Metinvest Eurobond

Speculative Buy on expectations of a deal

Dmytro Khoroshun | dk@concorde.com.ua Andriy Perederey | aper@concorde.com.ua

March 1, 2018



Summary

Expectations of a deal. We speculate that by May 2018 Metinvest will propose a deal to its creditors, and that the value of its outstanding bond will increase as a result. Metinvest's motivation is to be able to pay dividends earlier than is possible under the current Cash Sweep mechanism. The deal will be either **Restructuring** (modifying parameters of the Cash Sweep) or **Refinancing** (issuing new debt for up to USD 2.3 bln with a buyback of the outstanding loans and notes).

Restructuring: dividend outflows beneficial to noteholders. The Restructuring deal will increase the note's fair value by allowing for dividend outflows, reducing early note repayment and boosting return on noteholders' capital by increasing the note's average life.

Restructuring: fee and coupon cut offer value now, reduce risks. As part of a possible deal, Metinvest might propose cutting total interest on the bond by the Catch Up part (1.5%) in exchange for a restructuring fee, which could be value-enhancing for the holders.

Refinancing: a buyback above current market price. Rumors are circulating that Metinvest is seeking to redeem/refinance the entire USD 2.3 bln debt. To make it happen, we see the holding will have to issue USD 1-2 bln in new notes. This will require Metinvest buying back the outstanding notes at 104.9%-109.1%, or above the current market price, we estimate.

PXF lenders prefer Refinancing. Unlike the noteholders, which should cherish Metinvest's note for its risk-reward profile, the PXF lenders might have comparable opportunities to invest elsewhere. This factor might be decisive in shaping the deal in favor of Refinancing, not Restructuring.

Recommendation: Speculative Buy. We recommend buying Metinvest's note on expectations of the coming deal, with the fair value in the range of **104.9%–110.0%** (current price: 102.6%).

Risks to our recommendation:

- Metinvest refinancing by May 2018 and redeeming bonds at par (as stipulated by bond documents) results in a fair value close to 100%. In our view, it doesn't look material, as Metinvest will have to approach the existing creditors/noteholders in its refinancing task. Therefore, success in attracting new debt will depend on Metinvest's ability to agree on a beneficial buyback price.
- **No deal.** If the deal is not reached, then the fair value of the note is 104.6%-109.1%, depending on Metinvest's profitability and whether it attracts new borrowings in the future and redeems at par.
- Change of control due to the legal troubles of SCM, Metinvest's majority owner, results in a fair value of 101%, or substantially less if the new owners default.
- Metinvest's default, e.g. because of a dividend payment when it's not allowed, results in a fair value below 100%.

Deal No deal Risks Restructuring **Profitability scenario*** Refinancing Dividends. **Dividend outflows** fee & coupon cut **Current Prices** 106.9% 108.4% 104.6%-104.9% 101% and below 104.9%-109.1% Late Redemption 110.0% 110.0% 109.1%



METINV'21 price history, % of par



Profitability scenarios:* Metinvest's average monthly EBITDA, USD mln

	'18E	'19E	'20E	'21E
Current Prices	206	206	206	206
Late Redemption	147	130	140	157



Metinvest's current Cash Sweep: destroying value for noteholders. The Cash Sweep mechanism of Metinvest's Intercreditor Agreement distributes cash to noteholders in two different forms:

- **Early return of capital** by regular redemption of the notes at par. It used to be a valueprotecting mechanism for the periods when METINV bonds were distressed debt and value-creative when discount rates applied on bonds were higher than the coupon rate. But now it **destroys value for noteholders**.
- Return on capital in the form of interest (Levels 1 and 3 during Period 1, see slide 17), which generates value for noteholders, provided they discount the cash flows at a rate below what Metinvest pays in interest. The longer the bond's life (and the smaller the early return of capital), the higher value it generates.

Return on capital is preferred by the noteholders currently. The current stance of the steel industry is strong, and the discount rate for Metinvest's note is below the interest it pays. Therefore, **noteholders maximize their value** from their bonds if the note's **average life is the highest possible**.

- The current Cash Sweep mechanism implies fast redemption of the notes (in less than two years, vs. the designed life of four years) and is not optimal for the noteholders.
- The good news is that it is also sub-optimal for Metinvest, which, according to media reports, would prefer having a return on capital to its shareholders in the form of dividends.

There is a possibility for a deal optimizing return on capital for both bondholders and shareholders

We expect that by May 2018, Metinvest will propose a deal to its creditors that will increase the note's fair value. This expectation is behind **our Speculative Buy recommendation** for Metinvest's notes. We see two possibilities:

- **Restructuring deal.** As described in the next two slides, the increase in the note's fair value within the Restructuring deal will be due to a change in cash distribution: allowing for **dividend outflows** sooner than is currently possible will reduce the value-destroying early redemption of the note's principal. The restructuring might also involve cutting the coupon rate for a fee.
- **Refinancing deal.** As described in slide 6, Metinvest will have to offer a buyback for the note at a price above the current market in order to refinance the entire USD 2.3 bln in bonds and PXF loans outstanding.

Two extreme profitability scenarios

In order to evaluate the fair value of Metinvest's note, we propose **two scenarios** for the main parameter, that is, **for Metinvest's EBITDA**:

- **Current Prices** (of steel and iron ore). The scenario from our previous report on Metinvest, with 2018-21 monthly EBITDA amounting to **USD 206 mln** on average.
- Late Redemption. This scenario assumes Metinvest's profitability will decrease as of mid-2018, preventing the holding from generating any cash flow to repay principal earlier than Dec. 31, 2021. This scenario will materialize if Metinvest's monthly EBITDA amounts to USD 130-160 mln for 2019-21.

Metinvest's profitability: two scenarios (monthly EBITDA, USD mln)



Average life: the definition

We define the (weighted) average life of Metinvest's amortizing Eurobond using the standard definition:

Average Life =
$$\sum_{i=1}^{n} \frac{P_i}{P} t$$

where P is the total principal outstanding at the calculation date (Feb. 23), and for each principal repayment date i the definitions are: P_i – principal and PIK repaid at that date less the amount of PIK issued, t_i – time from the calculation date, in years. The essence of the average life parameter is **the amount of time during which the full amount outstanding effectively generates** *return on capital* for the **noteholders**.



Restructuring deal: dividend outflows to minimize early return of capital

Restructuring: allowing for dividend outflows, preserving the existing Cash Sweep mechanism. The straightforward solution to the problem of early return of capital to noteholders is to relax the restrictions on Metinvest's dividend payments, so that Metinvest will minimize early redemption of bonds. Specifically, we model a restructuring in which Metinvest would be allowed to:

- Pay 70% of the Average Cash Balance in dividends over USD 255 mln (currently 40%),
- Increase the dividend limit to USD 450 mln in a calendar year (currently USD 300 mln),
- Pay dividends after only one quarter of Consolidated Net Leverage below 1.5x (currently four quarters),
- Provided that the Bond+PXF amount outstanding is below 100% of the initial amount (currently 45%).

Dividend outflows increase note's value as follows from the table below:

- Under the **Current Prices** profitability scenario, allowing for dividend outflows increases the note's average life to 2.4 from 1.4 years, with the note's fair value increasing by 2.0pp to 106.9% from 104.9%.
- Under the Late Redemption scenario, allowing for dividend outflows increases the note's average life to 3.6 from 3.3 years, with the note's fair value increasing to 110.0% from 109.1%.

The USD 255 mln restriction will continue to act as the circuit breaker, and will revert the flows back to the return of capital to the noteholders if and when the holding's profitability drops to dangerous levels.

Necessary to divert the cash away from the return of capital in 2018, in which no fixed PXF principal repayments are scheduled.

Changes are necessary for Metinvest to be able to start diverting cash from the return of capital to noteholders (repaying the note's principal at par) to the return on capital to shareholders (dividends) right away, starting from May 2018.

Fee and coupon cut offer some of the note's value now as follows from the table below:

- Under the Late Redemption profitability scenario, the proposed fee (4.4%) compensates the noteholders fully for cutting the Catch Up part of the coupon (1.5025%), keeping the fair value at 110.0%.
- Under the Current Prices scenario, the bond is amortized faster, the noteholders lose less due to the coupon cut, and the fair value increases to 108.4% from 106.9%.

Summary: payments to noteholders and shareholders, note's average life and fair value

		Curi	ent Prices				Late R	edemption		
No restructuring	2018	2019	2020	2021	Total	2018	2019	2020	2021	Total
Return of noteholders' capital (principal and PIK), USD mln	350	428	409	-	1,187	200	2	-	985	1,187
Return on noteholders' capital (interest), USD mln	89	71	26	-	186	90	107	107	121	425
Return on shareholders' capital (dividends), USD mln	-	82	179	-	261	-	-	-	-	-
Note's average life, years			1.4					3.3		
Note's fair value, % of nominal		1	L04.9%				1	09.1%		
Restructuring: dividend outflows, no fee	2018	2019	2020	2021	Total	2018	2019	2020	2021	Total
Return of noteholders' capital (principal and PIK), USD mln	135	245	299	508	1,187	88	1	-	1,098	1,187
Return on noteholders' capital (interest), USD mln	94	104	76	40	314	94	119	119	134	467
Return on shareholders' capital (dividends), USD mln	399	335	202	419	1,355	205	-	-	-	205
Note's average life, years			2.4					3.6		
Note's fair value, % of nominal		1	L06.9%				1	10.0%		
Restructuring: dividend outflows, fee and coupon cut	2018	2019	2020	2021	Total	2018	2019	2020	2021	Total
Return of noteholders' capital (principal and PIK), USD mln	126	249	296	516	1,187	72	6	-	1,109	1,187
Return on noteholders' capital (interest and fee), USD mln	138	91	66	35	330	138	104	104	117	463
Return on shareholders' capital (dividends), USD mln	323	352	213	412	1,300	142	-	-	-	142
Note's average life, years			2.4					3.6		
Note's fair value, % of nominal		1	L08.4%				1	10.0%		



- Dividend outflows: reduce early return of capital to noteholders, increase return on capital. Allowing for dividend outflows shifts the return of capital (principal and PIK) payments to noteholders to later dates. This increases the amount of return on capital payments (interest) to noteholders, provided they discount the note's cash flows at a rate below the interest rate.
- Fee + coupon cut: eliminating Period 1 risks. Even though allowing for dividend outflows in itself increases the note's value, we think that the noteholders will demand a fee to accept the restructuring. Metinvest might counterargue that a coupon cut should be a part of the restructuring picture if a fee is paid. We model a restructuring in which, in addition for allowing for dividend outflows, the Catch Up interest rate is changed from 1.5025% to zero (meaning the total coupon rate will decrease to 9.4% from 10.9%), and a 4.4% restructuring fee is paid. Under any profitability scenario. this will eliminate the risks of Metinyest not paying the Catch Up interest during Period 1 (ending in December 2018), as is possible under the current Cash Sweep mechanism (Metinyest did not pay Catch Up interest on the last payment date, Feb. 18).
- **Fee + coupon cut: offering the value now, decreasing the shorter average life risk.** Within the Late Redemption scenario, in which the note's average life is 3.6 years, the effect of the fee and coupon cut is to shift the value for the noteholders from the future periods (interest payments) to the instance of restructuring (the fee), with the net effect on the note's fair value being zero. If the note's average life turns out below 3.6 years, such as in the Current Prices scenario, then the noteholders will gain about 1.5pp in fair value (108.4% vs. 106.9%) due to the fee + coupon cut component of the Restructuring deal.

Payments to noteholders, USD mln: Current Prices



Current Prices, dividend outflows



Current Prices, dividends, fee & coupon cut



Late Redemption



Late Redemption, dividend outflows



Late Redemption, dividends, fee & coupon cut





Source: Company data, Concorde Capital research

Refinancing deal: redeem bond+PXF in full, ready to pay dividends. Instead of restructuring the Cash Sweep, Metinvest might choose to refinance the entire USD 2.3 bln of bonds and PXF loans with new borrowings (some mix of new bonds and new bank loans). Theoretically, this is possible because we estimate Metinvest's Consolidated Net Leverage dropped below 1.5x by the end of 2017, which opens a window for new borrowings. Once Metinvest redeems in full its currently outstanding note and PXF loans, it will be able to pay dividends, reaching its main goal.

Refinancing and redeeming at par: unlikely. We believe Metinvest won't be able to simply repay its existing bonds at 100% of par (e.g. using the current cash sweep mechanism) as such an outcome will harm bondholders (bonds are currently priced at above par). We doubt Metinvest will be able to find a brand new group of potential bondholders, meaning its refinancing task will involve the existing creditors. Therefore, the holding will have to buy back the existing bonds at some premium to the market to be able to issue the new notes.

Refinancing: buyback at 104.9%–109.1%. Practically, we think that Metinvest will have higher chances to issue the new bond in the sufficient amount (in the range of USD 1-2 bln) if the holding offers to buy back current notes. The buyback price should be between the fair values derived from our Current Prices (104.9%) and Late Redemption (109.1%) scenarios.

Restructuring vs. Refinancing: noteholders open to either. The noteholders should consider a Restructuring deal because it will be hard for them to find an instrument with a similarly favorable risk-return profile. The noteholders should also be open to the Refinancing scenario, provided that the buyback price is close to the upper bound of the value range that we derived, or 109.1%.

PXF creditors to favor Refinancing? For PXF lenders, their loan to Metinvest, with its 416bp margin, is comparable to currently available instruments (example: Ferrexpo's PXF with a 450bp margin, Kernel's PXF with a 415bp margin). Therefore, the banks might desire return of capital from Metinvest, and prefer Refinancing over Restructuring.

Summary: our Speculative Buy recommendation, fair value 104.9% – 110.0% (current price: 102.6%)





Working capital outflow risk. In our base case, we assume there will be no working capital cash flows. We acknowledge the risks of short-term outflows, but calculate that the note's fair value will gain as a result.

- Substantial working capital outflows in 2016-17. We estimate that during 2016-17, Metinvest invested as much as USD 1.2 bln into working capital. Metinvest's Related Parties disclosures make clear that two factors were in play: (a) Metinvest substantially increased both payables and receivables with Zaporizhstal, and (b) receivables from non-related parties grew substantially to a level (in terms of days of revenue) that is similar to the situation before Metinvest's default.
- Cash outflows during last quarter. On Feb. 15, Metinvest revealed that it
 will not pay the 1.5025% Catch Up interest on Feb. 18 because its average
 cash balance for November 2017 January 2018 amounted to just
 USD 156 mln, below the USD 180 mln threshold. Keeping the average
 cash at below USD 180 mln during the period when the company
 generated close to USD 600 mln in operating cash flow (before working
 capital) was a hard task, in our view, so it looks like the company did it
 intentionally.
- Working capital as the cash outflows channel. The only way for Metinvest to maintain such low average cash is via working capital outflows, and we see further possibilities for Metinvest to transfer as much as USD 800 mln to Zaporizhstal, and to continue keeping average cash below USD 180 mln during 2018. This would result in the holding not paying Catch Up interest during the entire remainder of Period 1 (ending in December 2018), but the negative effects of this on the noteholders will be more than offset by the related avoidance of return of capital (average life of 2.3 years for Current Prices profitability scenario, fair value 106.0%, slide 11).

Other risks. We see several other risks to our recommendation, but think that their probability is low. These risks (and the related fair values) are:

- No deal (fair value of the note between 104.6% and 109.1% if this risk materializes),
- Change of control due to legal troubles of SCM, Metinvest's majority owner (101%, or less if new owners default),
- Metinvest borrowing USD 2.3 bln without offering a buyback and redeeming at par (close to 100%),
- Default due to Metinvest deciding to pay the dividends when not allowed to (much less than 100%).

Metinvest's Accounts Receivable: All counterparties*



Non-related parties*



Metinvest's Accounts Payable: All counterparties**



Non-related parties**



Joint ventures*



Joint ventures**



CONCORDE C A P I T A L

Source: Company data, Concorde Capital research

* Rev. – Revenue, last 12 months, USD mln; AR – Accounts receivable (less impaired in future periods, less prepayments received), USD mln ** CoS – Cost of Sales (excluding D&A charge), last 12 months, USD mln; AP – Accounts payable (less prepayments made), USD mln

- Metinvest's spread to Ukraine's sovereign yield curve. Analyzing the 2010-13 spreads of two Metinvest bonds that were outstanding at the time, we conclude that a sovereign spread of 2.0 percentage points would be fair.
- The model for Metinvest's fair yields. Currently, Ukraine's bond yields are: 4.7% for Sept. 1, 2019 maturity, 5.7% for Sept. 1, 2021. We use as the basis for our model the Aug. 18, 2021 payment date and use in scenarios with the full redemption on that date the fair yield of 5.7%+2.0%=7.7%. For scenarios with full redemption on other payment dates, we use a slope of (5.7%-4.7%)/8=0.125pp per quarter. For example, if the bond is redeemed on Dec. 31, 2021, we discount the payments at the rate of 7.89%. A scenario with full redemption on Aug. 18, 2019 would be discounted at 6.95%. For a new five-year note with bullet redemption on May 18, 2023, the fair yield is 8.6%.
- **1M LIBOR.** We use the futures for 3M Eurodollars together with a 0.13pp 3M-1M spread and come to the values shown in the chart below.
- **Operating cash conversion before interest: 75%.** In our calculations, OCF (operating cash flows before interest payments) amounts to **75%** of EBITDA. This 75% cash conversion factor is in line with the value we obtain from company data during 2016-17 provided that (a) EBITDA is taken before exceptional items (impairments of receivables and inventories), and (b) the OCF is taken before the movements in working capital. We do not undertake to forecast future changes in operating cash due to changes in working capital in our base case calculations, instead regarding them as a risk (see slides 7 and 11).
- **Southern Iron Ore dividends.** We expect Metinvest to receive USD 234 mln in dividends from Southern Iron Ore in March 2018.



Spreads, in pp, of Metinvest bonds' yields to Ukraine's sovereign bonds, averages during 2010-13

	20	10		20	11			20	12		20	13	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Average
VIETINV'15	2.9	2.7	1.9	1.7	2.6	2.7	1.8	2.6	2.4	3.3	1.5	1.2	2.3
VIETINV'18	n/a	n/a	1.1	1.0	1.6	2.0	1.6	1.3	1.3	2.5	1.4	1.1	1.5

Spread of METINV'15 to Ukraine's sovereign, 2010-13



Spread of METINV'18 to Ukraine's sovereign, 2011-13





One-month USD LIBOR used in calculations

Valuation: Current Prices

Current Prices: 104.9%, 1.4 years. We use as the base case for the holding's profitability the Current Prices scenario from our previous report, in which monthly EBITDA amounts to about USD 206 mln during 2018-21. Without any refinancing, the debt is repaid by **November 2020**, by which time Metinvest will have distributed USD 2.54 bln to creditors. This scenario results in a discount rate of 7.33% and a fair value of **104.9%**. The average life of the bond amounts to **1.4 years** in this scenario.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln



	5313	LUIU	DOILO	valu	allu	II, UJ	וווו ש									
	May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21	Dec-21
BITDA	602	624	624	626	619	619	619	619	619	619	619	-	-	-	-	-
DCF before interest and WC	452	468	468	469	464	464	464	464	464	464	464	-	-	-	-	-
CapEx	(188)	(188)	(188)	(190)	(194)	(194)	(194)	(199)	(209)	(209)	(209)	-	-	-	-	-
Dividends from Southern Iron Ore	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Norking Capital flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF	498	280	281	279	271	271	271	266	255	255	255	-	-	-	-	-
New borrowings: refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New borrowings: bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, BoP	122	565	679	559	548	489	471	458	459	454	454	-	-	-	-	-
Cash, EoP	565	679	559	548	489	471	458	459	454	454	521	-	-	-	-	-
Average Cash Balance	321	555	458	437	386	365	350	352	352	352	412	-	-	-	-	-
Dividend allocation	-	-	-	-	-	(44)	(38)	(39)	(39)	(39)	(63)	-	-	-	-	-
Cash sweep amount	141	375	278	257	206	141	132	133	133	133	169	-	-	-	-	-
Eurobond																
3oP, Principal	1,187	1,138	964	837	705	586	499	409	306	180	47	-	-	-	-	-
3oP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1	(8)	(8)	(7)	(3)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 2	-	-	-	(11)	(19)	(16)	(14)	(11)	(8)	(5)	(1)	-	-	-	-	-
Period 1, PIYC	(20)	(19)	(16)	(7)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Catch-Up	(4)	(4)	(4)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem Principal	(49)	(174)	(127)	(132)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal	-	-	-	-	(118)	(87)	(90)	(103)	(126)	(133)	(47)	-	-	-	-	-
Issue new PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EoP, Principal	1,138	964	837	705	586	499	409	306	180	47	-	-	-	-	-	-
EoP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other payments																
PXF creditors	(73)	(183)	(136)	(173)	(149)	(136)	(121)	(106)	(80)	(11)	-	-	-	-	-	-
Other debt	(12)	(13)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-	-	-	-	-
Dividends	-	-	-	-	-	(44)	(38)	(39)	(39)	(39)	(63)	-	-	-	-	-
Fotal payment, of which	(166)	(401)	(291)	(330)	(288)	(284)	(264)	(261)	(254)	(189)	(113)	-	-	-	-	-
Bondholders, Principal + PIK	(49)	(174)	(127)	(132)	(118)	(87)	(90)	(103)	(126)	(133)	(47)	-	-	-	-	-
Bondholders, restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bondholders, Interest	(32)	(31)	(26)	(23)	(19)	(16)	(14)	(11)	(8)	(5)	(1)	-	-	-	-	-
lows to bondholders, total less																
accrued coupon (USD 4.0 mln as of	77	205	154	155	137	103	104	114	134	138	48	-	-	-	-	-
01-Mar-18)																
Discount factor (discount																
ate: 7.33% p.a.)	0.99	0.97	0.95	0.93	0.92	0.90	0.89	0.87	0.85	0.84	0.83	-	-	-	-	-
Discounted flows to bondholders	76	198	146	145	126	93	92	99	115	116	40		-	-	-	
NPV 1.246	. 0		2.0	2.5						0	.0					
air value. % of																
outstanding, of which 104.9%	6.4%	16.7%	12.3%	12.2%	10.6%	7.8%	7.7%	8.4%	9.7%	9.8%	3.4%	-	-	-	-	-
Principal+PIK 90.6%	4.1%	14.2%	10.2%	10.4%	9.1%	6.6%	6.7%	7.6%	9.1%	9.4%	3.3%		-	-	-	
Interest less accrued		/0	/													
coupon 14.3%	2.3%	2.5%	2.1%	1.8%	1.5%	1.2%	1.0%	0.8%	0.6%	0.3%	0.1%	-	-	-	-	-
Restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-



Valuation: Current Prices, new borrowings in 2019

Current Prices, new borrowings in 2019: 104.6%, 1.1 years. If Metinvest refinances its bond and PXF debt outstanding once it drops below USD 1 bln, as was considered in our previous report, then the debt is repaid in **August 2019** (essentially an analog of Refinancing deal, but with redemption at par), and Metinvest needs to distribute as little as USD 2.49 bln to creditors, of which it will borrow USD 0.81 bln in August 2019. The shift of the final payment date reduces the discount rate to 6.70% compared to Current Prices valuation (slide 9), but the decrease in average life to as little as **1.1 years** from 1.4 years decreases the fair value to **104.6%** from 104.9%.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)

Redeemed (return of capital to noteholders)
 Average life: 1.1 y. FV: 104.6%
 Outstanding (generates return on capital to noteholders)



Cash: inflows and outflows, cumulative, USD mln



May-13 May-13 May-14 May-14 May-14 May-14 May-24 Col-24 Col-24<	Model for Metinve	est's I	Euro	bond	l valu	atio	n, US	D mlr	า								
BITDA 602 6.24		May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19 F	eb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21	Dec-21
CGr bero interest and WC 452 488 489 464 4 64 -	EBITDA	602	624	624	626	619	619	-	-	-	-	-	-	-	-	-	-
Capex (188) (189) (189) (189) (180) <th< td=""><td>OCF before interest and WC</td><td>452</td><td>468</td><td>468</td><td>469</td><td>464</td><td>464</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></th<>	OCF before interest and WC	452	468	468	469	464	464	-	-	-	-	-	-	-	-	-	-
Divide from Southern in on Pre 2.44 ·	CapEx	(188)	(188)	(188)	(190)	(194)	(194)	-	-	-	-	-	-	-	-	-	-
Working capital flows -	Dividends from Southern Iron Ore	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FCF 498 280 281 279 271 - <	Working Capital flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New borxwigs: effinancing . </td <td>FCF</td> <td>498</td> <td>280</td> <td>281</td> <td>279</td> <td>271</td> <td>271</td> <td>-</td>	FCF	498	280	281	279	271	271	-	-	-	-	-	-	-	-	-	-
New borxings: builet repayment . <t< td=""><td>New borrowings: refinancing</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>806</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></t<>	New borrowings: refinancing	-	-	-	-	-	806	-	-	-	-	-	-	-	-	-	-
Cash, BoP 122 565 679 558 548 489 -	New borrowings: bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, EoP 566 679 558 488 471 -	Cash, BoP	122	565	679	559	548	489	-	-	-	-	-	-	-	-	-	-
Average Cash Balance 321 355 458 437 366 - <th< td=""><td>Cash, EoP</td><td>565</td><td>679</td><td>559</td><td>548</td><td>489</td><td>471</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></th<>	Cash, EoP	565	679	559	548	489	471	-	-	-	-	-	-	-	-	-	-
Dividend allocation Dividend 141 375 278 278 276 141 -	Average Cash Balance	321	555	458	437	386	365	-	-	-	-	-	-	-	-	-	-
Cash were amount 141 375 278 257 206 141 -	Dividend allocation	-	-	-	-	-	(44)	-	-	-	-	-	-	-	-	-	-
Euroband BoP, Principal, Payments 1,187 1,138 964 837 705 586 - <th< td=""><td>Cash sweep amount</td><td>141</td><td>375</td><td>278</td><td>257</td><td>206</td><td>141</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></th<>	Cash sweep amount	141	375	278	257	206	141	-	-	-	-	-	-	-	-	-	-
bob, Pincipal 1,138 964 837 705 586 -<	Eurobond																
BoP, PK - </td <td>BoP, Principal</td> <td>1,187</td> <td>1,138</td> <td>964</td> <td>837</td> <td>705</td> <td>586</td> <td>-</td>	BoP, Principal	1,187	1,138	964	837	705	586	-	-	-	-	-	-	-	-	-	-
Payments -<	BoP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1 (8) (8) (7) (3) -	Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 2	Cash Pay, Period 1	(8)	(8)	(7)	(3)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, PVC (20) (19) (16) (7) . </td <td>Cash Pay, Period 2</td> <td>-</td> <td>-</td> <td>-</td> <td>(11)</td> <td>(19)</td> <td>(16)</td> <td>-</td>	Cash Pay, Period 2	-	-	-	(11)	(19)	(16)	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem PIK Image: Control of the control of th	Period 1. PIYC	(20)	(19)	(16)	(7)			-	-	-	-	-	-	-	-	-	-
Period 1, Catch-Up (4) (4) (4) (2) -	Period 1. Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period J, Redeem Principal (49) (174) (127) (132) - <td>Period 1. Catch-Up</td> <td>(4)</td> <td>(4)</td> <td>(4)</td> <td>(2)</td> <td>-</td>	Period 1. Catch-Up	(4)	(4)	(4)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem PIK -	Period 1. Redeem Principal	(49)	(174)	(127)	(132)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal -<	Period 2. Redeem PIK	()	(=)		()	-	-	-	-	-	-	-	-	-	-	-	-
Issue new PIK -	Period 2. Redeem Principal	-	-	-	-	(118)	(87)	-	-	-	-	-	-	-	-	-	-
Restructuring fee -	Issue new PIK	-	-	-	-	()	(-	-	-	-	-	-	-	-	-	-
Principal, refinancing	Restructuring fee	-		-	-	-		-	-		-	-	-	-	-		-
Pix, refinancing 1	Principal refinancing	-		-	-	-	(499)	-	-		-	-	-	-	-		-
Principal Julie repayment	PIK refinancing	-		-	-	-	(155)	-	-		-	-	-	-	-		-
Pix, builter repayment 1,133 964 837 705 586 -	Principal bullet repayment	-		-	-	-		-	-		-	-	-	-	-		-
Discontre (po)mint 1,138 964 837 705 586 -	PIK bullet renavment	-		-	-	-		-	-		-	-	-	-	-		-
Dr. J. Hubby Body Body Body Additional and the set of the	FoR Principal	1 1 2 8	964	837	705	586			-		-	-	-	-	-		
Dry, Im Other payments PXF creditors (73) (183) (136) (173) (149) (443) - <td>EOP PIK</td> <td>1,130</td> <td>504</td> <td></td> <td>705</td> <td>500</td> <td></td> <td>-</td> <td>-</td> <td></td> <td>_</td> <td>_</td> <td>_</td> <td></td> <td>_</td> <td>_</td> <td></td>	EOP PIK	1,130	504		705	500		-	-		_	_	_		_	_	
Other pytholds (73) (183) (136) (173) (149) (443) -	Other navments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cher debt (12) (13) (12)	DYE creditors	(73)	(183)	(136)	(173)	(1/9)	(443)		-		-	-	-	-	-		
Outrier ubult (12) </td <td>Other debt</td> <td>(13)</td> <td>(105)</td> <td>(130)</td> <td>(1/5)</td> <td>(145)</td> <td>(2)</td> <td>-</td> <td>_</td> <td>-</td> <td></td> <td>_</td> <td>_</td> <td>-</td> <td>-</td> <td>-</td> <td></td>	Other debt	(13)	(105)	(130)	(1/5)	(145)	(2)	-	_	-		_	_	-	-	-	
Dividends 1	Dividends	(12)	(13)	(2)	(2)	(2)	(2)	-	-	-	-	-	-	-	-	-	-
Total payment, 0, Winkih (106) (401) (251) (530) (226) (119) (56) -	Total neumant of which	(100)	(401)	(201)	(220)	(200)	(44)										
Boundholders, Principal+Prix (14) (12) (112) <td< td=""><td>Pandhaldara Drinsing L DIK</td><td>(100)</td><td>(401)</td><td>(291)</td><td>(330)</td><td>(200)</td><td>(1,091)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></td<>	Pandhaldara Drinsing L DIK	(100)	(401)	(291)	(330)	(200)	(1,091)	-	-	-	-	-	-	-	-	-	-
Bondholders, lateret (dig), literest (32) (31) (26) (23) (19) (16) -	Bondholders, restructuring foo	(43)	(1/4)	(127)	(132)	(110)	(380)		-		-		-	-	-		-
Constructory (12)	Bondholders Interest	(32)	(31)	(26)	(23)	(19)	(16)		-								
How to bondholders, total less accrued coupon (USD 4.0 mln as of 01-Mar-18) 77 205 154 155 137 602 - <th< td=""><td></td><td>(52)</td><td>(31)</td><td>(20)</td><td>(23)</td><td>(15)</td><td>(10)</td><td></td><td>-</td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td></th<>		(52)	(31)	(20)	(23)	(15)	(10)		-				-				
accrete toupin (USD virinit as of 7/7 205 154 155 157 602 - <	Flows to bondholders, total less		205	154	155	127	602										
Discount factor (discount rate: 6.70% p.a.) 0.99 0.97 0.95 0.94 0.92 0.91 -	of Mar 18)		205	154	155	157	602	-	-	-	-	-	-	-	-	-	-
Discount factor (discount 0.99 0.97 0.95 0.94 0.92 0.91 - <td>01-1011-10)</td> <td></td>	01-1011-10)																
rate: 6.70% p.a.) End and End	Discount factor (discount	0.99	0.97	0.95	0.94	0.92	0.91	-	-	-	-	-	-	-	-	-	-
Disconted flows to bondholders 76 199 147 145 127 548 -	rate: 6.70% p.a.)	0.55	0.57	0.55	0.51	0.52	0.51										
NPV 1,242 Fair value, % of outstanding, of which 104.6% 6.4% 16.8% 12.4% 12.3% 10.7% 46.1% -	Discounted flows to bondholders	76	199	147	145	127	548	-	-	-	-	-	-	-	-	-	-
Fair value, % of outstanding, of which Principal+PIK 104.6% 6.4% 16.8% 12.4% 12.3% 10.7% 46.1% -	NPV 1,242																
outstanding, of which 24.05 24.05 12.05 <th12.05< th=""> 12.05 12.05<!--</td--><td>Fair value, % of 104 6%</td><td>6 4%</td><td>16.8%</td><td>12 4%</td><td>12.3%</td><td>10.7%</td><td>46 1%</td><td></td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></th12.05<>	Fair value, % of 104 6%	6 4%	16.8%	12 4%	12.3%	10.7%	46 1%		-	-	-	-	-	-	-	-	-
Principal+PIK 93.1% 4.1% 14.2% 10.2% 10.5% 9.2% 44.9% -	outstanding, of which	0.4%	10.0/0	12.4/0	12.3/0	10.7%	+0.1/0	-	-	-	-	-	-	-	-	-	-
Interest less accrued 11.5% 2.3% 2.5% 2.1% 1.8% 1.5% 1.2%	Principal+PIK 93.1%	4.1%	14.2%	10.2%	10.5%	9.2%	44.9%	-	-	-	-	-	-	-	-	-	-
coupon Los	Interest less accrued 11 5%	2 3%	2 5%	2 1%	1.8%	1 5%	1 2%	-	-	-	-	-		-	-	-	-
Restructuring fee	coupon	2.5%	2.3/0	2.1/0	1.070	1.570	1.2/0										
	Restructuring fee -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



Source: Company data, Concorde Capital research

Valuation: Current Prices, working capital outflows

Current Prices, working capital outflows: 106.0%, 2.3 years. If Metinvest allows for a working capital outflow of USD 740 mln in total in 2018, keeping the average cash balance below USD 180 mln (thus paying no Catch Up interest, but voluntarily paying PIYC interest) by using the channel of accounts payable to Zaporizhstal, then the debt is repaid in **August 2021** and Metinvest distributes USD 2.68 bln to creditors. The average life increases substantially to **2.3 years** from 1.4 years (slide 9), and the fair value increases to **106.0%** from 104.9%. This means that the strategy of Metinvest minimizing the average cash balance creates value for the noteholders because early return of capital is avoided.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln



	May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21	Dec-2
EBITDA	602	624	624	626	619	619	619	619	619	619	619	619	619	619	-	
OCF before interest and WC	452	468	468	469	464	464	464	464	464	464	464	464	464	464	-	
CapEx	(188)	(188)	(188)	(190)	(194)	(194)	(194)	(199)	(209)	(209)	(209)	(213)	(222)	(222)	-	
Dividends from Southern Iron Ore	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Working Capital flows	(300)	(360)	(80)	-	-	-	-	-	-	-	-	-	-	-	-	
FCF	198	(80)	201	279	271	271	271	266	255	255	255	251	242	242	-	
New borrowings: refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
New borrowings: bullet repayment	nt -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash, BoP	122	265	130	273	507	485	455	436	439	435	436	413	412	487	-	
Cash, EoP	265	130	273	507	485	455	436	439	435	436	413	412	487	518	-	
Average Cash Balance	171	175	179	371	379	349	329	332	333	334	313	311	383	417	-	
Dividend allocation	-	-	-	-	-	-	-	-	-	(31)	(23)	(23)	(51)	(65)	-	
Cash sweep amount	-	-	-	191	199	169	149	152	153	122	110	109	152	172	-	
Eurobond																
BoP, Principal	1,187	1,187	1,187	1,187	1,089	979	881	791	693	587	490	387	278	126	-	
BoP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Pay, Period 1	(8)	(8)	(8)	(4)	-	-	-	-	-	-	-	-	-	-	-	
Cash Pay, Period 2	-	-	-	(16)	(30)	(27)	(24)	(21)	(19)	(16)	(13)	(11)	(8)	(3)	-	
Period 1, PIYC	(20)	(20)	(20)	(10)	-	-	-	-	-		-	-	-	-	-	
Period 1, Redeem PIK	-	-		-	-	-	-	-	-	-	-	-	-	-	-	
Period 1, Catch-Up	-	-	-	(2)	-	-	-	-	-	-	-	-	-	-	-	
Period 1. Redeem Principal	-	-	-	(98)	-	-	-	-	-	-	-	-	-	-	-	
Period 2, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period 2, Redeem Principal	-	-	-	-	(110)	(98)	(91)	(98)	(106)	(96)	(103)	(109)	(152)	(126)	-	
Issue new PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PIK, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
PIK, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EoP. Principal	1.187	1.187	1,187	1.089	979	881	791	693	587	490	387	278	126	-	-	
EoP. PIK		-,	-,	-,							-			-	-	
Other navments																
PXF creditors	(16)	(17)	(17)	(160)	(160)	(164)	(146)	(138)	(127)	(133)	(110)	(23)		-	-	
Other debt	(12)	(13)	(2)	(200)	(100)	(201)	(210)	(130)	(127)	(200)	(210)	(2)	(2)	(2)	-	
Dividends	(12)	(10)	(2)	(-/	()	(-/	()	()	(-)	(31)	(23)	(23)	(51)	(65)	-	
Total navment of which	(55)	(57)	(46)	(292)	(301)	(290)	(263)	(259)	(254)	(279)	(252)	(167)	(212)	(197)		
Bondholders Principal + PIK	(55)	(37)	(40)	(98)	(110)	(98)	(200)	(98)	(106)	(96)	(103)	(109)	(152)	(126)		
Bondholders, restructuring fee	-	-		(30)	(110)	(50)	(51)	(50)	(100)	(50)	(100)	(105)	(102)	(120)		
Bondholders Interest	(28)	(28)	(28)	(32)	(30)	(27)	(24)	(21)	(19)	(16)	(13)	(11)	(8)	(3)		
	(20)	(20)	(20)	(32)	(30)	(27)	(24)	(21)	(15)	(10)	(13)	(11)	(0)	(5)		
Flows to bondholders, total less	of 74	20	20	120	120	174	115	110	125	117	117	110	150	120		
Accrued Coupon (USD 3.4 min as	01 24	28	28	130	139	124	115	119	125	112	117	119	128	130	-	
01-iviai-10j																
Discount factor (discount	0,98	0.97	0.95	0.93	0.91	0.90	0.88	0.86	0.85	0.83	0.82	0.80	0.79	0.77	-	
rate: 7.70% p.a.)	2.50	2.37					2.20	2.50		2.55	0.02	2.50	2.75			
Discounted flows to bondholders	24	27	26	121	127	112	101	103	106	94	95	96	125	100	-	
NPV 1,2	58															
Fair value, % of 106 r	2.0%	2.3%	2.2%	10.2%	10.7%	9.4%	8 5%	8.7%	8 9%	7.9%	8.0%	8 1%	10.6%	8.5%	-	
outstanding, of which		2.070	/0	10.1/0	10.70	5	0.070	0.770	0.070		0.070	0.2/0	20.0/0	0.070	-	
Principal+PIK 84.5	- 5%	-	-	7.7%	8.4%	7.4%	6.7%	7.1%	7.6%	6.8%	7.1%	7.4%	10.1%	8.2%	-	
Interest less accrued 21 P	2 0%	2 3%	2 2%	2 5%	2 3%	2.0%	1.8%	1.6%	1 3%	1 1%	0.9%	0.7%	0.5%	0.2%	-	
coupon	2.0%	2.370	2.2/0	2.3/0	2.3/0	2.070	1.070	1.0/0	1.3/0	1.1/0	0.576	0.770	0.376	0.270		
Destructuring fee	1															

CONCORDE C A P I T A L

Valuation: Late Redemption

Late Redemption: 109.1%, 3.3 years. We constructed the Late Redemption scenario in such a way that, after the apparently unavoidable principal redemptions in 2018 due to the current profitability being high, the return of capital is delayed until the end of 2021, which requires the monthly EBITDA to amount to, on average, USD 130 mln in 2019, USD 140 mln in 2020, and USD 157 mln in 2021. The discount rate for this scenario amounts to 7.89% and the **fair value is 109.1%**. The average life of the bond amounts to as much as **3.3 years** in this scenario. Metinvest distributes USD 2.83 bln to creditors, of which it borrows USD 0.93 bln in 2021 for refinancing.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln

Bond, redemption of principal+PIK (return of capital to noteholders)

FCF + New Borrowings (all inflows)

Other outflows



	May 18	Aug 19	New 19	Tab 10	May 10	Aug 10	New 10	Feb 20	May 20	Aug 20	Nev 20	Fab 21	May 21	Aug 21	Neu 21	Dec 21
RITDA	1VIay-18 619	Aug-18	220	245	260	Aug-19	420	420	101ay-20	Aug-20	420	Feb-21	1VIay-21	Aug-21	NOV-21	212 212
DITDA	010	395	320	345	300	200	420	420	420	420	420	457	470	470	470	212
	(100)	(100)	(100)	(100)	(104)	(104)	(104)	(100)	(200)	(200)	(200)	(212)	(222)	(222)	(222)	(140)
Dividends from Southern Iron Oro	(100)	(100)	(100)	(190)	(154)	(194)	(154)	(199)	(205)	(205)	(205)	(213)	(222)	(222)	(222)	(140)
Norking Capital flows	234										-				_	
CE	509	109	52	69	76	01	121	116	106	106	106	114	131	121	131	87
New horrowings: refinancing	- 505	105	52			-			100	100	- 100					
New horrowings: hullet renavment	_	_		_		_					_		_	36	_	928
ash BoP	122	576	513	244	231	205	200	202	201	192	184	149	125	120	118	219
ash EoP	576	513	244	231	205	200	200	201	192	184	149	125	120	118	219	278
Average Cash Balance	327	476	250	204	177	164	153	154	150	143	110	82	68	66	157	237
Dividend allocation	-	-											-	-		
Cash sweep amount	147	296	70	24		-	-	-	-		-	-	-		-	57
Eurobond																
BoP, Principal	1,187	1,135	1,003	987	985	985	985	985	985	985	985	985	985	985	985	985
BoP, PIK			· -	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1	(8)	(8)	(7)	(3)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 2	-	-	-	(13)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(13)
Period 1, PIYC	(20)	(19)	(17)	(8)	· · ·	-			· · ·	-	-		-	-		
Period 1, Redeem PIK	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Catch-Up	(4)	(4)	(4)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem Principal	(52)	(132)	(16)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Issue new PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(928)
PIK, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OP, Principal	1,135	1,003	987	985	985	985	985	985	985	985	985	985	985	985	985	-
EOP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other payments																
PXF creditors	(76)	(145)	(38)	(71)	(67)	(91)	(89)	(87)	(85)	(113)	(110)	(107)	(104)	(36)	-	-
Other debt	(12)	(13)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payment, of which	(172)	(321)	(83)	(102)	(96)	(119)	(117)	(115)	(113)	(141)	(138)	(135)	(133)	(65)	(29)	(999)
Bondholders, Principal + PIK	(52)	(132)	(16)	(2)	-	-	-	-	-	-	-	-	-	-	-	(985)
Bondholders, restructuring fee																
Bondholders, Interest	(32)	(31)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(13)
lows to bondholders, total less																
accrued coupon (USD 4.0 mln as of	80	163	43	29	27	27	27	27	27	27	27	27	27	27	27	998
01-Mar-18)																
Discount factor (discount	0.09	0.07	0.05	0.02	0.01	0.90	0.00	0.96	0.95	0.02	0.91	0.00	0.79	0.77	0.75	0.75
ate: 7.89% p.a.)	0.58	0.97	0.95	0.95	0.91	0.89	0.00	0.80	0.85	0.85	0.81	0.80	0.78	0.77	0.75	0.75
Discounted flows to bondholders	79	157	41	27	24	24	24	23	23	22	22	21	21	21	20	746
NPV 1,295																
air value, % of 100.1%	6.6%	13 3%	3 4%	2.3%	2.1%	2.0%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	62.8%
outstanding, of which	0.076	13.3/0	3.4/0	2.3/0	2.1/0	2.0/0	2.0/0	1.576	1.570	1.5%	1.0%	1.0/6	1.0/0	1., /0	1.7/0	02.0/0
Principal+PIK 78.5%	4.3%	10.7%	1.3%	0.2%	-	-	-	-	-	-	-	-	-	-	-	62.0%
Interest less accrued 30.6%	2.3%	2.5%	2.2%	2.1%	2.1%	2.0%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	0.8%
coupon	2.070	2.270		/0	/0	2.2.0	2.2.0	2.270	2.2.70	2.270	2.270	2.270	2.270	,0	2	2.270
Restructuring fee -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Current Prices, dividend outflows: 106.9%, 2.4 years. If Metinvest restructures its covenants allowing for dividend outflows (see slide 4), then, within our Current Prices scenario (no refinancing), the note's final redemption will be delayed until December 2021, increasing the amount distributed to creditors to USD 2.70 bln from USD 2.54 bln (slide 9) and substantially increasing the note's average life to 2.4 years from 1.4 years. This becomes possible because Metinvest will be able to direct **USD 1.35 bln** away from the value-destroying redemption of creditors at par to dividends during 2018-21. As a result, **the fair value increases by 2.0pp to 106.9%** from 104.9% (slide 9).

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln

Other outflows



Bit Diff		May-18	Aug_18	Nov-18	Eeb-19	May-19	Aug-19	Nov-19	Eeb-20	May-20	Aug_20	Nov-20	Eeb-21	May-21	Δυσ-21	Nov-21	Dec-21
DC before interest and WC 452 468 469 464 <t< td=""><td>FBITDA</td><td>602</td><td>624</td><td>624</td><td>626</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>619</td><td>413</td></t<>	FBITDA	602	624	624	626	619	619	619	619	619	619	619	619	619	619	619	413
Space (138) (148) (148) (190) (194) <th< td=""><td>OCE before interest and WC</td><td>452</td><td>468</td><td>468</td><td>469</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>464</td><td>310</td></th<>	OCE before interest and WC	452	468	468	469	464	464	464	464	464	464	464	464	464	464	464	310
Subdends from Southern Into Dre 1234 (1.60) </td <td>CanEx</td> <td>(188)</td> <td>(188)</td> <td>(188)</td> <td>(190)</td> <td>(104)</td> <td>(104)</td> <td>(104)</td> <td>(100)</td> <td>(200)</td> <td>(209)</td> <td>(200)</td> <td>(213)</td> <td>(222)</td> <td>(222)</td> <td>(222)</td> <td>(1/8)</td>	CanEx	(188)	(188)	(188)	(190)	(104)	(104)	(104)	(100)	(200)	(209)	(200)	(213)	(222)	(222)	(222)	(1/8)
Maching capital flows L I	Dividends from Southern Iron Ore	234	(100)	(100)	(150)	(134)	(134)	(134)	(133)	(200)	(200)	(200)	(213)	(222)	(222)	(222)	(110)
Gr. 498 280 281 279 271 2	Working Capital flows	2.51	-		-				-		-		-	-		-	
New berrowing: refinancing I.I.I.I.I.I.I.I.I.I.I.I.I.I.I.I.I.I.I.	FCF	498	280	281	279	271	271	271	266	255	255	255	251	242	242	242	162
Number brank provinging: builter repayment -	New horrowings: refinancing		200	-	2/5	2/1	2/1		200	200		200					
2ah, Bar 2b, Bar 255 679 559 546 482 480 440 440 435 435 410 499 466 512 514 432 variage Cabi Balance 321 555 458 430 330 333	New borrowings: hullet renavment		-		-				-		-		-	-		-	
Sach Lop Sp5 Sp6 440 440 440 455 410 400 465 512 514 4420 Variage Cash Balance 321 S55 458 435 100 100 100 113 (A4) Subidendialization (47) (210) (142) (122) (12) (12) (14) 98 99 96 98 92 91 107 122 123 111 Barbone 1187 1.163 1.00 1.052 922 929 868 806 741 671 592 508 417 309 188 64 Barbone 1.87 1.163 1.00 1.052 922 929 868 806 741 671 592 508 417 309 188 64 Barbone 1.87 1.163 1.00 1.052 922 929 868 806 741 671 592 508 417 309 446 440 440 440 440 440 440 440 <td>Cash BoP</td> <td>122</td> <td>565</td> <td>679</td> <td>559</td> <td>546</td> <td>482</td> <td>456</td> <td>440</td> <td>440</td> <td>435</td> <td>435</td> <td>410</td> <td>409</td> <td>466</td> <td>512</td> <td>514</td>	Cash BoP	122	565	679	559	546	482	456	440	440	435	435	410	409	466	512	514
Nurrage Cash Balance 321 555 458 435 330 334 333 334 333 334 333 334 333 334 333 334 333 334 333 334 333 334 335 334 334 334 335 334 335 340 345 340 345 340 Stah Pay, Period 1.187 1.168 1.002 1.027 1.027 1.02 1.02 1.01 1.01 1.01 1.01 1.01 1.01 1.01 1.01	Cash FoP	565	679	559	546	482	456	440	440	440	435	435	409	466	512	514	432
Disklamatilization 147 (210) (142) (122) (137) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (153) (113)	Average Cash Balance	321	555	458	435	380	350	333	334	333	332	310	308	363	410	416	375
Cash sweep amount UP Lefs Las Las <thlas< th=""> Las <thlas< th=""></thlas<></thlas<>	Dividend allocation	(47)	(210)	(142)	(126)	(87)	(67)	(55)	(55)	(55)	(54)	(39)	(37)	(75)	(109)	(113)	(84)
Bir Obord Dir Dir <thdir< th=""> Dir <thdir< th=""> <thdir<< td=""><td>Cash sweep amount</td><td>95</td><td>165</td><td>136</td><td>129</td><td>112</td><td>104</td><td>98</td><td>99</td><td>98</td><td>98</td><td>92</td><td>91</td><td>107</td><td>122</td><td>123</td><td>111</td></thdir<<></thdir<></thdir<>	Cash sweep amount	95	165	136	129	112	104	98	99	98	98	92	91	107	122	123	111
app. principal 1,187 1,163 1,100 1,052 992 929 868 806 741 671 592 508 417 309 188 64 3ap, Pirk - <t< td=""><td>Eurobond</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Eurobond																
Bol?, PIK Image: Pix intermets Image: Pix	BoP. Principal	1,187	1.163	1.100	1.052	992	929	868	806	741	671	592	508	417	309	188	64
Payments Image: mark for the payment set of the	BoP. PIK	-,	-,	-,	-,												
Cash Pay, Period 1 (B) (B) (B) (B) (B) (B) (B) (C) (C) </td <td>Payments</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	Payments	-	-	-	-		-	-	-		-	-	-	-	-	-	-
Cash Pay, Period 2 - - (14) (27) (25) (24) (22) (20) (18) (11) (18) (11) (18) (15) (11) Period 1, PiYC (20) (19) (11) (19) (11) (19) (111) (11) (111) (111) (11) (111)	Cash Pay. Period 1	(8)	(8)	(8)	(4)		-	-	-		-	-	-	-	-	-	-
Period 1, PVC (20) (19) (18) (9) (11) (12) <td>Cash Pay, Period 2</td> <td></td> <td>-</td> <td>-</td> <td>(14)</td> <td>(27)</td> <td>(25)</td> <td>(24)</td> <td>(22)</td> <td>(20)</td> <td>(18)</td> <td>(16)</td> <td>(14)</td> <td>(11)</td> <td>(8)</td> <td>(5)</td> <td>(1)</td>	Cash Pay, Period 2		-	-	(14)	(27)	(25)	(24)	(22)	(20)	(18)	(16)	(14)	(11)	(8)	(5)	(1)
Period 1, Redem PIK	Period 1 PIYC	(20)	(19)	(18)	(9)	(=,	(==)	(= .)	(/	(==)	(===)	(==)	()	(/	(/		(-/
Deriod J, Catch-Up (4) (4) (4) (4) (2) - <th< td=""><td>Period 1 Redeem PIK</td><td>(20)</td><td>(15)</td><td>(10)</td><td>(3)</td><td></td><td></td><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td>-</td><td></td><td>-</td><td></td></th<>	Period 1 Redeem PIK	(20)	(15)	(10)	(3)				-		-		-	-		-	
Period 3, Redeem Principal (14) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (17) (12) (122) (123) (16) (16) (16) (16) (16) (16) (16) (16) (16) (16) (16) (16) (16) (17) (122) (123) (16) (17) (122) (123) (16) <td>Period 1 Catch-Un</td> <td>(4)</td> <td>(4)</td> <td>(4)</td> <td>(2)</td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td></td> <td>-</td> <td></td>	Period 1 Catch-Un	(4)	(4)	(4)	(2)				-		-		-	-		-	
Deriod 2, Redeem PIK Lev Lev <thlev< th=""> Lev <thlev< <="" td=""><td>Period 1 Redeem Principal</td><td>(24)</td><td>(62)</td><td>(49)</td><td>(59)</td><td></td><td></td><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td>-</td><td></td><td>-</td><td></td></thlev<></thlev<>	Period 1 Redeem Principal	(24)	(62)	(49)	(59)				-		-		-	-		-	
Deriod 2, Redeem Principal -	Period 2, Redeem PIK	(2-1)	(02)	(13)	(33)				-		-		-	-		-	
Indication decision of the product	Period 2, Redeem Principal		-		-	(63)	(61)	(61)	(66)	(70)	(78)	(85)	(91)	(107)	(122)	(123)	(64)
Hade Hor Har Restructuring fee - <td< td=""><td>Issue new PIK</td><td></td><td>-</td><td></td><td>-</td><td>(05)</td><td>(01)</td><td>(01)</td><td>(00)</td><td>(70)</td><td>(70)</td><td>(00)</td><td>(31)</td><td>(107)</td><td>(122)</td><td>(123)</td><td>(01)</td></td<>	Issue new PIK		-		-	(05)	(01)	(01)	(00)	(70)	(70)	(00)	(31)	(107)	(122)	(123)	(01)
Principal refinancing	Restructuring fee		_		_		_		_				_	_	_	_	
Pick, refinancing -	Principal refinancing		_	_	-				-				-	_	_	_	_
Principal, bullet repayment Pr	PIK refinancing		_		-		_		-				-	_	_	_	
Pick, built repayment 1,163 1,100 1,052 992 992 929 868 806 741 671 592 508 417 309 188 64 - GoP, Pirk -	Principal bullet repayment		-		-				-		-		-	-		-	
Indicate payment 1,163 1,100 1,052 992 929 868 806 741 671 592 508 417 309 188 64 - GoP, Pincipal 1 1,163 1,100 1,052 992 929 868 806 741 671 592 508 417 309 188 64 -	PIK bullet repayment		-		-				-		-		-	-			
Arry Internation Just Just Just Just Just Just Just Just	Fop Principal	1 163	1 100	1 052	997	979	868	806	741	671	592	508	417	309	199	64	
Differ payments PXF creditors (51) (84) (70) (119) (117) (123) (117) (109) (128) (111) (42) -		1,105	1,100	1,052	552	525		000	/41	0/1	552	500	417	305	100	-	
Discrete principal (51) (84) (70) (119) (117) (132) (121) (109) (128) (111) (42) - </td <td>Other navments</td> <td></td>	Other navments																
Interstead (12) (13) (21) (12) (13) (14) (13) (14) (14) (14) (14) (14) (14) (14) (14) (14) (14) (14) (15) (14) (15) (14) (15) (14) (15) (14) (14) (11) (16) (16) (16) (16) (16) (16) (16) (16) (16) (16)	PXE creditors	(51)	(84)	(70)	(119)	(117)	(132)	(123)	(117)	(109)	(128)	(111)	(42)	-	-	-	-
Dividends (12)	Other debt	(12)	(13)	(2)	(213)	(21)	(2)	(22)	(21)	(203)	(220)	(21)	(2)	(2)	(2)	(2)	(1)
Difficultation (147) (142)	Dividends	(47)	(210)	(1/2)	(126)	(2)	(67)	(55)	(55)	(55)	(54)	(30)	(27)	(75)	(100)	(113)	(24)
Intervest (12)	Total payment of which	(166)	(401)	(292)	(335)	(296)	(287)	(265)	(261)	(255)	(280)	(252)	(185)	(196)	(240)	(243)	(150)
Bondholders, restructuring fee (Le) (Le) <td>Bondholders Principal + PIK</td> <td>(24)</td> <td>(62)</td> <td>(49)</td> <td>(59)</td> <td>(63)</td> <td>(61)</td> <td>(61)</td> <td>(66)</td> <td>(200)</td> <td>(200)</td> <td>(85)</td> <td>(91)</td> <td>(107)</td> <td>(122)</td> <td>(123)</td> <td>(150)</td>	Bondholders Principal + PIK	(24)	(62)	(49)	(59)	(63)	(61)	(61)	(66)	(200)	(200)	(85)	(91)	(107)	(122)	(123)	(150)
Bondholders, interest (32) (32) (30) (29) (27) (25) (24) (22) (20) (18) (16) (14) (11) (8) (5) (1) Hows to bondholders, interest 53 94 79 88 90 87 85 87 90 97 101 105 119 130 129 65 JMar-18) 0.98 0.97 0.95 0.93 0.91 0.89 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discount factor (discount rate: 7.89% p.a.) 0.98 0.97 0.95 0.93 0.91 0.89 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discount factor (discount rate: 7.89% p.a.) 0.98 0.97 6.37 6.37 6.37 6.38 0.81 0.80 0.78 0.77 0.75 0.75 Siccounted flows to bondholders 52 91 75	Bondholders, restructuring fee	(=-)	(02)	(45)	(55)	(00)	(01)	(01)	(00)	(, 0)	(/0)	(00)	(51)	(107)	(111)	(120)	(04)
Hows to bondholders, total less Cr Cr <td>Bondholders, Interest</td> <td>(32)</td> <td>(32)</td> <td>(30)</td> <td>(29)</td> <td>(27)</td> <td>(25)</td> <td>(24)</td> <td>(22)</td> <td>(20)</td> <td>(18)</td> <td>(16)</td> <td>(14)</td> <td>(11)</td> <td>(8)</td> <td>(5)</td> <td>(1)</td>	Bondholders, Interest	(32)	(32)	(30)	(29)	(27)	(25)	(24)	(22)	(20)	(18)	(16)	(14)	(11)	(8)	(5)	(1)
Norse Contraction (1000 40.0 min as of 15) 53 94 79 88 90 87 85 87 90 97 101 105 119 130 129 65 11-Mar-18) Discount factor (discount 0.98 0.97 0.95 0.93 0.91 0.89 0.88 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discount factor (discount 0.98 0.97 0.95 0.93 0.91 0.89 0.88 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discounted flows to bondholders 52 91 75 82 82 78 75 76 80 82 84 93 100 97 49 VFV 1,269 4.4% 7.6% 6.3% 6.9% 6.5% 6.3% 6.3% 6.4% 6.7% 6.9% 7.0% 7.8% 8.4% 8.2% 4.1% Interest less accrued 23.3% 2.6% 2.4% 2.2% 1.9% 1.7% 1.6%	Flows to bondholders total less	V: 1	1- 7	1	1 - 1	. ,	1 - 1	. ,	. ,	,	,	1 - 7	. ,	. /	1-1		
Discount factor (discount rate: 7.89% p.a.) 0.98 0.97 0.95 0.93 0.91 0.89 0.86 0.85 0.81 0.80 0.78 0.77 0.75 0.75 Discount factor (discount rate: 7.89% p.a.) 0.98 0.97 0.95 0.93 0.91 0.89 0.88 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discount of flow to bondholders 52 91 75 82 82 78 75 76 80 82 84 93 100 97 49 VPV 1,269 1 1,269 1 1,269 1 1,00 97 49 VPV 1,269 1 1,269 1 1,269 1 1,00 97 49 VPV 1,269 1 1,269 6.3% 6.3% 6.3% 6.3% 6.3% 6.4% 6.7% 6.9% 7.0% 7.8% 8.4% 8.2% 4.1% Interest less accrued 23.3% 2.6% 2.4% 4.2% 1.9% 1.7%	accrued counon (USD 4.0 min as of	53	94	79	88	90	87	85	87	90	97	101	105	119	130	129	65
Discount factor (discount rate: 7,89% p.a.) 0.98 0.97 0.95 0.93 0.91 0.89 0.88 0.86 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discounted flows to bondholders 52 91 75 82 82 78 75 76 80 82 84 93 100 97 49 VV 1,265 Fair value,% of boutstanding, of which 106.9% 4.4% 7.6% 6.3% 6.9% 6.5% 6.3% 6.3% 6.4% 6.7% 6.9% 7.0% 7.8% 8.4% 8.2% 4.1% Principal+PIK 83.6% 2.0% 5.1% 3.9% 4.6% 4.9% 4.6% 4.8% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued coupon 23.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.5% 0.3% 0.1% Restructuring fee - - - - - - <t< td=""><td>01-Mar-18)</td><td>55</td><td>54</td><td>,,,</td><td>00</td><td>50</td><td>07</td><td>05</td><td>07</td><td>50</td><td>57</td><td>101</td><td>105</td><td>115</td><td>150</td><td>125</td><td>05</td></t<>	01-Mar-18)	55	54	,,,	00	50	07	05	07	50	57	101	105	115	150	125	05
Discount factor (discount) 0.98 0.97 0.95 0.93 0.91 0.89 0.88 0.86 0.85 0.83 0.81 0.80 0.78 0.77 0.75 0.75 Discounted flows to bondholders 52 91 75 82 82 78 75 76 80 82 84 93 100 97 49 VFV 1,269 1 1.269 1.269 1.269 1.269 6.3% 6.3% 6.3% 6.3% 6.3% 6.3% 6.4% 6.7% 6.9% 7.6% 7.8% 8.4% 8.2% 4.1% Principal-HV 83.6% 2.0% 5.1% 3.3% 4.6% 4.9% 4.6% 4.8% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued coupon 2.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.7% 0.3% 0.1% Restructuring fee - - - - - -																	
Attribute State	Discount factor (discount	0.98	0.97	0.95	0.93	0.91	0.89	0.88	0.86	0.85	0.83	0.81	0.80	0.78	0.77	0.75	0.75
Uscounted flows to bondholders 52 91 75 82 82 75 75 76 80 82 84 93 100 97 49 VPV 1,269 1 1,269 1 1,269 <td>rate: 7.89% p.a.)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>=0</td> <td></td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	rate: 7.89% p.a.)						=0			-							
NYV 1,205 Fair value, %0 106.9% 4.4% 7.6% 6.3% 6.9% 6.5% 6.3% 6.3% 6.4% 6.7% 6.9% 7.0% 7.8% 8.4% 8.2% 4.1% Distanding, of which Principal+PIK 83.6% 2.0% 5.1% 3.9% 4.6% 4.9% 4.6% 4.5% 4.8% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued coupon 23.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.5% 0.3% 0.1% Restructuring fee -	Discounted flows to bondholders	52	91	/5	82	82	/8	/5	/5	76	80	82	84	93	100	97	49
Principal+PlK 83.6% 2.0% 5.1% 3.9% 4.6% 4.9% 4.6% 6.3% 6.3% 6.3% 6.4% 6.7% 6.9% 7.0% 7.8% 8.4% 8.2% 4.1% Principal+PlK 83.6% 2.0% 5.1% 3.9% 4.6% 4.9% 4.6% 4.5% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued coupon 23.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.5% 0.3% 0.1% Restructuring fee - <	NPV 1,269																
Discriming, of which principal-PHK 83.6% 2.0% 5.1% 3.9% 4.6% 4.9% 4.6% 4.8% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued coupon 23.3% 2.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.7% 0.5% 0.3% 0.1% Restructuring fee	Fair value, % of 106.9%	4.4%	7.6%	6.3%	6.9%	6.9%	6.5%	6.3%	6.3%	6.4%	6.7%	6.9%	7.0%	7.8%	8.4%	8.2%	4.1%
Principal-HYIK 85.0% 2.0% 5.1% 3.9% 4.b% 4.9% 4.6% 4.5% 4.8% 5.0% 5.5% 5.8% 6.1% 7.1% 7.9% 7.8% 4.1% Interest less accrued 23.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.7% 0.5% 0.3% 0.1% Restructuring fee	outstanding, of which									= 00/		= 00/			-	= 00/	
Interest less accruea 23.3% 2.3% 2.6% 2.4% 2.2% 2.1% 1.9% 1.7% 1.6% 1.4% 1.3% 1.1% 0.9% 0.7% 0.5% 0.3% 0.1% coupon estructuring fee	Principal+PIK 83.6%	2.0%	5.1%	3.9%	4.6%	4.9%	4.6%	4.5%	4.8%	5.0%	5.5%	5.8%	6.1%	7.1%	7.9%	7.8%	4.1%
Restructuring fee	coupon 23.3%	2.3%	2.6%	2.4%	2.2%	2.1%	1.9%	1.7%	1.6%	1.4%	1.3%	1.1%	0.9%	0.7%	0.5%	0.3%	0.1%
	Restructuring fee -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



Late Redemption, dividend outflows: 110.0%, 3.6 years. Within our Late Redemption profitability scenario, the effect of allowing for dividend outflows is expectedly less-pronounced than within the Current Prices scenario (see the previous slide). Namely, the amount Metinvest distributes to its creditors increases to USD 2.89 bln from USD 2.83 bln (slide 12), the note's average life increases to 3.6 years from 3.3 years, and the note's fair value increases by 0.9pp to 110.0% from 109.1%.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln

Other outflows



	COLO	Luio	DOILC	i vait	allu	II, U3										
	May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21	Dec-21
EBITDA	618	395	320	345	360	380	420	420	420	420	420	437	470	470	470	313
OCF before interest and WC	464	296	240	259	270	285	315	315	315	315	315	328	353	353	353	235
CapEx	(188)	(188)	(188)	(190)	(194)	(194)	(194)	(199)	(209)	(209)	(209)	(213)	(222)	(222)	(222)	(148)
Dividends from Southern Iron Ore	234	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Working Capital flows		-		-		-	-	-	-		-		-	-	-	-
FCF	509	109	52	69	76	91	121	116	106	106	106	114	131	131	131	87
New borrowings: refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New borrowings: bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	125	-	1,098
Cash, BoP	122	576	513	244	229	201	191	187	180	165	152	112	82	71	64	161
Cash, EoP	576	513	244	229	201	191	187	180	165	152	112	82	71	64	161	217
Average Cash Balance	327	476	250	203	173	155	139	134	124	111	73	39	20	12	99	176
Dividend allocation	(51)	(155)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash sweep amount	97	141	70	23	-	-	-	-	-	-	-	-	-	-	-	
Eurobond																
BoP, Principal	1,187	1,162	1,112	1,099	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098
BoP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1	(8)	(8)	(8)	(4)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 2	-	-	-	(15)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(15)
Period 1, PIYC	(20)	(19)	(18)	(9)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Catch-Up	(4)	(4)	(4)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem Principal	(25)	(50)	(13)	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue new PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,098)
PIK, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EoP, Principal	1,162	1,112	1,099	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	1,098	-
EoP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other payments																
PXF creditors	(52)	(73)	(39)	(72)	(70)	(94)	(91)	(89)	(87)	(115)	(112)	(109)	(106)	(126)	-	-
Other debt	(12)	(13)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Dividends	(51)	(155)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payment, of which	(172)	(321)	(84)	(104)	(102)	(125)	(123)	(121)	(119)	(147)	(144)	(141)	(138)	(158)	(32)	(1,114)
Bondholders, Principal + PIK	(25)	(50)	(13)	(1)	-	-	-	-	-	-	-	-	-	-	-	(1,098)
Bondholders, restructuring fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bondholders, Interest	(32)	(32)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(15)
Flows to bondholders, total less																
accrued coupon (USD 4.0 mln as of	54	81	43	30	30	30	30	30	30	30	30	30	30	30	30	1,113
01-Mar-18)																
Discount factor (discount																
rate: 7.89% p.a.)	0.98	0.97	0.95	0.93	0.91	0.89	0.88	0.86	0.85	0.83	0.81	0.80	0.78	0.77	0.75	0.75
Discounted flows to bondholders	53	79	41	28	27	27	26	26	25	25	24	24	23	23	23	832
NPV 1.305																
Fair value. % of																
outstanding, of which 110.0%	4.4%	6.6%	3.5%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	70.1%
Principal+PIK 76.4%	2.1%	4.0%	1.1%	0.0%	-	-	-	-	-	-	-		-	-	-	69.1%
Interest less accrued	/0		/0													
coupon 33.6%	2.3%	2.6%	2.4%	2.3%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	0.9%
Restructuring fee					-	-	-	-	-	-	-		-	-	-	-



Valuation: Current Prices, dividends, fee & coupon cut

Current Prices, dividends, fee & coupon cut: 108.4%. Even though allowing for the dividend outflows in and of itself increases the fair value of the note, the noteholders might demand a fee. In such a case, Metinvest might want to shift future coupon payments to 2018, during which it might expect with more certainty to have ample cash flows. We have constructed a scenario with dividend outflows, a fee of 4.4% and a reduction of the 1.5025% Catch-Up interest rate value to zero. We calculate that in the Current Prices profitability scenario, the introduction of the fee and coupon cut improves the fair value by 1.5pp, from 106.9% (only dividend outflows) to 108.4%. The average life remains unchanged at 2.4 years.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln

Other outflows



	May 19	Aug 19	New 19	Fab 10	May 10	Aug 10	New 10	Fab 20	May 20	Aug 20	New 20	Fab 21	May 21	Aug 21	Neu 21	Dec 21
	IVIAY-18	Aug-18	NOV-18	FED-19	May-19	Aug-19	NOV-19	FED-20	1Viay-20	Aug-20	NOV-20	FeD-21	iviay-21	Aug-21	NOV-21	Dec-21
EBITDA	452	024	024	020	019	019	019	019	019	464	019	019	019	019	019	415
	(100)	400	400	409	(104)	404	404	404	(200)	(200)	(200)	(21.2)	(222)	(222)	(222)	(140)
Capex	(100)	(100)	(100)	(190)	(154)	(194)	(154)	(199)	(205)	(205)	(205)	(213)	(222)	(222)	(222)	(140)
Working Capital flaurs	254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	200	201	270	271	271	271	266	255	255	255	251	242	242	242	167
rCr Nou horrouinge, refinencing	498	260	201	279	2/1	2/1	2/1	200	200	255	200	251	242	242	242	102
New borrowings: remaining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Bob	122	565	570	E 40		497	462	116	445	420	120	412	411	451	E12	E16
Cash, BOP	122	505	5/5	545	497	407	402	440	445	435	430	415	411	431	512	422
Average Cash Palance	201	165	120	442	407 20E	256	220	220	435	226	212	210	250	109	410	433
Average Cash Balance	521	(147)	(120)	(121)	565 (01)	300 (71)	559	559	557 (EQ)	550	(41)	(20)	(66)	(107)	(114)	3/0 (9E)
	(47)	(147)	(129)	(151)	(91)	105	(59)	(59)	(56)	(57)	(41)	(59)	(00)	(107)	(114)	(65)
Eurobond	33	130	130	131	114	105	100	100	100	35	52	52	105	121	124	
Bop Principal	1 1 97	1 163	1 1 1 0	1 061	000	035	873	812	746	676	500	516	121	321	200	76
	1,107	1,105	1,110	1,001	555	933	873	012	740	070	399	510	424	321	200	70
BUP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cosh Roy, Poriod 1	(9)	(9)	(9)	(4)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1	(٥)	(6)	(٥)	(4)	(22)	(22)	(20)	(10)	(17)	(16)	(14)	(12)	(10)	(9)	(E)	(1)
Deriod 1 DIVC	(20)	(10)	(10)	(12)	(23)	(22)	(20)	(15)	(17)	(10)	(14)	(12)	(10)	(6)	(5)	(1)
Period 1, Padaom DIK	(20)	(15)	(10)	(9)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeelii Pik	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Catch-Op	(4)	(52)	(50)	(62)	-	-	-	-	-	-	-	-	-	-	-	-
Period 1, Redeem PIK	(24)	(52)	(50)	(62)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal	-	-	-	-	(64)	(62)	(62)	100	(70)	(70)	(02)	(02)	(102)	(121)	(124)	(76)
Period 2, Redeem Principal	-	-	-	-	(64)	(62)	(62)	(66)	(70)	(78)	(65)	(92)	(105)	(121)	(124)	(70)
Issue new PIK	(52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring ree	(52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Philipan, remaining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pik, reinidiicing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, bullet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, bullet repayment				-	-		-	-	-	-	-	-	-	-	-	-
	1,163	1,110	1,061	999	935	8/3	812	746	676	299	516	424	321	200	76	-
EUP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DVF ereditors	(00)	(71)	(67)	(110)	(115)	(121)	(122)	(117)	(110)	(120)	(112)	(EQ)				
Other debt	(99)	(/1)	(07)	(119)	(2115)	(151)	(125)	(117)	(110)	(129)	(115)	(56)	(2)	(2)	(2)	(1)
Dividends	(12)	(13)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Dividends	(47)	(147)	(129)	(131)	(305)	(1)	(39)	(363)	(356)	(301)	(41)	(202)	(00)	(107)	(114)	(103)
Bandhalders Drinsing DIK	(200)	(511)	(2/3)	(559)	(295)	(207)	(200)	(202)	(250)	(201)	(255)	(202)	(101)	(230)	(245)	(102)
Bondholders, Principal + PIK	(24)	(52)	(50)	(62)	(64)	(62)	(62)	(00)	(70)	(78)	(65)	(92)	(105)	(121)	(124)	(76)
Bondholders, lestracturing ree	(32)	(27)	(26)	(25)	(22)	(22)	(20)	(10)	(17)	(16)	(14)	(12)	(10)	(9)	(5)	(1)
	(52)	(27)	(20)	(23)	(23)	(22)	(20)	(15)	(17)	(10)	(14)	(12)	(10)	(0)	(5)	(1)
Flows to bondholders, total less	405		76											420	420	76
Accrued coupon (OSD 4.0 min as of	105	80	70	0/	6/	04	02	65	6/	95	97	104	115	129	129	70
01-1011-101																
Discount factor (discount	0.98	0.97	0.95	0.93	0.91	0.89	0.88	0.86	0.85	0.83	0.81	0.80	0.78	0.77	0.75	0.75
rate: 7.89% p.a.)																
Discounted flows to bondholders	103	77	72	81	80	75	72	73	74	77	79	83	89	99	97	57
NPV 1,286																
Fair value, % of 108.4%	8.7%	6.5%	6.0%	6.8%	6.7%	6.3%	6.1%	6.1%	6.2%	6.5%	6.7%	7.0%	7.5%	8.3%	8.2%	4.8%
outstanding, of which	/0				/0									2.270		
Principal+PIK 83.5%	2.0%	4.3%	4.0%	4.8%	4.9%	4.7%	4.6%	4.8%	5.0%	5.4%	5.7%	6.2%	6.8%	7.8%	7.9%	4.8%
Interest less accrued 20.5%	2.3%	2.2%	2.1%	1.9%	1.8%	1.7%	1.5%	1.4%	1.2%	1.1%	1.0%	0.8%	0.7%	0.5%	0.3%	0.1%
coupon																
Restructuring fee 4.3%	4.3%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Valuation: Late Redemption, dividends, fee & coupon cut

Late Redemption, dividends, fee & coupon cut: 110.0%. The reason for the choice of balance between the fee and the coupon cut is seen from the calculation in the Late Redemption scenario with dividend outflows, the fee and coupon cut: the fair value remains the same – as with only dividend outflows – at 110.0%. Therefore, the noteholders might argue that a 4.4% fee is necessary to offset the (discounted) loss of part of the 1.5025% coupon during the 3.6 years of the note's average life. And, if the Current Prices scenario materializes and the note's average life turns out to be only around 2.4 years, the noteholders gain 1.5pp (see the previous slide) as a pure restructuring fee.

Bond: bop amounts outstanding and redeemed (USD mln), the average life (years), and the fair value (% of nominal)



Cash: inflows and outflows, cumulative, USD mln

Other outflows



floader for filleding	1631.3	LUIU	50110	vait	auto	1, 05										
	May-18	Aug-18	Nov-18	Feb-19	May-19	Aug-19	Nov-19	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21	Dec-21
BIIDA	618	395	320	345	360	380	420	420	420	420	420	437	470	470	470	313
DCF before interest and WC	464	296	240	259	2/0	285	315	315	(200)	(200)	(200)	328	(222)	353	(222)	235
Japen Ander Seithern Iron Ore	(100)	(100)	(100)	(190)	(194)	(194)	(194)	(199)	(209)	(209)	(209)	(215)	(222)	(222)	(222)	(146)
Nucleas Constal floore	254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vorking Capital flows	-	100	-	-	76	- 01	101	110	100	100	106		121	121	121	- 07
·CF	509	109	52	69	76	91	121	116	106	106	106	114	131	131	131	87
New Dorrowings: remaining		-	-	-	-	-	-	-	-	-	-	-	-	164	-	1 051
Seeb DeD	111	-	412	-	-	200	202	205	205	100	100	152	120	104	110	1,051
Cash, DOP	122	3/0	415	234	230	200	205	205	205	190	100	100	120	121	210	219
Lasii, EUP	270	415	254	250	200	205	205	205	190	100	100	120	121	110	219	2/0
Average Cash Balance	527	(02)	251	210	1/9	107	157	150	154	147	114	64	70	00	120	257
	(51)	(92)			-	-	-	-	-	-	-	-	-	-	-	
ash sweep amount	97	114	51	30		-	-	-	-	-		-	-	-		57
Bop Principal	1 1 8 7	1 162	1 1 2 2	1 1 1 5	1 100	1 100	1 1 0 9	1 100	1 100	1 100	1 100	1 100	1 1 0 9	1 100	1 100	1 1 0 0
	1,107	1,102	1,122	1,115	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Baymonte	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Day, Dariad 1	(9)	(9)	(9)	(4)	-	-	-	-	-	-	-	-	-	-	-	-
Cash Pay, Period 1	(0)	(0)	(0)	(4)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(12)
Pariod 1 DIVC	(20)	(10)	(19)	(13)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(13)
Period 1, Padaam BIK	(20)	(15)	(10)	(9)	-	-	-	-	-	-	-	-	-	-	-	-
Devied 1, Catch Up	(4)															
Period 1, Catch-Op	(4)	(40)	(7)	(6)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem PIK	(25)	(40)	(7)	(0)	-	-	-	-	-	-	-	-	-	-	-	-
Period 2, Redeem Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Period 2, Redeem Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)
Postructuring foo	(52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring ree	(52)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, remaining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIK, reindicing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1 05 1)
Principal, builet repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,051)
	1 1 1 1	1 1 2 2	4 445	1 100	1 100	1 100	1 1 00	1 100	1 100	1 100	1 100	1 100	1 1 00	1 100	1 100	-
	1,102	1,122	1,115	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	-
OP, PIK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Differ payments	(100)	(60)	(20)	(74)	(67)	(01)	(90)	(07)	(96)	(114)	(111)	(100)	(107)	(165)		
Other debt	(100)	(00)	(30)	(74)	(07)	(91)	(09)	(0/)	(00)	(114)	(111)	(109)	(107)	(201)	(2)	(1)
Dividende	(12)	(15)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Dividends	(12)	(92)	(67)	(100)	(05)	(110)	(117)	(115)	(112)	(142)	(120)	(127)	(124)	(102)	(20)	(1 1 2 2)
Bandhalders Drinsing DIK	(272)	(231)	(03)	(108)	(55)	(115)	(117)	(115)	(113)	(142)	(135)	(137)	(134)	(193)	(20)	(1,122)
Bondholders, Principal + Pik	(25)	(40)	(/)	(6)	-	-	-	-	-	-	-	-	-	-	-	(1,109)
Bondholders, restructuring lee	(32)	- (27)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(12)
Bonunoiders, interest	(32)	(27)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(13)
lows to bondholders, total less	4 100	67		22	26	26	26	26	26	26	26	26	26	26	26	1 1 2 2
1-Mar-18)	100	67	35	52	20	20	20	20	20	20	20	20	20	20	20	1,122
Discount factor (discount	0.98	0.97	0.95	0.93	0.91	0.89	0.88	0.86	0.85	0.83	0.81	0.80	0.78	0.77	0.75	0.75
ate: 7.89% p.a.)																
Discounted flows to bondholders	104	65	32	30	24	23	23	22	22	22	21	21	20	20	20	838
NPV 1,30	6															
air value, % of 110.0	8.8%	5.4%	2.7%	2.5%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%	70.6%
Dutstanding, of which	2 2 10/	2 7%	0.6%	0.5%												60.9%
rincipal+PIK /6.2	/0 2.1%	3.2%	0.0%	0.5%	-	-	-	-	-	-	-	-	-	-	-	09.6%
coupon 29.5	% 2.3%	2.2%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%	0.8%
Postructuring foo 4 2	1 20/															
nesu ucturing iee 4.3	/0 4.3%	-	-	-	-	-	-	-	-	-	-	-	-	-		



If any cash is available for distribution in Steps 1 – 4 below, the payments in each step are made in full or partly (on a pro rata basis for the Eurobond and PXF):

Period 1 (May '18 – Dec. '18, quarterly, unle	ess otherwise specified) Eurobonds	PXF loans
Step 0. Paid in any case	2.7930% Cash Coupon	Cash interest of 30% x 5.16%** paid monthly
Step 1 (Level 1). Accrued and/or paid (if cash* is over USD 180 mln)	6.5795% in PIYC Coupon (paid or capitalized as PIK Notes)	70% x 5.16%** in PXF PIYC Interest Amount (paid or capitalized)
Step 2 (Level 2). (if cash* less payment under Step 1 is over USD 180 mln)	Repayment of outstanding PIK Notes (if any)	Repayment of capitalized PXF PIYC Interest Amount (if any)
Step 3 (Level 3). (if cash* less payment under Steps 1-2 is over USD 180 mln)	1.5025% in Catch-up Coupon	PXF Catch-Up Repayment . Amount is equal to PXF Loan outstanding x ¼ x (10.875% less 5.16%**)
Step 4 (Level 4). (if cash* less payment under Steps 1-3 is over USD 180 mln)	Partial repayment of Eurobond outstanding	Partial repayment of PXF loan outstanding
Period 2 (Jan. '19 – Nov. '21, quarterly, unle	ess otherwise specified)	
	Eurobonds	PXF loans
Step 0. Paid in any case	10.875% Cash Coupon	Cash interest of 5.16%** paid monthly Repayment of: USD 45.3 mln in Feb. & May 2019 USD 70.3 mln in Aug, and Nov. 2019, Feb. & May 2020 USD 100.3 mln in Aug, and Nov. 2020, Feb. & May 2021 Repayment equal to: PXF outstanding x ¼ x (10.875% less 5.16%**)
Step 1. Paid if cash* (net of PXF repayment amount) is over USD 180 mln	Partial repayment of Eurobond outstanding	Partial repayment of PXF loan outstanding

On top of that, Metinvest can repay any part of its capitalized PIK notes (PXF interest) and then part of its principal each month.

* Cash is defined as average daily cash balance for the three calendar months preceding the payment date. ** Interest rate on PXF is in fact one-month LIBOR plus 4.16%, but not less than 5.16%.



Disclaimer

THIS REPORT HAS BEEN PREPARED BY CONCORDE CAPITAL INVESTMENT BANK INDEPENDENTLY OF THE RESPECTIVE COMPANIES MENTIONED HEREIN FOR INFORMATIONAL PURPOSES ONLY. CONCORDE CAPITAL DOES AND SEEKS TO DO BUSINESS WITH COMPANIES COVERED IN ITS RESEARCH REPORTS. AS A RESULT, INVESTORS SHOULD BE AWARE THAT CONCORDE CAPITAL MIGHT HAVE A CONFLICT OF INTEREST THAT COULD AFFECT THE OBJECTIVITY OF THIS REPORT.

THE INFORMATION GIVEN AND OPINIONS EXPRESSED IN THIS DOCUMENT ARE SOLELY THOSE OF CONCORDE CAPITAL AS PART OF ITS INTERNAL RESEARCH COVERAGE. THIS DOCUMENT DOES NOT CONSTITUTE OR CONTAIN AN OFFER OF OR AN INVITATION TO SUBSCRIBE FOR OR ACQUIRE ANY SECURITIES. THIS DOCUMENT IS CONFIDENTIAL TO CLIENTS OF CONCORDE CAPITAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED OR GIVEN TO ANY OTHER PERSON.

CONCORDE CAPITAL, ITS DIRECTORS AND EMPLOYEES OR CLIENTS MIGHT HAVE OR HAVE HAD INTERESTS OR LONG/SHORT POSITIONS IN THE SECURITIES REFERRED TO HEREIN, AND MIGHT AT ANY TIME MAKE PURCHASES AND/OR SALES IN THEM AS A PRINCIPAL OR AN AGENT. CONCORDE CAPITAL MIGHT ACT OR HAS ACTED AS A MARKET-MAKER IN THE SECURITIES DISCUSSED IN THIS REPORT. THE RESEARCH ANALYSTS AND/OR CORPORATE BANKING ASSOCIATES PRINCIPALLY RESPONSIBLE FOR THE PREPARATION OF THIS REPORT RECEIVE COMPENSATION BASED UPON VARIOUS FACTORS, INCLUDING QUALITY OF RESEARCH, INVESTOR/CLIENT FEEDBACK, STOCK PICKING, COMPETITIVE FACTORS, FIRM REVENUES AND INVESTMENT BANKING REVENUES.

PRICES OF LISTED SECURITIES REFERRED TO IN THIS REPORT ARE DENOTED IN THE CURRENCY OF THE RESPECTIVE EXCHANGES. INVESTORS IN FINANCIAL INSTRUMENTS SUCH AS DEPOSITORY RECEIPTS, THE VALUES OR PRICES OF WHICH ARE INFLUENCED BY CURRENCY VOLATILITY, EFFECTIVELY ASSUME CURRENCY RISK.

DUE TO THE TIMELY NATURE OF THIS REPORT, THE INFORMATION CONTAINED MIGHT NOT HAVE BEEN VERIFIED AND IS BASED ON THE OPINION OF THE ANALYST. WE DO NOT PURPORT THIS DOCUMENT TO BE ENTIRELY ACCURATE AND DO NOT GUARANTEE IT TO BE A COMPLETE STATEMENT OR SUMMARY OF AVAILABLE DATA. ANY OPINIONS EXPRESSED HEREIN ARE STATEMENTS OF OUR JUDGMENTS AS OF THE DATE OF PUBLICATION AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART WITHOUT PRIOR PERMISSION IS PROHIBITED.

NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES OR DISTRIBUTED IN THE UNITED STATES OR TO ANY U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), OTHER THAN TO A LIMITED NUMBER OF "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) SELECTED BY CONCORDE CAPITAL.

THIS DOCUMENT MAY ONLY BE DELIVERED WITHIN THE UNITED KINGDOM TO PERSONS WHO ARE AUTHORIZED OR EXEMPT WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") OR TO PERSONS WHO ARE OTHERWISE ENTITLED TO RECEIVE THIS DOCUMENT UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR ANY OTHER ORDER MADE UNDER THE FSMA.

©2018 CONCORDE CAPITAL



Contacts

2 Mechnikova Street, 16th Floor Parus Business Centre Kyiv 01601, Ukraine Tel.: +380 44 391 5577 Fax: +380 44 391 5571 www.concorde.ua Bloomberg: TYPE CONR <GO>

CEO Igor Mazepa im@concorde.com.ua

SALES & TRADING

Marina Martirosyan Tatyana Chub Alexandra Kushnir Alisa Tykhomirova Anna Tantsiura mm@concorde.com.ua ct@concorde.com.ua ak@concorde.com.ua at@concorde.com.ua ta@concorde.com.ua

RESEARCH

Head of Research Alexander Paraschiy

Utilities, Energy, Financial Alexander Paraschiy

Economy Evgeniya Akhtyrko Basic Materials Dmytro Khoroshun Consumer Andriy Perederey Editor, Politics Zenon Zawada ap@concorde.com.ua

ap@concorde.com.ua

ea@concorde.com.ua

dk@concorde.com.ua

aper@concorde.com.ua

zzawada@concorde.com.ua

