MMK GROUP IFRS RESULTS CONFERENCE CALL TRANSCRIPT

FOR Q1 2020

29 APRIL 2020
Magnitogorsk, Russia

PJSC Magnitogorsk Iron & Steel Works' ("MMK", or "the Group") (MICEX-RTS: MAGN; LSE: MMK), one of the world's largest steel producers, announces its financial results for Q1 2020.

MMK GROUP SPEAKERS

- Andrey Eremin, CFO
- Mariya Nikulina, Director for financial resources
- Veronika Kryachko, Head of Investor Relations

PARTICIPANTS ASKING QUESTIONS

- Andy Jones, Wood
- Yuriy Vlasov, Sova Capital
- Ekaterina Mukli

MMK GROUP

PRESENTATION

VERONIKA KRYACHKO, HEAD OF IR:

Good day, ladies and gentlemen, my name is Veronika Kryachko and on behalf of MMK Group, I would like to welcome you to our conference call on Q1 of 2020 IFRS financial results. I would like to introduce the MMK team that is presenting today:

• Andrey Eremin, Chief Financial Officer

• Maria Nikulina, Director for Financial Resources

We will start our call with update on key financial results and markets overview presented by Andrey Eremin. Please sir, go ahead.

ANDREY EREMIN, CFO:

Ladies and gentlemen, good afternoon!

We are very pleased to welcome you to our conference call. Thank you all for coming to this presentation on the financial results of MMK Group for the first quarter of 2020. Let's start with slide number three.

The outbreak of the novel coronavirus has had a significant impact on all spheres of life on a global scale. However, the Company showed solid results in the first quarter of 2020. MMK Group sales decreased by 1.3% compared to the previous quarter, amounting to 2.7 million tonnes, while the share of sales of HVA products increased by 1.1 percentage points and amounted to 47.7%. Compared to the previous quarter, the Group's revenues saw a slight decrease of 0.7%, amounting to USD 1.710 billion. At the same time, EBITDA for the first quarter of 2020 jumped by 31.9% to USD 442 million. EBITDA margin also increased and amounted to 25.8% up 6.3 percentage points quarter-over-quarter. Relative to the first quarter of 2019, EBITDA remained almost at the same level, showing a slight increase of 0.5%. EBITDA per tonne of steel products grew by 30.5% against the previous quarter, and reached USD 154 per tonne, while in comparison to the first quarter of 2019, the growth was 4.0%. Free cash flow for the first quarter amounted to USD 110 million, which is 59.6% lower than last quarter. Let's move on to a review of the macroeconomic situation in the world and in particular in China, slide number 5 please.

Economic activity in China in the first quarter of 2020 showed a sharp decline amid the development of the coronavirus pandemic. China's GDP fell by 6.8% – the first decline in 28 years.

Despite this, the Chinese government continued to stimulate economic growth by easing monetary policy and issuing special government bonds as part of a fiscal stimulus package.

To counter the impact of COVID-19, Beijing has pre-allocated a special municipal bond quota worth RMB 1.2 trillion ahead of the National People's Congress. This move could drive more investment in so-called 'new infrastructure', which would not only support growth, but would also be aligned with China's longer term goals to move up the value chain and become an innovation-driven economy. The next slide, please. Despite a significant fall in demand for steel products on the back of the coronavirus situation, the capacities of Chinese metallurgical companies saw practically no change in utilisation. Although metal exports from China remained at the same level as the first quarter of 2019, China's historically high growth in stocks was ultimately affected. Let's move on to macroeconomic situation in Russia, the next slide, please.

The economic activity in the first quarter of 2020 is expected to marginally decline on the back of slump in the global oil quotes and ruble devaluation. According to the consensus forecasts the GDP growth in the first quarter is expected to slow down to 1%. During the second half of April the Central bank of Russia decreased the key rate by 0.5 percentage points in order to support the economic activity negatively affected by coronavirus outbreak as real disposable income printed 0.2% decline in the first quarter. Next slide please.

The growth in demand for metal products in the first quarter saw a slight slowdown when compared to the same period in 2019, amounting to 3.2%. In the first two months of 2020, demand was mainly supported by positive dynamics in three sectors: the pipe industry, the automotive industry and construction. Federal budget spending on National Infrastructure Projects at the beginning of 2020 was comparable to the first several months of 2019 and is expected to get the momentum closer to the year end. Let's move on to the steel market key price trends, the next slide, please.

Prices for flat products showed recovery growth at the end of the fourth quarter of 2019 and the beginning of the first quarter of 2020. As a result, HRC average quarterly prices, which are based on FOB Black Sea quotes, rose by 20.8% to USD 488 per tonne. However, in the middle of the first quarter of 2020, the market environment took a sharp dive as the coronavirus pandemic started to unfold around the world. At the beginning of 2020, coking coal prices rose due to continued demand from Chinese steel producers, but by the end of the quarter, Chinese coal production had recovered, while the rest of the world saw a decrease in metallurgical capacity on the back of the spread of the pandemic, all of which put significant pressure on prices. In the first quarter of 2020, iron ore quotes remained unchanged from the previous quarter, amounting to USD 89 USD per tonne. Key drivers for this included stable demand in China and a limited supply in the global market, amid the rainy season in Brazil and quarantine restrictions in exporting countries limiting production. Let's now move on to the production results for the first quarter, slide number 11 please.

Coal concentrate production in the first quarter increased by 12.9% in comparison with the fourth quarter of 2019 and totaled 814 thousand tonnes. The upturn in concentrate production was mainly driven by the higher demand for concentrate at MMK. Pig iron production in the first quarter sank by 9.6% in comparison with the fourth quarter of 2019 and amounted to 2.4 million tonnes, on the back of the capital overhaul of Blast Furnace No. 2, which was initiated in February this year. In comparison with the first quarter of 2019, pig iron production fell by 1.7% as a result of longer maintenance work at blast furnace facilities. At the same time, maintenance work at converter facilities and the scheduled reconstruction of Hot Rolling Mill 2500 brought crude steel output down to 3 million tonnes. This is a 1.6% fall on the previous quarter. In comparison with this time last year, output decreased by 2.7%. During the first quarter, the operating capacity of high value-added production units remained at a high level. Please turn to the next slide.

Finished products sales in the first quarter saw a fall of 1.3% in comparison with the previous quarter, on the back of planned repairs at rolling facilities. Despite this, the share of high value-added products in total sales was up by 1.1 percentage points and reached 47.7%. This was driven by higher sales of coated steel and thick plate from Hot

Rolling Mill 5000. In comparison with the first quarter of 2019, the sales share of high value-added products marginally slipped by 0.5 percentage points as a direct result of a more complex output mix at Hot Rolling Mill 5000. Please turn to the next slide.

Thanks to stable demand from tubes & pipes and building & construction sectors, the share of sales in the domestic market (Russia and CIS) in the first quarter soared to 88%, totalling 2.4 million tonnes. However, this increase in domestic market sales volumes, along with the ongoing repair works at Hot Rolling Mill 2500 led to limited export volumes during the reported quarter. Please turn to slide number 15 now, where I will cover the financial results for the first quarter of 2020.

The higher share of domestic market sales following a price increase largely offset the negative effect of reduced sales volumes during the quarter. As a result, revenue marginally decreased in comparison with the previous quarter and amounted to USD 1.7 billion. Revenue in the first quarter was also shook by the devaluation of the ruble, which fell in the second half of March. Next slide please.

The decrease in sales volumes, paired with a correction in the prices of key raw materials drove up the cost of sales during the first quarter, leading to a reduction of 6.8% to USD 1.2 billion. On the topic of cost structure trends in raw materials, the higher operating capacity of the Electric Arc Furnace in the first quarter resulted in growth in the share of scrap, when compared to the previous quarter. At the same time, repair works performed at Blast Furnace No. 2 limited the share of blast furnace charge, which ultimately manifested itself as a lower pig iron output in the first quarter. Please move on to the next slide.

This slide shows us that the Basic Oxygen Furnace slab's cash-cost decreased by 5.7% to USD 267 per tonne. Aside from the decrease in iron ore and coal concentrate price, the slab cash cost was also given a boost by the higher share of sinter in our blast furnace charge, and the increase in sinter iron content after Sinter Plant No. 5 got closer to reaching its nameplate capacity in the first quarter. Please turn to the next slide.

The increase in sales volumes to the domestic market (Russia and CIS) along with finished products price increase gave an impetus to the Company's profitability in the past quarter. The Russian steel segment EBITDA increased by 28.7% to USD 421 million in comparison with the previous quarter. The EBITDA margin of steel segment Russia amounted to 26.3%, a 6.6 percentage point boost. The Turkish steel segment EBITDA also increased in comparison to the previous quarter and totaled USD 3 million. The gradual EBITDA uptick is down to the diversification of our product portfolio in the Turkish market. The Coal segment EBITDA shot up by 60% to USD 16 million against the previous quarter, driven by higher coal concentrate sales and lower costs associated with ongoing repair works. Over the course of the next few slides, I would like to cover our capital expenses dynamics. Next slide please.

Capital expenditures during the first quarter decreased by 46.5% in contrast with the previous quarter and amounted to USD 129 million. The demonstrated dynamics are on track with the approved investment program and the Company's strategy. During the quarter, the Company continued to work on key CAPEX projects dedicated to cost efficiency and environmental performance, as well as increases in production volumes and the fine-tuning of our products' structures. Along with the capital overhaul of Blast Furnace No. 2, which was initiated in the first quarter, the Company is carrying out the construction of dust exhausting units at the casting house and stock houses, a move that will help to improve the environmental efficiency of the Company. Could you please go to the next slide, where I would like to comment on the progress of these key investment projects.

Firstly, Sinter Plant No. 5 is continuing to step up to its full design capacity of 5.5 million tonnes per year of sinter. The project is already posting good results in environmental efficiency and cost reduction. The expected decrease in the cash-cost of the slab is predicted at USD 9 per tonne. In the first quarter, Hot Rolling Mill 2500 was temporarily put on pause to perform the final stage of its reconstruction, during which the finishing train should be installed. Once this project is finished, hot-rolled steel production at the initial stage will be lifted by 0.8 million tonnes, we will see a higher product quality, and also the product range will be expanded. Works related to the construction of a new coke and chemical complex continued in the first quarter. Unfortunately, due to the coronavirus pandemic, it was decided to postpone the arrival of foreign experts and some project work until the situation normalises. Over the next few slides, I would like to give an overview of the financial standing of the Company. Next slide please.

The Group's total debt as of the end of the first quarter stood at USD 899 million. The balance of cash and deposits on the Company's accounts at the end of the first quarter amounted to USD 869 million. Thus, the net debt to EBITDA ratio as of the end of the quarter was 0.02x. MMK Group's credit ratings have also been confirmed at or above the sovereign rating. Next slide please.

To summarise this slide, high cash balances and affordable credit lines of USD 1.3 billion constitute a significant liquidity reserve. We follow a comfortable repayment schedule, which does not imply one-time large payments. In addition, our low debt rate evidences the stability of the financial position of MMK Group. Let's move on to cash flow, the next slide, please.

This chart shows that free cash flow for the first quarter amounted to USD 110 million – a decrease of 59.6%. This is the result of the working capital build-up in the amount of USD 141 mln, as a result of higher advances from customers received at 2019 year end. The next slide, please.

Given the current unstable and unpredictable situation in steel markets all over the world and in the broader economy, it was decided to postpone any decision on 2020 interim dividends until autumn. On the basis of a strengthened financial position and the recovery of the Group's markets, the Board would fully expect to reinstate an appropriate and meaningful dividend once this period of disruption has passed. We see the following indicators as signs of recovery in the Russian economy and MMK's business:

- One: the normalisation of the epidemiological situation
- Two: Business operations are back to normal across Russia
- Three: MMK's capacity utilisation rate hits at least 70%
- And four: MMK's EBITDA margin reaches at least 20%

By way of conclusion, I would like to share the Company's outlook for the second quarter of 2020 with you. Please move to the next slide.

In the second quarter of 2020, the Company foresees a risk of lower sales volumes amid a slowdown in business activity while the current situation ravages the world and Russia. During the second quarter, the

Company will continue scheduled equipment repairs, which will lead to a decrease in production volumes. Steel prices will be placed under significant pressure due to the uncertainty of a market in the thick of the coronavirus pandemic. Nevertheless, capital investments are expected to exceed the level of the first quarter once reconstruction works at Hot Rolling Mill 2500 are completed. This is all fully consistent with our investment projects schedule, as outlined in the Company's strategy. The measures already taken to increase operational efficiency will provide an additional layer of support to the Company's results. Management continues to take active measures to prevent the spread of the coronavirus infection, and to minimise risks to both staff and our business. With that, our presentation has come to an end. I would like to thank you for your attention. If any questions have arisen during the course of this presentation, please feel free to ask them now, and we will answer them to the best of our ability.

Q&A

ANDY JONES, WOOD:

Hi, I'm Andy Jones from. A couple of questions. First of all in order to cancel the dividend, how bad do you expect Q2 to be? Can you give us some idea on volumes, on if current prices persist in the next few weeks. What sort of level on EBITDA are you expecting? Just broadly as a range how about roughly. And my second question is more the conceptual one. You have, you know, a basically a clean off balance sheet sample liquidity and you change your dividend policy not very long ago. What is the point in having a dividend policy if you're not going to follow it when you have that strong financial position as you do now. Thank you.

ANDREY EREMIN, CFO:

Firstly, as for the volumes for the Q2 we plan to decrease the volumes of a quarter by 15-17%. Firstly the production volume shortly disconnected to the planned reconstruction of the hot rolling mill 2500 which we previously announced. And the repair works started to perform in the beginning of February. Again the volume decline is mostly connected to the temporary stoppage for the repair works of hot rolling mill 2500. And the second point, the volume decline is also connected to the change in the structure of our sales in the forthcoming quarter, in Q2 actually. This is mainly connected to the decline in demand in Russia itself. And we plan to sell about 40% of our volumes to the exports in the Q2. We expect the key decline in demand for steel in Russia to start in May and June. And after that we expect the gradual upturn in the demand and normalization to the usual levels in the Q3 and Q4 of 2020. Due to these changes in volume structure and actually in volumes itself and given the current prices are in place, we expect EBITDA q-o-q decline in the Q2. We cannot give the exact guidance for the EBITDA decline in the Q2, but potentially we expect the EBITDA decline in the Q2 by 30%. This mainly concerns the Q2 and we expect the normalization of the EBITDA level in Q3 and Q4 to the usual levels to which we are used to. This forecast is based on the light stress case scenario which we worked out for ourselves.

Well, as for the dividend question, we remain committed to our dividend policy, but given the current situation of the great uncertainty at the steel market and the whole economy overall, and taking into account that we cannot for sure predict how the market will look in Q2 and Q3 as well and through the whole 2020 because of this coronavirus infection. The key shareholder and the Chairman of the Board, made a decision to delay the decision on the dividends to the autumn 2020 given the stipulated conditions are met. We are not cancelling the dividends, we are just delaying the decision on the dividends and remain still committed to the dividend policy. Also, given the current uncertainty and the fact that economic turbulence influences not only us and other key steel producers around the world but also our customers, we will have, actually, at some point to finance the working capital of our key customers which will ultimately lead us to our working capital build-up and outflow from our cash flow during this period. Keeping this in mind, we made this decision, the delay the decision on dividends to the autumn. Speaking about our key suppliers, we keep the policy of meeting all our obligations to them and to pay them in due time. We also are counting on deferral of contract terms. I would like to highlight that delay decision is not connected to the cancellation of the dividends but rather to the delay of the decision on the whole 2020 interim dividends to the autumn. And given that the economic situation normalizes quickly, for example, if it normalizes in Q2, we will be able to pay dividends for Q1 and Q2 during Q2. If it normalizes in Q3, we will be able to pay in Q3. And given it normalizes at the end of the year, we will be able to pay full chunk of the dividends for the whole year at the end of the year. So, we are keeping all of our obligations to our shareholders in place and we are not cancelling the dividend policy.

ANDY JONES, WOOD:

Okay, understood. And just to clarify. I didn't hear the forecasting in terms of the whole year decline in Q2. I heard you said the share of exports would be 40%. But on what sort of volume level... I just thought of a follow-up as well. You mentioned those things were dependent on the construction of mill 2500 and the things like that. Are you saying that you actually have the demand for your product? Is that the question of production or if that's the case of the bad market conditions? Thanks.

ANDREY EREMIN, CFO:

There are two sides. I would like to tell once again the things that were already said. There are two sides: the construction of Mill 2500 and we accept the natural decline in our volumes by 15 to 17% gradually during the year. But on the other hand, we accept the change in the structure of the demand in the market. So in this way, we'll have to redirect the major parts of our production volumes to the export, and because of that the export volumes in the Q2 to be around 40%. Is it clear?

ANDY JONES, WOOD:

Not yet. It is like 15 to 17% decline in the total sales volumes.

ANDREY EREMIN, CFO:

Production volumes.

ANDY JONES, WOOD:

Okay. But in terms of sales volumes what do you expect quarter-on-quarter?

ANDREY EREMIN, CFO:

We expect it to be the same as the decline in production largely, so the sales volumes will also be declined by 15 to 17% quarter-over-quarter.

ANDY JONES, WOOD:

Okay. Understood. Thank you.

ANDREY EREMIN, CFO:

Thank you.

YURIY VLASOV, SOVA CAPITAL:

Спасибо большое. Юрий Власов, SOVA Capital. Андрей, скажите, пожалуйста (я лучше по-русски спрошу), что Вы видите, как Вы видите рынок Турции сейчас? И что происходит, ожидаете ли вы какого-то снижения цен на руду и на коксующийся уголь на российском рынке? И, если ожидаете, то примерно какого порядка? Спасибо.

VERONIKA KRYACHKO, HEAD OF IR:

Yuriy, I will translate your question to the other people in our conference call. So you have first question about what we have seen on the Turkish market and how we evaluate the situation in the Turkish market, how we are evaluating the forecasting the prices for iron ore and coking coal in Russia in the coming quarters.

ANDREY EREMIN, CFO:

Okay, as for the overall demands situation in Turkey, it remains quite the same, but we see some positive signs of recovery in the Turkish economy. We see that the government became less strict on the quarantine regime in the country. We see that some industries and companies which are producing, for example, home appliances and auto producers started to revamp the production volumes. So overall, the economy starts to revive and we see some positive signs. As for our assets, MMK Metallurgy, it is still ongoing. And this quarter, we saw a 3-million growth in EBITDA. The free cash flow is also positive on the back of some working capital release and overall positive EBITDA trend. In the coming quarter we expect the free cash flow of our assets to be above zero. We also see that the government starts to introduce some stimulus measures to the economy by reducing the key rate, in the country and actually, making some help to the key producers and industries in the country. So overall, the long-term sense is positive despite some current uncertainties connected largely to coronavirus and all this uncertainty.

As for the iron ore trends, we largely forecast a bit, actually, gradual decline in them in coming quarters. For example, in Q1, iron ore index Platts printed USD 90 per ton. But as for the Q2, we expect it to be around USD 82-83 per ton. This gradual decline is largely connected to China, which continued to consume iron ore and other commodities during the coronavirus pandemic which started from January and lasted largely till February and beginning of March, and the operating capacities of key Chinese producers were actually at the average 90%, and the blast furnace operating capacity was also quite high. And this largely supported the iron ore prices and other commodity prices during Q1. Moreover, the supply side also supported this case because the Brazilian, for example, suppliers of iron ore declined supply during Q1 because of cyclons and the heavy rainfalls during the quarter. But when we speak about our outlook for Q3 and Q4, we believe that the supply situation will recover and Brazil will largely support this overall iron ore supply going forward as well Australia. And our forecast for the prices for this quarter will be even about USD 75 per ton. So to sum up, we actually expect the prices to go down from USD 90 per ton in Q1 to USD 75 by the end of the year for iron ore. As our contract prices are largely tight to index Platts, we expect our iron ore prices to decline by 8-9% in Q2.

As for the forecast for the coal prices and the whole situation. Actually, the coal market largely in the proficit around the world and especially in Russia. And during the Q1, for example, we saw the price decline for the coal by 6% per ton and in Q2 we actually forecast it to be even down by 10%. Because largely the economic situation and supply demand balance on this particular sector won't change largely and will stay likely at the current level.

YURIY VLASOV, SOVA CAPITAL:

Андрей и Вероника, спасибо большое!

ANDY JONES, WOOD:

Hi, hello. A few follow up questions from me. Just in terms of your profitability on exports. With Black sea prices somewhere around like 360–370 or something, I assume your rail costs are around USD 70 or something to the side, you're probably getting 300 or something in EXW basis. With a slab cash cost of 70 and rolling costs it sounds like on those prices you're not really turning your profit with all these volumes, maybe given a little bit of a decline in iron ore or coal will help you to make some margin. Can you give us an idea of how much is the current EBITDA per tonne? How much you could make on these export volumes? Thanks a lot, cheers.

ANDREY EREMIN, CFO:

Taking into the account the HRC cash costs which we reported in Q1 about USD 283, taking into the account current pressures in the market, our EBITDA margin on export volumes is about USD 30 per tonne. And given that in the current quarter we expect the marginal decline in the commodity prices, in iron ore and coal, that will logically drive the decline HRC as well, and, obviously, our margin won't be very big, but still even under our current structure and level of permanent costs which we have we are still marginal under this situation and we can cover our permanent costs and earn some margin in the end.

ANDY JONES, WOOD:

And if you're selling 40% of your volumes to the export under very-very low margins I would assume maybe USD30, maybe a bit more if you have some decline in your slab cash cost, I would assume the decline in EBITDA would be much more than 30% in the second quarter, especially where is a 15-17% decrease in volumes. Am I being too pessimistic or how confident are you in the idea of approx. a 30% decline? What's the range? Could we see?

ANDREY EREMIN, CFO:

Given the current volumes structure and environment we can make estimations based on current prices as you can imagine, but everything is changing very quickly. So given the current prices are in place or more or less on this level, we predict the EBITDA decline of 30% as we said. But, obviously, we cannot know for sure how this will evolve. Everything can happen, but we, ourselves, expect that the decline won't be more than 30% or around this figure.

ANDY JONES, WOOD:

Comparison wise, what sort of margin are you making per tonne on domestic sales on average at the moment at current prices?

ANDREY EREMIN, CFO:

We said that we have export margin around USD 30 per tonne, and in terms of internal market, it is about USD 60- 70 per tonne extra. So, the margin of the internal market can be 30 plus 60-70, it is about USD 100 per tonne. And this is mainly for coil steel, if we speak about flat steel the margin is higher by additional USD 20.

ANDY JONES, WOOD:

OK, I understand. Thank you.

EKATERINA MUKLI:

На русском я спрошу для удобства: скажите, экспорт, увеличившийся у вас во втором квартале, там что … и в какие регионы вы поставляете? Есть ли поставки в Китай и в каких объемах? И второй вопрос связан с падением связанных активов во втором квартале. Есть ли у вас какие-то данные по тому, как сократился объем строительства, объем производства автомобильной промышленности, машиностроения во втором квартале? Хотя бы во втором квартале, если нет оценок в целом прогноза по годам. Спасибо.

VERONIKA KRYACHKO, HEAD OF IR:

Ekaterina, I will translate your question to everyone, and Andrey will provide the answer. So, Ekaterina asks about the export volumes, where are we going to direct them and then how it will look like in terms of the structure. The second question was about the decline in key industries in Russia in Q1 and how we estimate the decline in Q2.

ANDREY EREMIN, CFO:

Well, the largest part of our export volumes is HRC, but given the changes in the current environment and in the market overall, we strive to supply to the export market galvanized steel and thick plate from hot rolling mill 5000. As for the key export markets, we supply our volumes to, it is Middle East, Northern Africa and Southeast Asia. We are not selling any volumes to China. Galvanized steel we are selling in Europe. As for the auto production industry, we actually see the potential demand decrease by 40% in terms of volume in Q2. The main demand comes from KAMAZ, VAZ and GAZ, socially stimulated by the government orders, because the government just moved up the orders, which are planned initially for the coming months and next quarters. We see that AUTOVAZ currently put on pause the orders during the Q2. And as fpr, for example, Volkswagen, we see that they are starting to revamp their production in the current period. As for the building and construction sector, we actually estimate that the decline could be for the year about 15-30%, compared to the previous year, as the building and construction sector is on a standby mode dependent from region to the region. As for tube and pipes industry, the potential decline may be about 14 to 25% for the year in comparison to the previous year. But again I believe that it depends on length of the period of the quarantine and self-isolation measures which are currently being installed by the government, and given that they end in the mid-May, as we are currently expecting, the situation will normalize even quicker. But if it lasts even more, this period will last for another several months.

But actually, we believe that these measures, taken currently by the government, such as decreasing the key rates, supporting the mortgages and taking all the steps they can take right now in order to support the overall industry in the country will stimulate the quicker upfront in the economic activity, once self-isolation and quarantine measures are finished. So we believe that overall demand, which is currently declining, it is just delayed demand and it will take quite quick uptrend in Q3 and Q4.

VERONIKA KRYACHKO, HEAD OF IR:

Okay. Ladies and gentlemen, thank you very much for participation in this conference call. If you still have any questions, please feel free to call our IR department anytime and send an email. Thank you very much once again, have a great rest of the day. Goodbye.

ABOUT MMK

MMK is one of the world's largest steel producers and a leading Russian metals company. The Group's operations in Russia include a large steel-producing unit encompassing the entire production chain, from the preparation of iron ore to downstream processing of rolled steel. MMK turns out a broad range of steel products with a predominant share of high-value-added products. In 2019, MMK produced 12.5 mln tonnes of crude steel and 11.3 mln tonnes of commercial steel products.

MMK is an industry leader in terms of production costs and margin. MMK Group had revenue in 2019 of USD 7,566 mln and EBITDA of USD 1,797 mln. MMK's debt load is the lowest for the industry. Net debt/EBITDA ratio was -0.13x at the end of 2019. The Group's investment-grade rating is confirmed by the leading global rating agencies Fitch, Moody's, S&P.

MMK's ordinary shares are traded on Moscow Exchange, while its depositary receipts are traded on the London Stock Exchange. Free float amounts to 15.7%.

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KEY UPCOMING EVENTS IN 2020
FINANCIAL CALENDAR

29 May	AGM
14 July	Q2 and 6M 2020 Trading Update
29 July	Q2 and 6M 2020 IFRS financials
13 October	Q3 and 9M 2020 Trading Update
22 October	Q3 and 9M 2020 IFRS financials