

# Industrial metallurgical holding 1H 2020 IFRS Financial Results



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## BASIC HIGHLIGHTS

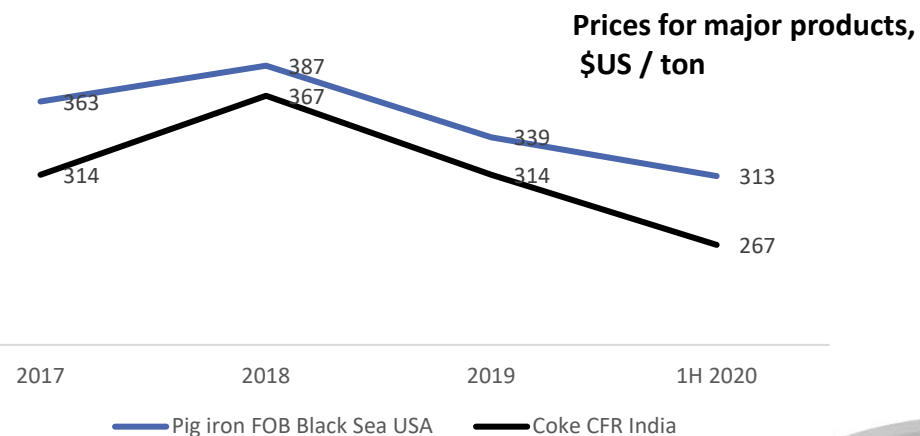
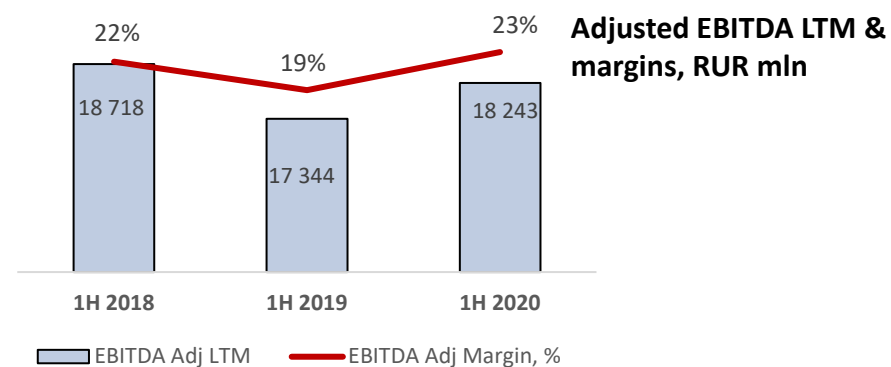
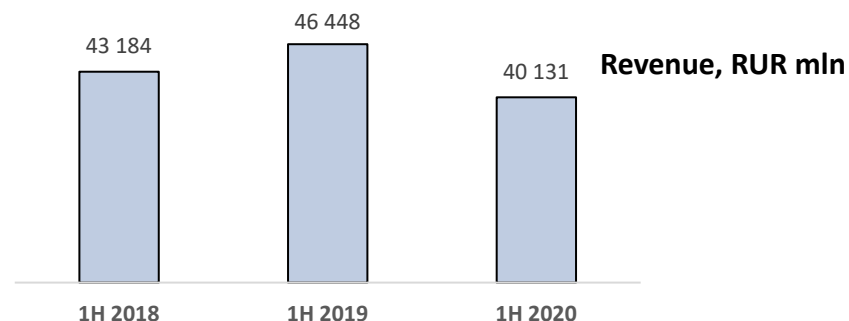


# 1H 2020 KEY FINANCIAL HIGHLIGHTS



## IFRS financial highlights, RUB mln

	1H 2020	1H 2019	Change,%
<b>Revenue</b>	<b>40,131</b>	<b>46,448</b>	<b>(14)</b>
Cost of sales	(28,446)	(35,194)	(19)
<b>EBITDA</b>	<b>8,433</b>	<b>6,833</b>	<b>23</b>
EBITDA margin, %	21	15	-
<b>Adjusted EBITDA LTM*</b>	<b>18,243</b>	<b>17,344</b>	<b>5</b>
Adj. EBITDA margin, %	23	19	-
<b>Loss/Profit for the period</b>	<b>(952)</b>	<b>4,466</b>	<b>(121)</b>
Profit margin, %	(2)	10	-
<b>Capex</b>	<b>(3,063)</b>	<b>(4,295)</b>	<b>(29)</b>
<b>Total Debt</b>	<b>72,496</b>	<b>69,470*</b>	<b>4</b>
Short term debt	14,091	13,401*	5
Cash & equivalents	9,002	9,851*	(9)
<b>Net Debt</b>	<b>63,494</b>	<b>59,619*</b>	<b>6</b>
<b>Net Debt/ Adjusted EBITDA</b>	<b>3,48x</b>	<b>3,64x</b>	<b>-</b>
<b>Net cash from operating activities</b>	<b>5,533</b>	<b>7,038</b>	<b>(21)</b>
Free cash flow	2,470	2,743	(10)



\*Adjusted (loan covenant) EBITDA is calculated as earnings before income tax, interest expense, exchange gain/loss, depreciation, amortization, impairment and other non-cash items  
 \*\* As at December 31, 2019.





## Protective measures at the Group's production sites:

- careful analysis of COVID spreading
- personal protective equipment provided at the Group's production sites
- body temperature control at the entrance checkpoints
- sanitary treatment in contact zones every 3 hours
- less personal contacts between employees, wide use of remote meetings/ operations
- safe amount of distance observation

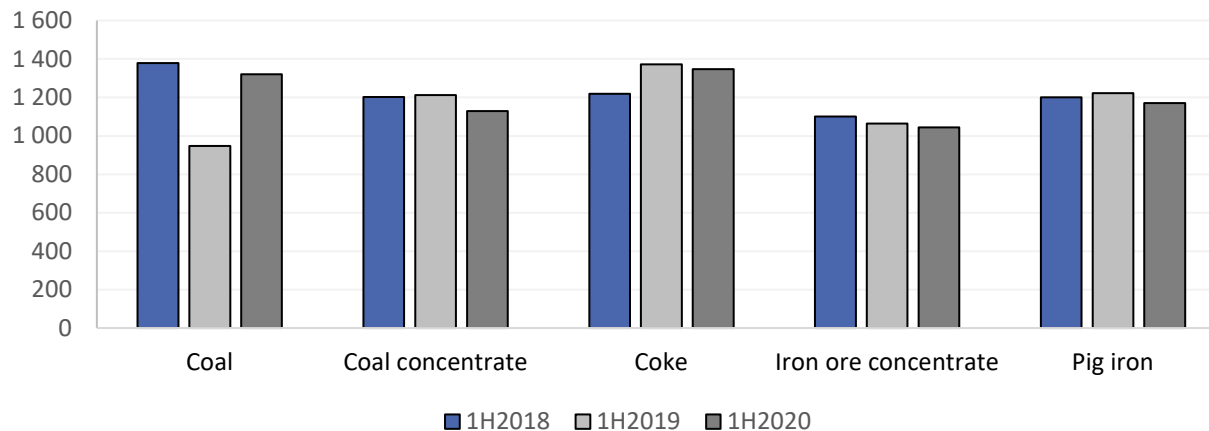
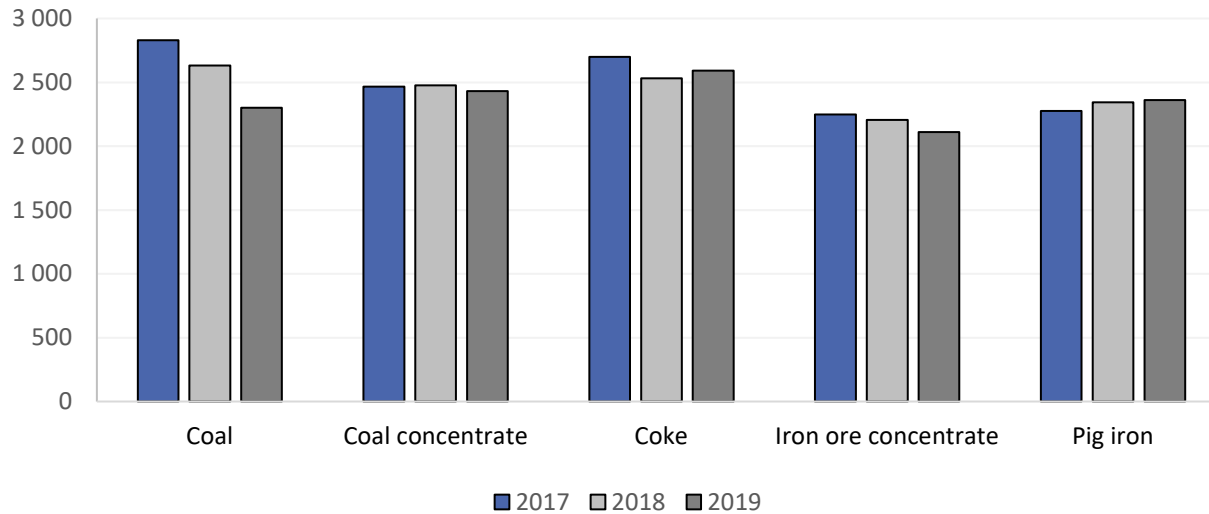
## Participation in local social COVID prevention activities:

- donations to local hospitals to purchase specific medication and equipment
- donations to local medical face masks production
- employees' participation in volunteer activities such as assistance to elderly people, patrolling and providing information on protective measures

1H 2020 Financial performance



## Production volume dynamics by product, kt

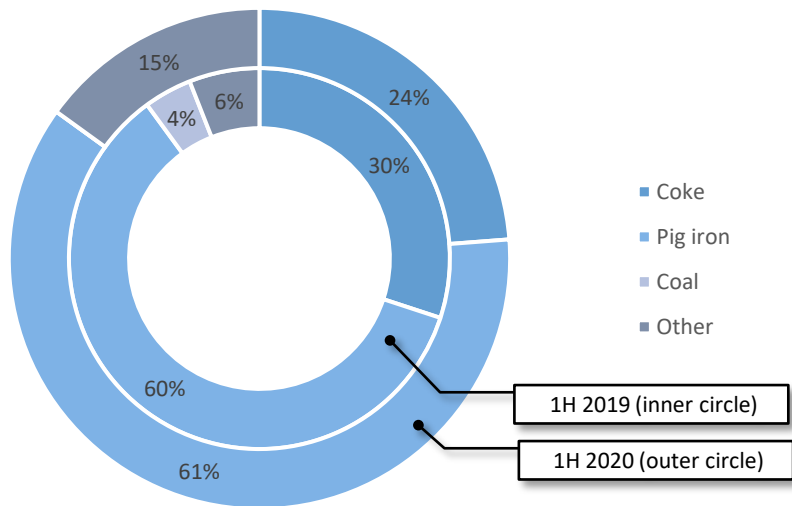


- In 1H2020 coal production volume goes back to normal after a period of difficult mining and geological conditions at Butovskaya and Tikhova mines
- Lower pig iron production on the back of maintenance of blast furnaces №3 in April and May 2020
- Coal concentrate production lower because of processing raw coal with higher ash content.
- Coke production lower to compare with 1H 2019 but higher to compare with 1H 2018 which is a result of changes of the main export routes and lower seaborne demand on the back of COVID19 protection measures in 1H 2020
- Iron ore concentrate volume slightly decreased in 1H 2020 as a result of lower demand from the main customer – Tulachermet plant

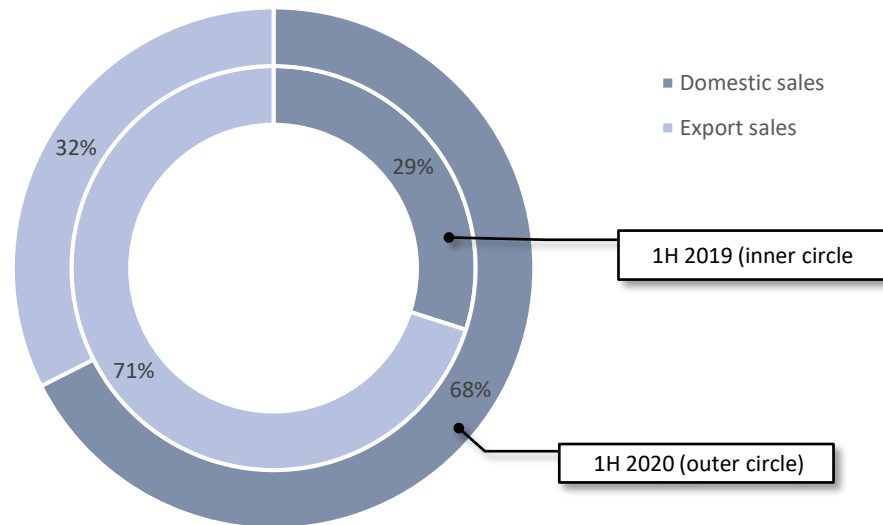
# REVENUE & COGS COMPOSITION



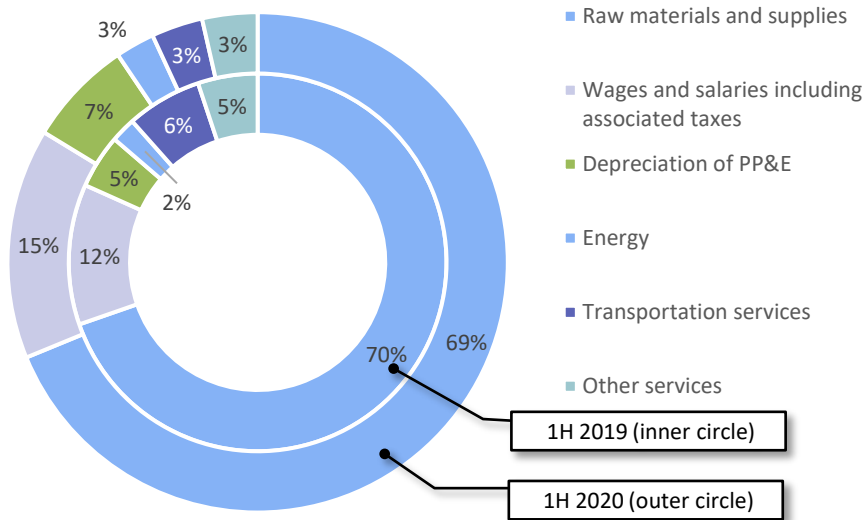
## Revenue by product



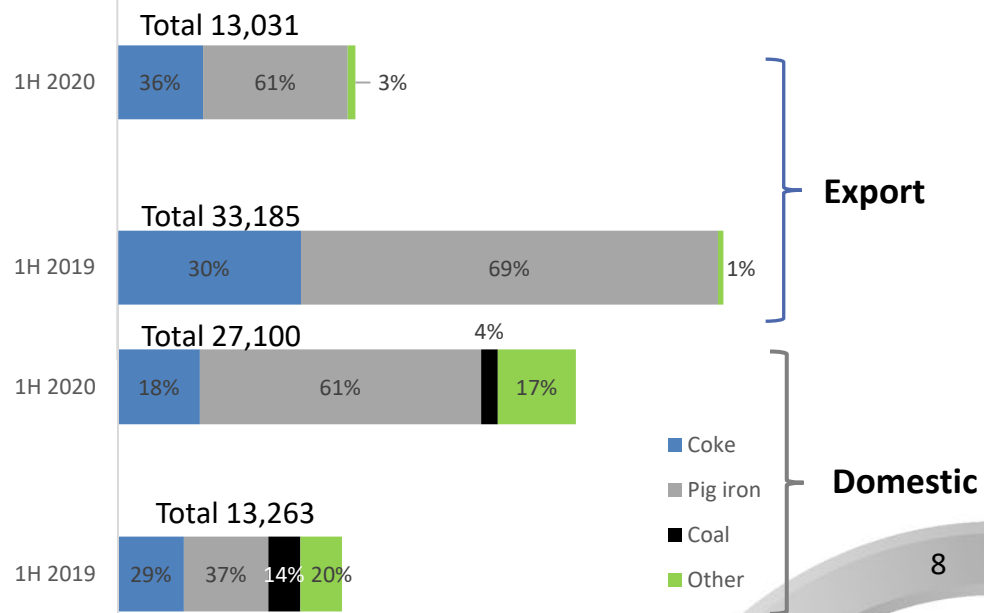
## Revenue by area



## Cost of sales breakdown

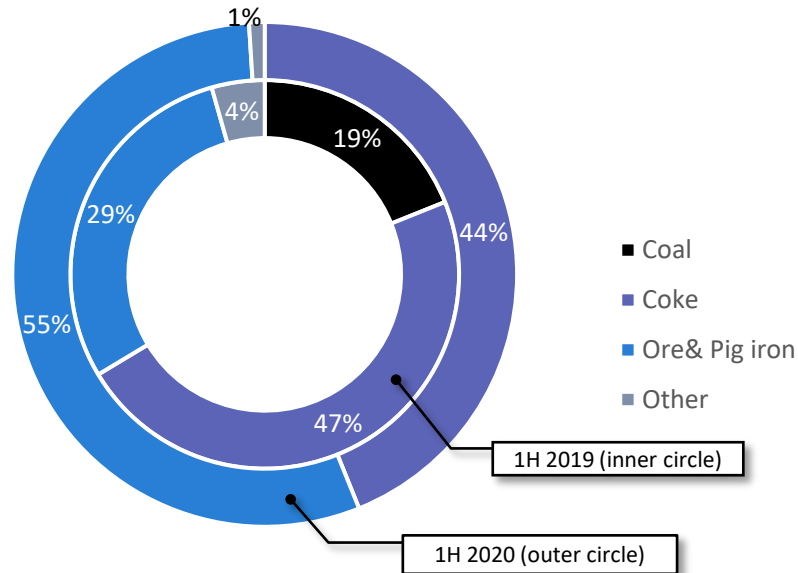


## RUR mln





# EBITDA COMPOSITION



EBITDA by segment, RUR mln	1H 2020	1H 2019	Change, %
Coal	12	1293	(99)
Coke	3,755	3,243	+16
Ore & Pig iron	4,657	1,996	+133
Other	9	301	(97)
<b>Total</b>	<b>8 433</b>	<b>6,833</b>	<b>+23</b>

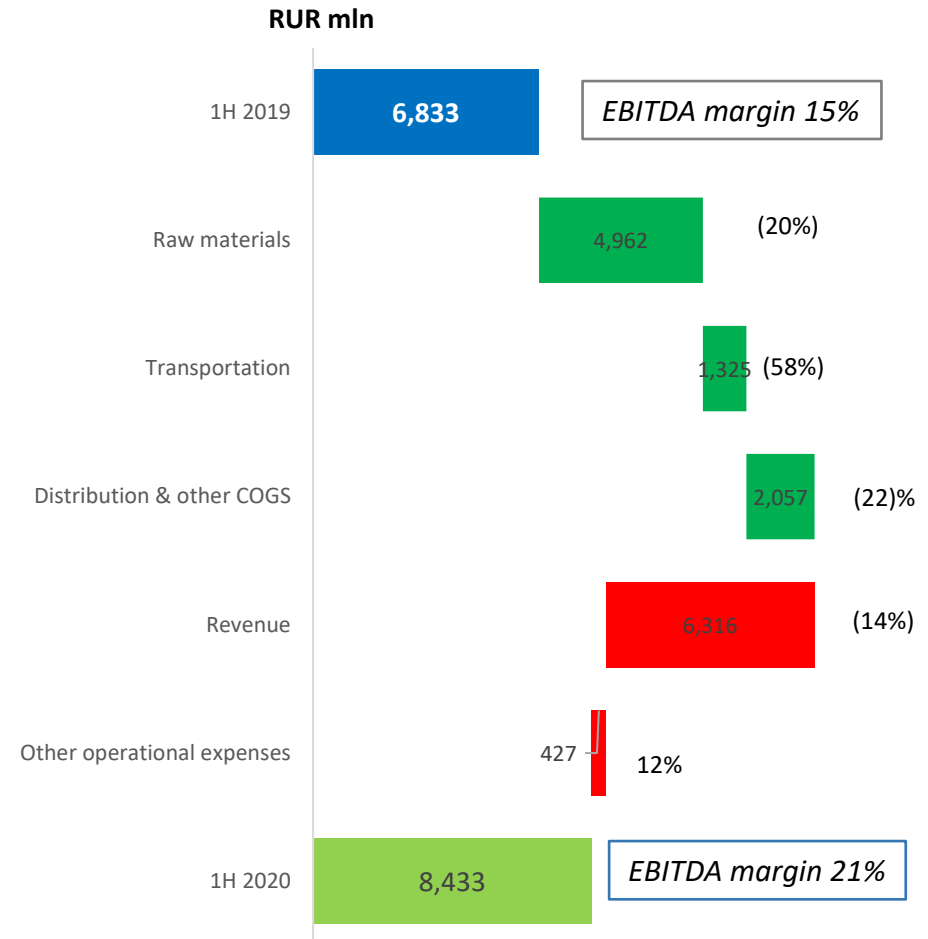
### Positive to EBITDA in 1H 2020:

- lower prices for raw materials
- lower transportation costs
- coal production growth to compare with 1H 2019
- RUR/US\$ exchange rate in favor of export sales margins

### Negative to EBITDA in 1H 2020 :

- lower coke and pig iron prices
- lower sales of basic merchant products

## EBITDA y-o-y change

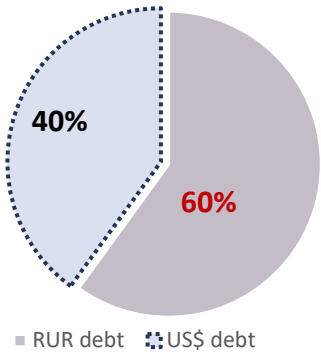


# DEBT PORTFOLIO AS OF JUL 1, 2020

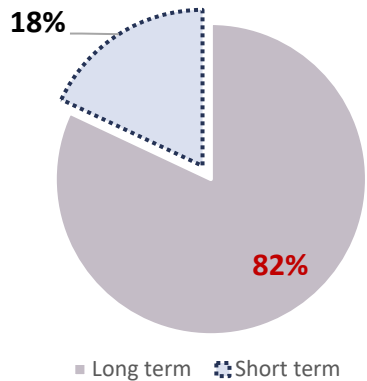


## Debt by currencies and maturity\*\*

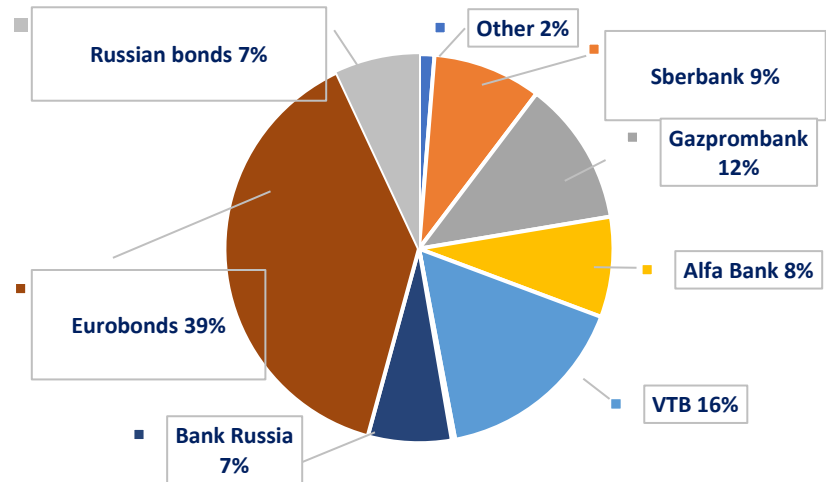
### Currency



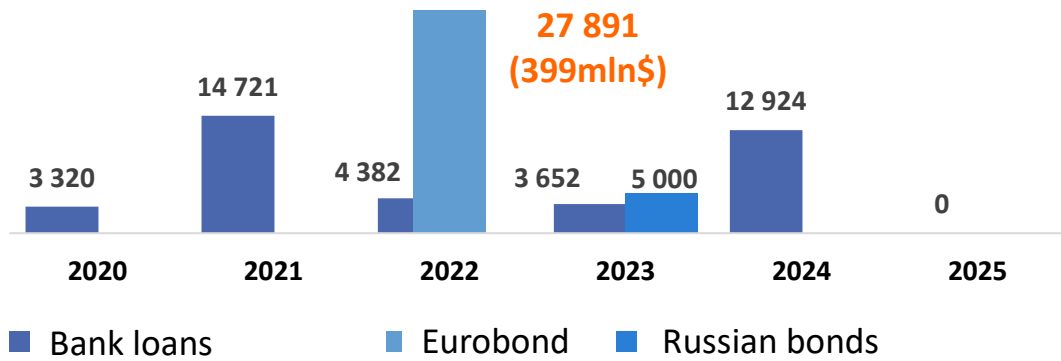
### Maturity



## Debt portfolio by sources, % \*



## Debt maturity schedule 2019-2024, RUR billion\*\*



**AVAILABLE UNDRAWN CONFIRMED LIMITS – RUR 42,906 MILLION**  
**AVERAGE INTEREST RATE AS OF JUNE 30, 2020 – 7.59%**

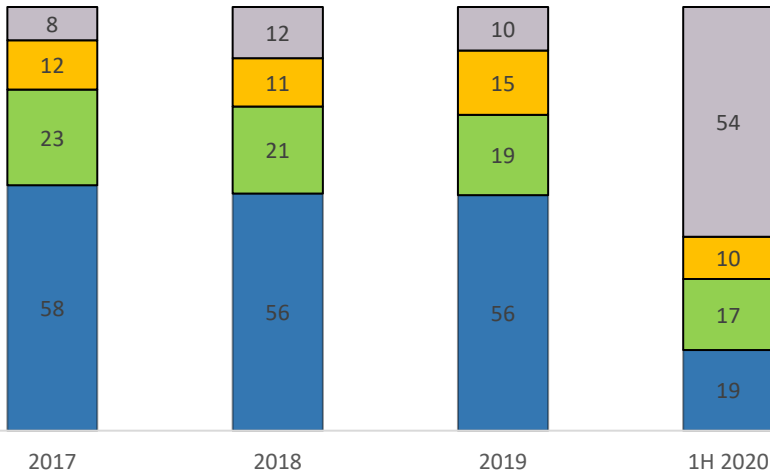
\* Data on July 1, 2020  
 \*\*Management accounts including tranche repayments

# Appendix



# DIVERSIFIED AND STABLE CUSTOMER BASE

## IMH pig iron export sales, %<sup>(1)</sup>



■ USA ■ EUROPE ■ TURKEY ■ ASIA, MIDDLE EAST & OTHER

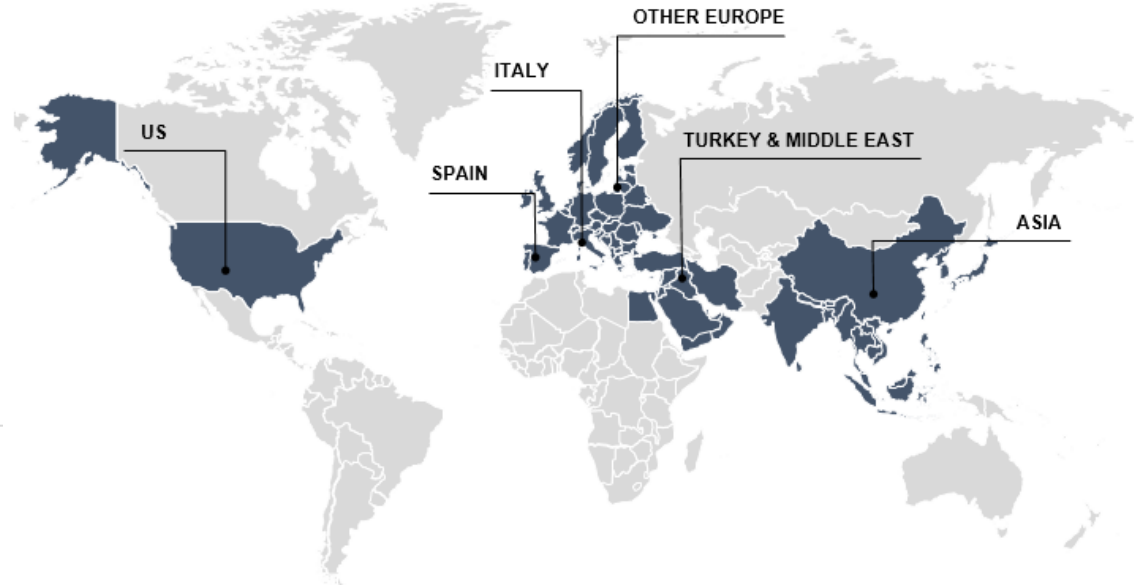
Pig iron remains an essential additive to other raw materials for high-quality steel and castings production with no adequate substitute product due to low contents of sulfur and phosphorus

Starting from mid-2019 new large consumer Tula-Steel absorbs significant volume of IMH's pig iron which affected positively on global pig iron prices

Chinese pig iron demand absorbs all available pig iron starting from end of 2019 due to environmental restrictions driving investments into EAF-based steelmaking and substituting conventional BF-BOF steelmaking technology

US demand recovers slower on the back of COVID spreading but this market is still significant due to natural gas availability and favorable foreign trade restrictions

## IMH key export markets (merchant pig iron)



## Key customers in 2019 (merchant pig iron)

Traders – 74%

End users – 26%

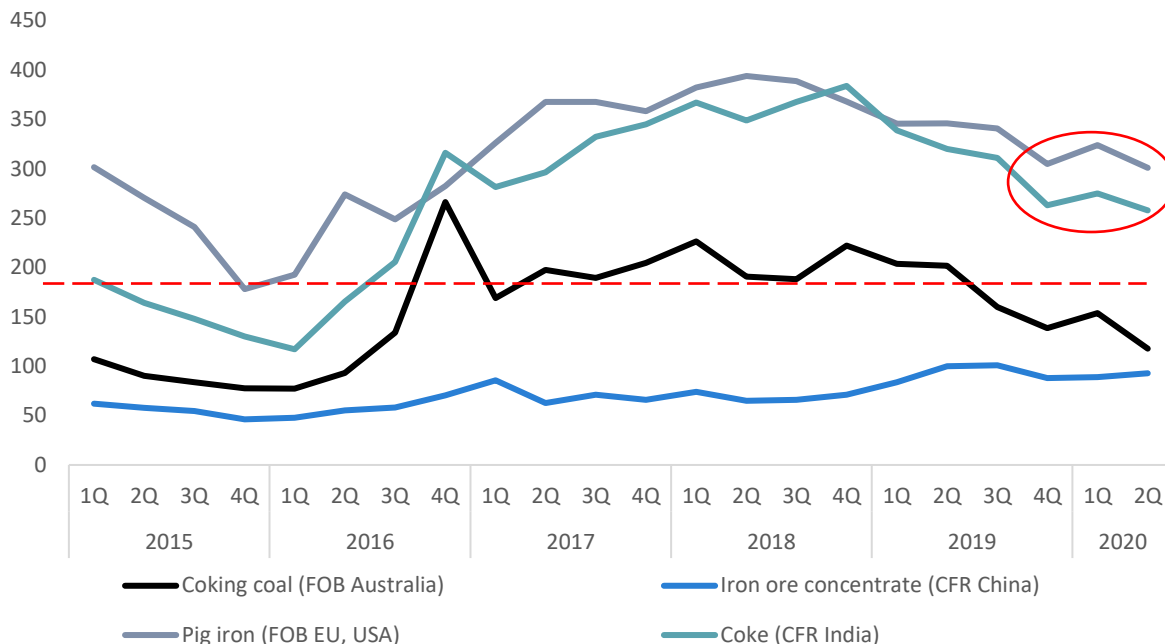


(1) Share in pig iron export sales by volume through trader's data

# PIG IRON MAIN PRICING DRIVERS

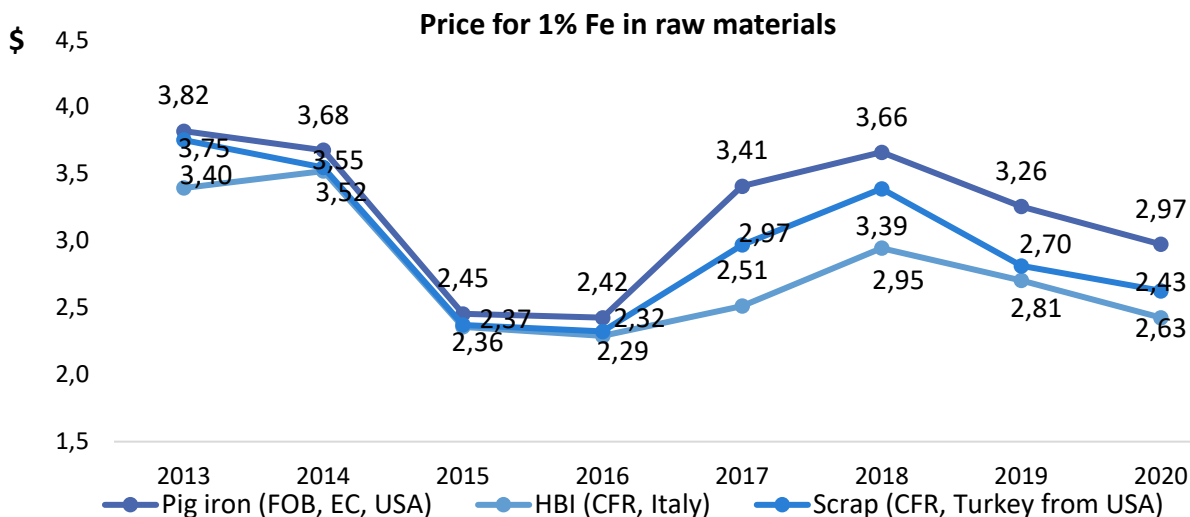


## 2020 price trends

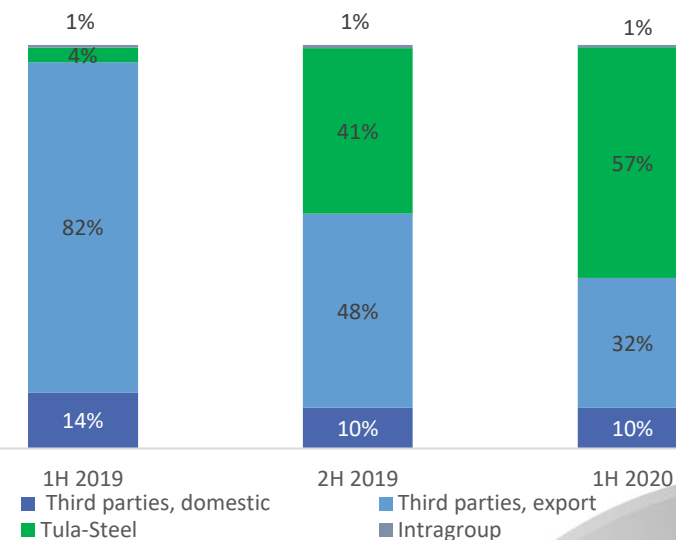


## Multidirectional trends but less price volatility

- (1) Global supply: less available material on the market due to lower supply from Russia. IMH and Metalloinvest significantly decreased their sales to the market
- (2) Global supply: COVID affected prices less to compare with the effect of falling segment of the industry development cycle in 2018 - 2019
- (3) China: active government's support provides strong recovery signs in the steel industry. China buys all the available pig iron on the back of its intension to produce environmentally safe "green" steel by electric arc technology
- (4) Europe: a number of European blast furnaces closed thus decreasing domestic supplies, but the economy recovers slowly, steel industry affected by expectations of the "second wave" of COVID pandemic
- (5) USA: demand is stable, and USA buyers need to compete with China suggesting attractive prices.



## Pig iron sales by destination, %







Industrial metallurgical holding  
Management company

115419, Moscow, Russia  
2<sup>nd</sup> Verkhniy mikhailovskiy proezd, 9

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