



«Responsible investments in the CIS region»



(December 17-18, 2019, Frankfurt am Main, Germany)

Leading positions in terms of production of steel in Russia with a focus on HVA products



№1 producer of HVA products in Russia



17.5%

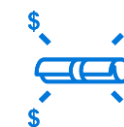
Market share in Russia, 2018

High-quality asset base with globally competitive low-cost production



Q1

First quartile on the global cost curve



\$408/t

Production costs of hot rolled coil (C1 cost)

High and stable margins and strong cash flow generation



25-30%

EBITDA margin, 2015-2019



>\$4 bln

Net cash flow, 2015-2019

Prudent, stable financial policies and strong credit ratings



(0.04x)

Net debt/EBITDA, 9 months 2019

Baa2

BBB-

Moody's

Standard & Poor's
Fitch Ratings

Sharp focus on total return to shareholders



Dividend policy tied to free cash flow

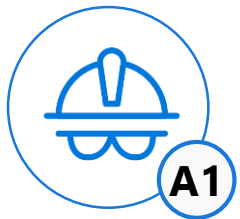


>10%

Dividend yield for the last 5 years

SUSTAINABLE DEVELOPMENT

VALUE CREATION FOR SHAREHOLDERS



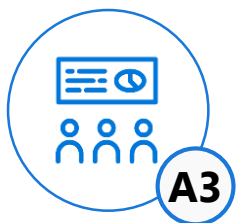
Safe production

A1



Social strategy and environmental responsibility

A2



Professional development

A3



Strengthening positions in key markets

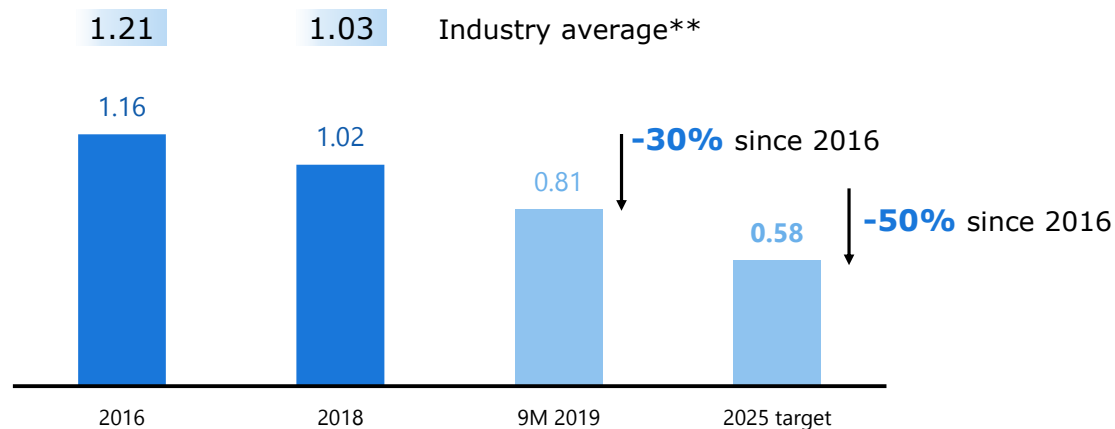


Improving operational efficiency

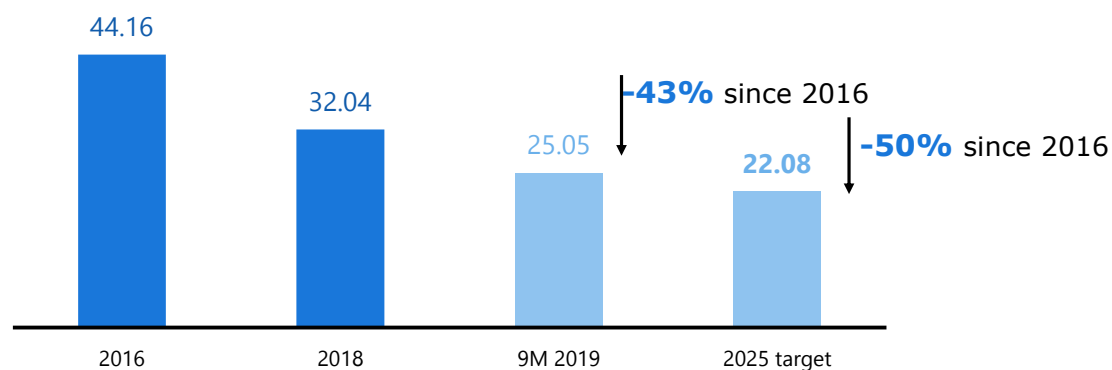


Improving investment attractiveness

Steady decrease in LTIFR...*



...and LTISR***



Source: MMK

* LTIFR (lost time injury frequency rate)

** WSA (WorldSteel Association) - Russian and International steelmakers data

*** LTISR (lost time injury severity rate)

MAIN ACHIEVEMENTS:

1. Achieved LTIFR score below industry average**
2. Created the Safety School training facility – unique in Russia
3. Applied digital technologies (VR/AI) in the area of occupational health and industrial safety

STRATEGIC INITIATIVES:

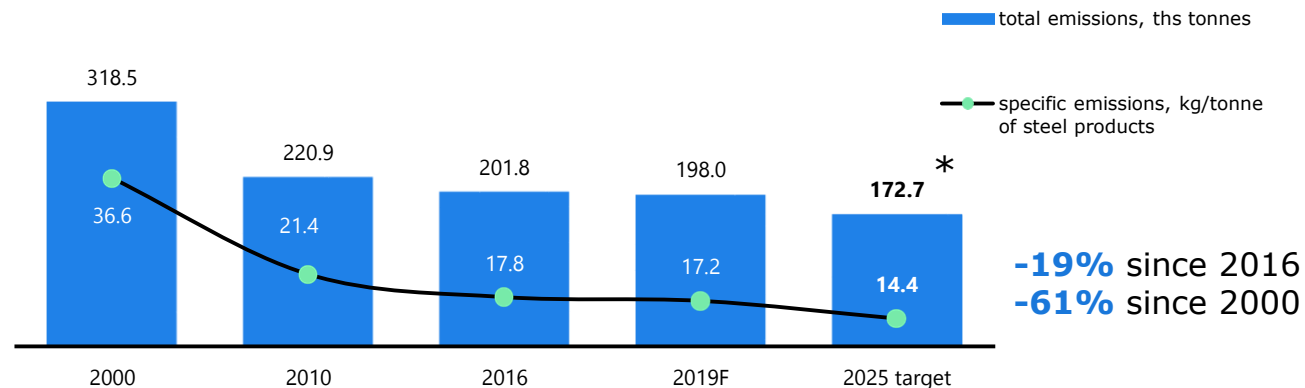
“Zero tolerance for safety violations”

- Staff incentive system tied to safe production
- Staff assessment and training focused on maintenance of workplace safety
- Machine vision systems and the installation of robotic equipment

KEY TARGETS:

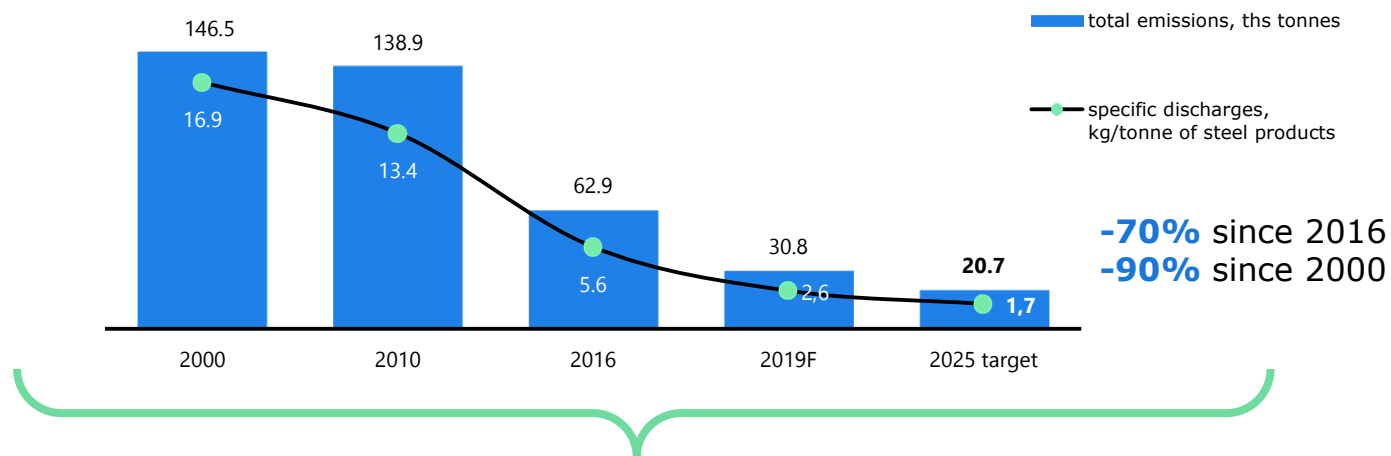
1. **LTIFR -50%** ↓ **LTISR -50%** ↓ by 2025 compared with 2016
2. **Zero fatalities**
3. Zero tolerance for safety violations and corporate culture promoting safety at all levels
4. Compliance with the requirements of ISO 45001

Decrease in atmospheric emissions ...



* Including carbonic oxide emissions of 134.3 ths tonnes

... and discharges into bodies of water



2025 Magnitogorsk – a clean city

MAIN ACHIEVEMENTS:

1. Based on 2018 results, Russia's Ministry of Natural Resources removed Magnitogorsk from its list of cities with the worst air pollution
2. The Magnitogorsk reservoir on the Ural River has been recognized as a fishery basin of the highest class

STRATEGIC INITIATIVES:

- Constant monitoring of emissions; introduction of an environmental dispatch facility
- Investment programme aimed at improving operational efficiency and environmental performance

PRIMARY TARGETS:

1. Complete elimination of discharges of industrial wastewater into natural bodies of water by 2025
2. **Stored solid waste from steelmaking**
-63% ↓ by 2025

Training and in-service education

Future talents

Human resources development and equal opportunities

1. **89%** of employees have vocational education
2. **Staff development:** Training at the best Russian and international business schools
3. **Maintaining a pool of candidates:** Earning a second qualification and providing employees with on-the-job training in other departments



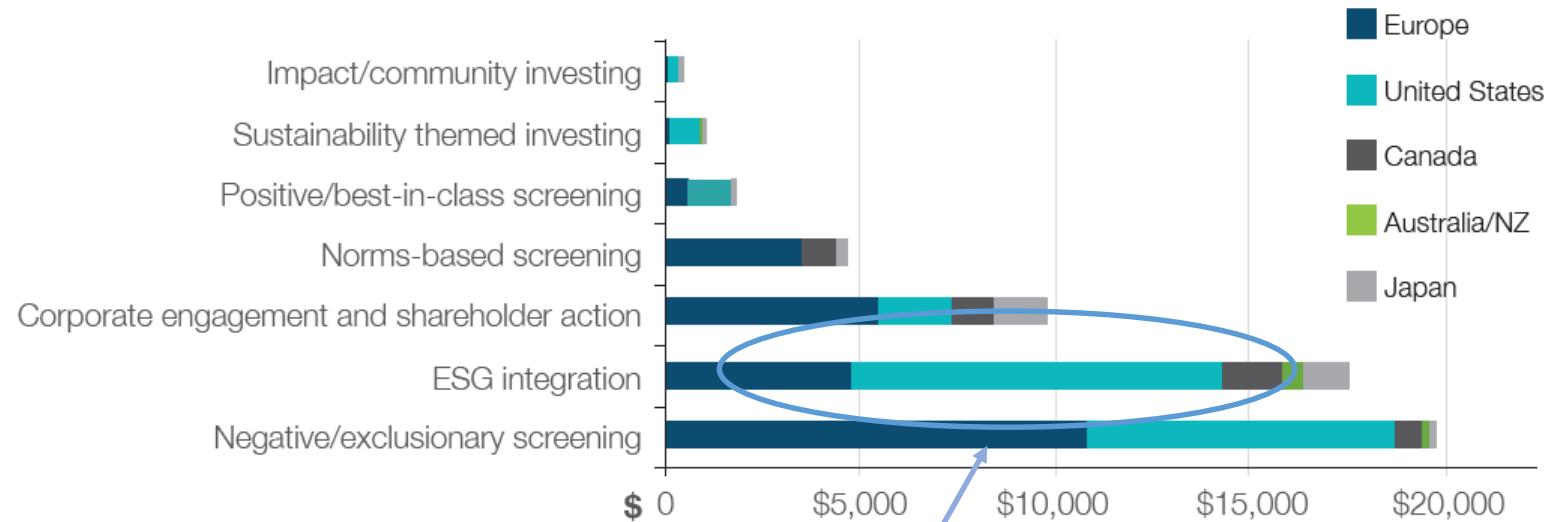
4. **Hiring talented young people:** Over **2,000** students completed internships within the Group in 2018
5. **International Conferences for Young Professionals:** More than **600** young professionals take part in the International Conferences annually



6. **350 programmes** at the Corporate Training Centre, **50** areas of specialisation at education centres in Magnitogorsk
7. **95%** of top managers were trained within the Group
8. **31%** female employees in 2018



SUSTAINABLE INVESTING ASSETS BY STRATEGY AND REGION 2018



Note: Asset values are expressed in billions of US dollars.

Source: 2018 GLOBAL SUSTAINABLE INVESTMENT REVIEW

Hypothetically ESG information target for a Steel Company

STEP-BY-STEP UPGRADING PRACTICES OF SUSTAINABLE DEVELOPMENT

