

## **Metinvest iron ore concentrate output drops 6% mm in September**

### **Bus./Industry**

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**Analyst: "We continue to expect Metinvest will produce about 32.0 mmt of attributable iron ore in 2017, a 5.3% yoy decrease. And we are keeping our neutral view on METINV Eurobonds as we see a high refinancing risk for the next twelve months."**

KYIV, Oct 18, 2017 - The attributable production of iron ore concentrate of Metinvest's (METINV) subsidiaries amounted to 2.45 mmt in September, according to Concorde Capital's analysis of separate news by Interfax-Ukraine. This is a 9.0% m/m drop, or 5.9% mm drop on daily average basis. The holding's pellet output was 952 kt in September, a 10.8% mm increase (up 14.5% m/m on daily average basis). For the second month in a row, an important factor behind the output drop was decreasing production at Inhulets Iron Ore, whose daily production fell 13.7% m/m to 23.3 kt per day. Production at Northern Iron Ore dropped 5.3% m/m to 30.2 kt per day. Production at Central Iron Ore grew 1.7% m/m to 12.8 kt per day, whereas output at Southern Iron Ore was in line with the previous month at 33.4 kt per day. In 9M17, Metinvest's attributable output of iron ore concentrate dropped 7.7% yoy to 23.7 mmt. Concorde analyst Dmytro Khoroshun added: "Ukraine's mining industry continues to experience problems with railcar supply, which likely contributed to Metinvest's falling iron ore production volumes. Reportedly, the situation with Ukrzaliznytsia's railcar supply improved somewhat in September, but deteriorated in early October. The September drop in Metinvest's attributable iron ore output - coupled with a much smaller m/m drop in attributable daily steel output - will reduce external sales of iron ore products. "We continue to expect Metinvest will produce about 32.0 mmt of attributable iron ore in 2017, a 5.3% yoy decrease. And we are keeping our neutral view on METINV Eurobonds as we see a high refinancing risk for the next twelve months."

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