



# **MMK GROUP TRADING UPDATE**

**FOR Q3 AND  
9M 2022**

**19 OCTOBER 2022**  
Magnitogorsk, Russia

PJSC Magnitogorsk Iron & Steel Works  
("MMK", or the "Group") (MOEX: MAGN; LSE: MMK) announces its  
Trading Update for Q3 and 9M 2022.



## HIGHLIGHTS

**Q3 2022****VS Q2 2022**

- Pig iron output increased by 13.1% quarter-on-quarter (q-o-q) to 2,336 thousand tonnes reflecting the partial recovery of demand for metal products on the Russian market and completion of blast furnace overhauls.
- Steel output declined by 3.3% q-o-q to 2,796 thousand tonnes mainly due to decrease in steel output at the Turkish division and market headwinds globally.
- MMK Group's sales of metal products were up by 17.4% q-o-q to 2,773 thousand tonnes, driven by recovery of business environment in Russia and clearance of inventories. Sales of premium products were also up by 11.0% to 1,146 thousand tonnes, with their share in the sales portfolio standing at 41.3%.
- Coal concentrate production totalled 877 thousand tonnes, down 5.0% q-o-q, due to lower equipment performance amid changes in the composition of the coal charge.

## HIGHLIGHTS

**9M 2022****VS 9M 2021**

- Pig iron output decreased by 15.2% year-on-year (y-o-y) to 6,649 thousand tonnes due to lengthy overhauls at blast furnace operations and deteriorating market conditions.
- Steel output were down by 11.7% y-o-y to 8,859 thousand tonnes due to a slowdown in business activity on the key sales markets and existing export constraints.
- MMK Group's sales of metal products contracted by 10.8% y-o-y to 8,018 thousand tonnes, reflecting existing restrictions on export markets, lengthy equipment overhauls of rolling equipment at the beginning of the year and a significant slowdown in business activity globally. Sales of premium products fell by 6.1% to 3,528 thousand tonnes, with their share the sales portfolio standing at 44.0%.
- Production of coal concentrate increased by 3.3% y-o-y to 2,642 thousand tonnes, driven by MMK's stronger demand for third-party supplies of coking coal grades.



## MMK GROUP'S CONSOLIDATED RESULTS

thousand tonnes	Q3 '22	Q2 '22	%	9M '22	9M '21	%
<b>Crude steel production</b>	<b>2,796</b>	2,892	- 3.3	<b>8,859</b>	10 091	- 12.2
Steel segment Russia	<b>2,630</b>	2,563	2.6	<b>8,045</b>	10 033	- 19.8
Steel segment Turkey	<b>166</b>	330	- 49.7	<b>814</b>	59	x14
<b>Pig iron production</b>	<b>2,336</b>	2,065	13.1	<b>6,649</b>	7,836	- 15.2
<b>Coal concentrate production</b>	<b>877</b>	923	- 5.0	<b>2,642</b>	2,557	3.3
<b>Iron ore production</b>	<b>690</b>	665	3.7	<b>1,839</b>	2,222	- 17.3
<b>Finished products sales, including:</b>	<b>2,773</b>	2,362	17.4	<b>8,018</b>	8,985	- 10.8
Slabs and billets	<b>36</b>	32	10.4	<b>78</b>	172	- 54.7
Long products	<b>324</b>	251	29.1	<b>851</b>	834	2.1
Flat hot-rolled products	<b>1,268</b>	1,046	21.1	<b>3,561</b>	4,220	- 15.6
Premium products, including:	<b>1,146</b>	1,033	11.0	<b>3,528</b>	3,758	- 6.1
Thick plate (Mill 5000)	<b>217</b>	235	- 7.4	<b>692</b>	580	19.3
Flat cold-rolled products	<b>191</b>	174	9.8	<b>645</b>	573	12.6
Downstream products, including:	<b>738</b>	624	18.2	<b>2,191</b>	2,606	- 15.9
Tinplate	<b>45</b>	44	2.4	<b>134</b>	129	3.6
Galvanised steel	<b>362</b>	317	14.0	<b>1,101</b>	1,490	- 26.1
Polymer-coated steel	<b>164</b>	120	36.3	<b>466</b>	439	6.1
Band	<b>27</b>	29	- 6.8	<b>92</b>	100	- 8.3
Formed section	<b>12</b>	21	- 41.1	<b>64</b>	64	- 0.5
Pipe	<b>31</b>	21	47.9	<b>71</b>	51	37.6
Metalware	<b>94</b>	70	34.6	<b>257</b>	324	- 20.7
Other metal products	<b>3</b>	2	53.9	<b>8</b>	8	- 6.3
<b>Share of premium products</b>	<b>41.3%</b>	43.7%		<b>44.0%</b>	41.8%	
<b>Finished product sales by market</b>						
Domestic market + CIS	<b>2,401</b>	2,033	18.1	<b>6,691</b>	6,602	1.3
Exports	<b>371</b>	329	12.9	<b>1,327</b>	2,382	- 44.3



## CONSOLIDATED PRICES FOR METAL PRODUCTS AND CASH COST OF SLAB

	Q3 '22	Q2 '22	%	9M '22	9M '21	%
Average price per tonne of metal products, USD/tonne	855	1,026	- 16.7	916	904	1.3
Cash cost of slab, USD/tonne	438	528	- 17.1	459	389	18.0
USD exchange rate, RUB/USD	59.43	66.65	- 10.8	70.63	73.57	- 4.0

**- 16.7%** q-o-q

AVERAGE SELLING PRICE

**Average selling prices for Q3 2022 fell by 16.7% q-o-q** to USD 855 per tonne, mainly reflecting a price correction on the domestic market amid unfavorable market conditions and growing competition. Rouble prices for metal products fell more than by 25% on the back of ongoing strengthening of the Russian rouble vs the US dollar. In 9M 2022, prices grew by 1.3% y-o-y to USD 916 per tonne, which, considering the strengthening of the Russian rouble, reflected in a 2.7% y-o-y decrease in rouble equivalent due to deteriorating market conditions.

**+ 28.8%** q-o-q

CASH COST OF SLAB

**The cash cost of slab for Q3 2022 decreased by 17.1% q-o-q** to USD 438 per tonne driven by lower commodity prices amid unfavourable market conditions. In 9M 2022, the cash cost of slab grew by 18.0% y-o-y to USD 459 per tonne due to higher coking coal prices in H1 2022 compared to last year.

**Although the cash-cost of slab fell and sales of metal products grew q-o-q**, the decline in rouble prices for metal products had a downward pressure on the Group's profitability in Q3 2022 amid continuing challenging export market conditions and growing competition in key sales markets.

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