

Operational Results for Q1 2018

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 2018.

Management comments

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

"In the first quarter of 2018, Metalloinvest continued the successful implementation of its strategy to increase volumes of value-added products, raising production of pellets, HBI, hot metal and steel. Our customers benefited from a quarter-on-quarter increase in our high-quality product output, with HBI shipments increasing by 10% and high value-added steel up by 14%."

Iron ore products

- In Q1 2018, Metalloinvest produced 9.9 mn tonnes of iron ore¹, a decrease of 2.0%² q-o-q, mainly due to the calendar factor
- In Q1 2018, the Company increased pellet production by 2.7% q-o-q to 6.7 mn tonnes, mainly as a result of the completion of maintenance works in Q4 2017 and a change in the product mix
- In Q1 2018, Metalloinvest's HBI/DRI output reached 2.0 mn tonnes. The q-o-q increase of 4.0% was mostly due to increased productivity resulting from the launch of HBI-3 Plant at LGOK in July 2017
- In Q1 2018, the share of high value-added iron ore product shipments (pellets, HBI/DRI) amounted to 69%, compared with 65% in Q4 2017

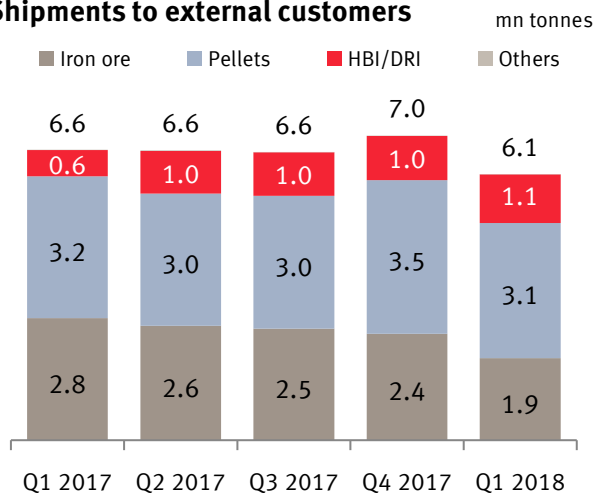
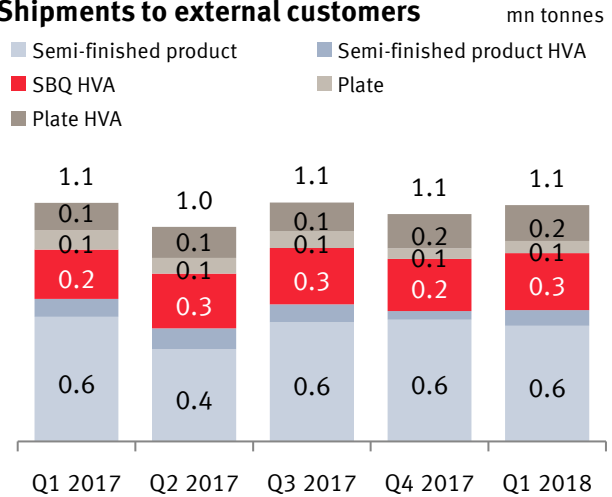
Steel products

- In Q1 2018, Metalloinvest increased hot metal output by 5.9% q-o-q to 0.7 mn tonnes, mainly due to the completion of maintenance works in Q4 2017 and growth in internal consumption of hot metal, to secure increased steel production
- In Q1 2018, the Company increased crude steel production to 1.2 mn tonnes. The 6.0% q-o-q increase was largely a result of increased activity at Ural Steel's Continuous Casting Machine #1 to satisfy growing demand for cast billets
- The share of high value-added (HVA³) steel product shipments increased to 46% in Q1 2018 from 42% in Q4 2017. This increase was driven by growing shipments across the Company's entire HVA steel product range

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

² Hereinafter q-o-q represents change in Q1 2018 vs. Q4 2017 (if not stated otherwise)

³ HVA stands for high value-added. More details about steel product categories are presented in Appendix on p.7

Shipments to external customers

Shipments to external customers


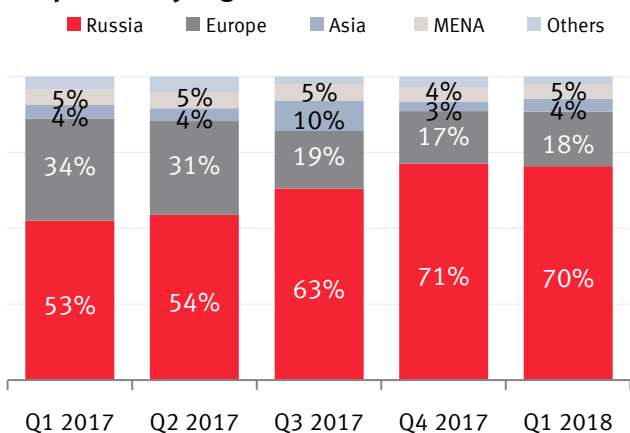
Iron ore product shipments

- In Q1 2018, the total volume of iron ore product shipments to third parties decreased to 6.1 mn tonnes from 7.0 mn tonnes in Q4 2017. This decrease mainly resulted from the growth of high value-added products in the Company's production structure and an increase in inventories
- In Q1 2018, there were no significant q-o-q changes to the regional shares of iron ore product shipments

Pig iron and steel product shipments

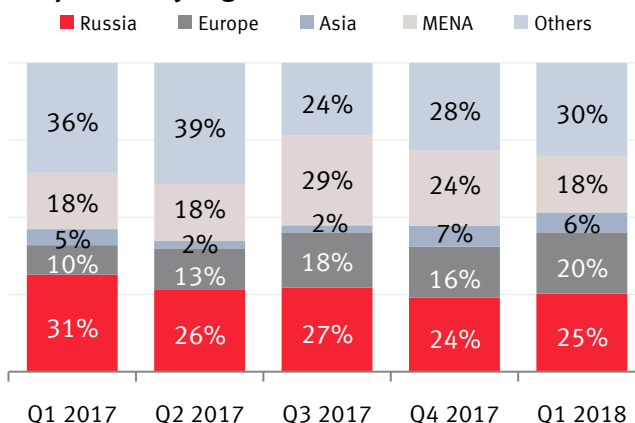
- In Q1 2018, the shares of pig iron and steel product shipments to Russia and Asia remained almost unchanged, and amounted to 25% and 6% vs. 24% and 7% respectively in Q4 2017
- In Q1 2018, pig iron and steel product shipments to Europe increased to 20% from 16% q-o-q, primarily due to increased pig iron deliveries to Western Europe
- In Q1 2018, the share of pig iron and steel products shipped to the MENA region declined to 18% from 24% q-o-q, mostly as a result of the reallocation of shipments to Europe, the domestic market and other regions
- In Q1 2018, the share of pig iron and steel product shipments to other regions amounted to 30%, compared with 28% in Q4 2017

Shipments by region*



* Shipments of iron ore, pellets and HBI/DRI

Shipments by region**



** Shipments of pig iron and steel products

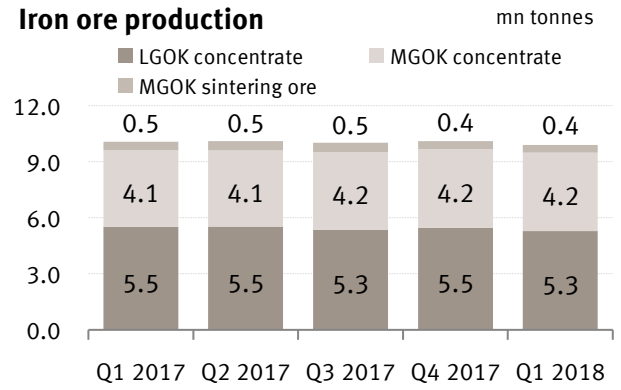


Mining Segment

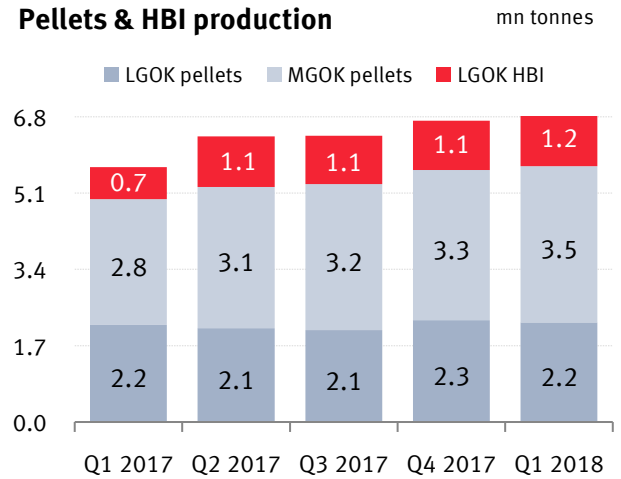
- In Q1 2018, iron ore production at LGOK decreased by 3.1% q-o-q to 5.3 mn tonnes, mainly due to the calendar factor and a change in the ore mixture
- In Q1 2018, iron ore production at MGOK remained largely flat q-o-q, amounting to 4.2 mn tonnes
- In Q1 2018, pellet production at LGOK decreased by 1.9% q-o-q to 2.2 mn tonnes, largely as a result of the calendar factor and a change in production structure, with increased DR-pellet output (for HBI)
- In Q1 2018, MGOK increased pellet output by 3.8% q-o-q to 3.5 mn tonnes, mainly as a result of a change to the sales structure and growth in the pellet demand
- In Q1 2018, LGOK increased HBI production by 9.0% q-o-q to 1.2 mn tonnes, mainly due to increased productivity resulting from the launch of HBI-3 Plant



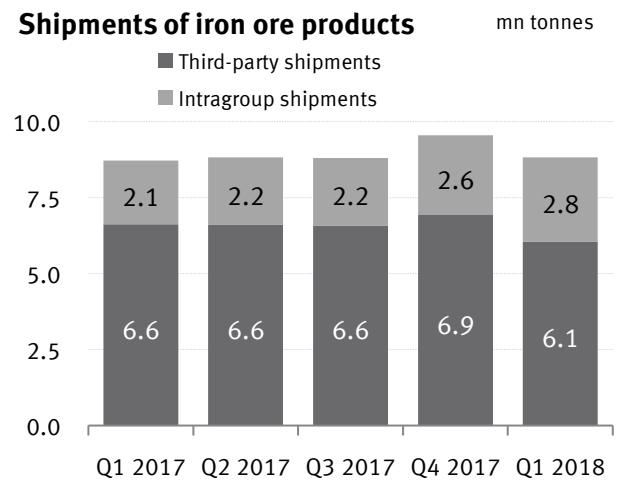
Iron ore production



Pellets & HBI production



Shipments of iron ore products



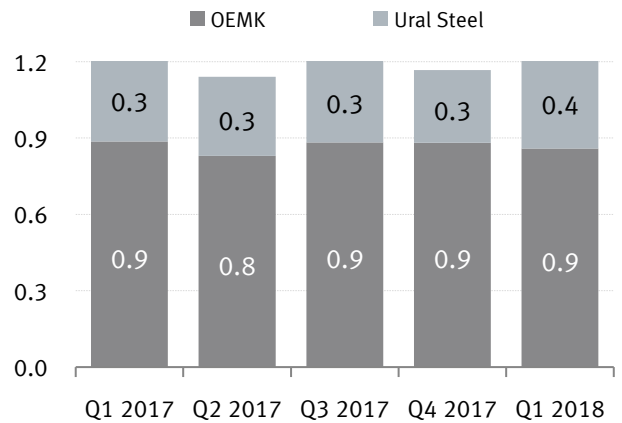


Steel Segment

- In Q1 2018, OEMK increased pellet production by 10.5% q-o-q to 1.0 mn tonnes, primarily due to scheduled major maintenance works at its pellet plant in Q4 2017
- In Q1 2018, DRI output at OEMK decreased by 2.5% q-o-q, amounting to 0.8 mn tonnes, mostly as a result of the calendar factor
- In Q1 2018, crude steel production at OEMK amounted to 0.9 mn tonnes, a decrease of 2.4% q-o-q, mainly resulting from the calendar factor
- In Q1 2018, Ural Steel increased hot metal output by 5.9% q-o-q to 0.7 mn tonnes, mainly due to the completion of maintenance works in Q4 2017 and a growth in internal consumption of hot metal to secure increased steel production
- In Q1 2018, Ural Steel increased crude steel output by 32.2% q-o-q to 0.4 mn tonnes, mostly as a result of increased operations at Continuous Casting Machine #1 to meet increased market demand

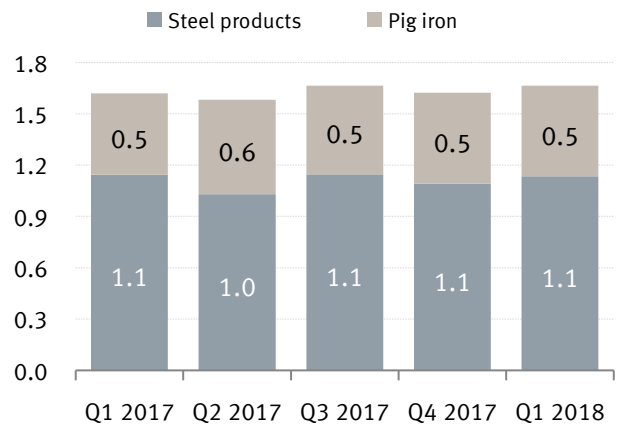
Crude steel production

mn tonnes



Shipments by product

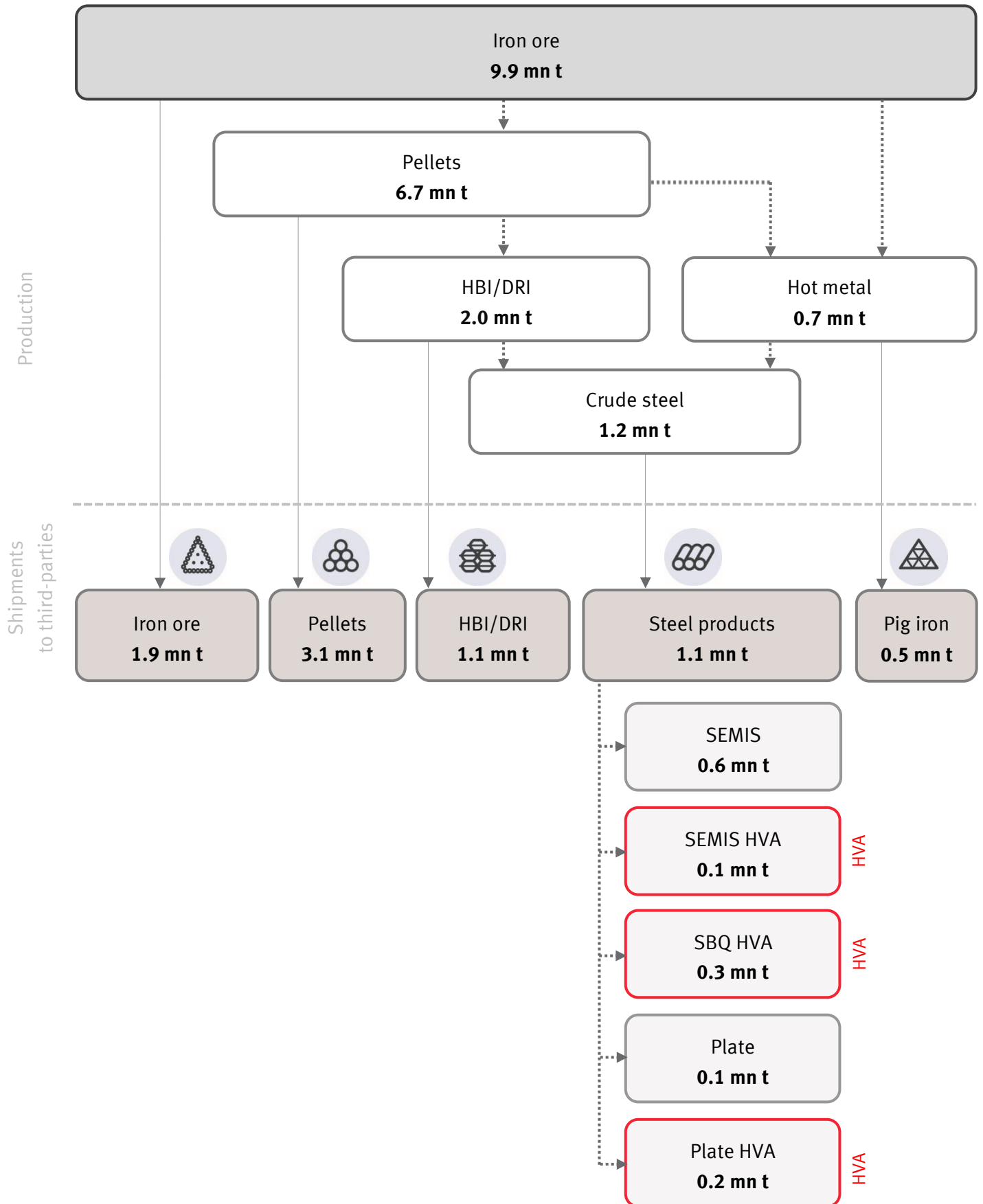
mn tonnes



SBQ, OEMK



Production and shipments for Q1 2018



Appendix
Metalloinvest consolidated results – Iron ore products

Production					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Iron ore*	9,893	10,100	-2.0%	10,074	-1.8%
Pellets	6,691	6,514	2.7%	5,982	11.9%
HBI/DRI	2,021	1,943	4.0%	1,469	37.6%

Shipments by product**					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Iron ore*	1,880	2,435	-22.8%	2,793	-32.7%
Pellets	3,085	3,509	-12.1%	3,243	-4.9%
HBI/DRI	1,111	1,012	9.8%	595	86.7%
Other***	11	3	-	5	120.0%
Total shipments	6,087	6,959	-12.5%	6,637	-8.3%

Shipments by region****					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Russia	4,290	4,964	-13.6%	3,488	23.0%
Europe	1,093	1,205	-9.3%	2,227	-50.9%
Asia	254	219	16.0%	298	-14.8%
MENA	281	313	-10.2%	344	-18.3%
Other	169	257	-34.2%	280	-39.6%
Total shipments	6,087	6,959	-12.5%	6,637	-8.3%

* 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 pellet screening at LGOK

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

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

Production by product					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Hot metal	716	676	5.9%	642	11.5%
Crude steel	1,237	1,167	6.0%	1,232	0.4%

Shipments by product*					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Pig iron	531	531	0.0%	474	12.0%
Steel products, incl. **: <ul style="list-style-type: none"> SEMIS SEMIS HVA SBQ HVA Plate Plate HVA 	1,134	1,092	3.8%	1,145	-1.0%
	555	585	-5.1%	599	-7.3%
	75	42	78.6%	85	-11.8%
	274	249	10.0%	238	15.1%
	59	52	13.5%	94	-37.2%
	171	164	4.3%	130	31.5%
Total shipments, incl.: <ul style="list-style-type: none"> Steel products HVA 	1,665	1,623	2.6%	1,619	2.8%
	520	455	14.3%	453	14.8%

Shipments by region					
tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Russia	421	390	7.9%	510	-17.5%
Europe	331	267	24.0%	154	114.9%
Asia	106	111	-4.5%	83	27.7%
MENA	306	394	-22.3%	297	3.0%
Other	501	461	8.7%	576	-13.0%
Total shipments	1,665	1,623	2.6%	1,619	2.8%

* 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 – bloom, 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 2018	Q4 2017	Change	Q1 2017	Change
Concentrate	5,295	5,465	-3.1%	5,506	-3.8%
Pellets	2,222	2,266	-1.9%	2,165	2.6%
HBI	1,196	1,097	9.0%	715	67.3%

Shipments by product

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Concentrate	2,542	2,797	-9.1%	2,828	-10.1%
Pellets	461	726	-36.5%	1,043	-55.8%
HBI	1,189	1,072	10.9%	687	73.1%
Other	109	78	39.7%	59	84.7%
Total shipments	4,301	4,673	-8.0%	4,617	-6.8%

Inc. intragroup shipments

Concentrate	1,486	1,458	1.9%	957	55.3%
Pellets	137	58	-	0	-
HBI	112	95	17.9%	111	0.9%
Other	98	76	28.9%	54	81.5%

MGOK**Production by product**

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Sintering ore	410	436	-6.0%	458	-10.5%
Concentrate	4,188	4,198	-0.2%	4,110	1.9%
Pellets	3,475	3,349	3.8%	2,802	24.0%

Shipments by product

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Sintering ore	304	392	-22.4%	344	-11.6%
Concentrate	966	1,052	-8.2%	1,050	-8.0%
Pellets	3,246	3,426	-5.3%	2,701	20.2%
Total shipments	4,516	4,870	-7.3%	4,095	10.3%

Inc. intragroup shipments

Sintering ore	0	31	-	0	-
Concentrate	447	317	41.0%	473	-5.5%
Pellets	484	585	-17.3%	501	-3.4%

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

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Pellets	993	899	10.5%	1,015	-2.2%
DRI	825	846	-2.5%	754	9.4%
Crude steel	860	881	-2.4%	887	-3.0%

Shipments by product

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
DRI	34	34	0.0%	20	70.0%
Steel products	811	828	-2.1%	852	-4.8%
Total shipments	845	863	-2.1%	872	-3.1%

Ural Steel**Production by product**

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Hot metal	716	676	5.9%	642	11.5%
Crude steel	378	286	32.2%	346	9.2%

Shipments by product

tonnes '000	Q1 2018	Q4 2017	Change	Q1 2017	Change
Pig iron	531	531	0.0%	474	12.0%
Steel products	323	264	22.3%	293	10.2%
Total shipments	854	795	7.4%	767	11.3%



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%).