

Operational Results for Q1 2019

Metalloinvest, a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel, today announces its operational results for the first quarter of 2019.

Management comments

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

“In Q1 2019, the Company increased shipments of pellets by 8% and HBI/DRI by 10% y-o-y. Thus, in line with our strategy to increase the share of high value-added products in the sales structure, the share of pellets and HBI/DRI in the total shipments of iron ore products amounted to 74% compared to 69% in Q1 2018. At the same time, sales of pig iron and steel products remained at the same level as in Q1 2018, despite the ongoing implementation of various projects to modernise steel capacities, including the reconstruction of EAF¹ facilities and hot tests of the Flexible Modular Furnace at Ural Steel.”

Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Iron ore ²	9,602	10,347	-7.2%	9,893	-2.9%
Pellets	6,840	6,885	-0.7%	6,691	2.2%
HBI/DRI	2,020	1,997	1.2%	2,021	0.0%
Hot metal	678	787	-13.9%	716	-5.3%
Crude steel	1,185	1,324	-10.5%	1,237	-4.2%

Shipments by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Iron ore ²	1,624	2,305	-29.5%	1,880	-13.6%
Pellets	3,336	3,480	-4.1%	3,085	8.1%
HBI/DRI	1,224	1,035	18.3%	1,111	10.2%
Pig iron	532	559	-4.8%	531	0.2%
Steel products	1,126	1,198	-6.0%	1,134	-0.7%

¹ EAF – Electric Arc Furnace

² Hereinafter iron ore refers to iron ore concentrate and sintering ore

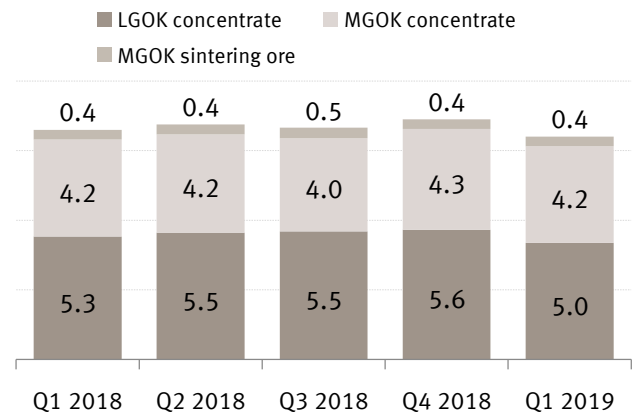
1. Iron ore products

1.1 Production

- In Q1 2019, Metalloinvest produced 9.6 mn tonnes of iron ore. The decrease in production volume by 7.2% q-o-q³ and 2.9% y-o-y⁴ was due to scheduled maintenance works at LGOK, as well as changes in the quality of iron ore mined at LGOK and MGOK that resulted in increased processing time. The q-o-q decline in production volumes was also due to there being fewer calendar days
- In Q1 2019, pellet production remained almost at the level of Q4 2018 (-0.7% q-o-q) and amounted to 6.8 mn tonnes. The y-o-y growth in pellet production was 2.2% as a result of the increase in productivity of Pellet Plant #3 at MGOK
- HBI/DRI production remained flat at the level of Q1 2018 (2.0 mn tonnes) and was 1.2% higher q-o-q due to major maintenance works at the HBI-3 Plant at LGOK in Q4 2018

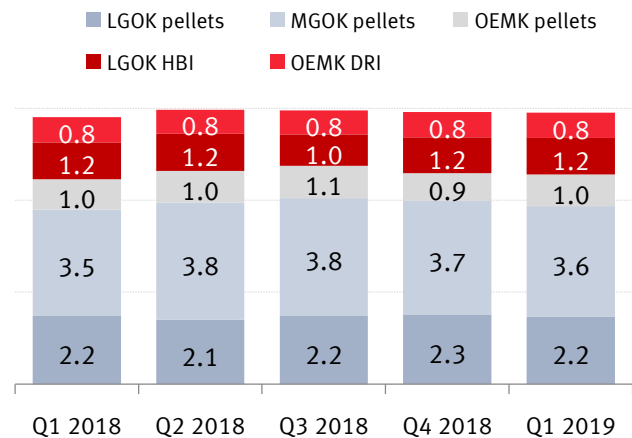
Iron ore production

mn tonnes



Pellets and HBI/DRI production

mn tonnes



³ Hereinafter q-o-q represents change in Q1 2019 vs. Q4 2018

⁴ Hereinafter y-o-y represents change in Q1 2019 vs. Q1 2018

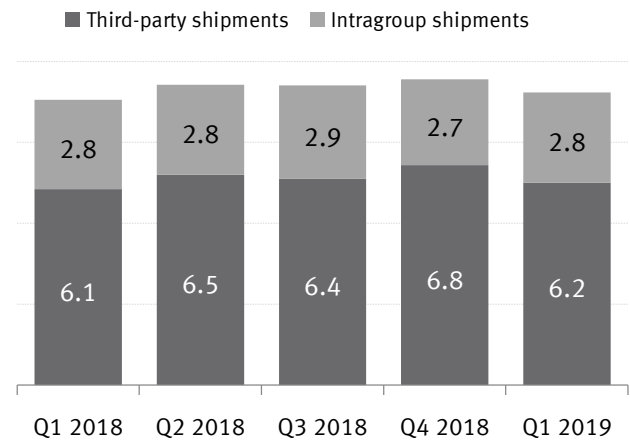


1.2 Shipments

- In Q1 2019, the total volume of iron ore product shipments to third parties increased by 1.8% y-o-y and amounted to 6.2 mn tonnes due to a change in the product mix (shipments of pellets increased by 8.1% y-o-y and HBI/DRI by 10.2% y-o-y)
- HVA iron ore products (pellets and HBI/DRI) shipments accounted for 73.6% of the total amount of iron ore product shipments in Q1 2019 (vs. 66.2% in Q4 2018 and 68.9% in Q1 2018)
- In Q1 2019, the share of iron ore product supplies to the domestic market amounted to 56.9% (compared with 61.0% in Q4 2018 and 70.5% in Q1 2018)
- The Company increased the volume of export supplies during the reporting period – iron ore product shipments to Europe grew to 25.9% (vs. 21.3% in Q4 2018 and 18.0% in Q1 2018) and supplies to Asia increased to 11.3% (vs. 7.2% in Q4 2018 and 4.2% in Q1 2018)

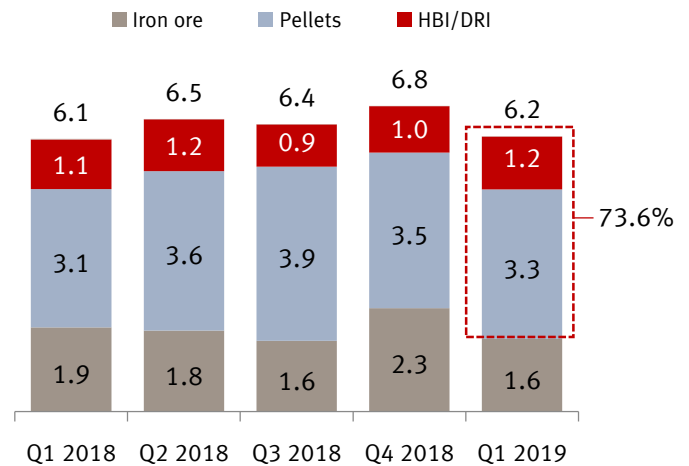
Shipments of iron ore products

mn tonnes

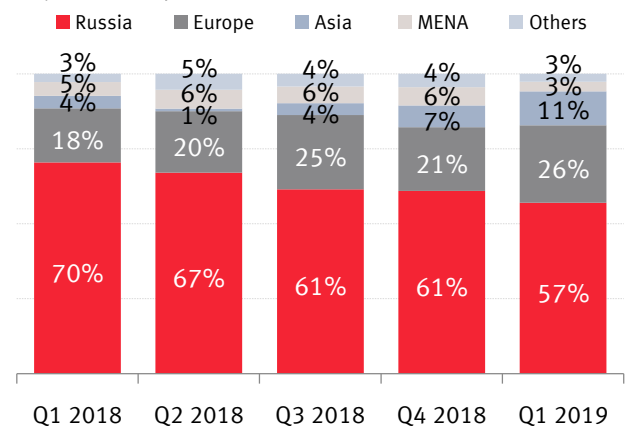


Shipments to external customers

mn tonnes



Shipments by region*



* Shipments of iron ore, pellets and HBI/DRI

2. Pig iron and steel products

2.1 Production

- In Q1 2019, the output of hot metal decreased by 13.9% q-o-q and by 5.3% y-o-y as a result of maintenance works at blast furnaces as well as a decline in internal consumption in line with steel production requirements
- Crude steel production decreased in Q1 2019 by 10.5% q-o-q and by 4.2% y-o-y to 1.2 mn tonnes. This was largely a result of plant reconstruction and hot tests of FMF⁵ at Ural Steel as well as changes to the product mix at OEMK

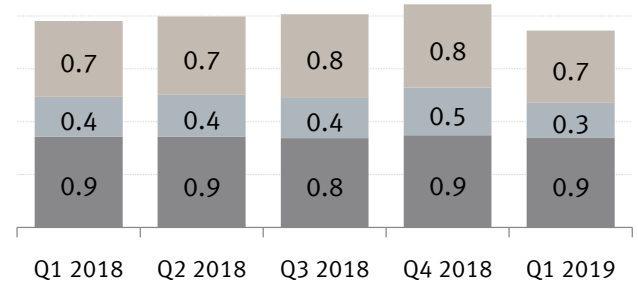
2.2 Shipments

- The share of HVA⁶ steel product shipments amounted to 45.6% in Q1 2019 (compared with 39.2% in Q4 2018 and 45.9% in Q1 2018)
- In Q1 2019, the share of pig iron and steel product shipments to Russia remained flat at the level of Q4 2018 (29.0% and 29.7% respectively)
- In Q1 2019, deliveries to MENA increased by more than double q-o-q and by 43.5% y-o-y (the share of shipments comprised 26.5%), mainly due to increased shipments to clients in Turkey

Production of steel products

mn tonnes

■ OEMK crude steel ■ Ural Steel crude steel ■ Ural Steel hot metal



Shipments to external customers

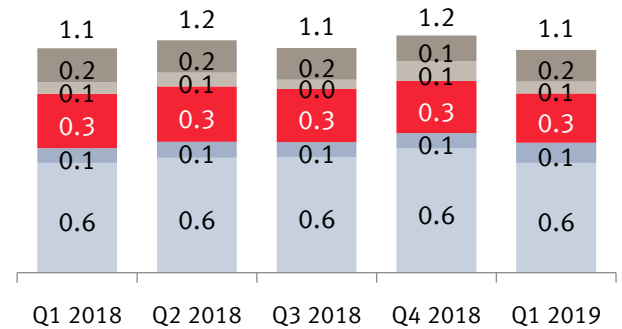
mn tonnes

■ Semi-finished product ■ Semi-finished product HVA

■ SBQ HVA

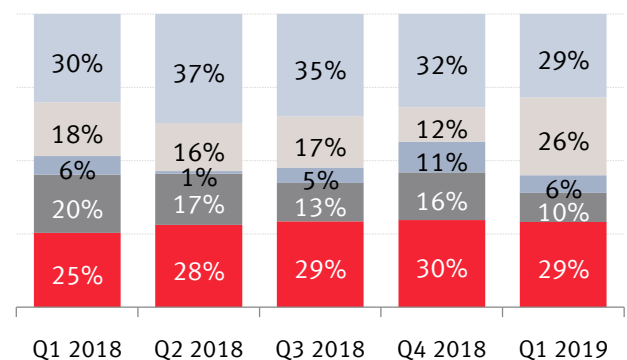
■ Plate

■ Plate HVA



Shipments by region**

■ Russia ■ Europe ■ Asia ■ MENA ■ Others



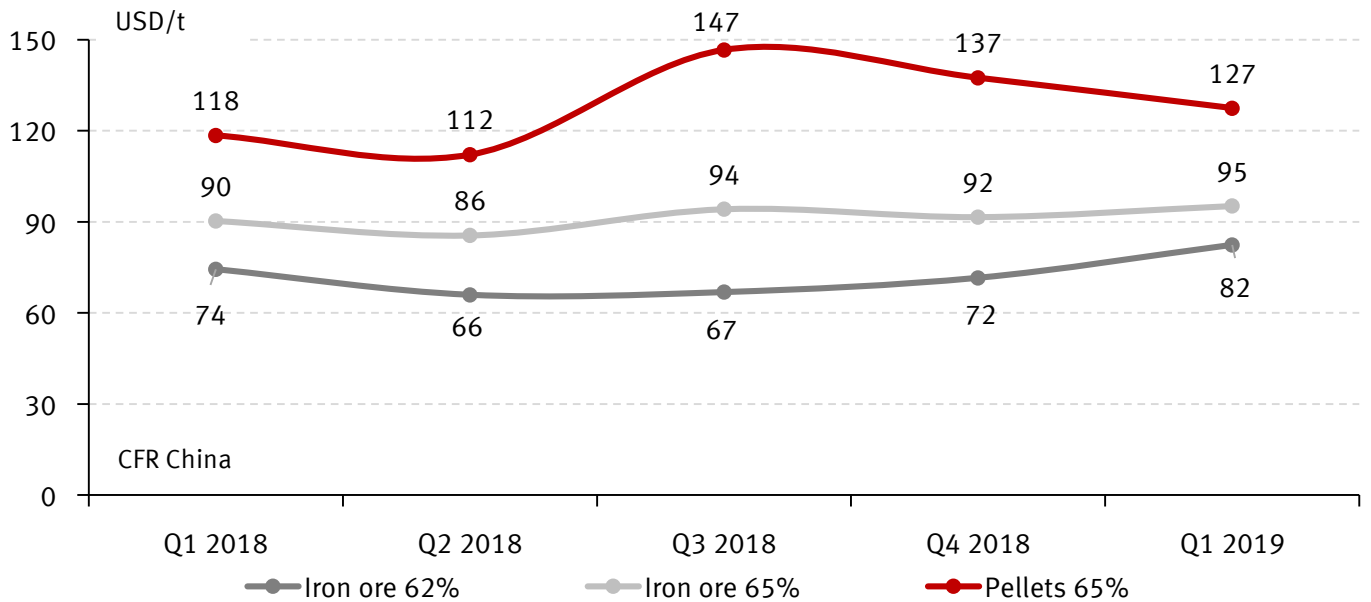
** Shipments of pig iron and steel products

⁵ FMF - Flexible Modular Furnace

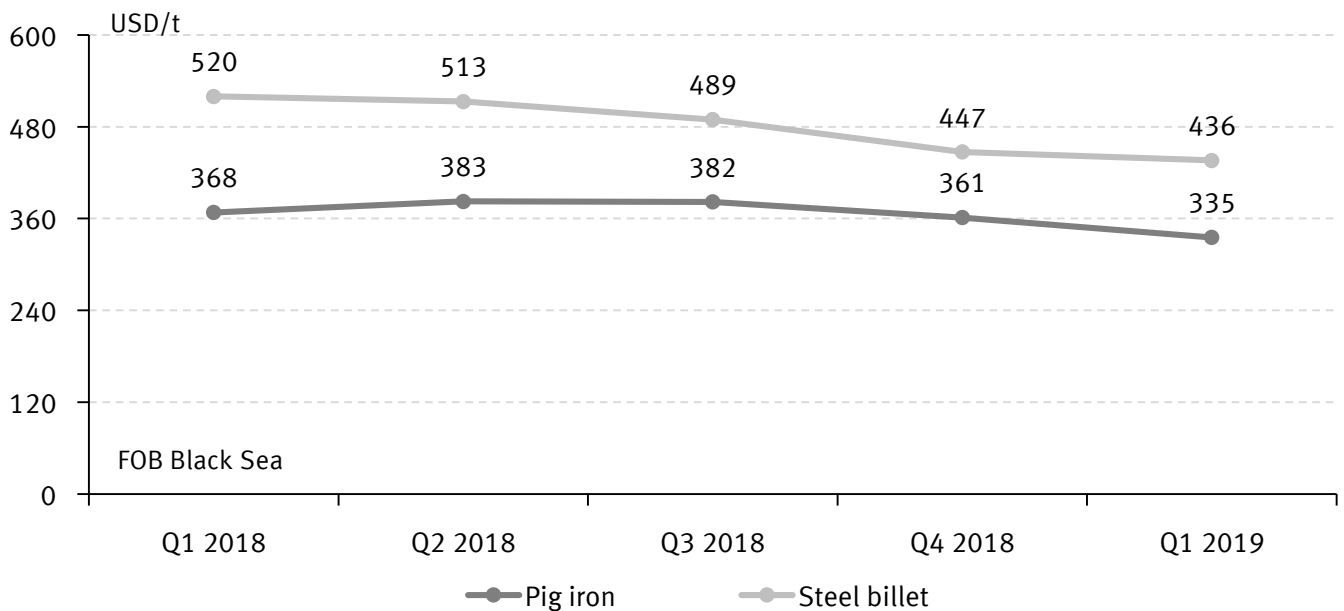
⁶ HVA – high value-added. The list of steel products by types is presented in the Appendix below

3. Global iron ore and steel indices ⁷

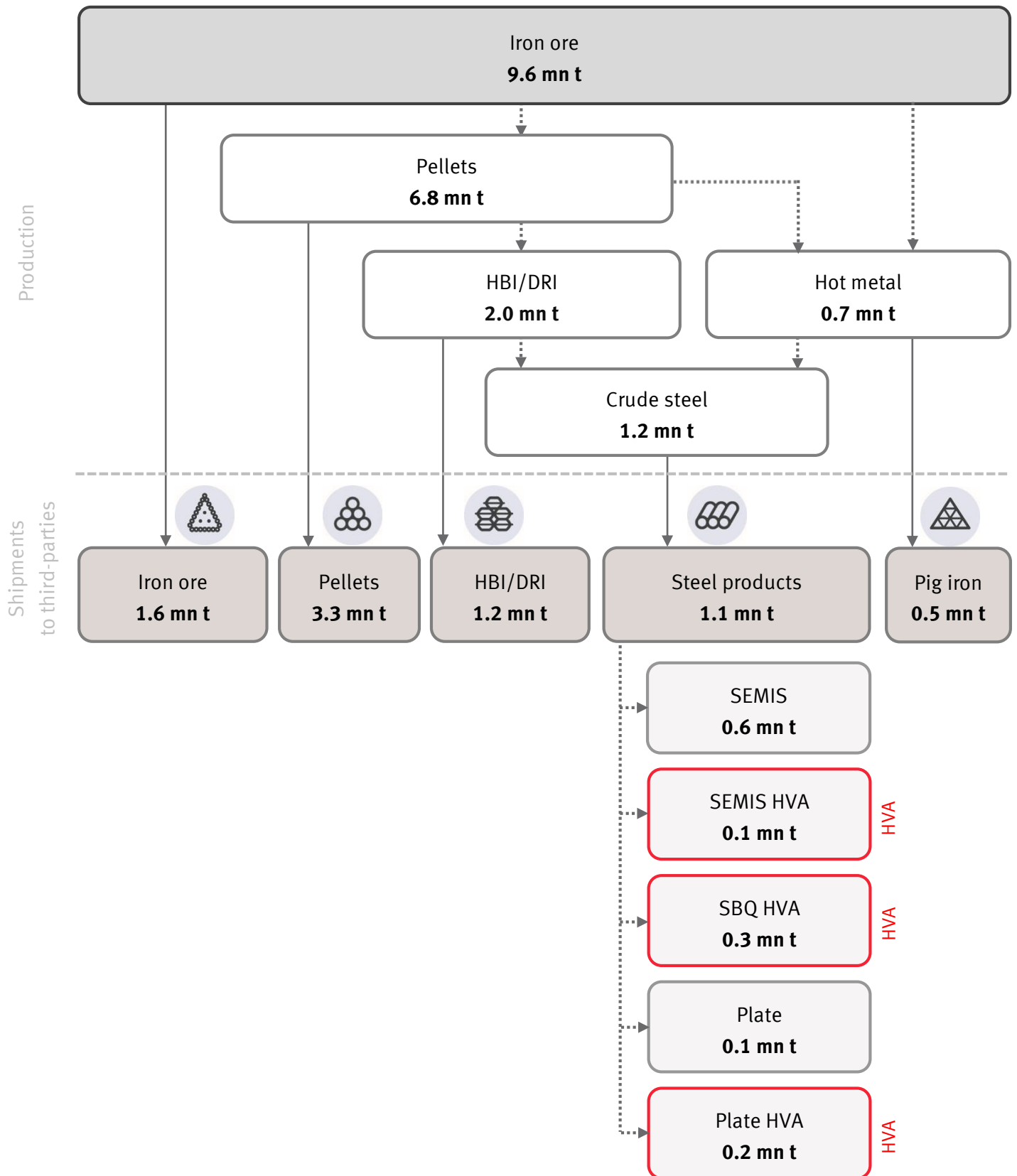
3.1 Iron ore products



3.2 Pig iron and steel



⁷ Source: Fastmarkets, quarterly average

Production and shipments for Q1 2019


Appendix
Metalloinvest consolidated results – Iron ore products
Production

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Iron ore*	9,602	10,347	-7.2%	9,893	-2.9%
Pellets	6,840	6,885	-0.7%	6,691	2.2%
HBI/DRI	2,020	1,997	1.2%	2,021	0.0%

Shipments by product**

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Iron ore*	1,624	2,305	-29.5%	1,880	-13.6%
Pellets	3,336	3,480	-4.1%	3,085	8.1%
HBI/DRI	1,224	1,035	18.3%	1,111	10.2%
Other***	12	5	-	11	9.1%
Total shipments	6,197	6,825	-9.2%	6,087	1.8%

Shipments by region****

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Russia	3,528	4,161	-15.2%	4,290	-17.8%
Europe	1,604	1,451	10.5%	1,093	46.8%
Asia	702	493	42.4%	254	-
MENA	199	416	-52.2%	281	-29.2%
Other	163	304	-46.4%	169	-3.6%
Total shipments	6,197	6,825	-9.2%	6,087	1.8%

* Iron ore refers to iron ore concentrate and sintering ore

** Shipments from plants (deviation from sales figures is possible due to changes in traders' inventories and is treated as immaterial)

*** HBI fines and pellets screening at LGOK

**** Iron ore, pellets, HBI/DRI, HBI fines and pellets screening

Appendix (continued)
Metalloinvest consolidated results – Pig iron and steel products
Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Hot metal	678	787	-13.9%	716	-5.3%
Crude steel	1,185	1,324	-10.5%	1,237	-4.2%

Shipments by product*

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Pig iron	532	559	-4.8%	531	0.2%
Steel products, incl.**:	1,126	1,198	-6.0%	1,134	-0.7%
SEMIS	554	628	-11.8%	555	-0.2%
SEMIS HVA	102	77	32.5%	75	36.0%
SBQ HVA	250	264	-5.3%	274	-8.8%
Plate	59	100	-41.0%	59	0.0%
Plate HVA	161	129	24.8%	171	-5.8%
Total shipments, incl.:	1,658	1,757	-5.6%	1,665	-0.4%
Steel products HVA	513	470	9.1%	520	-1.3%

Shipments by region

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Russia	481	522	-7.9%	421	14.3%
Europe	166	285	-41.8%	331	-49.8%
Asia	99	186	-46.8%	106	-6.6%
MENA	439	205	-	306	43.5%
Other	473	559	-15.4%	501	-5.6%
Total shipments	1,658	1,757	-5.6%	1,665	-0.4%

* Shipments from plants (deviation from sales figures is possible due to changes in traders' inventories and is treated as immaterial)

** Steel product categories include:

SEMIS – blum, cast squares, square billets from OEMK and cast billets from Ural Steel

SEMIS HVA – pipe billets from OEMK

SBQ HVA – long products, wire coils from OEMK

Plate – flat products from Ural Steel

Plate HVA – strips, construction plate and bridge steel products from Ural Steel

Appendix (continued)
Metalloinvest operational results – Mining segment
LGOK
Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Concentrate	5,020	5,590	-10.2%	5,295	-5.2%
Pellets	2,195	2,252	-2.5%	2,222	-1.2%
HBI	1,191	1,174	1.4%	1,196	-0.4%

Shipments by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Concentrate	2,429	2,973	-18.3%	2,542	-4.4%
Pellets	448	487	-8.0%	461	-2.8%
HBI	1,277	1,079	18.4%	1,189	7.4%
Other	126	94	34.0%	109	15.6%
Total shipments	4,281	4,632	-7.6%	4,301	-0.5%

Inc. intragroup shipments

Concentrate	1,558	1,267	23.0%	1,486	4.8%
Pellets	125	80	56.3%	137	-8.8%
HBI	100	76	31.6%	112	-10.7%
Other	114	89	28.1%	98	16.3%

MGOK
Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Sintering ore	414	409	1.2%	410	1.0%
Concentrate	4,168	4,347	-4.1%	4,188	-0.5%
Pellets	3,613	3,738	-3.3%	3,475	4.0%

Shipments by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Sintering ore	326	361	-9.7%	304	7.2%
Concentrate	860	671	28.2%	966	-11.0%
Pellets	3,527	3,788	-6.9%	3,246	8.7%
Total shipments	4,714	4,821	-2.2%	4,516	4.4%

Inc. intragroup shipments

Sintering ore	0	49	-	0	-
Concentrate	434	384	13.0%	447	-2.9%
Pellets	514	715	-28.1%	484	6.2%

Appendix (continued)
Metalloinvest operational results – Steel segment
OEMK
Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Pellets	1,033	896	15.3%	993	4.0%
DRI	829	823	0.7%	825	0.5%
Crude steel	851	874	-2.6%	860	-1.0%

Shipments by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
DRI	47	32	46.9%	34	38.2%
Steel products	805	824	-2.3%	811	-0.7%
Total shipments	852	857	-0.6%	845	0.8%

Ural Steel
Production by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Hot metal	678	787	-13.9%	716	-5.3%
Crude steel	334	450	-25.8%	378	-11.6%

Shipments by product

tonnes '000	Q1 2019	Q4 2018	Change	Q1 2018	Change
Pig iron	532	559	-4.8%	531	0.2%
Steel products	321	374	-14.2%	323	-0.6%
Total shipments	853	933	-8.6%	854	-0.1%



IR contacts

For any additional information, please do not hesitate to contact our Investor Relations & Corporate Ratings department or send an email to ir@metalloinvest.com.



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Metalloinvest is a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel. The Company has the world's second-largest measured iron ore reserve base and is one of the lowest-cost iron ore producers.

Metalloinvest is wholly owned by Holding Company USM LLC. Alisher Usmanov is the major beneficiary of Holding Company USM LLC (49%).