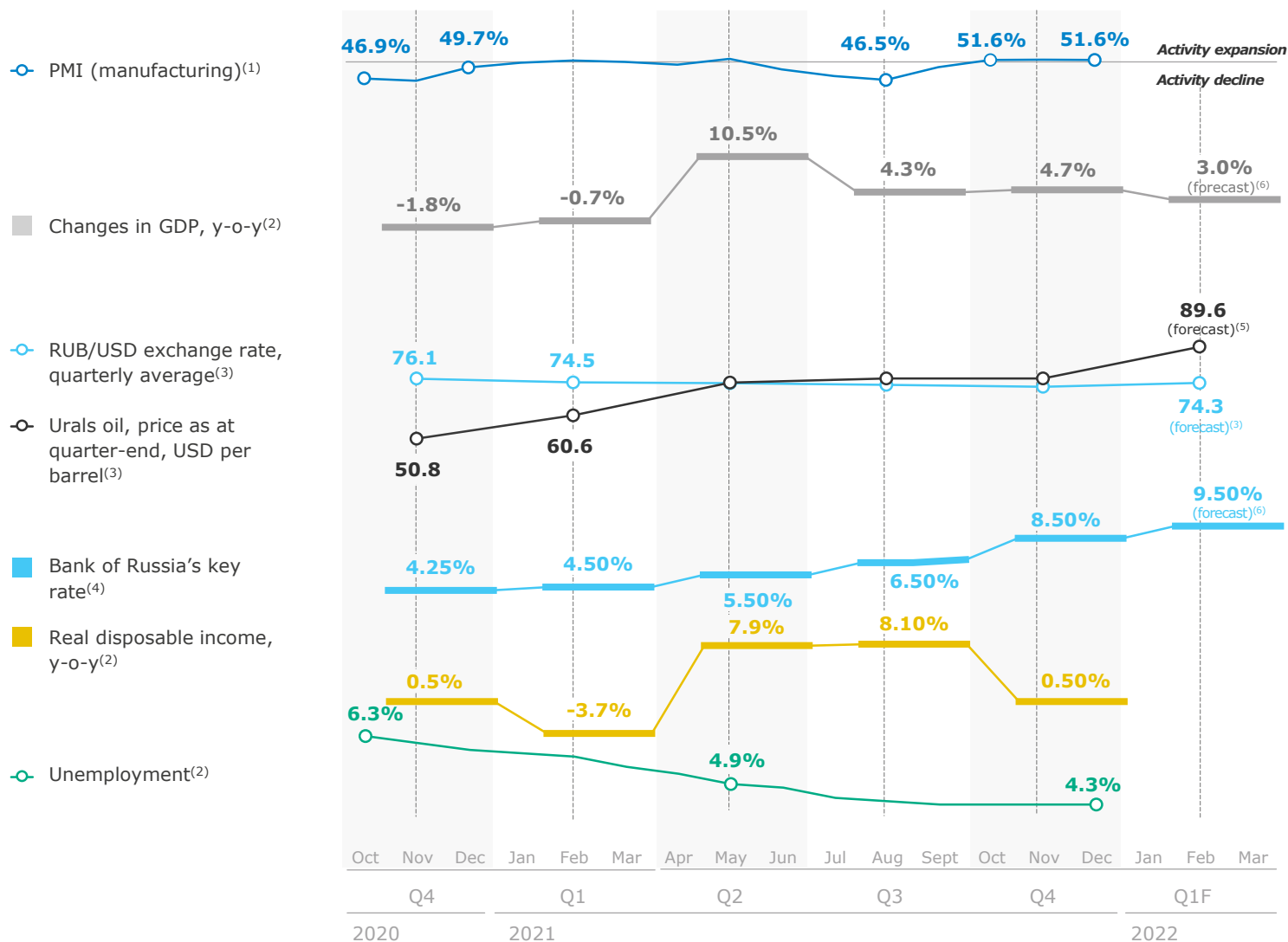
China's consumption decline in the fourth quarter was strongly linked to the economic growth slowdown and the government's decision to cap steel production in 2021 at 2020 levels in the context of its emission reduction targets

Net exports adjusted in the fourth quarter due to progressive decline in China's steel production in the second half of 2021

At the same time, steel inventories further declined on the back of strong domestic demand for metal products and ongoing infrastructure projects

Q4 2021

MACROECONOMIC SITUATION IN RUSSIA



Russia's GDP growth slowed down to 4,7% y-o-y in the fourth quarter, following the continued business activity recovery curve in the country

The price of oil has fully recovered from its 2020 collapse, with Urals estimated to average USD 89,6 per barrel in 2022 amid global energy shortages and a challenging geopolitical environment

In the fourth quarter, the Bank of Russia continued to tighten its monetary policy and raised its key rate to 8.5%. In February 2022, the Bank of Russia raised its key rate by another 1.0 p.p. amid rising inflationary pressure.

The unemployment rate continued its downward trend, settling in at 4.3% as Russia's economy was gradually recovering to pre-COVID levels

Q4 2021

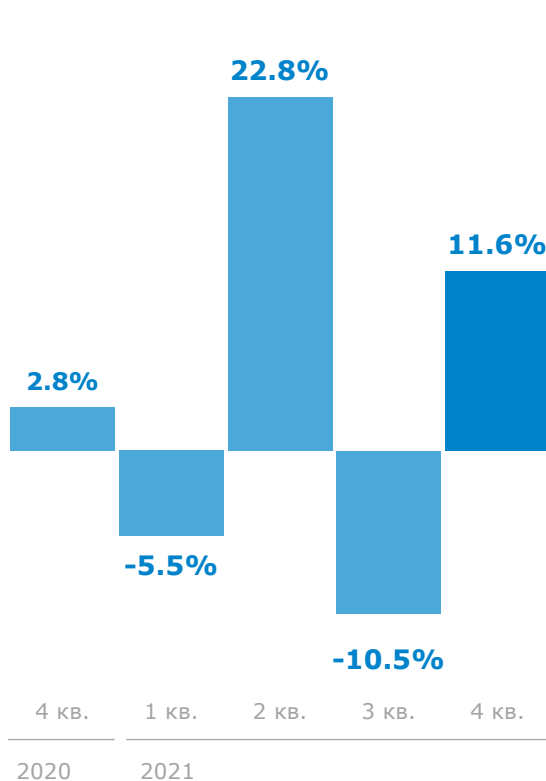
STEEL MARKET IN RUSSIA

In the fourth quarter, steel consumption⁽¹⁾ was up 11.6% y-o-y amid steady demand from consumers

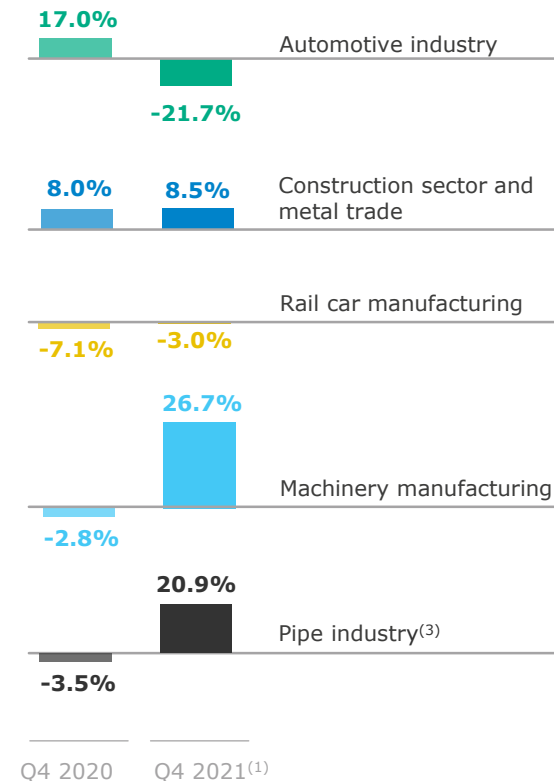
Metal consumption⁽¹⁾ during the fourth quarter was supported by increased demand from the pipe, machine building, construction, and metals trading industries

In the fourth quarter, the Government continued to advance its national projects.⁽²⁾ Public expenses for October–December are substantially higher year-on-year across all major metal-intensive segments

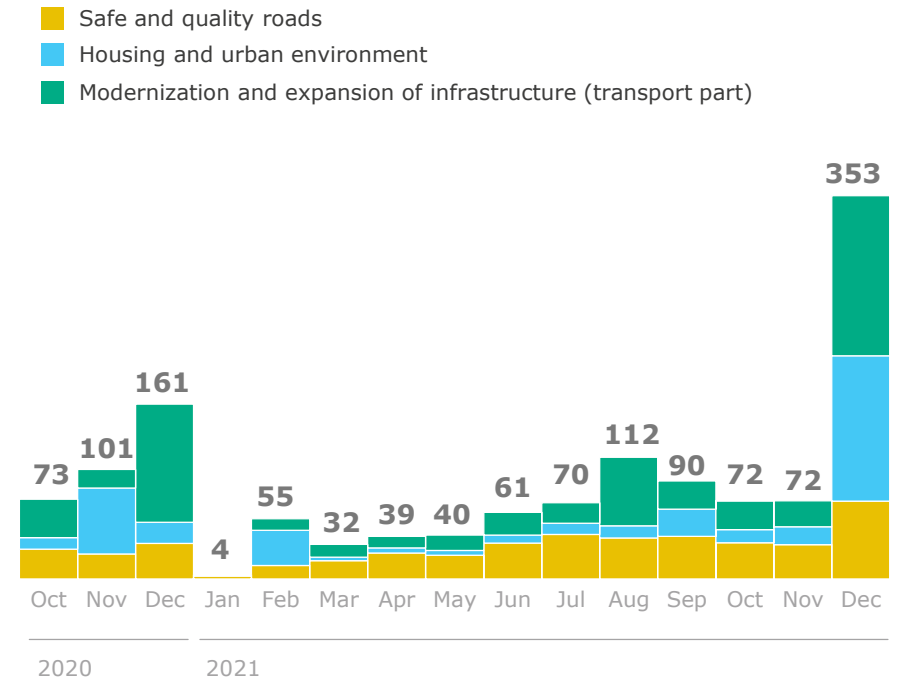
y-o-y



y-o-y



RUB bn



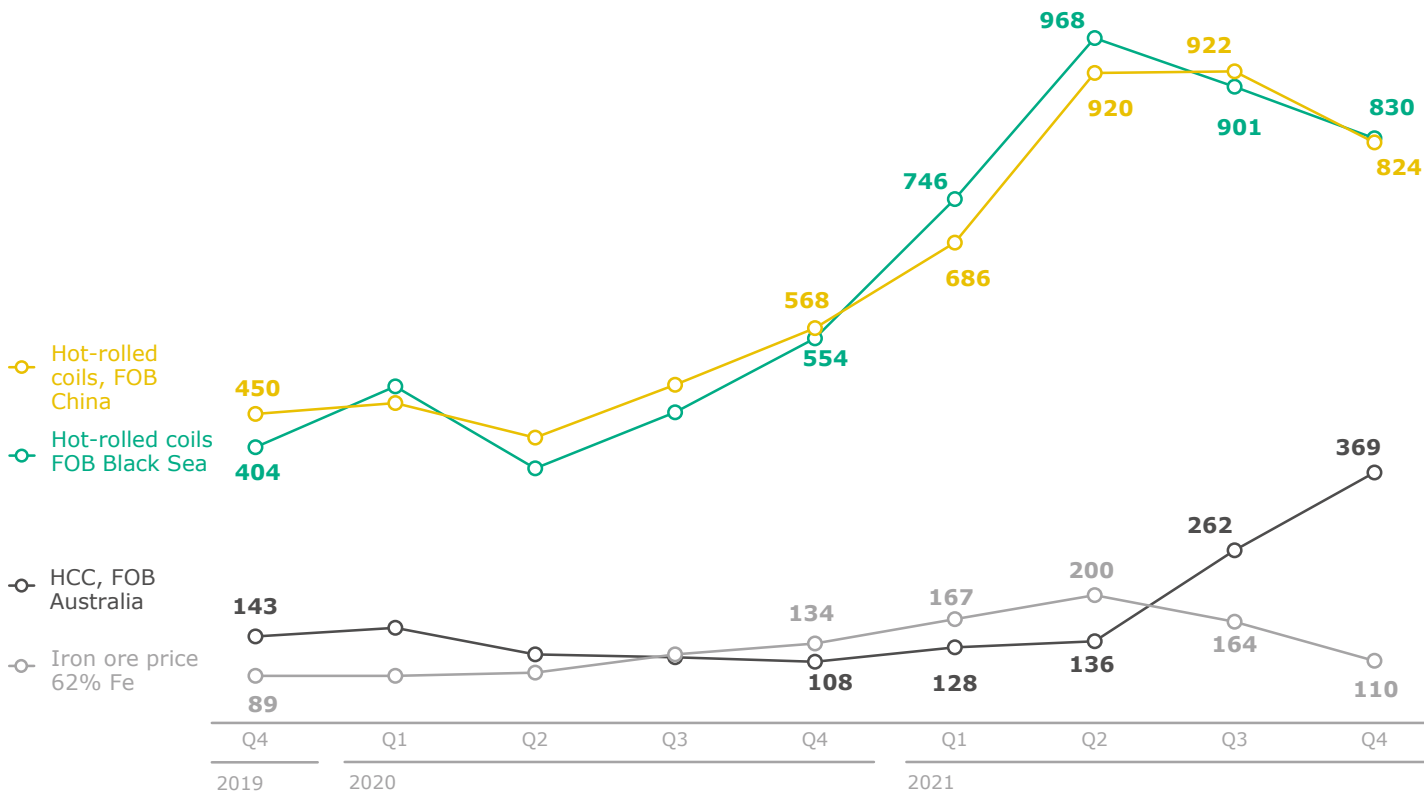
Source: (1) Company data and analysis; (2) Federal Treasury, company data and analysis; (3) Production dynamics for welded pipes.

Q4 2021

CHANGES IN PRICES

Prices for metal products and key commodities

USD per tonne



Hot-rolled products

In Q4 2021, prices in the global market for rolled steel continued their correction. Steel output outside China increased noticeably year-on-year, and the supply of metal products steadily exceeded demand. In China, production declined rapidly in the fourth quarter, leading to a 3% y-o-y reduction in steel output.

Coking coal

In the middle of the fourth quarter, China's domestic prices and import prices fell by about 40% in a single month. The trend spread to other markets around the world, but was halted by weather issues in Australia, where the cyclone season limited logistics and exports in December.

Iron ore

In the beginning of the fourth quarter, the 62% Fe index declined, reaching a low at about USD 85 per tonne CFR China. Caps on steel output that were applicable in China at that time drove a decrease in demand and an increase in port inventories. However, the recovery in China's pig iron production that started in December, coupled with projected further growth in spring 2022, resulted in rising demand in China and growing iron ore prices.

KEY RESULTS

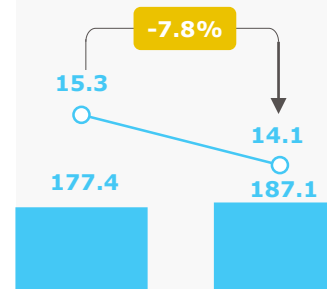
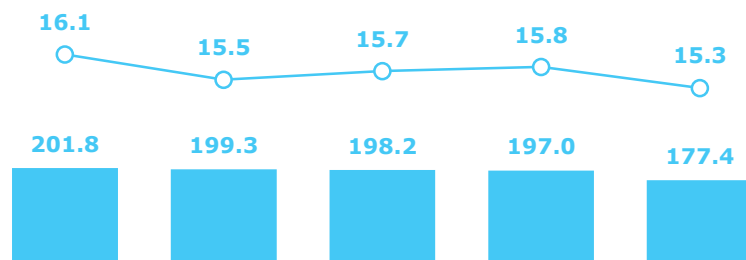


Q4 2021

EMISSION REDUCTION AND INDUSTRIAL SAFETY

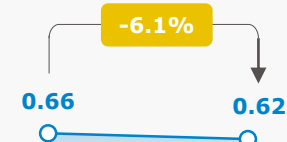
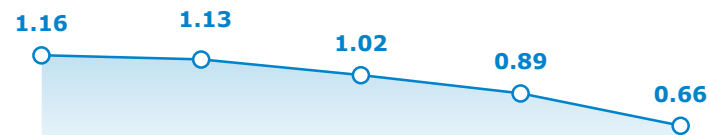
Total air emissions

- Specific emissions, kg per tonne of crude steel
- Gross emissions, ths tonnes



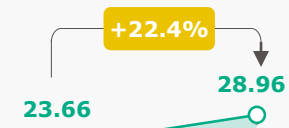
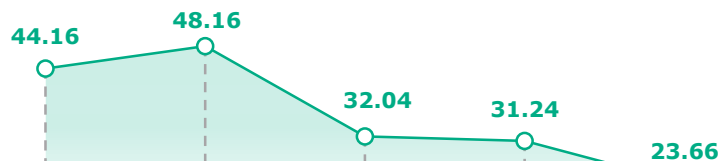
Specific air emissions decreased by 7.8% y-o-y, driven by an increase in the share of scrap in the charge on the back of increased steel output by the EAF Shop

LTIFR⁽¹⁾



In 2021, LTIFR decreased by 6.1% y-o-y, reflecting our initiatives to address the root causes of accidents and improve the production safety culture

LTISR⁽²⁾



LTISR grew 22.4% y-o-y, reflecting an increase in the number of sick days

Source: Company data and analysis.

Note: (1) LTIFR – Lost Time Injury Frequency Rate; (2) LTISR – Lost Time Injury Severity Rate.

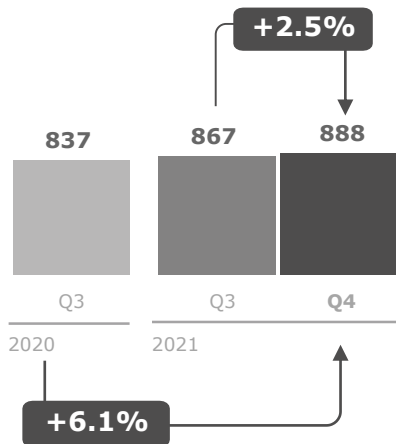
Q4 2021

HIGH CAPACITY UTILISATION OF HIGH-MARGIN PRODUCTION UNITS

Key production indicators

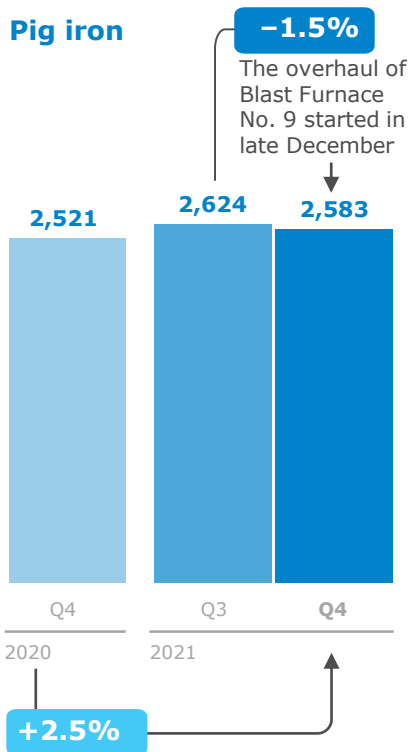
→ Quarterly dynamics, 2019–2021
ths tonnes

Coking coal concentrate



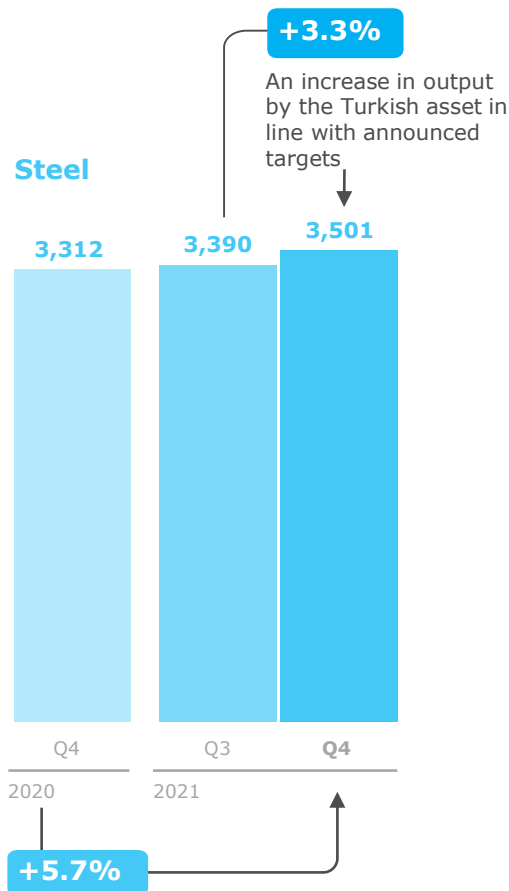
Increase in mining production and processing of own coal

Pig iron



No lengthy overhauls of blast furnace operations

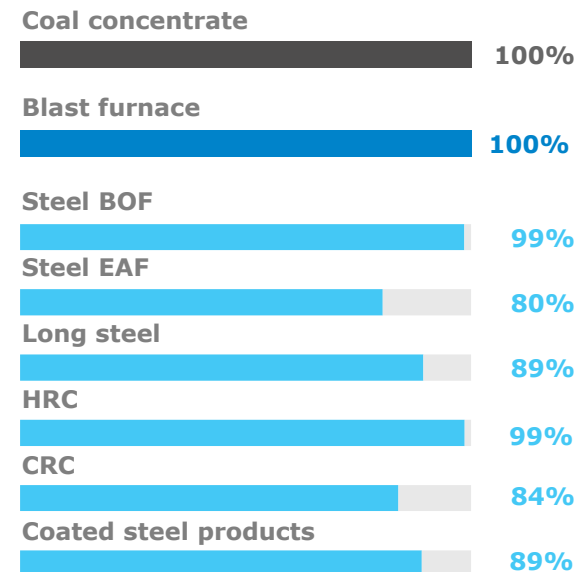
Steel



Launch of an EAF shop at the Turkish asset in July 2021

Key capacity utilisation rates

Q4 2021, %



Premium production unit utilisation rates remain high

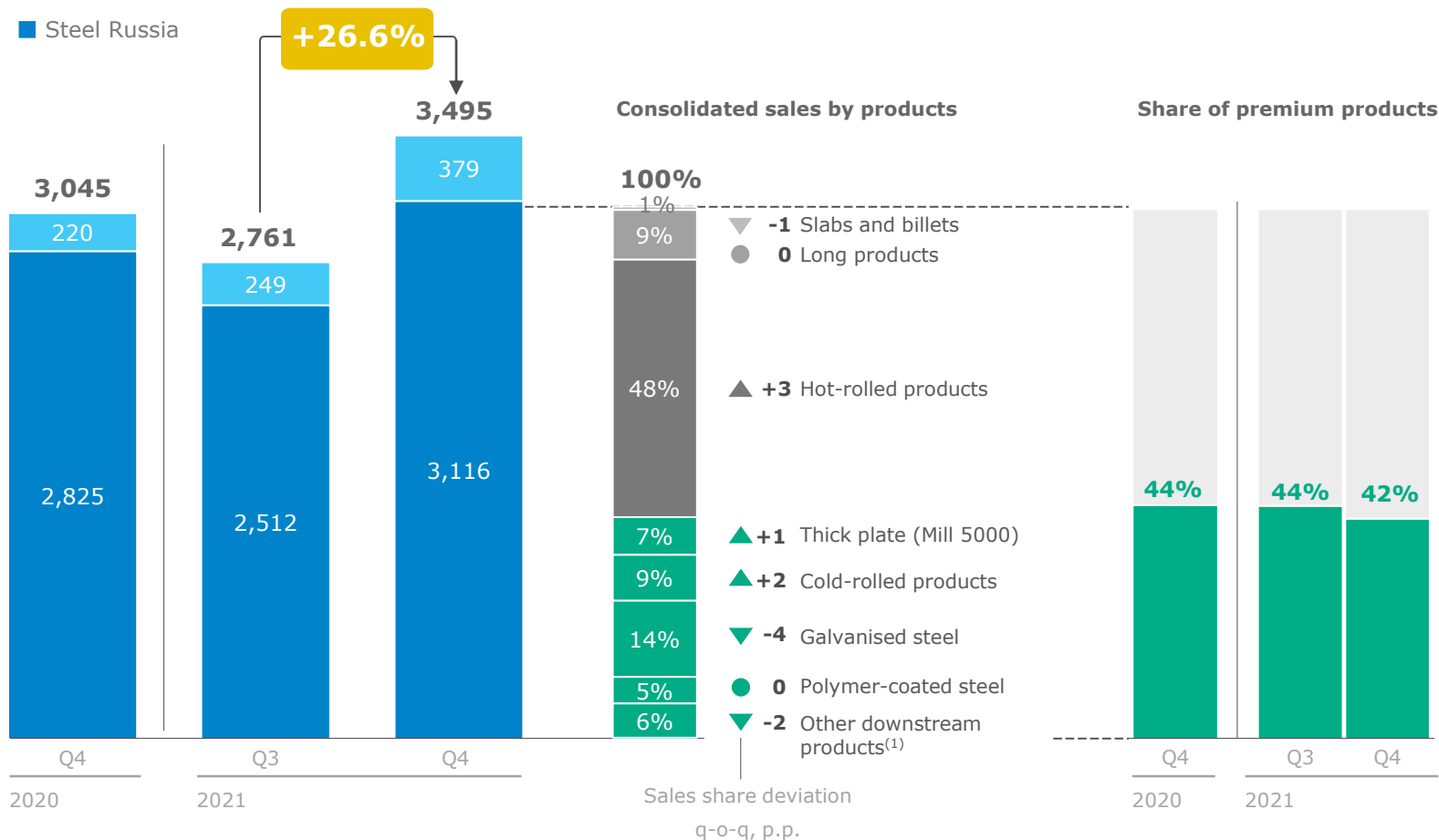
Q4 2021

FINISHED PRODUCTS SALES

MMK Group finished products sales dynamics

ths tonnes

- Steel Turkey
- Steel Russia



Consolidated sales increased by 26.6% q-o-q amid a favourable market environment, higher output by the Turkish asset, and lower inventories

Sales of premium products were up 19.8% to 1,452 thousand tonnes, driven primarily by higher sales of cold-rolled products and Mill 5000 thick plate

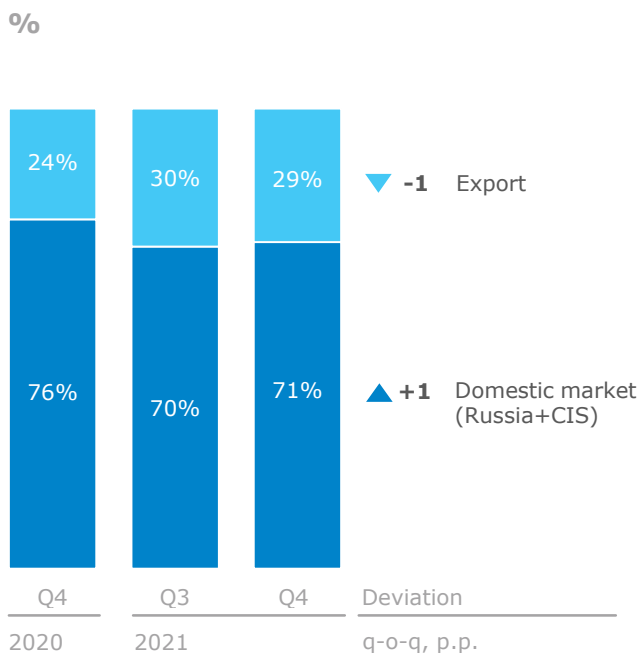
Source: Company data and analysis.

Notes: (1) Including: tin plate, band, formed section, pipes, metallware and other metal products.

Q4 2021

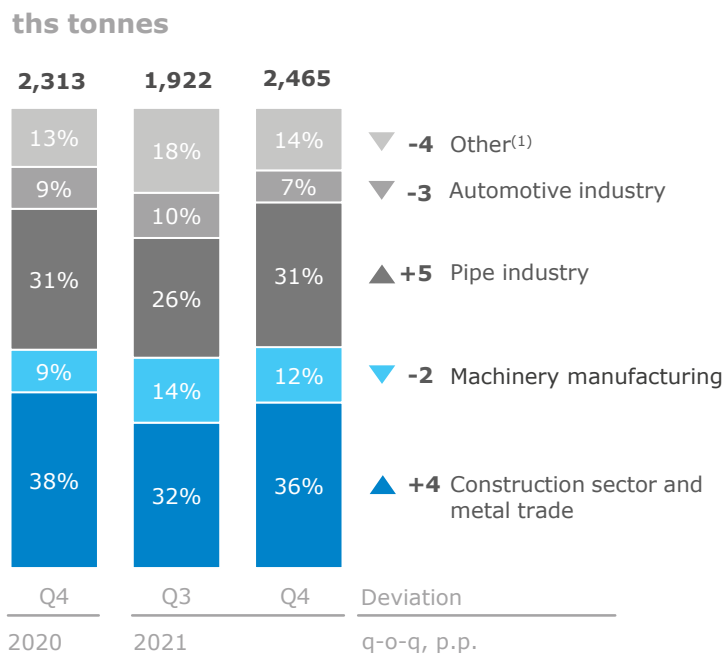
THE DOMESTIC MARKET AND EXPORT SALES BREAKDOWN

MMK Group's sale share by market



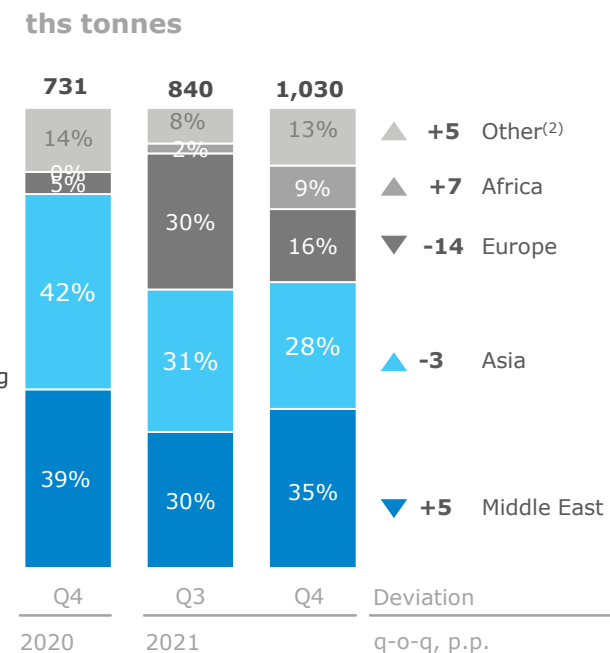
Steady demand in Russia in the fourth quarter helped maintain domestic sales at 71% of total sales, while, in absolute terms, domestic sales grew 28%.

Russia and CIS market sales by sector



The pipe industry, construction, and metals trading saw the sharpest rise in demand.

International market sales by region



Sales to Middle East, Africa, and North America increased in the fourth quarter on the back of a stable demand there.

Q4 2021

KEY PROJECTS

Blast furnace No. 9



Production capacity 3,900 tonnes per day,
dust emission reduction 250 tonnes per year

Expected impact

+8 USD mln
to EBITDA⁽¹⁾

The project initiation

2022

Status in Q4 2021

Shutdown and start of scheduled reconstruction
in December 2021

Cold-Rolling Mill 1700 reconstruction



0.7 mln t effective addition of CRC

0.7 mln tonnes
of premium products

May 2021

Cold-Rolling Mill 1700 continues to operate at full
capacity.

Coke and by-product plant



Replacement of five batteries
Reduction in CO₂ emissions by 1.1 mln tonnes
per year
Reduction of emissions of pollutants into the
atmosphere by 11.35 mln tonnes per year

-29 USD/tonne
on slab cash cost

2022-2023

Construction and installation works for foundations
are ongoing, with more than 15 thousand m³ of
concrete already cast. The primary coolers of the
by-product recovery plant have been installed.

Source: Company data and analysis.

Notes: (1) The average annual impact based on estimates in the current macroeconomic situation.

OUTLOOK

Q1 2022



Finished products output

Higher steel output at the Turkish asset in Q1 2022 will have a positive impact on the Group's sales volumes, offsetting the costs to overhaul blast furnace and converter facilities in Magnitogorsk.



Capital expenditures

CAPEX for Q1 2022 is expected to decrease significantly quarter-on-quarter, in line with the implementation schedule for projects pursued under the Group's strategy.

The Group's performance will be further boosted by:

- Operational excellence initiatives under the Evolution Business System
- Maximum capacity utilisation of premium production units

FINANCIAL RESULTS

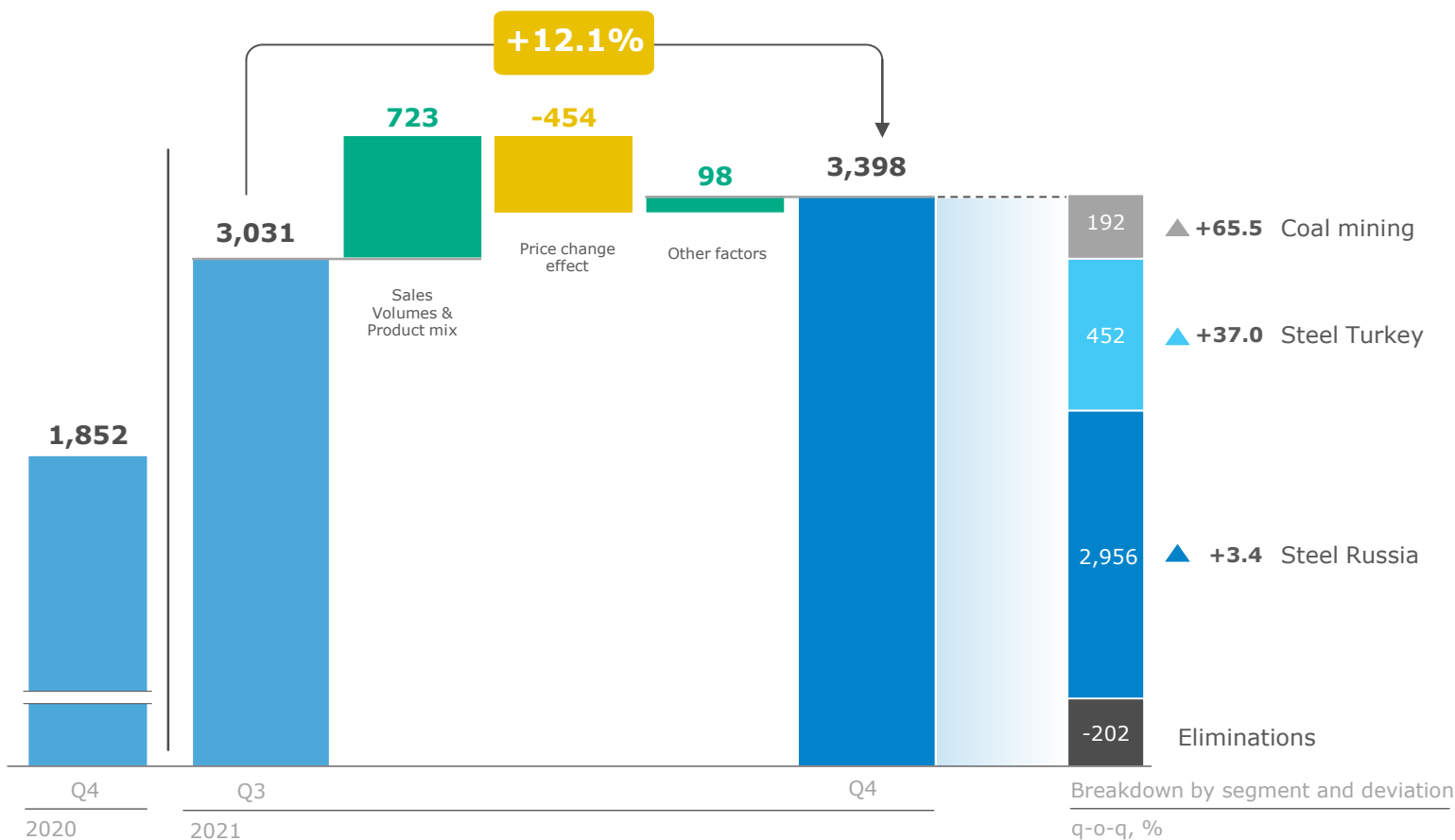


Q4 2021

REVENUE

Key revenue drivers

q-o-q, USD mln



The Russian steel segment's revenue grew

+3.4%

reflecting sales growth amid stable demand in Russia and globally

The Turkish steel segment's revenue grew

+37.0%

driven by stronger sales amid the launch of HRC production

The coal mining segment's revenue grew

+65.5%

reflecting higher coal concentrate prices amid a favourable global pricing environment

→ Historical dynamics 2019 – 2021

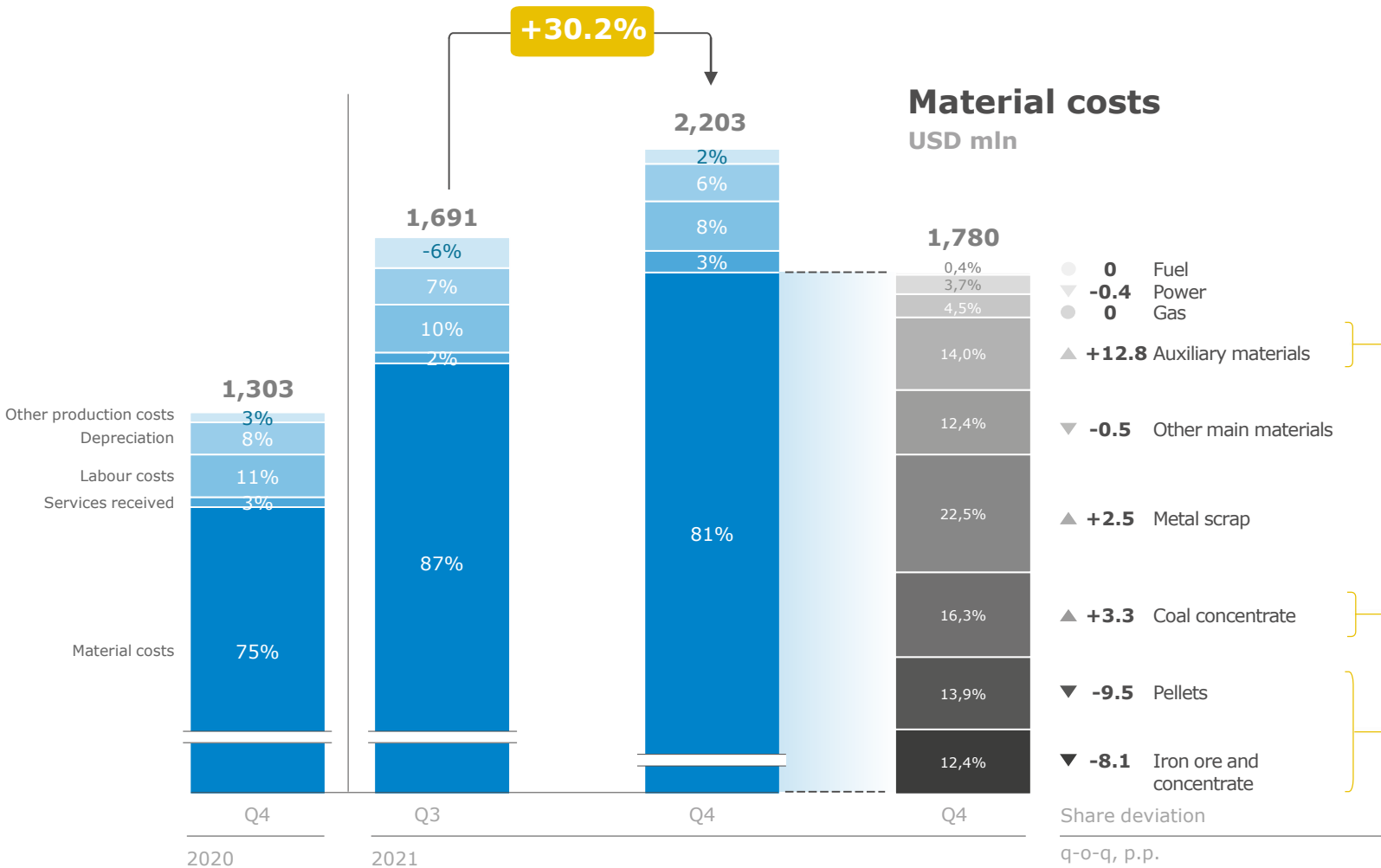
Source: Company data and analysis.

Q4 2021

COST OF SALES

MMK Group's cost of sales

USD mln



+USD 512 mln

MMK Group's cost of sales increased due to stronger sales amid the divergent trends in prices for raw materials

The share of other materials increased

driven by an increase in the consumption of third-party HRC on the Turkish asset, as well as a decrease in finished products inventories of the Group traders

The increase in the share of coal concentrate

was caused by higher global prices for coal concentrate

The lower share of iron ore

was driven by lower prices for iron ore due to the global price correction

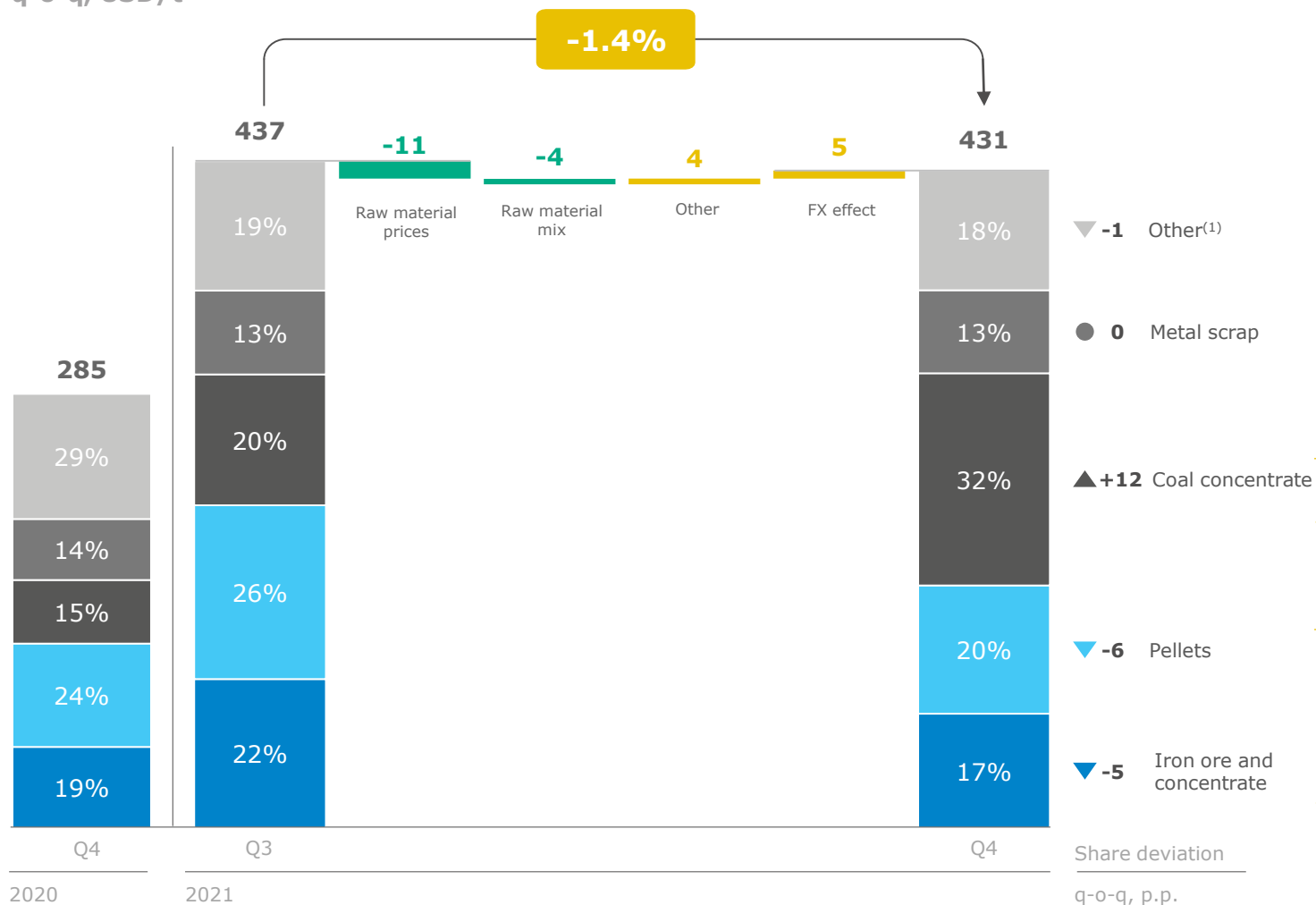
→ Cost allocation

Q4 2021

SLAB CASH-COST

Slab cash-cost,

q-o-q, USD/t



Slab cash cost increased q-o-q

-6 USD/t

+5 USD/t

as the rouble pulled back against the US dollar

+39 USD/t

amid higher prices for coal concentrate

-53 USD/t

decrease in prices for iron ore

→ Historical dynamics 2018-2021

Source: Company data and analysis.

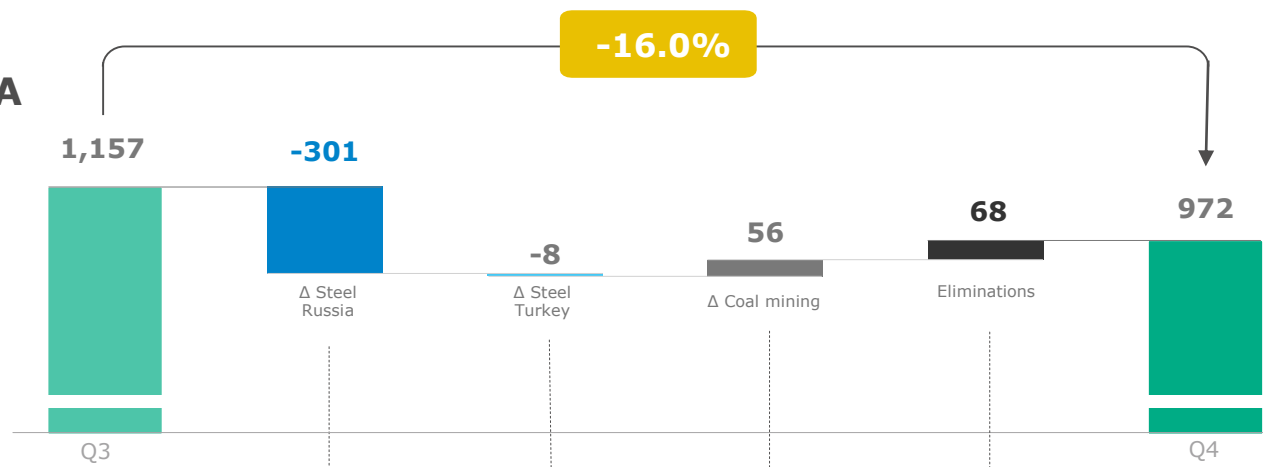
Notes: (1) Other: ferroalloys, gas & power, auxiliary & other materials.

Q4 2021

EBITDA

Key EBITDA drivers

Q-o-q, USD mln

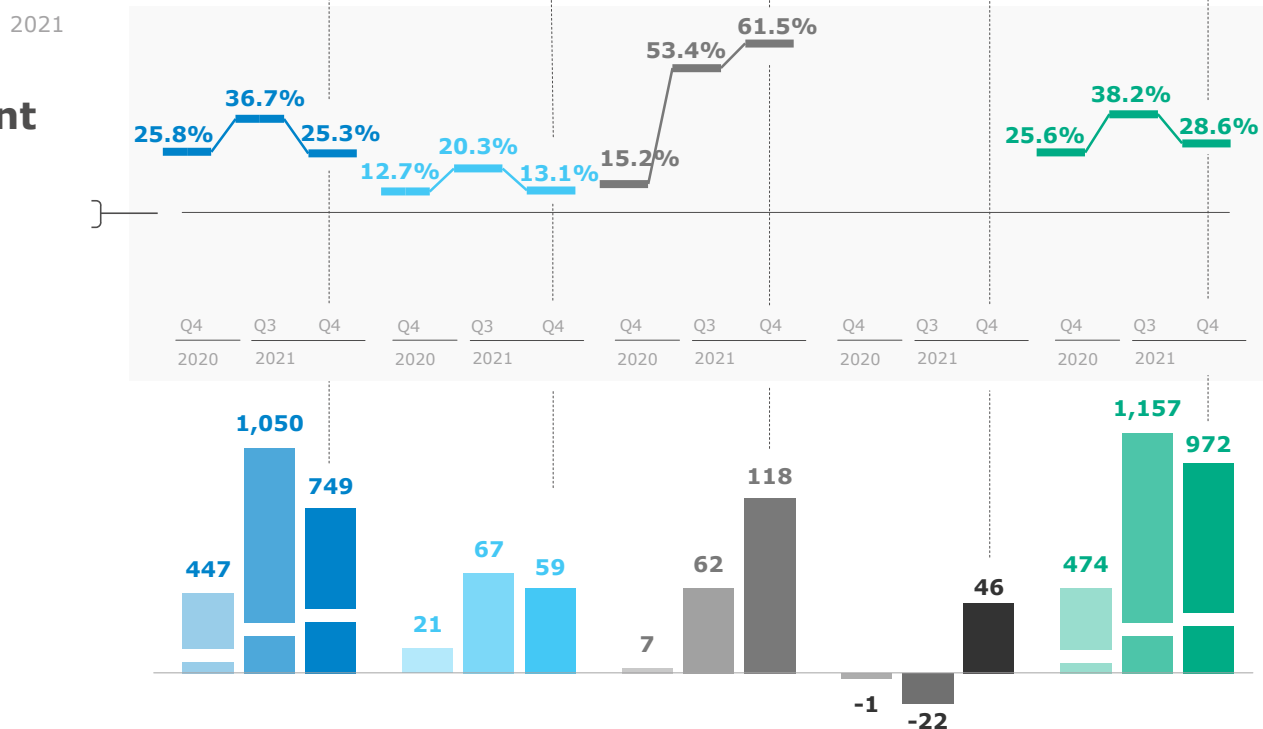


EBITDA by key segment

USD mln

EBITDA margin

- Steel Russia
- Steel Turkey
- Coal mining
- Eliminations
- MMK Group



Key changes

- Sales volumes
- Sales mix
- Prices

Steel Russia

- ▲ **Sales growth** amid steady demand across key target markets
- ▲ **Higher share** of domestic sales
- ▼ **Lower prices** amid the correction in global prices for metal products
- **Dynamics of prices for metal products**

Steel Turkey

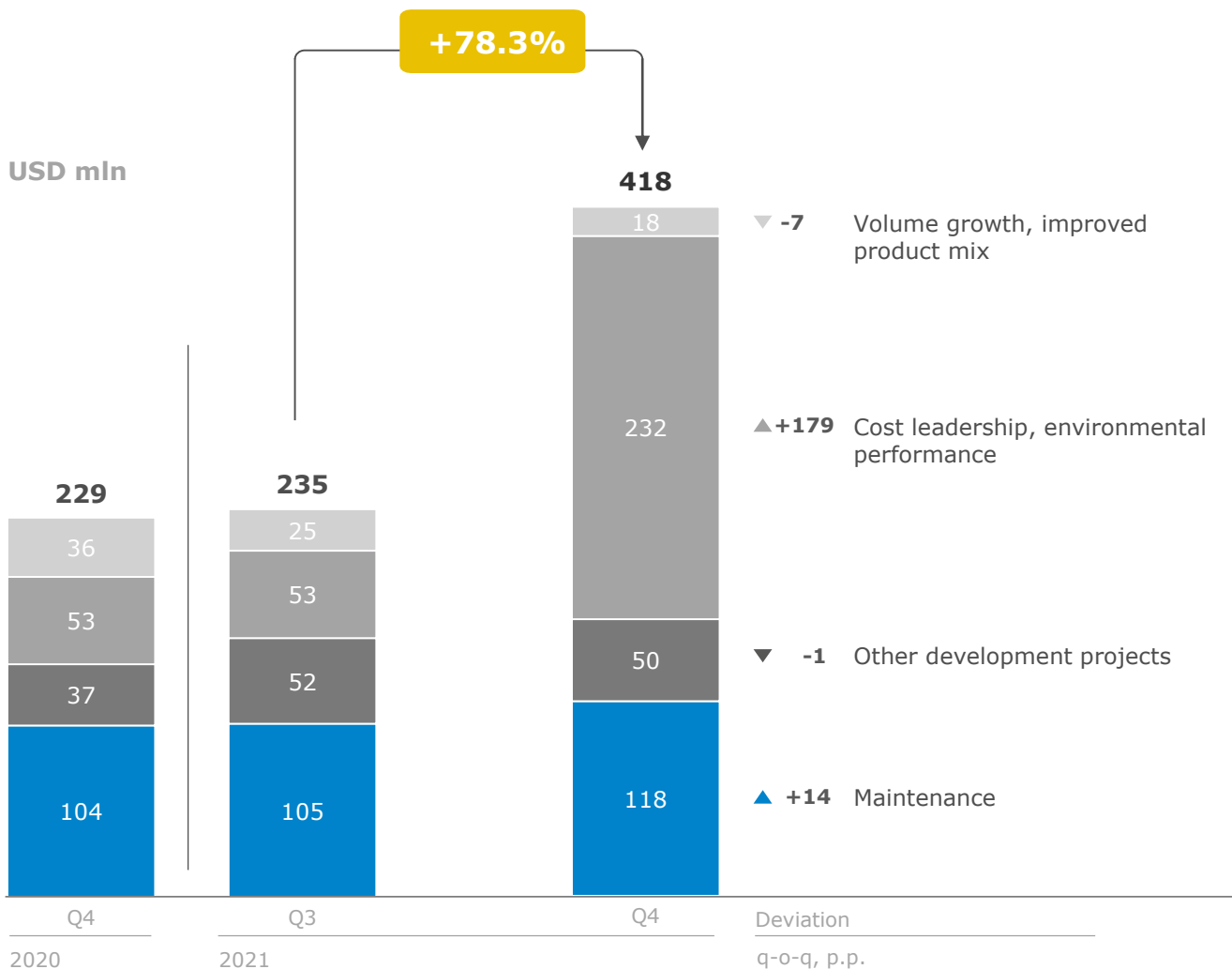
- ▲ **Sales growth** due to a favourable market environment and the launch of a hot-rolling complex in July
- ▲ **An increase in sales** of hot-rolled products amid resumed production
- ▼ **Price decline** amid a correction in global prices

Coal mining

- **Volumes remained flat** on the back of MMK's high demand for coal concentrate
- ▲ **Increase in prices** for coal concentrate driven by a favourable global pricing environment

Q4 2021

CAPEX BREAKDOWN



→ Historical dynamics, 2012–2021

Source: Company data and analysis.

Q-o-q decrease in CAPEX

+ 78.3%

in line with the Group's schedule for implementing and financing investment projects under the Group's strategy

Q4 2021 highlights:

Cost leadership, environmental performance:

- The new coke and by-product plant: construction and installation of foundations are ongoing, with primary coolers installed at the by-product recovery plant

Volume growth, improved product mix:

- Cold-Rolling Mill 1700 continues to operate at full capacity

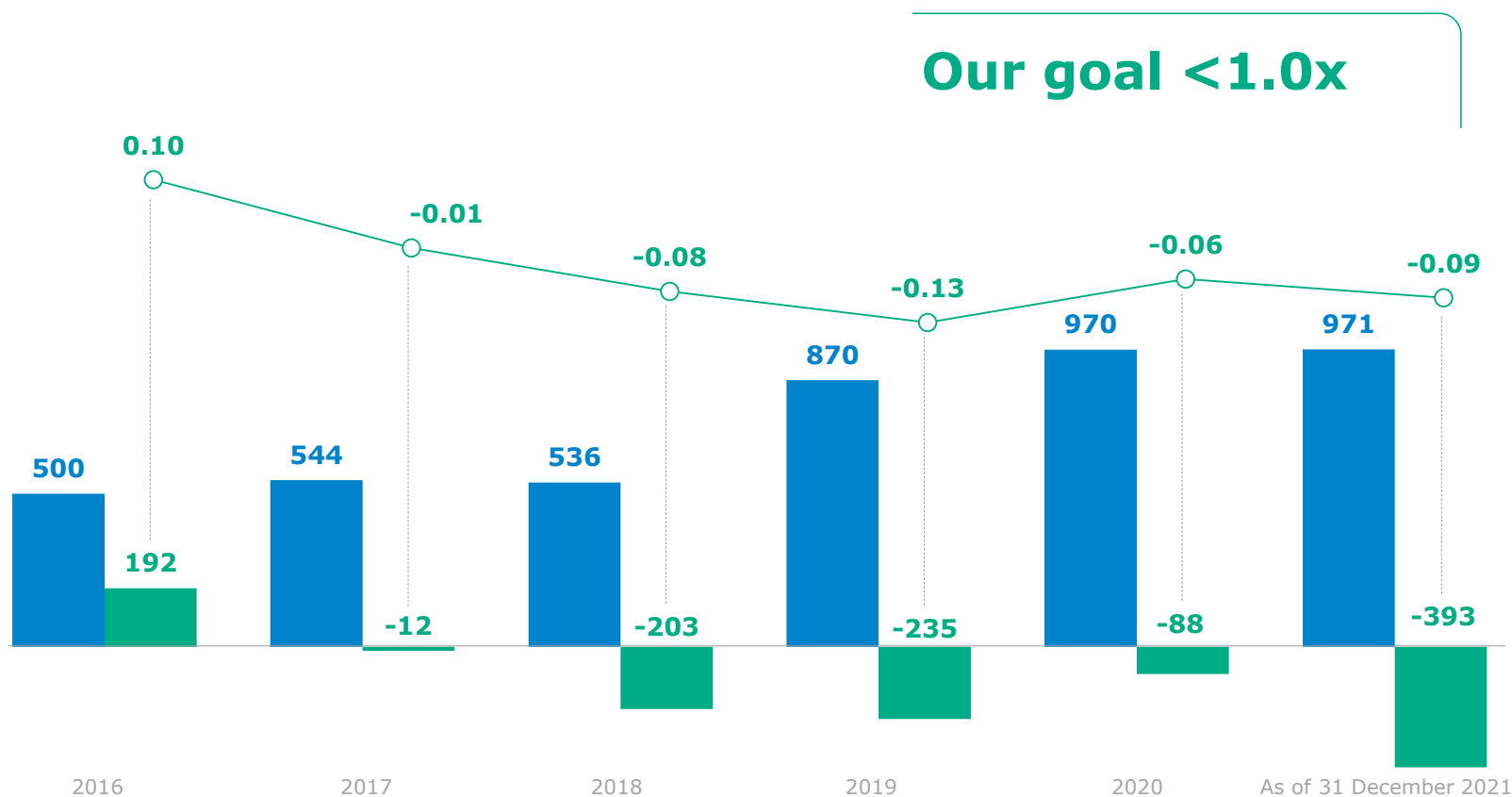
Q4 2021

DEBT BURDEN AND CREDIT RATINGS

Strong financial profile

USD mln

■ Debt ■ Net Debt ○ Net Debt / EBITDA



Credit rating at or higher than the sovereign rating

Standard & Poor's

BBB-

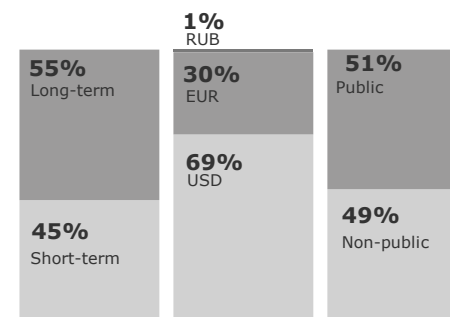
Moody's

BAA2

Fitch Group

BBB

Debt structure

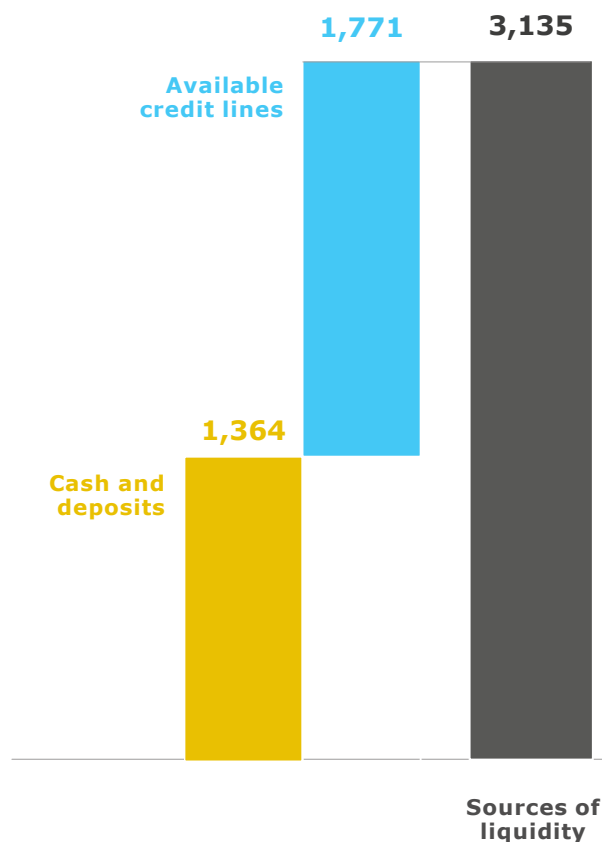


Q4 2021

CREDIT PORTFOLIO AND REPAYMENT SCHEDULE

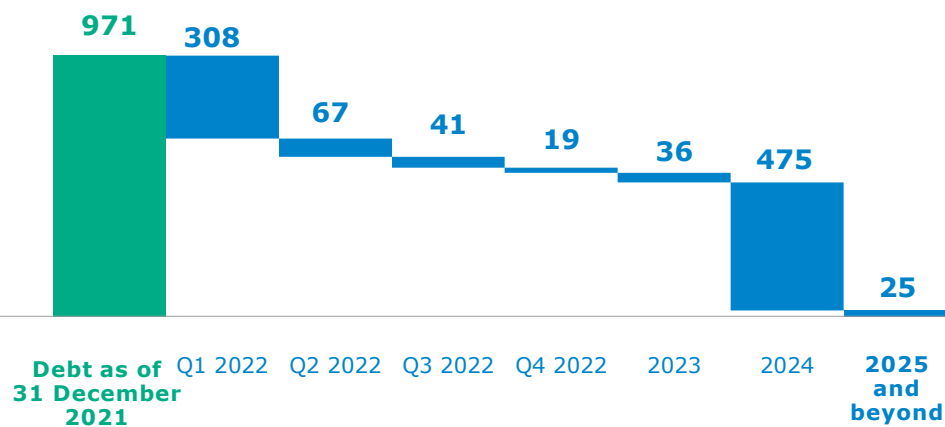
Available liquidity analysis

USD mln



Debt repayment schedule

USD mln

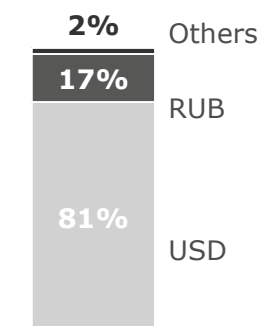


2.6%

average cost of debt
as of 31 December 2021

Significant liquidity cushion
and a comfortable
repayment schedule

Cash and deposits structure

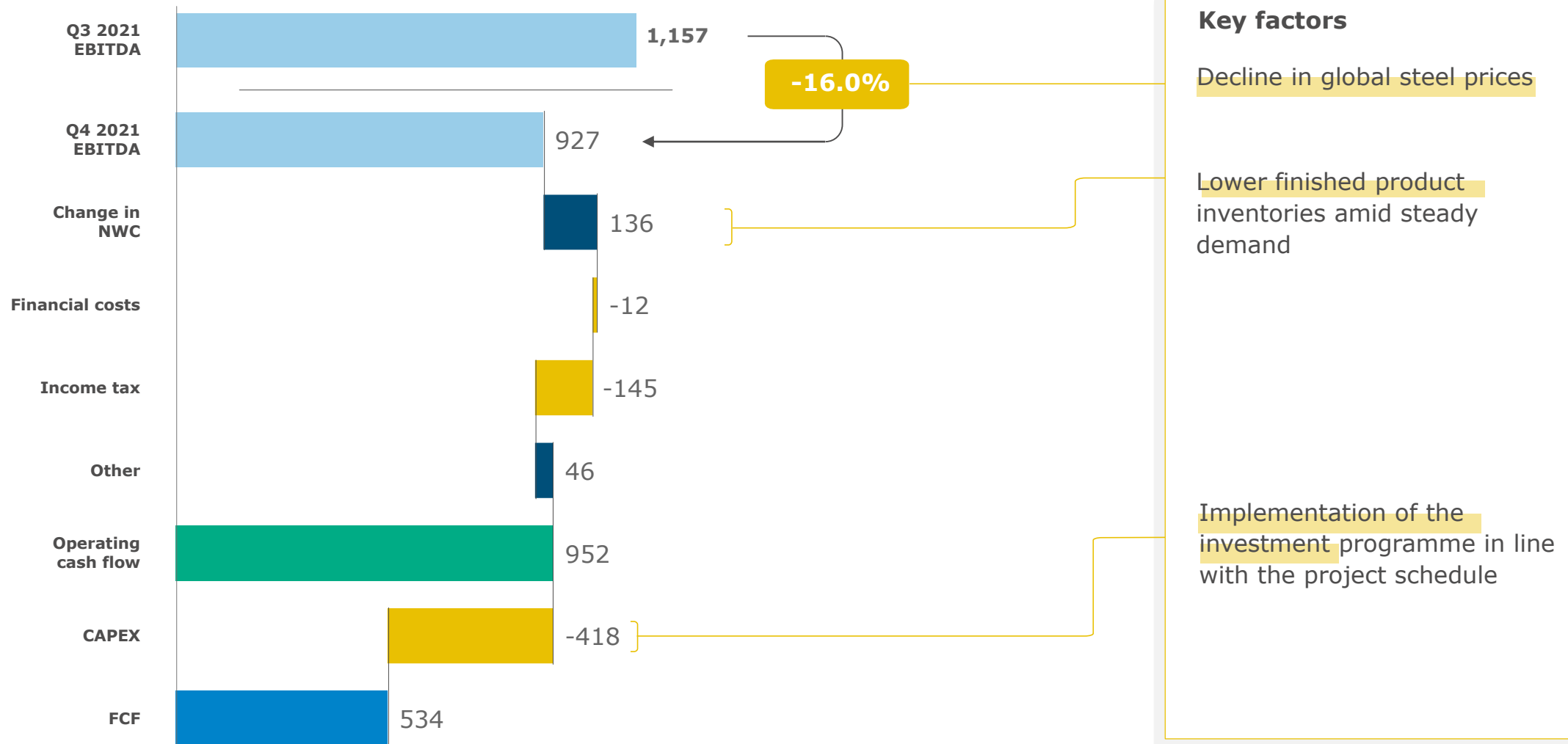


Q4 2021

FREE CASH FLOW

Free cash flow structure

USD mln

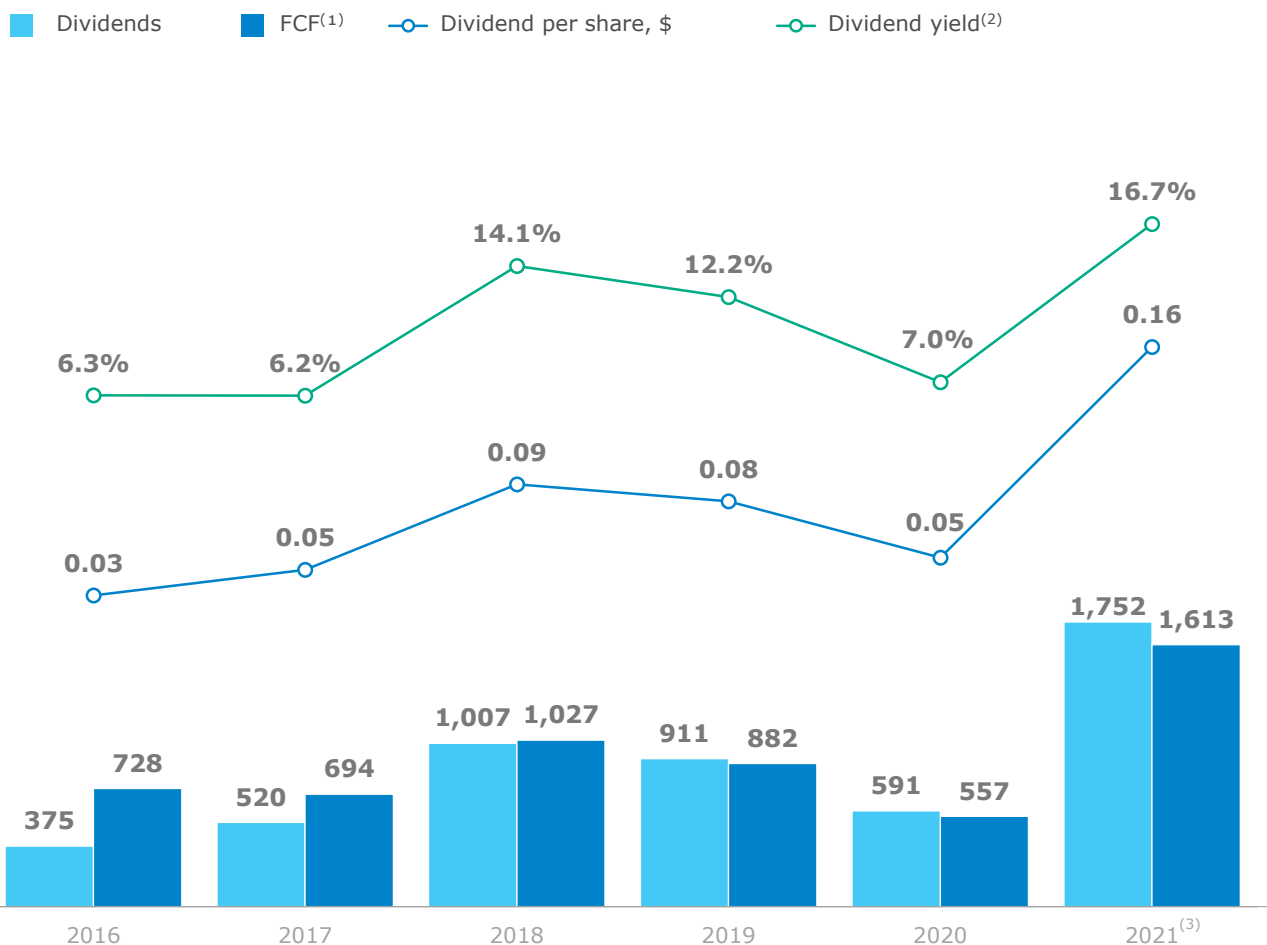


Q4 2021

DIVIDENDS

Dividends payout dynamics

USD mln



The Group remains committed to its dividend policy and previous statements. Considering our high margins, the Board of Directors is convinced that the Group sits in a stable position and can recommend the shareholders to approve the payment of a dividend of RUB 3.550 per share (100% of FCF for the quarter) for Q4 2021.

Source: Company data and analysis.

Notes: (1) Since 2020 free cash flow is calculated as net cash from operating activities plus interest received and proceeds from disposal of PPE and intangible assets, net of purchase of PPE and intangible assets (CAPEX). (2) The ratio of dividends accrued to the Company's market capitalization at the end of the period. (3) Dividends accrued for 9M 2021 + the dividend recommended by the Board of Directors for Q4 2021.

APPENDIX



HISTORICAL DYNAMICS

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KEY PRODUCTION HIGHLIGHTS

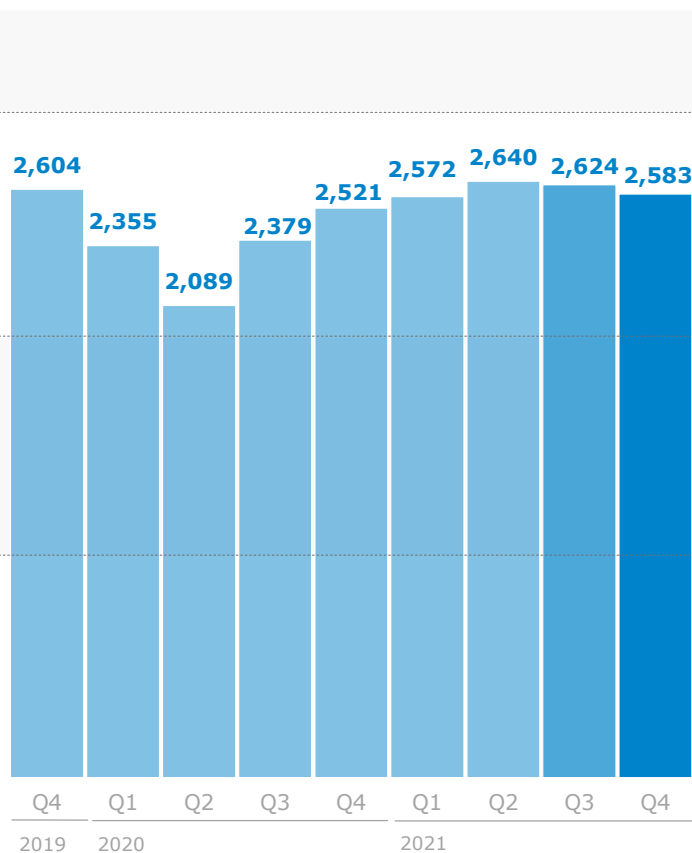
2019-2021 quarter dynamics

ths tonnes

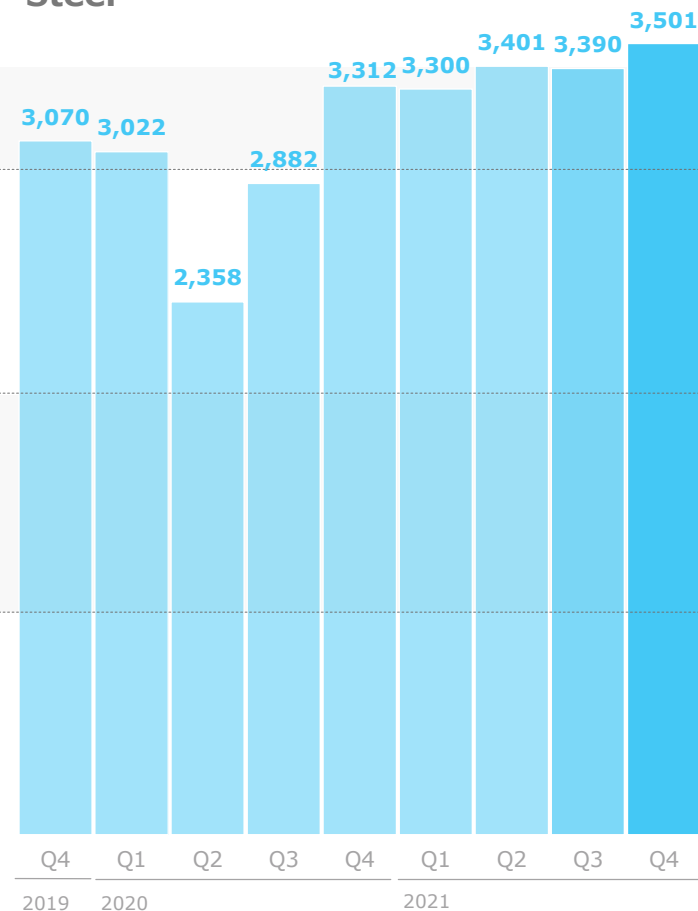
Coal concentrate



Pig iron



Steel



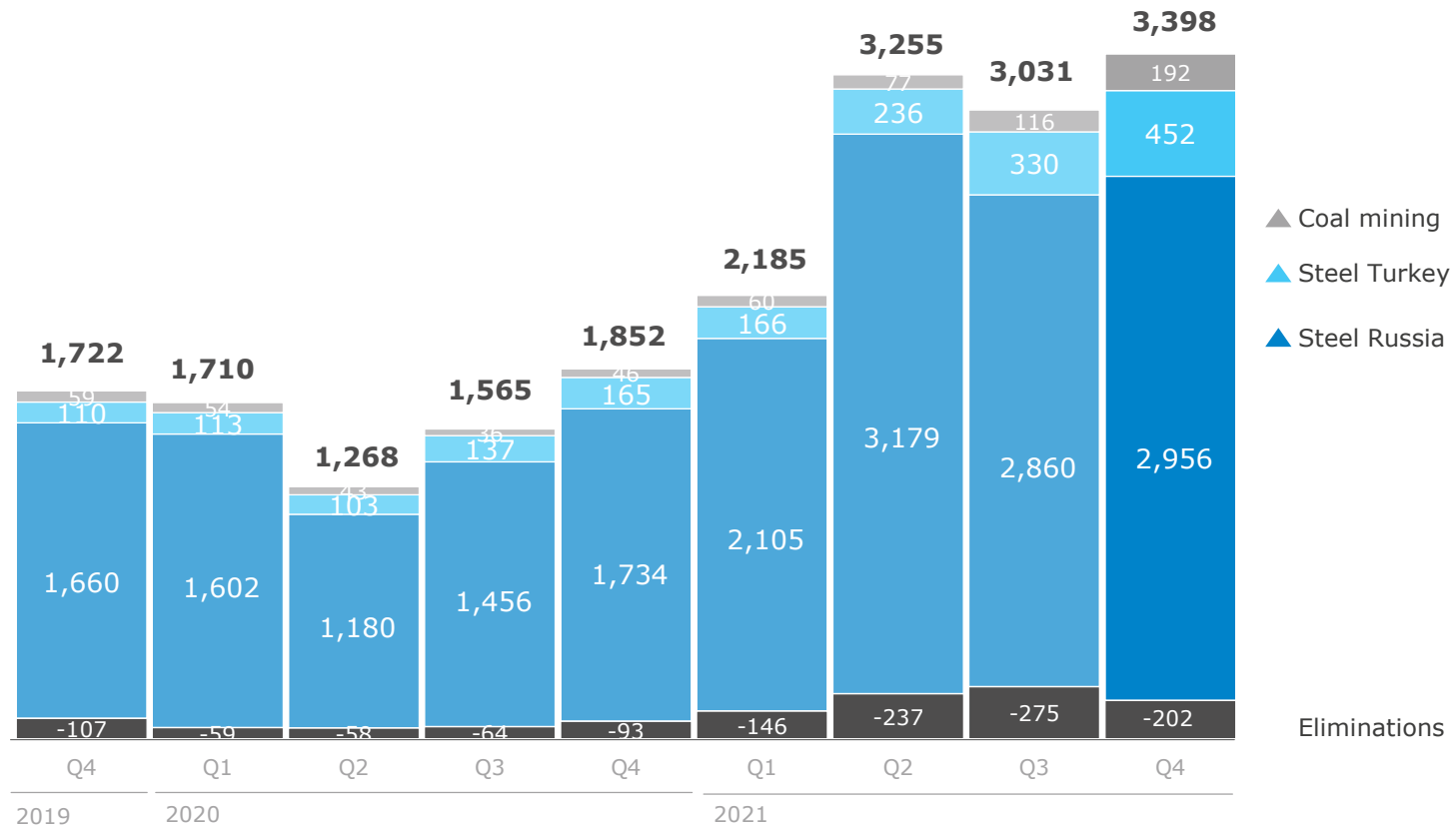
Q4 2021

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REVENUE

MMK Group revenue breakdown by segments

USD mln



HISTORICAL DYNAMICS

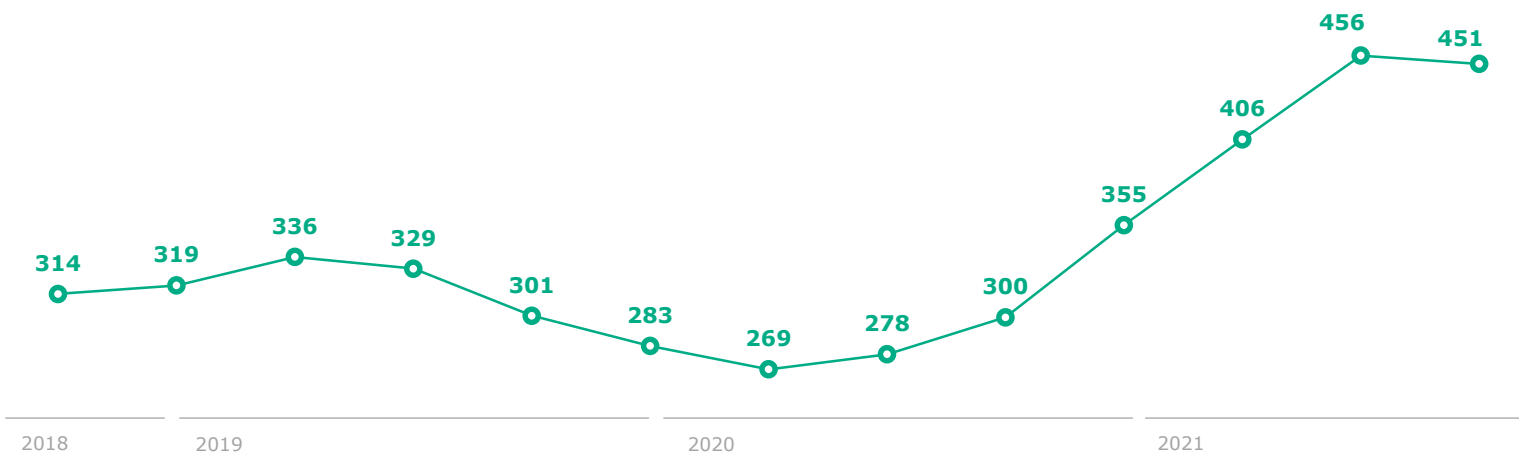
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SLAB CASH-COST

Cash-cost historical dynamics

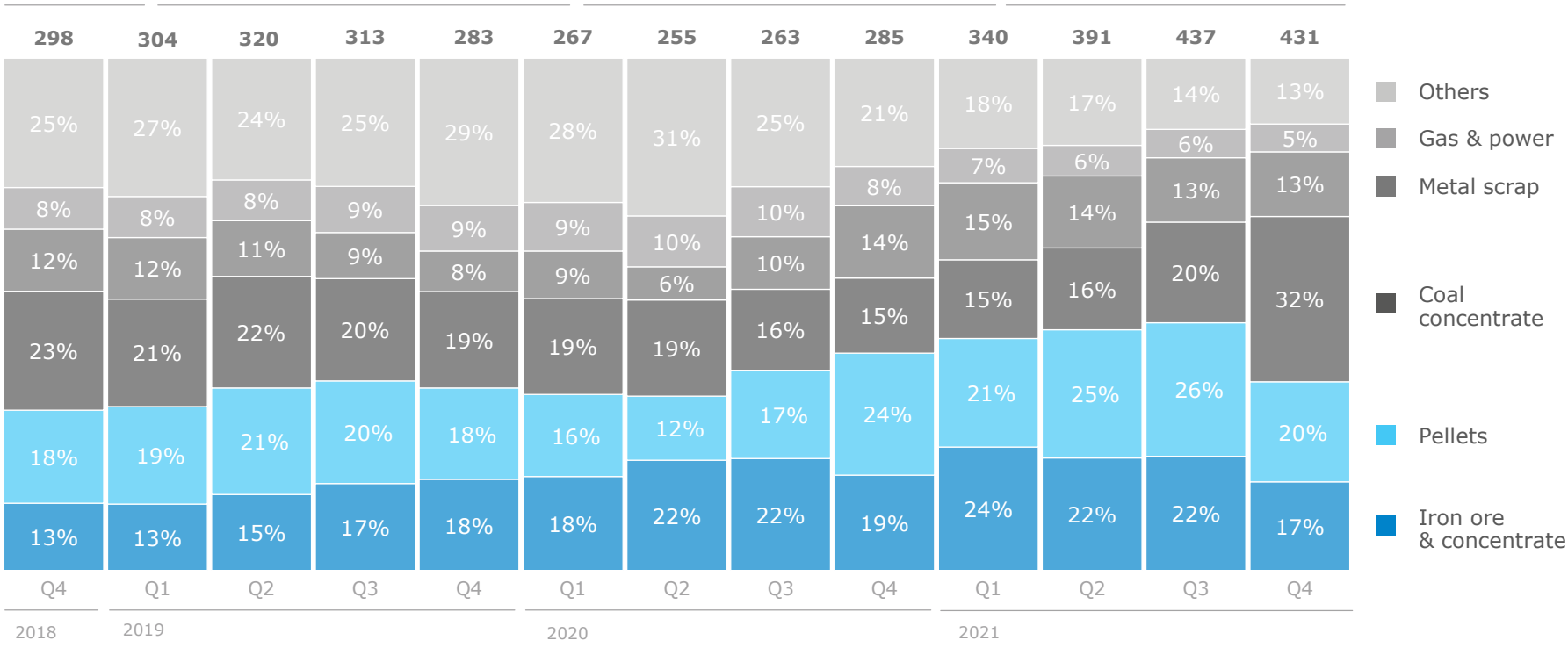
USD/t

—●— HRC



Slab cash-cost historical dynamics and structure

USD/t



Source: Company data and analysis.

HISTORICAL DYNAMICS

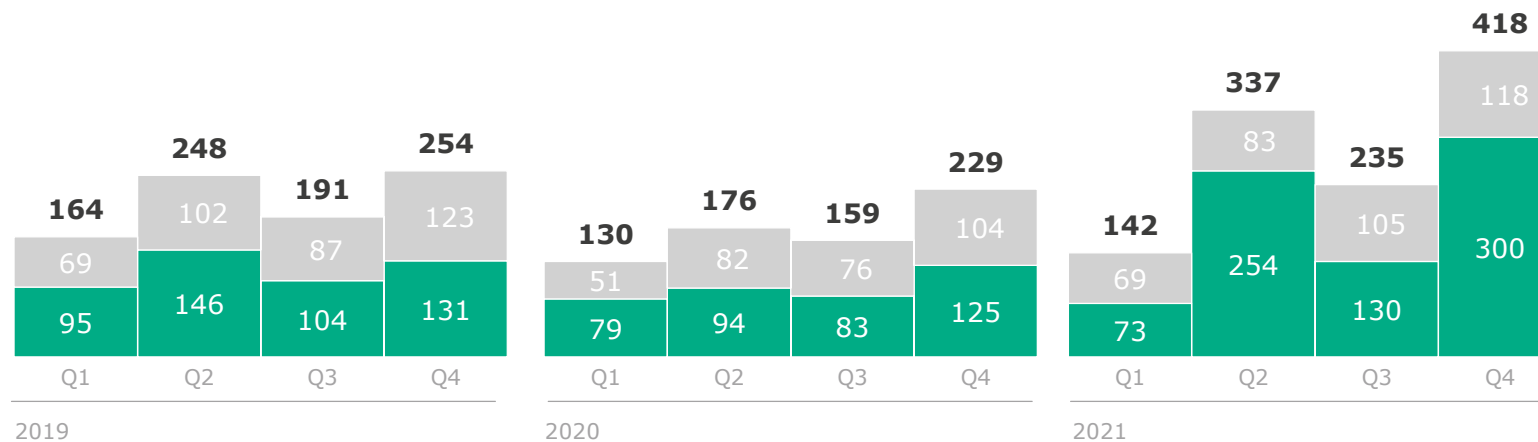
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CAPITAL EXPENDITURES

Quarterly dynamics

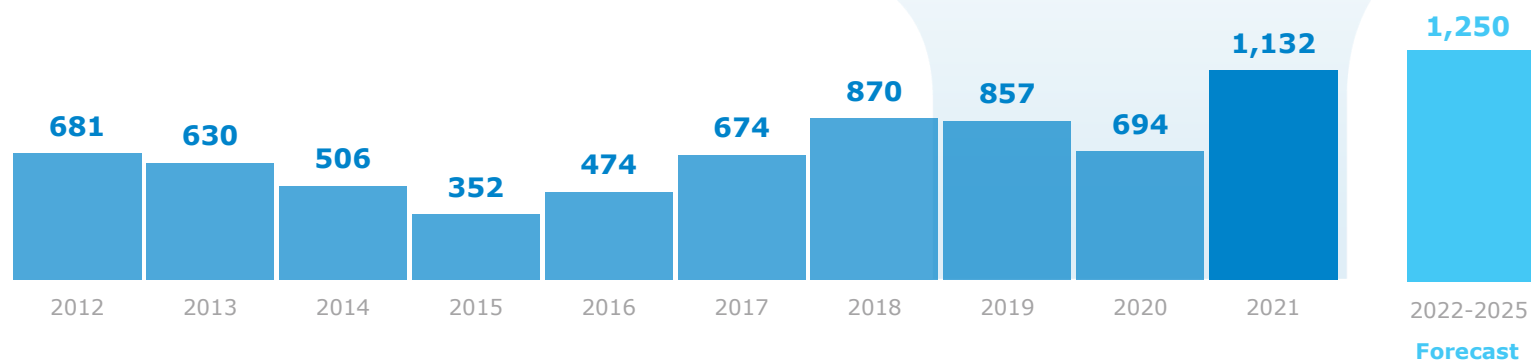
USD mln

■ Maintenance
■ Development



Yearly dynamics

USD mln

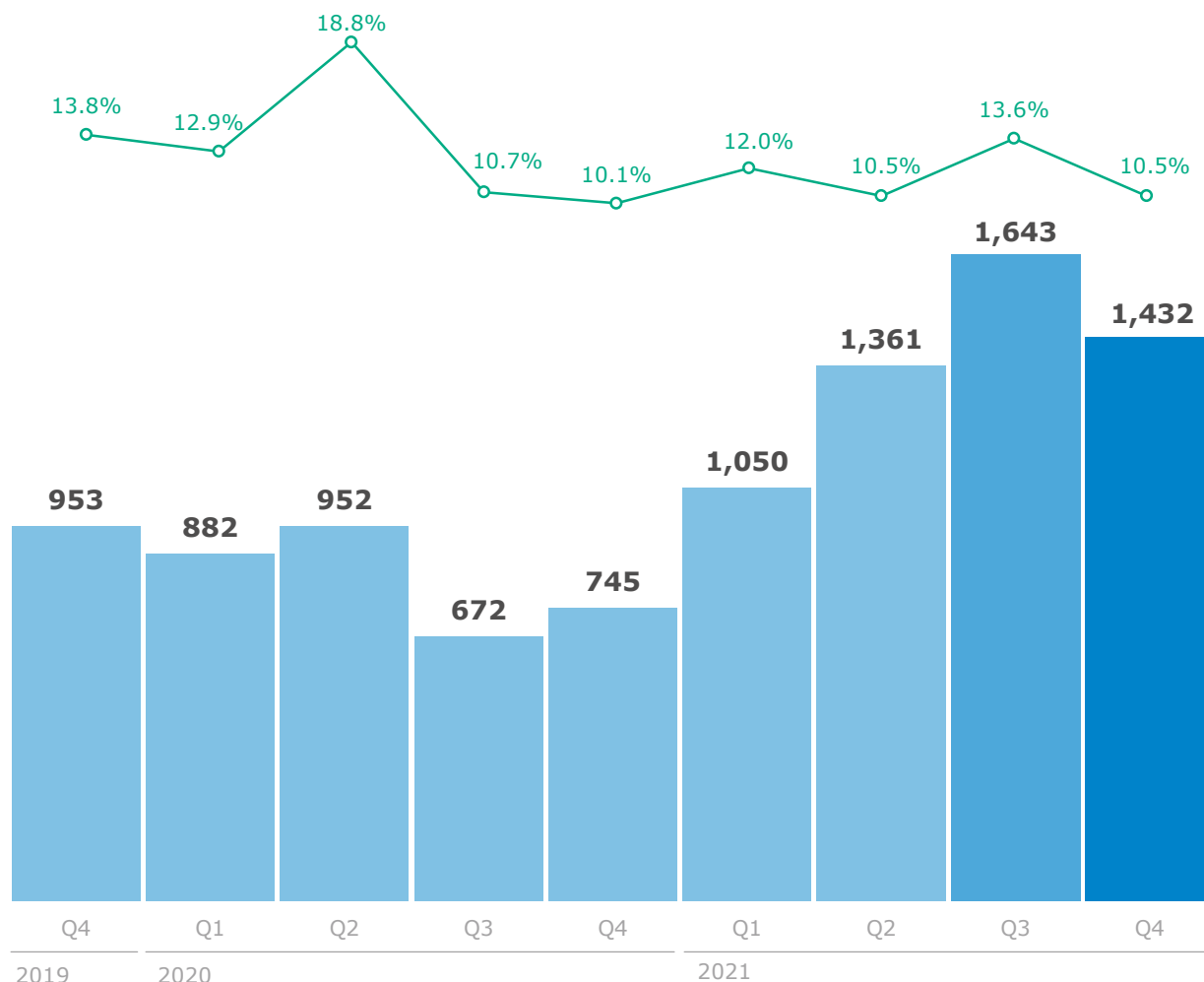


Q4 2021

NET WORKING CAPITAL

Net Working Capital dynamics

USD mln



The working capital build-up in Q4 2021 was

USD 136 mln

Decrease in finished product inventories amid steady demand from consumers

At the same time, the NWC/revenue ratio decreased to 10.5% as of 31 December 2021

Q4 2021

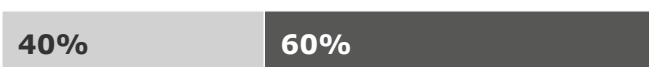
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SENSITIVITY AND KEY INDICATORS BREAKDOWN

Key indicators breakdown by currency

■ USD ■ Rubles ■ Euro

Revenue

Cost of sales⁽¹⁾

CAPEX



Cash and deposits



Total Debt



EBITDA sensitivity

% of change in price

Effect on EBITDA, USD mln

Iron ore & pellets

▲ 1%

-10

Coal concentrate

▲ 1%

-7

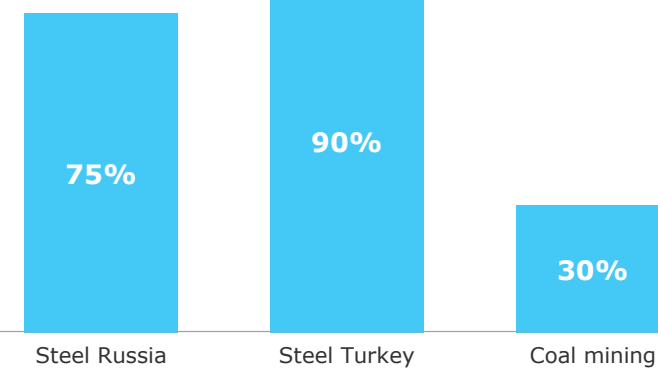
Metal scrap

▲ 1%

-6

Cost of sales breakdown

■ Variable
■ Fixed



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