

Operational Results for Q2 2017

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 second quarter of 2017.

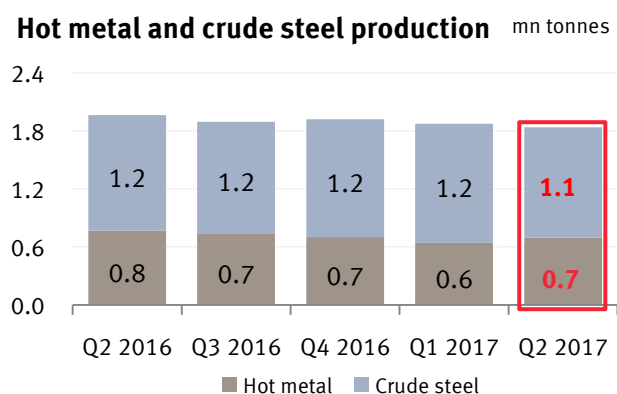
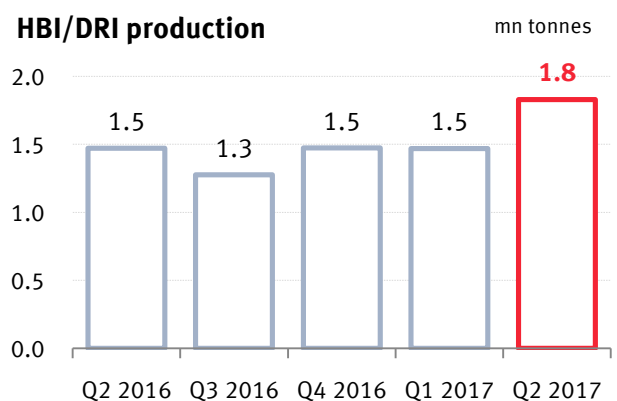
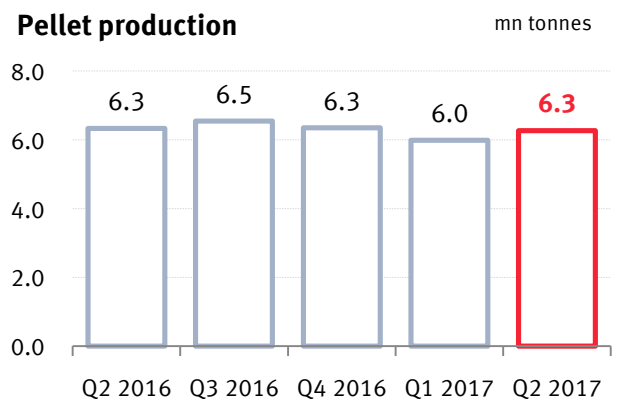
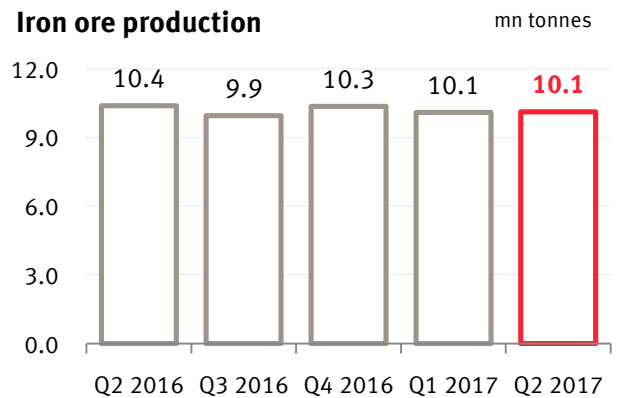
Management comments

Production highlights

- In Q2 2017, the Company produced 10.1 mn tonnes of iron ore¹, flat q-o-q²
- Pellet production amounted to 6.3 mn tonnes, an increase of 4.8% q-o-q, due to changes in the sales structure
- The Company increased HBI/DRI production by 24.6% to 1.8 mn tonnes, due to hot tests at HBI-3 at Lebedinsky GOK
- Hot metal output amounted to 0.7 mn tonnes, an increase of 8.4%, largely as a result of a change in sales structure
- Crude steel production decreased by 7.4% to 1.1 mn tonnes, due to scheduled maintenance works and reconstruction of the continuous casting machine at Ural Steel

Iron ore product shipments

- In Q2 2017, the share of shipments to the domestic market increased to 54% from 53% in the previous quarter, primarily as a result of increased supplies to leading metallurgical enterprises
- In Q2 2017, the share of iron ore products supplied to Europe decreased to 31% from 34% in the previous quarter, mostly due to reallocation of shipments to the domestic market, as well as to other regions
- In Q2 2017, the share of iron ore products delivered to customers in Asia and MENA was unchanged and amounted to 4% and 5%, respectively



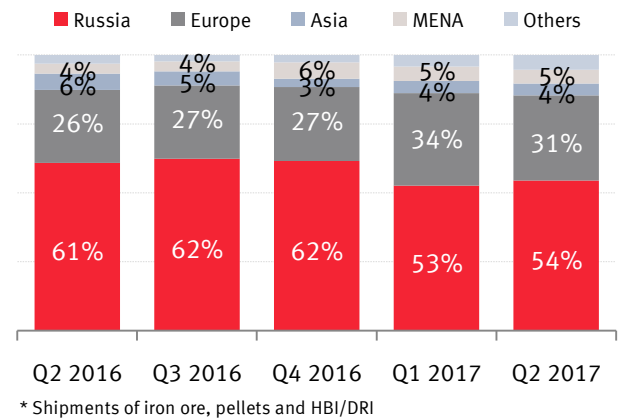
¹ Hereinafter iron ore refers to iron ore concentrate and sintering ore

² Hereinafter q-o-q represents change in Q2 2017 vs. Q1 2017 (if not stated otherwise)

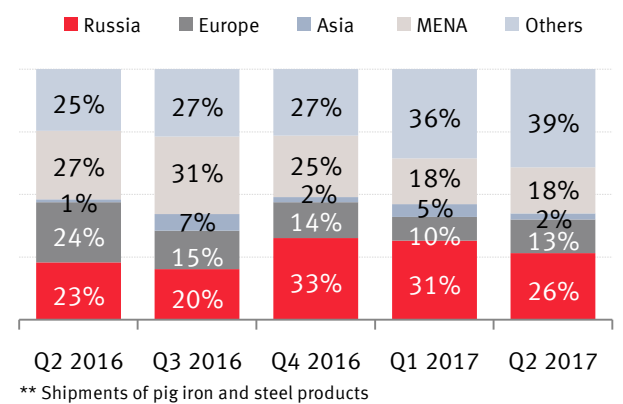
Pig iron and steel product shipments

- In Q2 2017, the share of deliveries of pig iron and steel products to the domestic market fell to 26% from 31% in Q1 2017, due to a number of factors, including the reallocation of exports to customers in the USA (other regions), as well as Italy, Spain and Denmark (Europe)
- The share of metallurgical products shipped to Asia amounted to 2% in the reporting period, compared with 5% in the previous quarter, as a result of reallocation of shipments to other export markets
- In Q2 2017, the share of metallurgical products shipped to MENA was unchanged, amounting to 18%

Shipments by region*



Shipments by region**

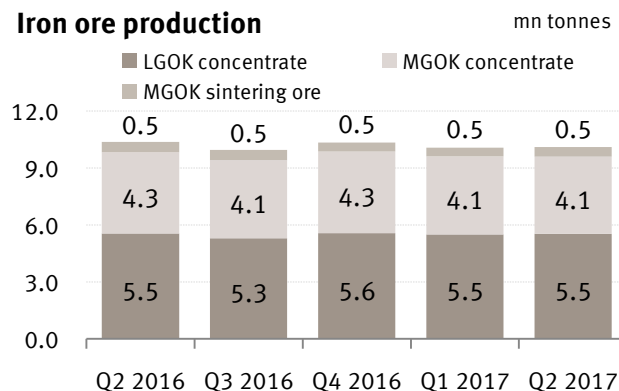




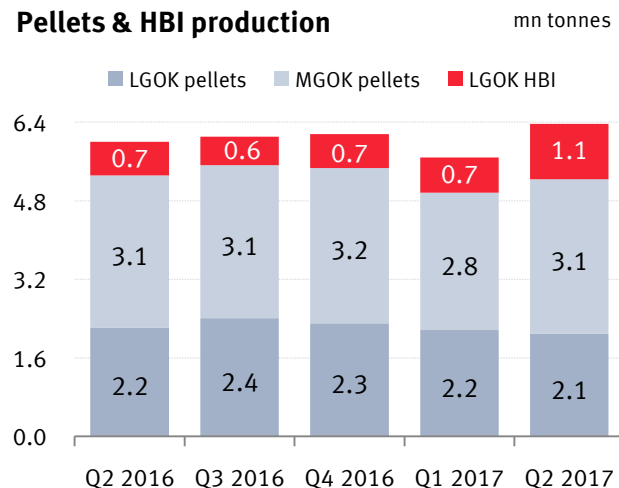
Mining Segment

- In Q2 2017, iron ore concentrate production at LGOK remained at the same level as the previous quarter and amounted to 5.5 mn tonnes
- In Q2 2017, production of iron ore concentrate at MGOK decreased by 1.1% q-o-q to 4.1 mn tonnes, mainly as a result of current scheduled maintenance works
- Pellet production at LGOK amounted to 2.1 mn tonnes in Q2 2017, a reduction of 3.4%, which mostly resulted from scheduled major maintenance works, with the reconstruction of one of the pellet plants
- MGOK increased pellet production by 12.3% to 3.1 mn tonnes, mainly due to a growth in utilisation of the pellet plants as a result of a change in sales structure
- In Q2 2017, LGOK increased HBI production to 1.1 mn tonnes, mainly due to hot tests at HBI-3

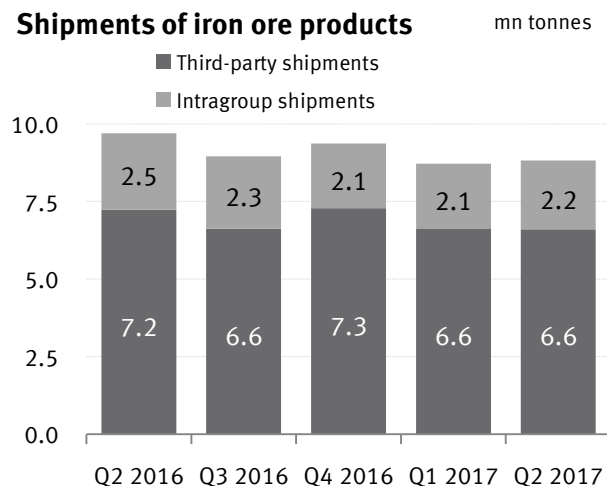
Iron ore production



Pellets & HBI production



Shipments of iron ore products



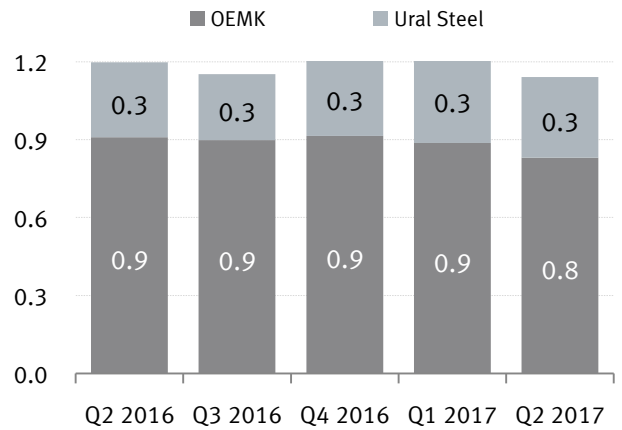


Steel Segment

- In Q2 2017, OEMK increased pellet production by 1.5% to 1 mn tonnes, as a result of the calendar factor
- In Q2 2017, DRI production at OEMK amounted to 0.7 mn tonnes, a reduction of 6.8%, mainly due to scheduled major maintenance works at production facilities
- Crude steel production at OEMK decreased by 6.4% to 0.8 mn tonnes, mainly as a result of scheduled current maintenance works at water supply facilities
- Ural Steel increased hot metal production by 8.4% to 0.7 mn tonnes, mainly due to an increase in effective orders, as well as a change in the schedule for major maintenance works
- In Q2 2017, crude steel production at Ural Steel amounted to 0.3 mn tonnes, a 10.1% reduction, mostly as a result of repair works on Continuous Casting Machine #1 and accompanying tests

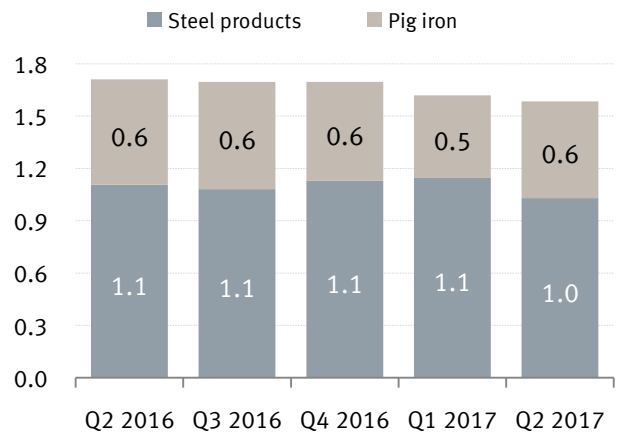
Crude steel production

mn tonnes



Shipments by product

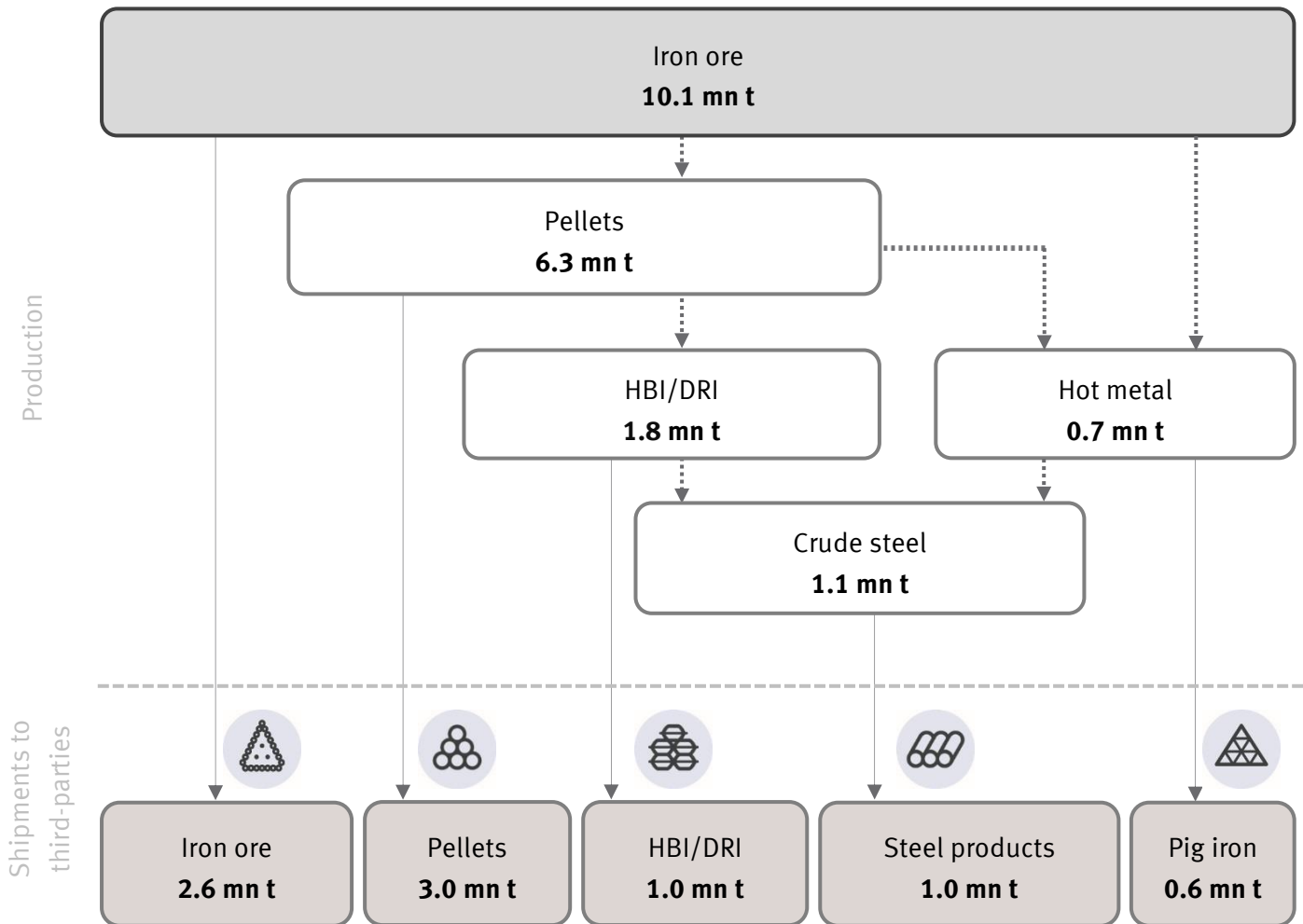
mn tonnes



DRI units at OEMK



Production and shipments in Q2 2017



Appendix

Metalloinvest consolidated results –Iron ore products

Production

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Iron ore*	10,108	10,074	0.3%	10,375	-2.6%
Pellets	6,268	5,982	4.8%	6,330	-1.0%
HBI/DRI	1,830	1,469	24.6%	1,471	24.4%

Shipments by product**

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Iron ore*	2,614	2,793	-6.4%	2,888	-9.5%
Pellets	3,028	3,243	-6.6%	3,709	-18.4%
HBI/DRI	971	595	63.2%	650	49.4%
Other***	11	6	83.3%	4	-
Total shipments	6,624	6,637	-0.2%	7,251	-8.6%

Shipments by region****

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Russia	3,606	3,488	3.4%	4,414	-18.3%
Europe	2,044	2,227	-8.2%	1,915	6.7%
Asia	285	298	-4.4%	434	-34.3%
MENA	336	344	-2.3%	255	31.8%
Other	352	280	25.7%	233	51.1%
Total shipments	6,624	6,637	-0.2%	7,251	-8.6%

* 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	Q2 2017	Q1 2017	Change	Q2 2016	Change
Hot metal	696	642	8.4%	767	-9.3%
Crude steel	1,141	1,232	-7.4%	1,197	-4.7%

Shipments by product*

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Pig iron	553	474	16.7%	605	-8.6%
Steel products	1,030	1,145	-10.0%	1,106	-6.9%
Total shipments	1,583	1,619	-2.2%	1,711	-7.5%

Shipments by region

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Russia	419	510	-17.8%	390	7.4%
Europe	213	154	38.3%	411	-48.2%
Asia	38	83	-54.2%	20	90.0%
MENA	292	297	-1.7%	470	-37.9%
Other	621	575	8.0%	420	47.9%
Total shipments	1,583	1,619	-2.2%	1,711	-7.5%

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

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

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Concentrate	5,532	5,506	0.5%	5,544	-0.2%
Pellets	2,091	2,165	-3.4%	2,219	-5.8%
HBI	1,127	715	57.6%	686	64.3%

Shipments by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Concentrate	3,049	2,828	7.8%	2,967	2.8%
Pellets	399	1,043	-61.7%	1,245	-68.0%
HBI	1,083	687	57.6%	716	51.3%
Other	100	59	69.5%	51	96.1%
Total shipments	4,630	4,617	0.3%	4,980	-7.0%

Inc. intragroup shipments

Concentrate	1,291	957	34.9%	1,016	27.1%
Pellets	0	0	-	214	-
HBI	136	111	22.5%	87	56.3%
Other	89	54	64.8%	48	85.4%

MGOK**Production by product**

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Sintering ore	511	458	11.6%	539	-5.2%
Concentrate	4,065	4,110	-1.1%	4,292	-5.3%
Pellets	3,146	2,802	12.3%	3,098	1.5%

Shipments by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Sintering ore	509	344	48.0%	532	-4.3%
Concentrate	534	1,050	-49.1%	913	-41.5%
Pellets	3,144	2,701	16.4%	3,273	-3.9%
Total shipments	4,187	4,095	2.2%	4,719	-11.3%

Inc. intragroup shipments

Sintering ore	134	0	-	125	7.2%
Concentrate	54	473	-88.6%	384	-85.9%
Pellets	514	501	2.6%	595	-13.6%

Appendix (continued)

Metalloinvest operational results – Steel segment
OEMK
Production by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Pellets	1,030	1,015	1.5%	1013	1.7%
DRI	703	754	-6.8%	784	-10.3%
Crude steel	830	887	-6.4%	909	-8.7%

Shipments by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
DRI	25	20	25.0%	21	19.0%
Steel products	776	852	-8.9%	860	-9.8%
Total shipments	801	872	-8.1%	881	-9.1%

Ural Steel
Production by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Hot metal	696	642	8.4%	767	-9.3%
Crude steel	311	346	-10.1%	289	7.6%

Shipments by product

tonnes '000	Q2 2017	Q1 2017	Change	Q2 2016	Change
Pig iron	553	474	16.7%	605	-8.6%
Steel products	254	293	-13.3%	246	3.3%
Total shipments	807	767	5.2%	851	-5.2%



IR contacts

For any additional information, please don't 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 USM Holdings. Alisher Usmanov is the major beneficiary of USM Holdings (49%), with other major beneficiaries being the companies of Vladimir Skoch (30%) and Farhad Moshiri (10%).