



MMK GROUP TRADING UPDATE

**FOR Q2 2023 AND
H1 2023**

18 JULY 2023
Magnitogorsk, Russia

PJSC Magnitogorsk Iron & Steel Works
("MMK", or the "Group") (MOEX: MAGN) announces its Trading Update
for Q2 and H1 2023.



HIGHLIGHTS

Q2 2023**VS Q1 2023**

- Pig iron output increased by 9.6% quarter-on-quarter (q-o-q) to 2,569 thousand tonnes due to the completion of overhauls of blast furnace facilities.
- Steel output grew by 13.0% q-o-q to 3,457 thousand tonnes reflecting steady demand on the Russian and neighbouring countries' markets as well as the partial recovery in business activity in Turkey in Q2 2023.
- Group sales of metal products totalled 3,065 thousand tonnes, an increase of 11.0% q-o-q amid favourable market conditions on the Russian and neighbouring countries' markets and higher sales of the Turkish division due to partial recovery of demand on the Turkish market after February 2023 earthquake. Sales of premium products were up by 13.5% to 1,332 thousand tonnes due to seasonally higher demand from metal processing and construction industries on cold-rolled, galvanised and colour-coated steel. The share of premium products in the sales portfolio increased to 43.4%.
- Coal concentrate production totalled 943 thousand tonnes, up by 10.0% q-o-q reflecting higher demand on coking coal from MMK as well as an increase in toll processed coals.

HIGHLIGHTS

H1 2023**VS H1 2022**

- Pig iron output grew by 14.0% year-on-year (y-o-y) to 4,914 thousand tonnes due to lower blast furnace overhauls duration compared to the previous year.
- Steel output increased by 7.5% y-o-y to 6,515 thousand tonnes, reflecting favourable conditions on the Russian market in Q2 2023. Steel output at the Magnitogorsk facilities increased by 17.8% to 6,380 thousand tonnes, while steel production at the Turkish asset decreased by 79.1% to 135 thousand tonnes reflecting a decline in business activity in Turkey amid macroeconomic headwinds and the earthquake in February 2023.
- Group sales of metal products totalled 5,826 thousand tonnes, up by 11.1% y-o-y due to favourable conditions on the Russian and neighbouring countries markets. Sales of premium products increased by 5.1% y-o-y to 2,504 thousand tonnes driven by an increase in sales of cold-rolled, galvanized and polymer-coated steel amid higher demand from metal processing and construction industries.
- Production of coal concentrate increased by 2.0% y-o-y to 1,800 thousand tonnes.



MMK GROUP'S CONSOLIDATED RESULTS

thousand tonnes	Q2 '23	Q1 '23	%	H1 '23	H1 '22	%
Crude steel production	3,457	3,058	13.0	6,515	6,062	7.5
Steel segment Russia	3,323	3,057	8.7	6,380	5,414	17.8
Steel segment Turkey	134	1	-	135	648	- 79.1
Pig iron production	2,569	2,345	9.6	4,914	4,313	14.0
Coal concentrate production	943	857	10.0	1,800	1,765	2.0
Iron ore production	617	477	29.3	1,094	1,149	- 4.8
Finished products sales, including:	3,065	2,760	11.0	5,826	5,246	10.9
Slabs and billets	0	0	-	0	43	- 100
Long products	310	274	13.4	584	528	10.6
Flat hot-rolled products	1,424	1,314	8.3	2,738	2,294	19.3
Premium products, including:	1,332	1,173	13.5	2,504	2,382	5.1
Thick plate (Mill 5000)	196	204	- 3.8	400	474	- 15.7
Flat cold-rolled products	299	257	16.4	557	454	22.6
Downstream products, including:	836	712	17.5	1,548	1,454	6.5
Tinplate	43	44	- 2.3	87	89	- 2.2
Galvanised steel	441	391	12.8	831	739	12.5
Polymer-coated steel	185	131	41.1	316	302	4.6
Band	32	27	17.4	59	64	- 8.6
Formed section	20	13	54.3	32	52	- 37.7
Pipe	30	24	25.1	53	40	34.3
Metalware	83	81	2.9	164	163	0.7
Other metal products	3	2	85.7	5	5	10.4
Share of premium products	43.4%	42.5%		43.0%	45.4%	



MMK GROUP'S SUSTAINABILITY PERFORMANCE

HIGHLIGHTS

- MMK strives to pay competitive wages that provide employees with a decent living. In accordance with the decree of Pavel Shilyaev, MMK's CEO, salaries of the Company's employees increased by 6.5 per cent from 1 June 2023.
- On 5 May 2023 MMK released its 2022 Sustainability Report. The report reveals up-to-date information about MMK's activities in the field of sustainable development in relation to several most significant aspects, including environmental responsibility, social initiatives, corporate governance and work with personnel, as well as ensuring safety on production facilities. The report was prepared under the GRI (Global Reporting Initiative's Sustainability Reporting Standards), and SASB (Sustainability Accounting Standards Board) industry reporting standards and in compliance with TCFD (Task Force on Climate-related Financial Disclosures).
- MMK was awarded in the categories "For Environmentally Responsible Business" and "For Support of Employees with Families, Motherhood and Childhood" at a nationwide competition held by the Russian Union of Industrialists and Entrepreneurs (RSPP), called "Leaders of Russian Business: Dynamics, Responsibility, Sustainability – 2022".

	Q2 '23	Q1 '23	%	H1 '23	H1 '22	%
LTIFR	0.90	0.58	- 55.2	0.74	0.39	89.7
Gross air emissions, thousand tonnes	42.46	41.23	3.0	83.69	78.12	7.1
Specific air emissions, kg/tonne of steel	12.78	13.49	- 5.3	13.12	14.43	- 9.1

In H1 2023, LTIFR rose to 0.74 amid an increase in the number of minor accidents related to "bumps" and "crushes" in the workplace. The Group continues to implement initiatives to improve the production safety and address the root causes of accidents.

Specific air emissions for H1 2023 were down by 9.1% y-o-y to 13.12 kg per tonne, driven by a higher steel output by the EAF Shop.



OUTLOOK

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- The favorable market conditions in Russia are expected to continue in Q3 2023. Demand is expected to stabilise at a high level, supported by seasonal growth in construction activity and robust consumption in other industries.
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- By the end of 2023, the 1st stage of Coke Oven Battery No. 12 with a total capacity of 1.25 million tonnes dry coke per year is planned to be commissioned. The introduction of the state of the art and efficient coke battery will have a significant economic and environmental impact.
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- The Group's performance in Q3 2023 will benefit from premium products capacities being run at full utilisation rate.

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