



# **MMK GROUP TRADING UPDATE**

**FOR Q4 2023 AND  
12M 2023**

**25 JANUARY 2024**  
Magnitogorsk, Russia

PJSC Magnitogorsk Iron & Steel Works  
("MMK", or the "Group") (MOEX: MAGN) announces its Trading Update  
for Q4 and 12M 2023.



## HIGHLIGHTS

**Q4 2023****VS Q3 2023**

- Pig iron output decreased by 7.5% quarter-on-quarter (q-o-q) to 2,416 thousand tonnes due to overhaul of blast furnace No. 8.
- Steel output totalled 3,116 thousand tonnes, down by 7.1% q-o-q due to overhaul of basic-oxygen furnace at the Magnitogorsk production site.
- Group sales of metal products declined by 5.7% q-o-q and totalled 2,891 thousand tonnes, reflecting the impact of overhauls of blast furnace, basic-oxygen furnace and rolling capacities. Sales of premium products decreased q-o-q and totalled 1,195 thousand tonnes due to lower sales of cold-rolled, galvanised and colour-coated steel amid overhauls of rolling capacities. The share of premium products in the sales portfolio declined to 41.3%.
- Coal concentrate production was down by 6.9% to 810 thousand tonnes, as a result of lower coal processing due to seasonal factors.

## HIGHLIGHTS

**12M 2023****VS 12M 2022**

- Pig iron output was up by 9.5% year-on-year (y-o-y) to 9,943 thousand tonnes due to lower blast furnace overhauls duration compared to the previous year.
- Steel output increased by 11.1% y-o-y to 12,985 thousand tonnes, reflecting the favourable conditions on the Russian market. Steel output at the Magnitogorsk facilities grew by 16.8% y-o-y to 12,605 thousand tonnes, while steel production at the Turkish asset decreased by 57.4% y-o-y to 381 thousand tonnes as a result of ongoing challenging macroeconomic headwinds in Turkey.
- Group sales of metal products was up by 10.1% y-o-y to 11,784 thousand tonnes, reflecting strong business conditions on the Russian steel market due to robust construction activity and increased demand from automotive and machine-building industries, as well as expansion of sales to neighbouring countries markets. Sales of premium products increased by 7.1% y-o-y to 5,039 thousand tonnes driven by higher sales of cold-rolled, galvanized and polymer-coated steel. The share of premium products in the sales portfolio declined to 42.8%.
- Production of coal concentrate slightly decreased y-o-y to 3,481 thousand tonnes.



## MMK GROUP'S CONSOLIDATED RESULTS

thousand tonnes	Q4 '23	Q3 '23	%	12M '23	12M '22	%
<b>Crude steel production</b>	<b>3,116</b>	3,354	- 7.1	<b>12,985</b>	11,687	11.1
Steel segment Russia	<b>2,993</b>	3,231	- 7.4	<b>12,605</b>	10,794	16.8
Steel segment Turkey	<b>123</b>	123	- 0.2	<b>381</b>	892	- 57.4
<b>Pig iron production</b>	<b>2,416</b>	2,612	- 7.5	<b>9,943</b>	9,078	9.5
<b>Coal concentrate production</b>	<b>810</b>	871	- 6.9	<b>3,481</b>	3,512	- 0.9
<b>Iron ore production</b>	<b>563</b>	645	- 12.6	<b>2,302</b>	2,393	- 3.8
<b>Finished products sales, including:</b>	<b>2,891</b>	3,067	- 5.7	<b>11,784</b>	10,703	10.1
Slabs and billets	<b>0</b>	0	-	<b>0</b>	78	-
Long products	<b>290</b>	314	- 7.6	<b>1,188</b>	1,116	6.5
Flat hot-rolled products	<b>1,406</b>	1,413	- 0.5	<b>5,557</b>	4,805	15.6
Premium products, including:	<b>1,195</b>	1,340	- 10.8	<b>5,039</b>	4,704	7.1
Thick plate (Mill 5000)	<b>152</b>	167	- 8.7	<b>718</b>	903	- 20.4
Flat cold-rolled products	<b>236</b>	296	- 20.4	<b>1,088</b>	901	20.8
Downstream products, including:	<b>807</b>	877	- 8.0	<b>3,232</b>	2,901	11.4
Tinplate	<b>34</b>	45	- 24.2	<b>165</b>	173	- 4.5
Galvanised steel	<b>409</b>	439	- 7.0	<b>1,679</b>	1,480	13.4
Polymer-coated steel	<b>187</b>	210	- 11.0	<b>712</b>	614	15.9
Band	<b>38</b>	35	8.3	<b>131</b>	121	8.3
Formed section	<b>21</b>	14	49.8	<b>67</b>	73	- 7.8
Pipe	<b>24</b>	32	- 23.1	<b>109</b>	95	14.6
Metalware	<b>91</b>	99	- 7.5	<b>355</b>	334	6.1
Other metal products	<b>4</b>	5	- 20.6	<b>14</b>	10	46.6
<b>Share of premium products</b>	<b>41.3%</b>	43.7%		<b>42.8%</b>	44.0%	



## MMK GROUP'S SUSTAINABILITY PERFORMANCE

### HIGHLIGHTS

- MMK became the leader of the ESG-transparency rating compiled by the rating agency Expert. The Company was recognised with certificates of excellence in two categories at once: "Highest Level of ESG Transparency" and "Leadership in ESG Transparency in the Ferrous Metallurgy Category."
- MMK ranked in the top 15 (out of 160 companies) of the RAEX ESG rating, significantly improving its position.
- MMK has received the highest-possible rank for non-financial reporting from AK&M rating agency. AK&M praised the comprehensive sustainability data which MMK published in the Sustainability report on its website, as well as in an accompanying ESG databook.
- MMK took one of the leading positions in the latest ranking of the country's best employers by Russian Forbes. Forbes evaluated companies according to the main elements of the ESG agenda: environment, employees and society, and corporate governance. MMK took leading positions across all parameters and was awarded the highest, Platinum rating for corporate governance.

	Q4 '23	Q3 '23	%	12M '23	12M '22	%
<b>LTIFR</b>	<b>1.18</b>	0.51	131.4	<b>0.79</b>	0.54	46.3
<b>Gross air emissions, thousand tonnes</b>	<b>41.74</b>	41.23	1.2	<b>166.66</b>	157.06	6.1
<b>Specific air emissions, kg/tonne of steel</b>	<b>13.95</b>	12.76	9.3	<b>13.22</b>	14.55	- 9.1

**In 12M 2023, LTIFR** rose to 0.79 y-o-y. The Group continues to implement initiatives to improve the production safety and address the root causes of accidents.

**Specific air emissions for 12M 2023** were down by 9.1% y-o-y to 13.22 kg per tonne, driven by a higher share of metal scrap in steelmaking charge amid an increase in steel output by the EAF Shop.



## OUTLOOK

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- Sales of metal products in Q1 2024 will be impacted by a seasonal slowdown in construction activity in the Russian market as well as a reduction in customers' metal inventories due to higher Bank of Russia key rate. Demand for metal products is expected to pick up towards the end of Q1 2024 – beginning of Q2 2024 as customers replenish their inventories and construction activity picks up seasonally. At the same time, a slowdown in the residential construction market will limit further growth in metal products consumption, reflecting the lagged effect of the higher key rate. Demand for metal products from other industries, including automotive and machine-building, is expected to largely compensate for a slowing housing market and maintain the overall positive dynamics of metal consumption in Russia.
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- At the same time, the scheduled overhaul programme of MMK's blast furnace, basic oxygen furnace and rolling capacities will be a stabilising factor for the supply-demand balance in the metal products market in Q1 2024.
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- MMK will continue to maximise premium products capacities utilisation.

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