

## Operational Results for Q1 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 first quarter of 2017.

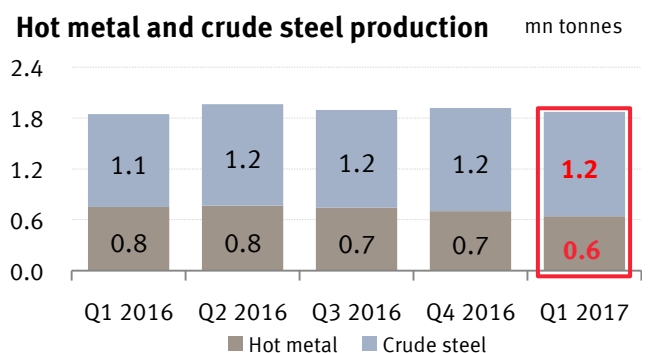
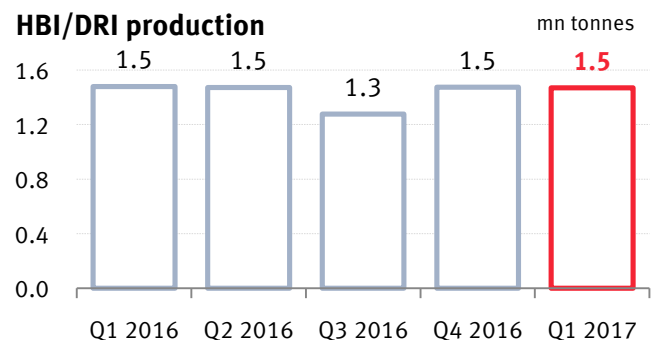
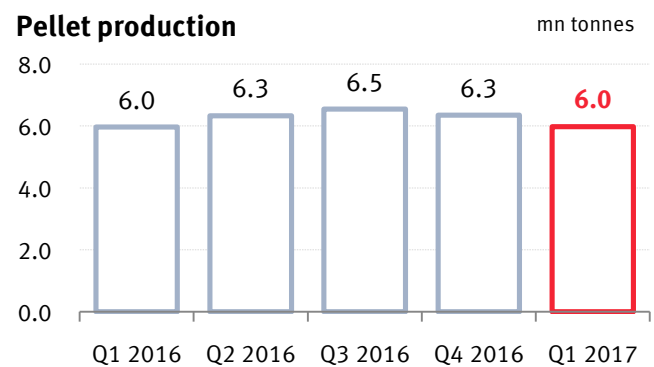
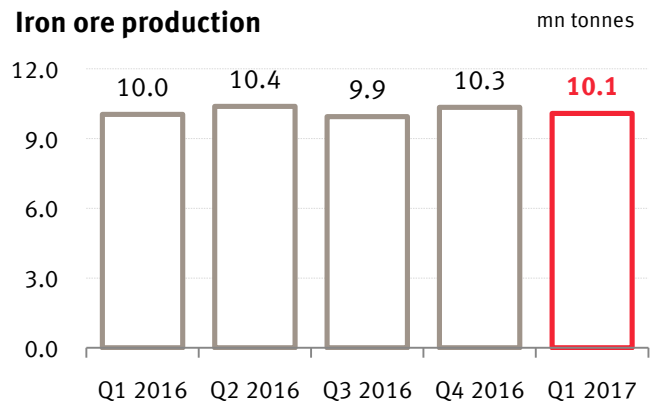
### Management comments

#### Production highlights

- In Q1 2017, the Company produced 10.1 mn tonnes of iron ore<sup>1</sup>, a decrease of 2.6% q-o-q<sup>2</sup> mainly as a result of the calendar factor as well as a change in the ore mixture
- Pellet production decreased by 5.8% q-o-q and amounted to 6.0 mn tonnes mainly due to changes in the sales structure in line with the calendar factor and scheduled maintenance works
- The Company produced 1.5 mn tonnes of HBI/DRI, largely flat q-o-q
- Hot metal production amounted to 0.6 mn tonnes, a decrease of 8.5% q-o-q as a result of scheduled major maintenance works at one of the blast furnaces as well as the calendar factor
- The Company increased crude steel production to 1.2 mn tonnes, up by 1.1% q-o-q mainly due to an increase in effective orders

#### Iron ore product shipments

- In Q1 2017, the share of shipments to the domestic market decreased to 53% from 62% in Q4 2016. This resulted from reallocation of shipments to export
- The share of Europe in iron ore product shipment structure increased to 34% vs. 27% in Q4 2016, mainly due to growth in pellet shipments to customers in Eastern Europe



<sup>1</sup> Hereinafter iron ore refers to iron ore concentrate and sintering ore

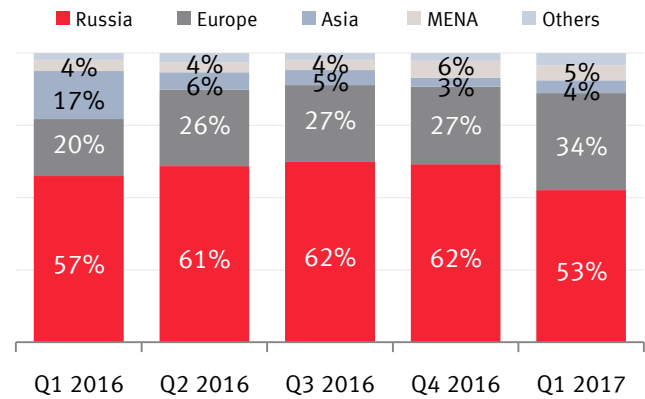
<sup>2</sup> Hereinafter q-o-q represents change in Q1 2017 vs. Q4 2016 (if not stated otherwise)

- The share of iron ore products shipped to Asian customers increased slightly to 4% from 3% in the previous quarter, while the share of shipments to the MENA region decreased to 5% from 6% during the same period

### Pig iron and steel product shipments

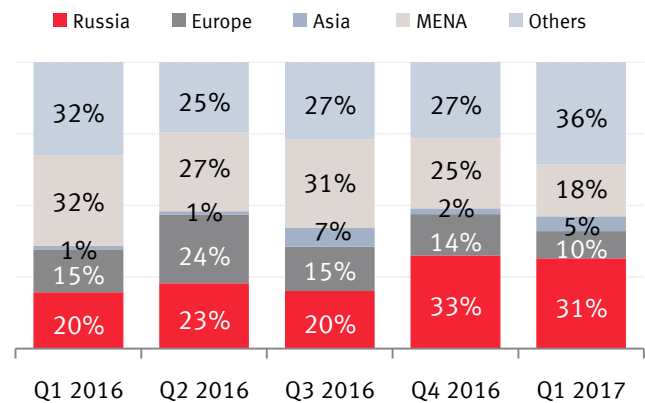
- In Q1 2017, the share of metallurgical products shipped to Russia decreased to 31% vs. 33% in Q4 2016, mainly due to a reduction in pig iron shipments, resulting from domestic scrap market rebalancing
- The proportion of products shipped to Europe and the MENA region decreased to 10% and 18%, respectively (14% and 25% in Q4 2016), mainly as a result of shipments reallocation to customers in North America (other regions), as well as Indonesia, Japan, and Thailand (Asia)

### Shipments by region\*

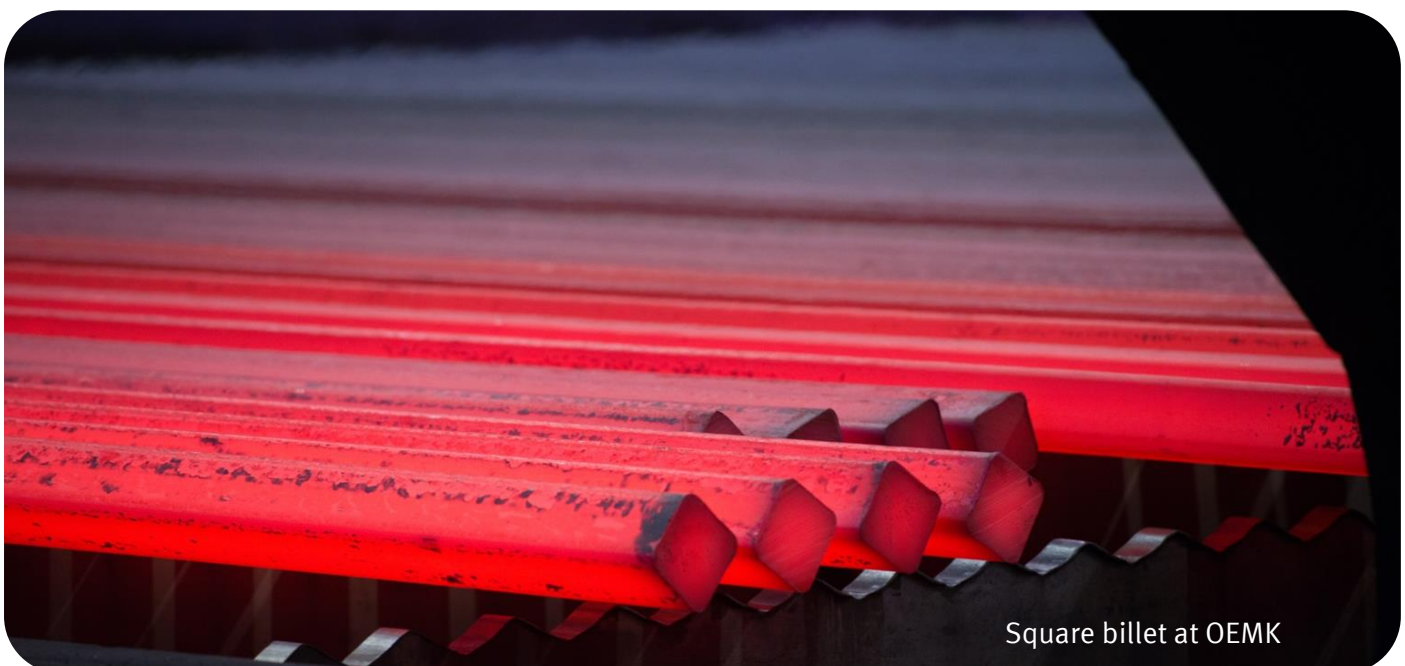


\* Shipments of iron ore, pellets and HBI/DRI

### Shipments by region\*\*



\*\* Shipments of pig iron and steel products

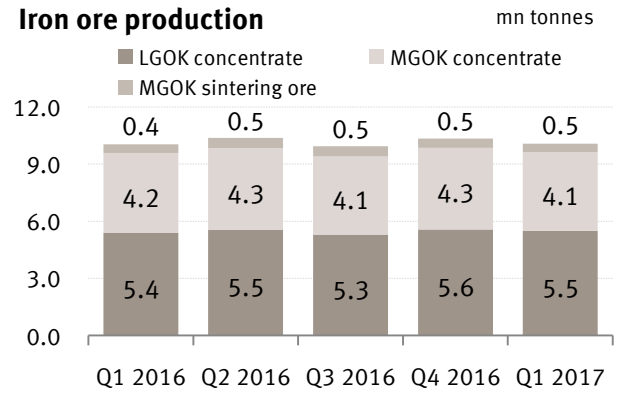




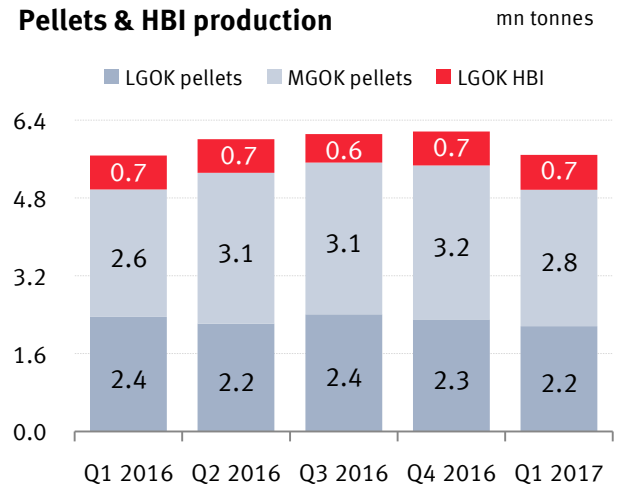
### Mining Segment

- In Q1 2017, iron ore concentrate production at LGOK decreased by 1.0% q-o-q to 5.5 mn tonnes due to the calendar factor
- Iron ore concentrate production at MGOK decreased by 4.5% q-o-q to 4.1 mn tonnes, mainly as a result of the calendar factor and a change in the ore mixture
- Pellet production at LGOK amounted to 2.2 mn tonnes, a decrease of 6.0% q-o-q, which resulted from the calendar factor and a change in the pellet production mix, as well as scheduled major maintenance works with the reconstruction of one of the pellet plants
- Pellet production at MGOK decreased by 11.3% q-o-q to 2.8 mn tonnes, primarily as a result of changes in the sales structure in line with the calendar factor and scheduled maintenance works
- LGOK increased HBI production by 2.7% q-o-q to 0.7 mn tonnes

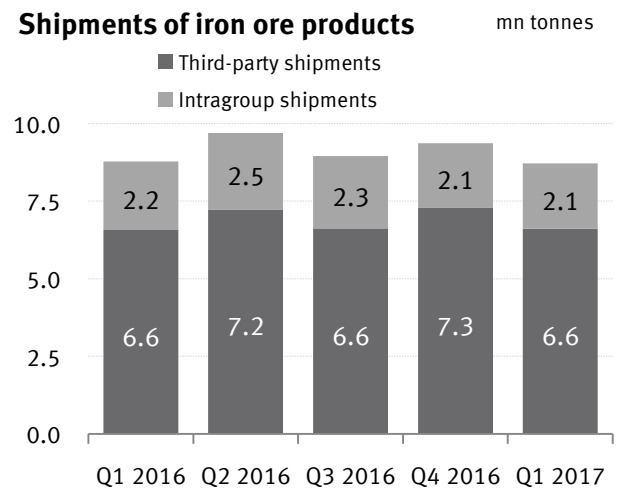
### Iron ore production



### Pellets & HBI production



### Shipments of iron ore products



Open pit at LGOK

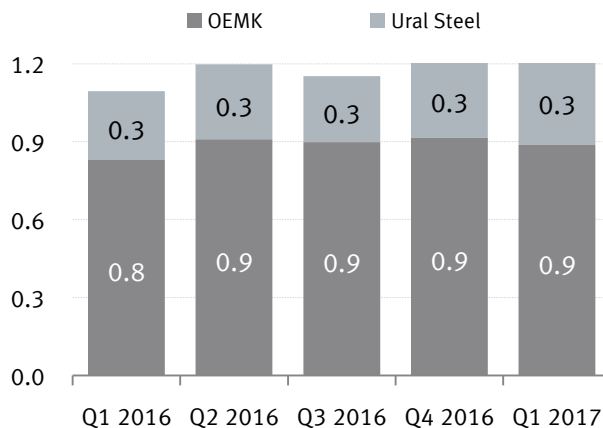


### Steel Segment

- In Q1 2017, OEMK increased pellet production by 14.8% q-o-q to 1.0 mn tonnes, primarily due to the completion of major maintenance works at the pellet plant in Q4 2016
- DRI production at OEMK decreased by 3.1% to 0.8 mn tonnes, mainly due to the calendar factor
- Crude steel production at OEMK decreased by 3.0% q-o-q to 0.9 mn tonnes, largely resulting from the calendar factor and scheduled major maintenance works at EAF<sup>3</sup> #2
- Hot metal output at Ural Steel declined by 8.5% to 0.6 mn tonnes, due to scheduled major maintenance works at one of the blast furnaces and the calendar factor. Decrease in merchant pig iron shipments to external customers in Q1 2017 resulted from an increase of crude steel output, among other factors
- Ural Steel increased crude steel production by 13.8% to 0.3 mn tonnes, mainly by increasing output at Continuous Casting Machines #1 and #2 following the growth of effective orders for round cast billets and flat products

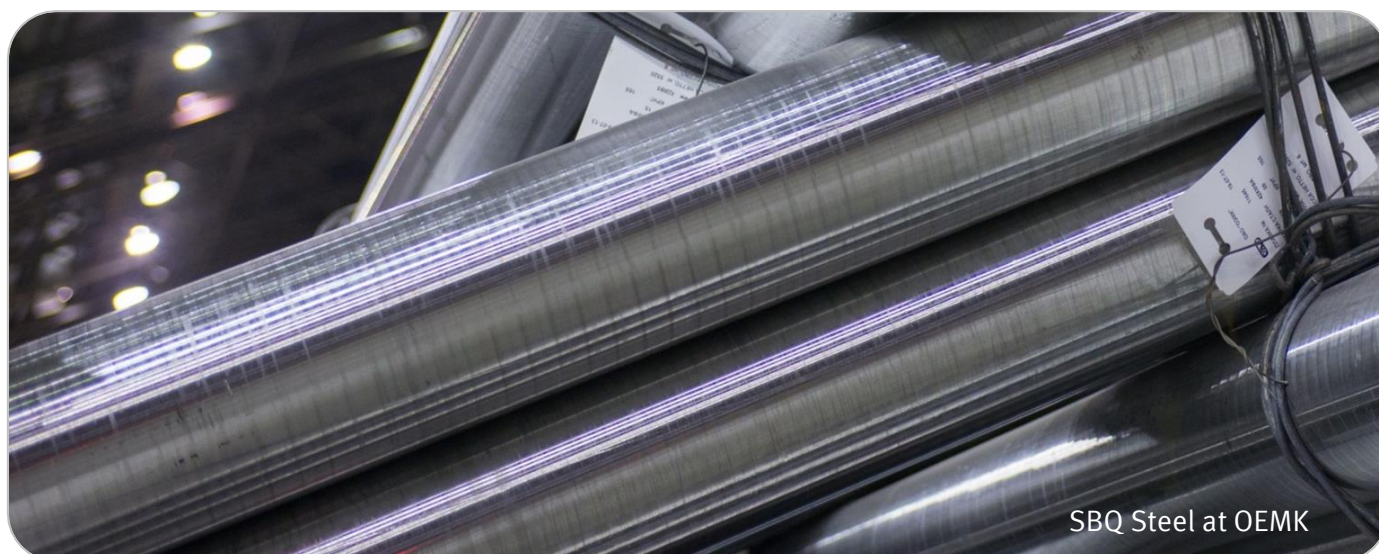
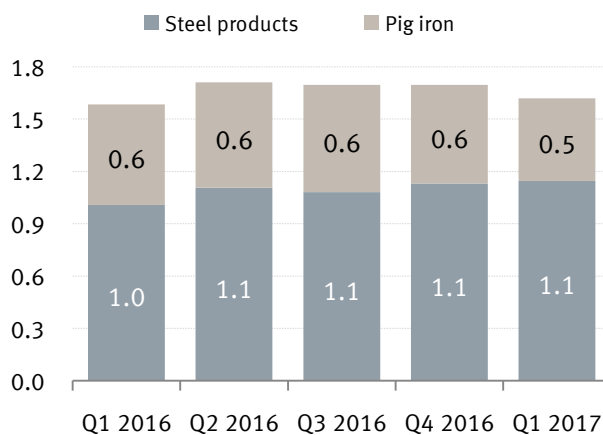
### Crude steel production

mn tonnes



### Shipments by product

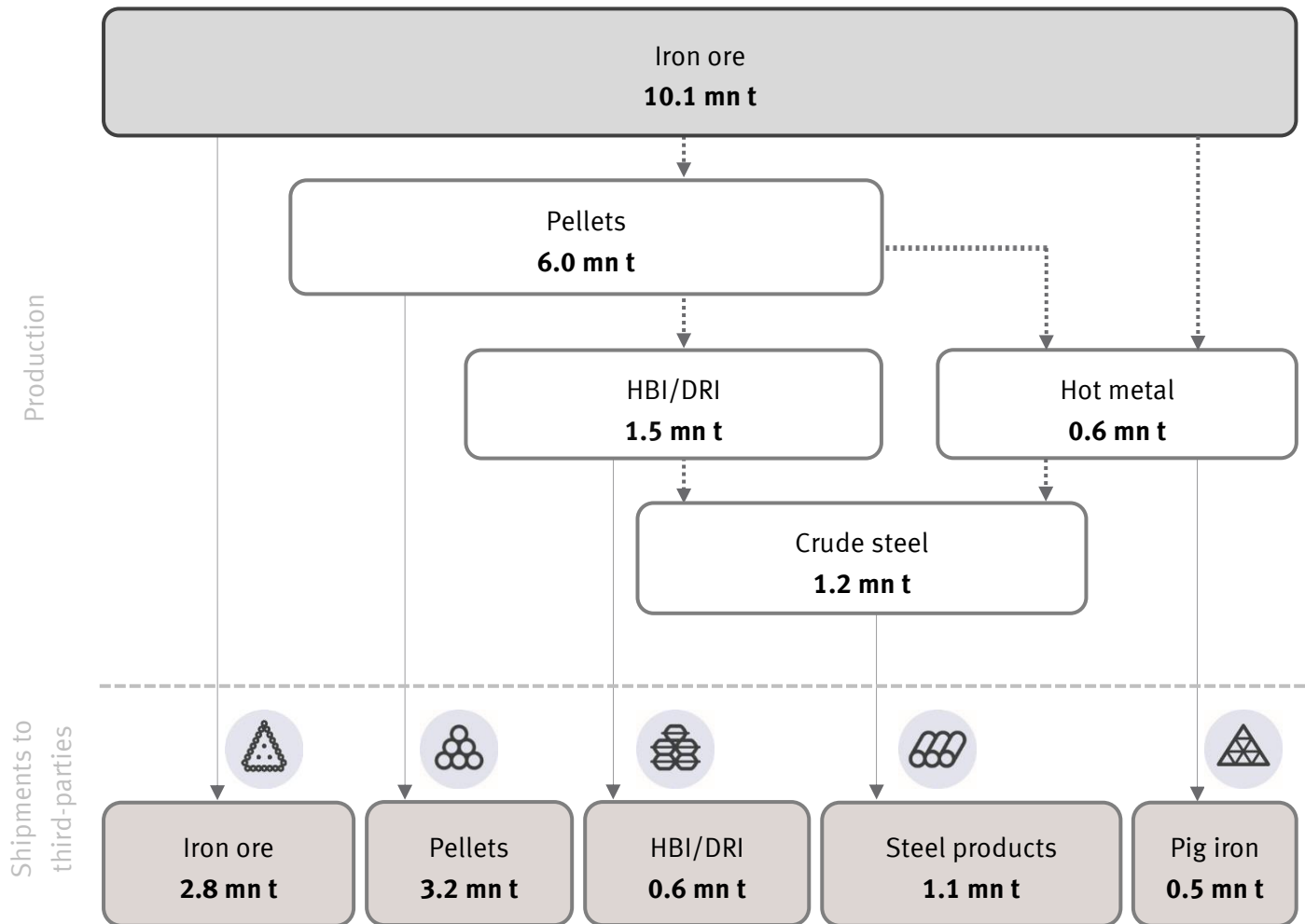
mn tonnes



<sup>3</sup> Electric arc furnace



Production and shipments in Q1 2017



## Appendix

### Metalloinvest consolidated results –Iron ore products

#### Production

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Iron ore*	10,074	10,343	-2.6%	10,037	0.4%
Pellets	5,982	6,348	-5.8%	5,968	0.2%
HBI/DRI	1,469	1,474	-0.3%	1,478	-0.6%

#### Shipments by product\*\*

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Iron ore*	2,793	2,783	0.4%	2,833	-1.4%
Pellets	3,243	3,862	-16.0%	3,101	4.6%
HBI/DRI	595	658	-9.6%	658	-9.6%
Other***	6	4	50.0%	5	20.0%
Total shipments	6,637	7,307	-9.2%	6,597	0.6%

#### Shipments by region\*\*\*\*

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Russia	3,488	4,494	-22.4%	3,792	-8.0%
Europe	2,227	1,964	13.4%	1,299	71.4%
Asia	298	221	34.8%	1,093	-72.7%
MENA	344	433	-20.6%	261	31.8%
Other	280	195	43.6%	152	84.2%
Total shipments	6,637	7,307	-9.2%	6,597	0.6%

\* 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	Q1 2017	Q4 2016	Change	Q1 2016	Change
Hot metal	642	702	-8.5%	752	-14.6%
Crude steel	1,232	1,218	1.1%	1,094	12.6%

**Shipments by product\***

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Pig iron	474	564	-16.0%	577	-17.9%
Steel products	1,145	1,131	1.2%	1,007	13.7%
Total shipments	1,619	1,695	-4.5%	1,584	2.2%

**Shipments by region**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Russia	510	552	-7.6%	311	64.0%
Europe	154	244	-36.9%	237	-35.0%
Asia	83	34	-	20	-
MENA	297	416	-28.6%	501	-40.7%
Other	575	450	27.8%	515	11.7%
Total shipments	1,619	1,695	-4.5%	1,584	2.2%

\* 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	Q1 2017	Q4 2016	Change	Q1 2016	Change
Concentrate	5,506	5,560	-1.0%	5,376	2.4%
Pellets	2,165	2,304	-6.0%	2,352	-8.0%
HBI	715	696	2.7%	698	2.4%

**Shipments by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Concentrate	2,828	2,833	-0.2%	2,594	9.0%
Pellets	1,043	1,320	-21.0%	1,323	-21.2%
HBI	687	695	-1.2%	685	0.3%
Other	59	53	11.3%	46	28.3%
Total shipments	4,617	4,901	-5.8%	4,648	-0.7%

**Inc. intragroup shipments**

Concentrate	957	969	-1.2%	934	2.5%
Pellets	-	58	-	22	-
HBI	111	65	70.8%	54	-
Other	54	49	10.2%	40	35.0%

**MGOK****Production by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Sintering ore	458	479	-4.4%	445	2.9%
Concentrate	4,110	4,305	-4.5%	4,215	-2.5%
Pellets	2,802	3,160	-11.3%	2,618	7.0%

**Shipments by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Sintering ore	344	417	-17.5%	328	4.9%
Concentrate	1,050	850	23.5%	1,350	-22.2%
Pellets	2,701	3,199	-15.6%	2,457	9.9%
Total shipments	4,095	4,466	-8.3%	4,135	-1.0%

**Inc. intragroup shipments**

Sintering ore	-	31	-	-	-
Concentrate	473	317	49.2%	504	-6.2%
Pellets	501	599	-16.4%	657	-23.7%



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

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Pellets	1,015	884	14.8%	998	1.7%
DRI	754	778	-3.1%	780	-3.3%
Crude steel	887	914	-3.0%	832	6.6%

**Shipments by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
DRI	20	28	-28.6%	26	-23.1%
Steel products	852	877	-2.9%	790	7.8%
Total shipments	872	905	-3.6%	816	6.9%

**Ural Steel****Production by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Hot metal	642	702	-8.5%	752	-14.6%
Crude steel	346	304	13.8%	262	32.1%

**Shipments by product**

tonnes '000	Q1 2017	Q4 2016	Change	Q1 2016	Change
Pig iron	474	564	-16.0%	577	-17.9%
Steel products	293	254	15.4%	217	35.0%
Total shipments	767	818	-6.2%	794	-3.4%



## 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](mailto: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%).