

7 October 2024

Ferrexpo plc
(“Ferrexpo” or the “Company” or the “Group”)

Production Report for 3Q 2024

Ferrexpo plc (LSE: FXPO), a producer and exporter of premium iron ore pellets, announces production results for the third quarter to the end of September 2024 (“the quarter” or “3Q” or “3Q 2024”).

Highlights

- Ferrexpo remains committed to the safety and wellbeing of its workforce and the Group continues to take extensive measures to protect employees, their families, and local communities.
- At the end of August 2024, the Group reported a rolling 12-month LTIFR of 0.37, below the historic five-year trailing average of 0.52. Zero fatalities have been reported for over three years.
- The Group has successfully operated one to two pelletising lines (out of four) during the quarter, with a focus on higher quality products.
- With variable production from each of the pelletiser lines, total production for the quarter was 1,397,698 tonnes, comprising 1,269,727 tonnes of pellets and 127,971 tonnes of 67% Fe concentrate. Total production for the nine months to the end of September 2024 was 5,125,034 tonnes, a 47% increase compared to the comparable period last year.
- During the quarter production of Ferrexpo DR pellets (FDP) continued, with a total of three shipments to two customers.

Summary production statistics

<i>(tonnes, unless otherwise stated)</i>	Fe Grade	3Q 2024	2Q 2024	Change	1Q 2024	9M 2024	9M 2023	Change
Total commercial production		1,397,698	1,672,506	-16.4%	2,054,830	5,125,034	3,474,860	47.5%
Total pellet production		1,269,727	1,483,468	-14.4%	1,813,973	4,567,168	3,218,273	41.9%
DR pellets (FDP)	67%	163,523	162,645	0.5%	0	326,168	0	-
Ferrexpo premium pellets	65%	944,279	1,104,904	-14.5%	1,731,427	3,780,610	3,218,273	17.5%
Other pellets	65%	161,925	215,919	-25.0%	82,546	460,390	0	-
Concentrate production	67%	127,971	189,038	-32.3%	240,857	557,866	256,587	117.4%

Commenting on the Group’s performance, Lucio Genovese, Interim Executive Chair, said:

“It is with sadness that during the quarter we were informed that five more of our brave colleagues were killed while serving in the Armed Forces of Ukraine. These men worked as electricians, welders, locomotive drivers and repairmen. We mourn their loss, offer our sincere condolences, and have provided support to their families.

For Ferrexpo’s operations, the third quarter presented a very challenging operating and macroeconomic environment. As we highlighted in the interim results, the requirement to import 80% of our electricity from our western neighbours remains in place, and the resulting high tariffs continue to have a negative impact on our costs. This has been exacerbated by elevated shipping freight rates and additional war risk insurance premiums.

To mitigate the pressure on margins, our strategy has been to focus on sales of higher quality iron ore products to customers in close geographical proximity. This included expanding our customer base and sales of premium priced DR pellets in the MENA region.

Our ability to quickly adapt to the challenges that face us is testament to the flexibility that we built in our operating model. This has enabled us to marginally reduce the impact from both the aforementioned factors, and from lower iron ore prices, where the fall in benchmark 65% Fe price briefly tested price support levels of US\$100 per tonne during the quarter, bottoming at levels last seen in 2022. Encouragingly, late in the period, prices began to recover on the back of an improvement in sentiment, spurred on by announcements of economic stimulus measures in China.

At the present time, 669 of our colleagues are serving in the Armed Forces, and 149 have returned as veterans, of whom 93 have already returned to work. We continue to support our employees and local communities through our humanitarian and CSR programmes and initiatives.”

Commenting on the Group’s performance, Nikolay Kladiiev, Group Chief Financial Officer said:

“The combined effects of much lower iron ore prices and higher input costs, put significant pressure on our margins during the third quarter. High electricity tariffs, which I highlighted at our interims, continue to increase and add to our C1 costs compared to the start of the year. We also continued to see elevated freight rates and additional war risk insurance premiums. In response, we have sought to contain costs where possible and to manage our cash position, which at the end of the third quarter remained around US\$100 million.

It is encouraging to note that in the final days of September, the Chinese stimulus measures, notably the removal of home purchase restrictions provided welcome support for iron ore prices. The pessimism surrounding iron ore prices appears to have lifted for now, however, the recent volatility of the third quarter does not provide any certainty that prices will remain at these levels or improve further. We will continue to keep a vigilant approach to our financial and operating performance for the remainder of the year.”

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About Ferrexpo:

About Ferrexpo: Ferrexpo is a Swiss headquartered iron ore company with assets in Ukraine and a listing in the equity shares commercial companies category on the London Stock Exchange (ticker FXPO) and a constituent of the FTSE All-Share index. The Group produces high grade iron ore pellets, which are a premium product for the global steel industry and enable reduced carbon emissions and increased productivity for steelmakers when converted into steel, compared to more commonly traded forms of iron ore. Ferrexpo’s operations have been supplying the global steel industry for over 50 years. Before Russia’s full-scale invasion of Ukraine in February 2022, the Group was the world’s third largest exporter of pellets. The Group has a global customer base comprising of premium steel mills around the world. For further information, please visit www.ferrexpo.com.