

# **FY 2022 Financial results**

**16 March 2023**



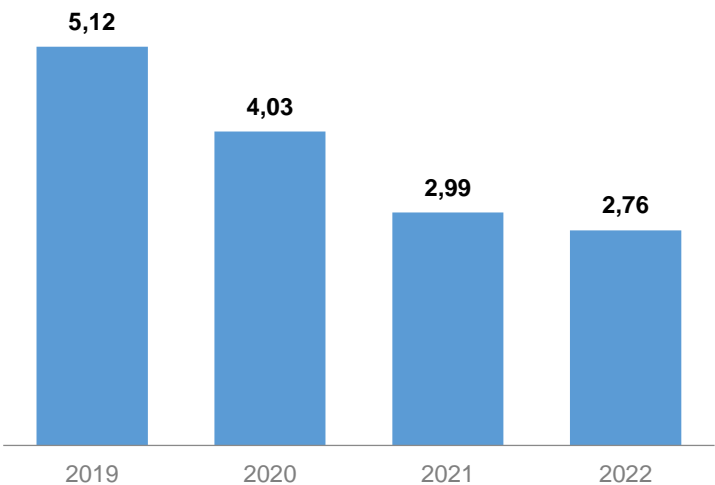
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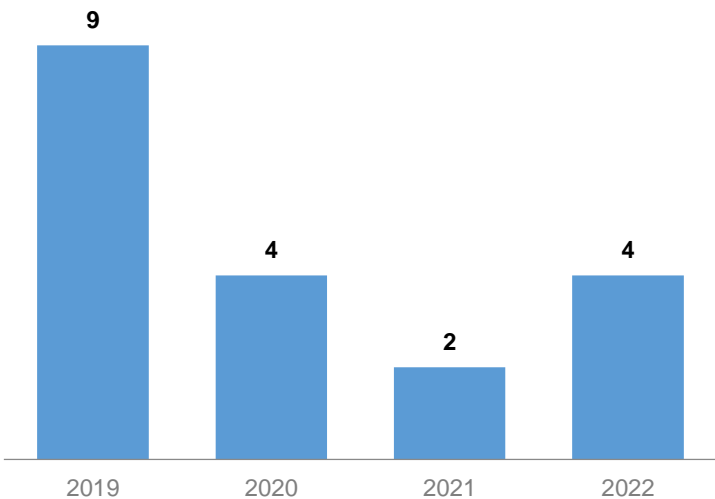
- Revenue increased to \$2.8bln from \$2.1bln in 2021 with EBITDA remained at the level of previous year of almost \$1.3bln
- The cash cost of coal concentrate per tonne reached \$66/t, up 69% YoY following increase in prices of raw materials amid high inflation as well as lower mining volumes, lower yield at washing plants, implementation of the overburden compensation programme at the open pits to improve safety and change in MET calculation methodology
- Net profit amounted to \$782m in 2022 (\$875m in 2021)
- Net profit margin decreased to 28%, up from 42% in 2021
- Overall coal production (all grades) amounted to 21.5mt, a 6% decrease amid higher number of longwall moves and lower workload at Osinnikovskaya, Erunakovskaya-VIII and Alardinskaya mines due to higher gas content in the seams as well as complex geological conditions
- The Board of Directors has decided not to recommend the payment of dividend for 2022

- ❑ Tragically, there have been four fatal accidents at our facilities, which is unacceptable. The company will increase its focus on improving safety controls, as well as on the preventive measures taken so that such incidents do not recur
- ❑ To prevent the occurrence of catastrophic risks in coal mines, the Company is constantly implementing a set of initiatives to introduce the most modern Russian and international technologies and safety measures
- ❑ For critical risks, a monthly audit is carried out according to checklists and a rating of enterprises is formed with the visualization of problem areas for the subsequent preparation of corrective measures
- ❑ We continued our environmental projects with the aim to achieve targets which were set for 2030: a 75% reduction in methane emissions from degassing, as well as 40% reduction in dust emissions from coal transportation and storage
- ❑ In 2022 our methane utilisation units processed 13kt or 10% of methane from degassing

LTIFR\*



Fatalities



Source: Company data \*Data includes contractors starting from 2020

# Operational performance

- Total raw coal extraction was 21.5mt, a YoY decrease of 6% YoY amid higher number of longwall moves and lower workload at Osinnikovskaya, Erunakovskaya-VIII and Alardinskaya mines due to higher gas content in the seams as well as complex geological conditions
- Concentrate yield down by 4 percentage points to 69.8%. This was caused by an increase in ash content at Alardinskaya, Erunakovskaya-VIII, Osinnikovskaya and Esaulskaya mines as well as at Rapsadsky and Koksovy open-pits due to more complex mining and geological conditions

## Production volumes of raw coking coal by mine, kt

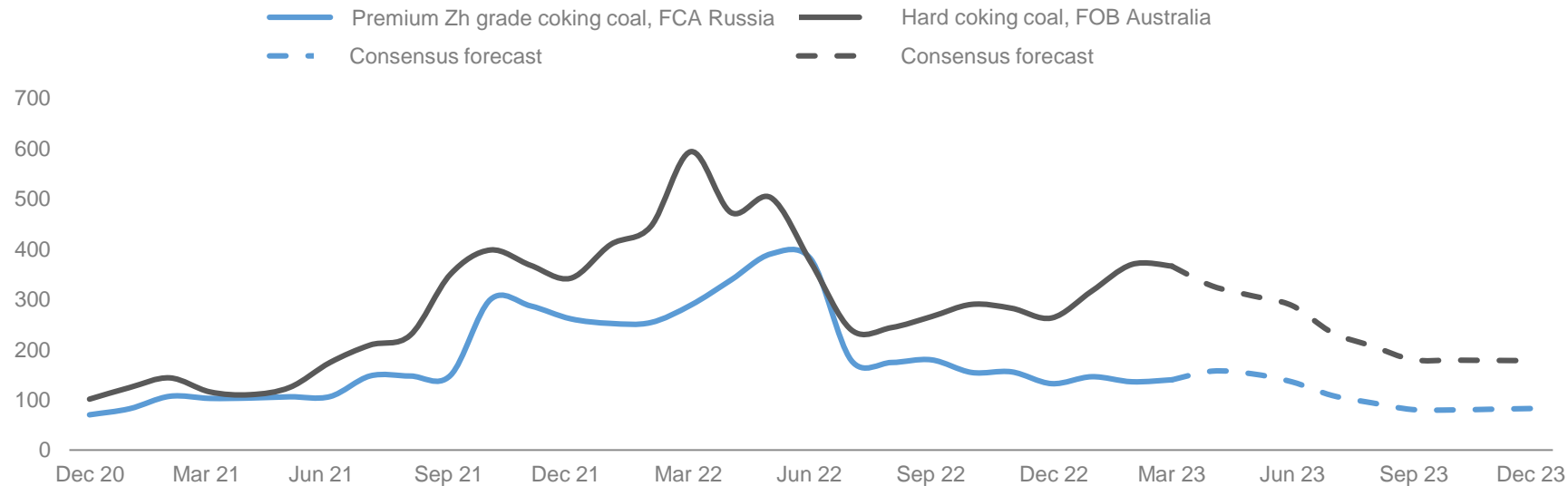
Mines and coal grade	2022	2021	Change	Change, %
Raspadskaya (GZh)	4 579	4 618	(39)	(1)
Raspadsky, open-pit (GZh, GZhO)	4 762	3 168	1 594	50
Raspadsky, open-pit (oxidised)	60	70	(10)	(14)
Raspadskaya-Koksovaya (K, KO)	1 027	1 097	(70)	(6)
Koksovy, open pit (OS, KS)	1 891	1 521	370	24
Koksovy, open pit (oxidised)	76	56	20	36
Alardinskaya (KS)	1 698	3 232	(1 534)	(47)
Osinnikovskaya (Zh)	1 169	1 382	(213)	(15)
Erunakovskaya-VIII (Zh)	1 659	2 305	(646)	(28)
Esaulskaya (GZh)	1 488	2 532	(1 044)	(41)
Uskovskaya (GZh)	2 538	2 840	(302)	(11)
Mezhegeyugol (2Zh)	558	-	558	100
<b>TOTAL</b>	<b>21 505</b>	<b>22 821</b>	<b>(1 316)</b>	<b>(6)</b>

Source: Company data

# Market overview

- In H1 2022, spot premium HCC price stayed at high levels despite stalled demand growth. Subsequently, after a significant decrease, they were able to stabilise at the level between \$250/t and \$300/t
- The primary drivers of price direction have been weak steel market fundamentals which followed worsening conditions in global economy and Zero-COVID policy in China
- Ongoing supply concerns due to wet weather and global constrains in the coal supply chains have reversed effect on coal prices
- Local coal prices followed dynamics of the Russian steel and coke markets. Sanctions and a drop in domestic coal demand have led to an increase in exports to China, which along with worsening logistical problems has increased competition among producers

## Local coking coal price vs export benchmark, \$/t

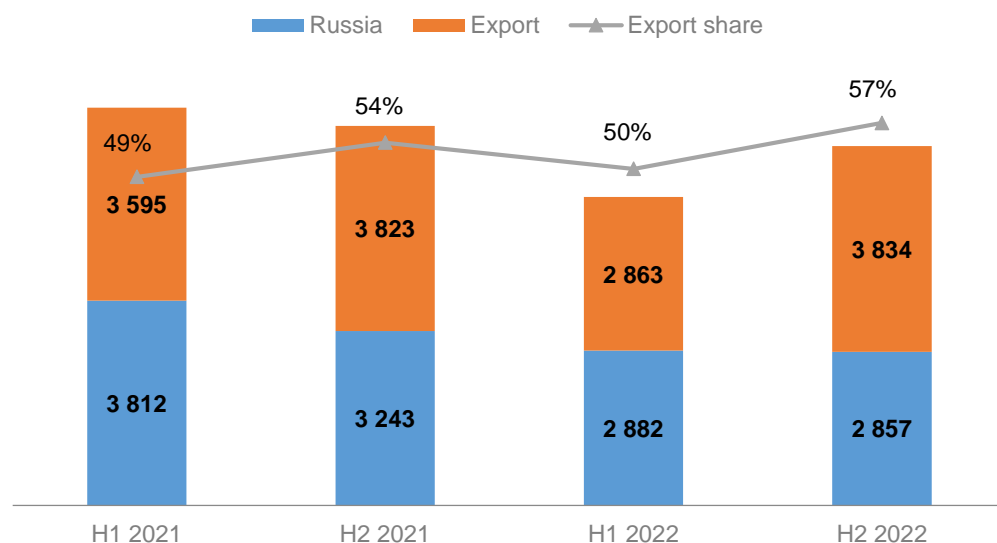


Source: CRU, MMI

# Sales volumes

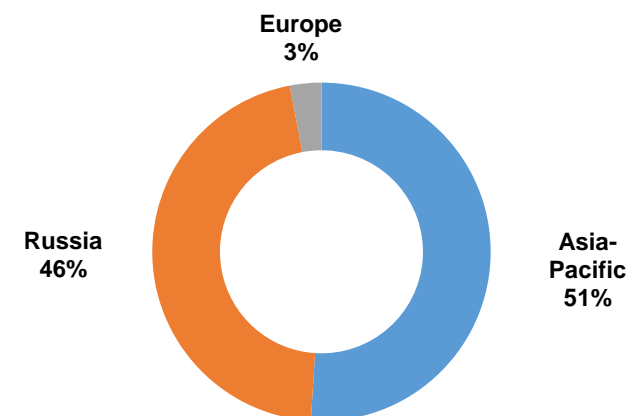
- Overall coal product sales stood at 14.3mt (12.4mt of coal concentrate and 1.9mt of raw coal), down by 16% YoY following ban on Russian coal supplies to Europe, amid logistics constraints at Far East and lower demand from Russia's metals industry due to geopolitical turmoil
- Sales of coal concentrate in Russia decreased to 5.7mt down by 19% YoY mainly due to lower shipments outside EVRAZ
- Export share in total sales of coal concentrate amounted to 54% or 6.7mt, of which most of the shipments account for the countries of the Asia-Pacific region

## Coal concentrate sales, kt



Source: Company data

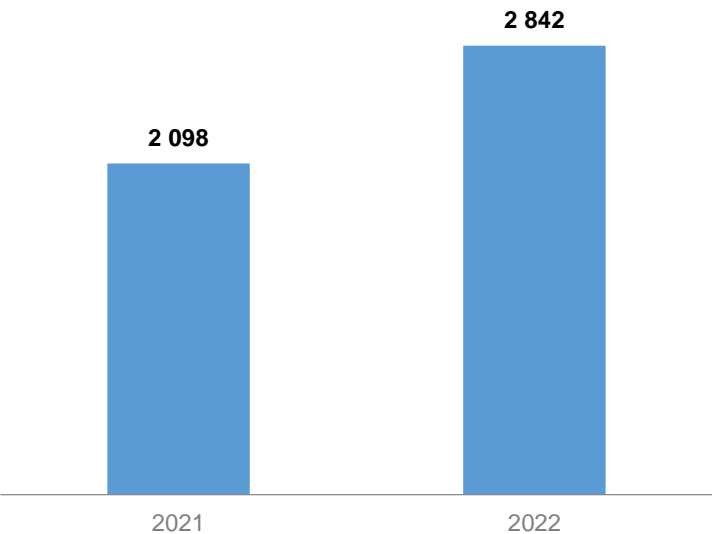
## Total coal concentrate sales by region in 2022, %



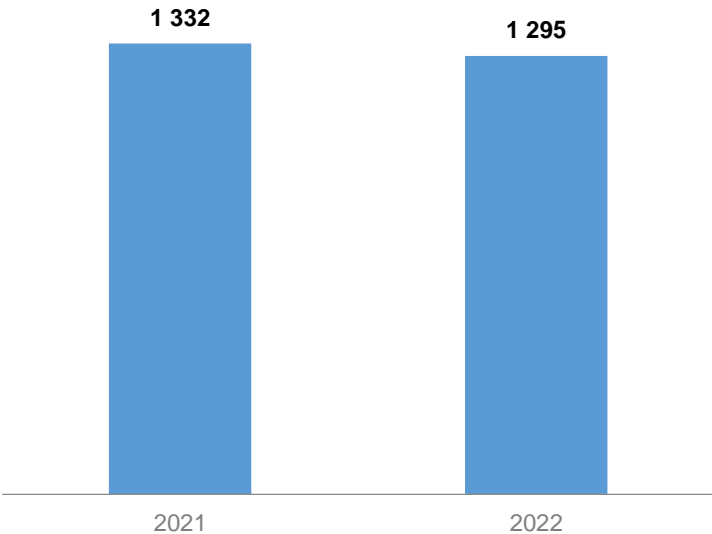
# Financial performance

- Revenue increased to \$2.8bln from \$2.1bln in 2021 amid change in delivery terms(+ \$0.5bln) as well as due to higher sales prices
- EBITDA remained flat YoY at the level of \$1.3bln
- Net profit amounted to \$782m in 2022 (\$875m in 2021)
- Net profit margin decreased to 28% vs 42% in 2021

Revenues, \$m



EBITDA, \$m



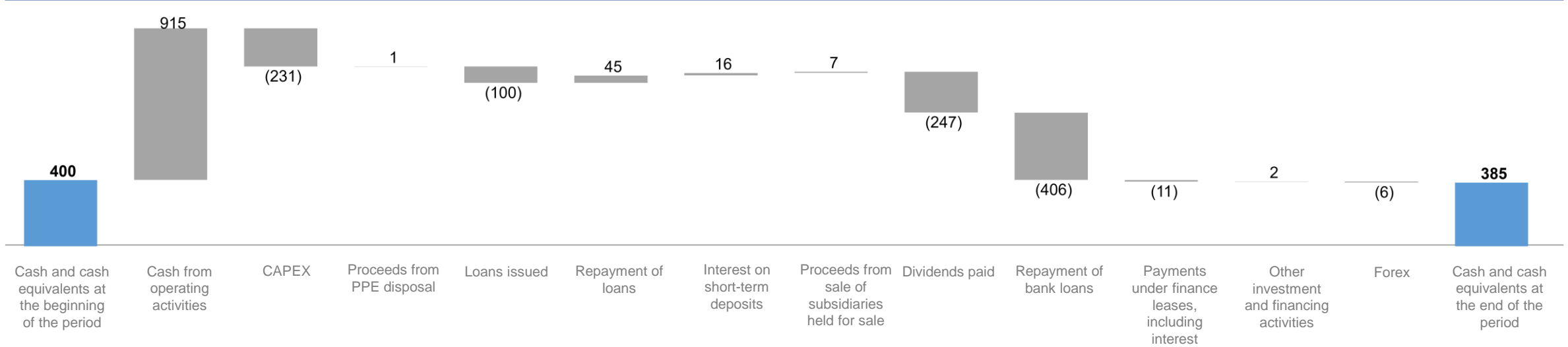
Source: Company data



# Cash flow

- Net cash flows from operating activities amounted to \$915m
- CAPEX amounted to \$231m
- Loans issued amounted to \$100m
- Dividends paid amounted to \$247m
- Repayments of bank loans amounted to \$406m

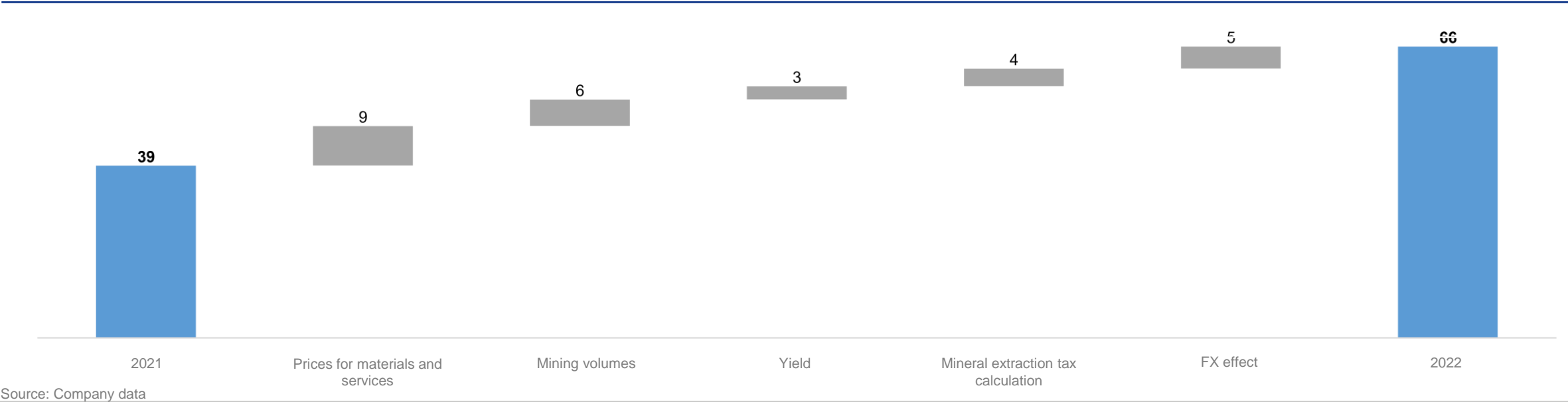
## Cash flow in 2022, \$m



Source: Company data

- Cash-cost per tonne of coal concentrate increased by 69% YoY due to:
- Rising prices for materials and services amid high inflation
  - Decrease in mining volumes by 6% (21.5mt vs 22.8mt in 2021)
  - Reduced concentrate yield by 4 p.p. (69.8% vs 73.8 in 2021) due to the increase in ash content
  - Change in the methodology for calculation of mineral extraction tax in 2022
  - FX effect as average FX rate for USD amounted to 68.54 roubles in 2022 (73.65 roubles in 2021)

## Cash-cost of concentrate, \$/t



# External challenges, impact on Raspadskaya and how we react

## Challenges and impact

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- Difficulties in selling products worldwide, a number of countries decided to ban coal imports from Russia
- Economic sanctions limited access to international capital markets, restrictions on cross-border dividend payments and borrowings were introduced
- A supply chain disruptions, Raspadskaya was forced to build up the stocks of spare parts and materials, which boosted the need for working capital
- A spike in inflation both in Russia and abroad as well as rouble exchange rate strengthening contributed to a rise in costs

## How we react

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- Raspadskaya is adapting export channels to the ongoing developments to ensure timely revenue inflows by actively tapping into the Indian market and diverting European exports to the Asia-Pacific
- A strategy of switching to alternative suppliers of critical equipment has been developed, with all the necessary supplies currently available
- The Company is running a cost-cutting programme, while also actively implementing digital technologies to increase efficiency



## Investor Relations

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