

## Operational Results for Q4 2017 and FY 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 fourth quarter and full year 2017.

### Management comments

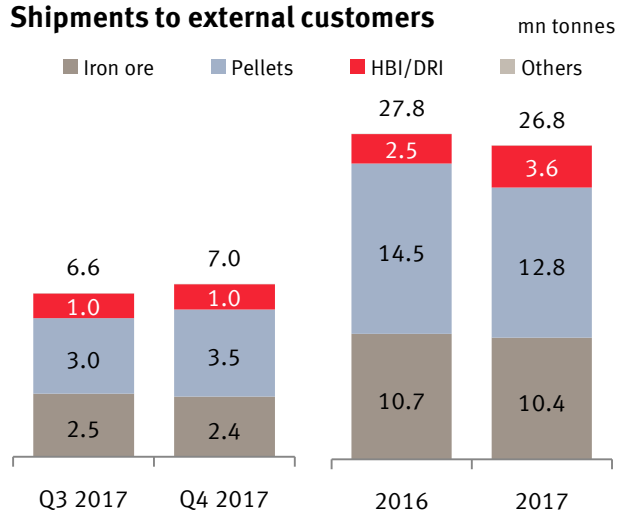
#### Iron ore products

- In Q4 2017, Metalloinvest produced 10.1 mn tonnes of iron ore<sup>1</sup>. In FY 2017, output amounted to 40.3 mn tonnes, a decrease of 1.0%<sup>2</sup> y-o-y, mainly due to a change in the ore mixture
- In Q4 2017, pellet production amounted to 6.5 mn tonnes. In FY 2017, the Company produced 25.1 mn tonnes, a reduction of 0.4% y-o-y, mostly as a result of scheduled major maintenance works at pellet plants and a change in the pellet assortment in the production structure to meet the requirements of HBI-3 Plant
- In Q4 2017, the Company produced 1.9 mn tonnes of HBI/DRI. In FY 2017, HBI/DRI output reached 7.0 mn tonnes, an increase of 22.6% y-o-y, due to the launch of HBI-3 Plant at LGOK
- The share of high value-added iron ore product shipments (pellets, HBI/DRI) amounted to 65% and 61% in Q4 2017 and FY 2017, respectively

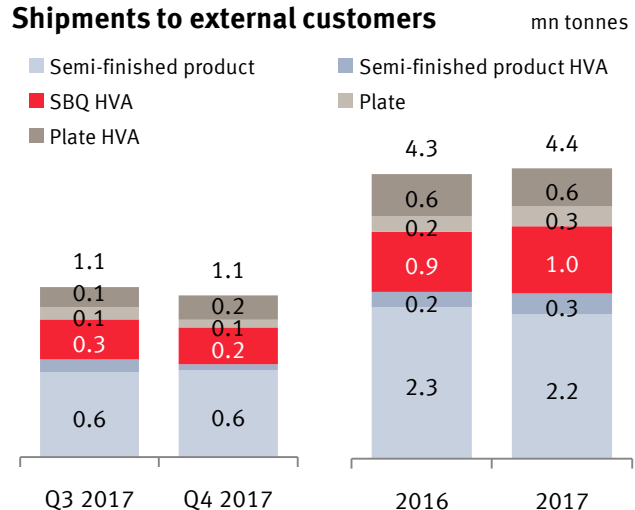
#### Steel products

- In Q4 2017, Metalloinvest produced 0.7 mn tonnes of hot metal. In FY 2017, hot metal output amounted to 2.7 mn tonnes, a reduction of 9.3% y-o-y, largely as a result of maintenance and repair works
- In Q4 2017, crude steel production amounted to 1.2 mn tonnes. In FY 2017, the Company increased crude steel output by 2.1% y-o-y to 4.8 mn tonnes mostly as a result of increased production at CCM-1<sup>3</sup> at Ural Steel, due to long-term contracts with Russian customers
- The share of high value-added (HVA<sup>4</sup>) steel product shipments amounted to 42% in Q4 2017. In FY 2017, the share of HVA steel products amounted to 43%, compared with 41% in FY 2016, driven by a 12% increase in merchant SBQ<sup>5</sup> HVA and a 34% increase in semi-finished product HVA output

#### Shipments to external customers



#### Shipments to external customers



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

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

<sup>3</sup> Continuous Casting Machine

<sup>4</sup> HVA stands for high value-added. More details about steel product categories are presented in Appendix at p.7

<sup>5</sup> SBQ – special bar quality, long steel products of premium quality

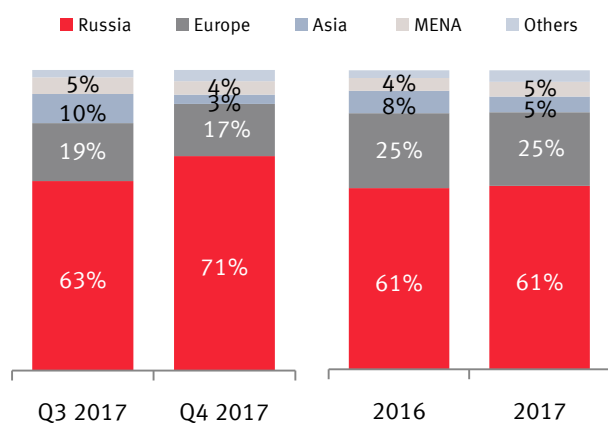
## Iron ore product shipments

- In FY 2017, the total volume of iron ore product shipments to third parties amounted to 26.8 mn tonnes, compared to 27.8 mn tonnes in FY 2016. This decrease resulted from the growth of internal pellet consumption at LGOK for HBI-3 Plant production and iron ore concentrate consumption at MGOK for larger volumes of pellet production
- In FY 2017, the share of shipments to Russia and Europe remained unchanged y-o-y and amounted to 61% and 25% respectively
- In FY 2017, the share of supplies to the Asian market decreased from 8% to 5% as a result of a decline in total iron ore product shipments and reallocation of shipment volumes to the customers in MENA and other regions
- In FY 2017, the share of iron ore product supplies to the MENA region remained almost flat, amounting to 5% vs. 4% in FY 2016

## Pig iron and steel product shipments

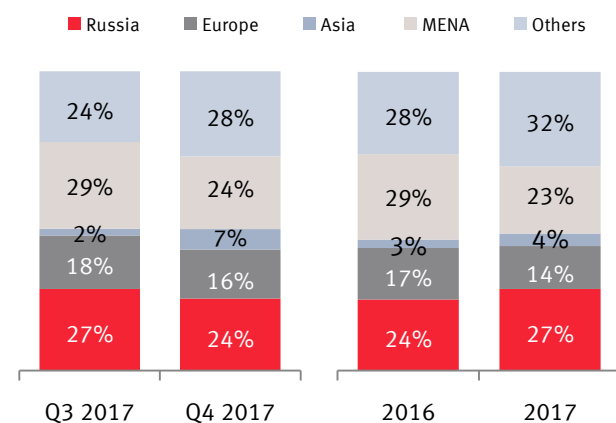
- In FY 2017, the share of pig iron and steel product shipments to Russia increased to 27% vs. 24% in FY 2016, mainly due to higher shipment volumes to Vyksa Steel Works and other steel companies on the domestic market
- In FY 2017, the share of pig iron and steel products shipped to Europe decreased to 14% vs. 17% in FY 2016 and shipments to MENA region declined from 29% to 23% y-o-y. The decrease is mostly attributable to the reallocation of shipments to the domestic market and other regions
- In FY 2017, the share of shipments to the Asian market remained almost unchanged, amounting to 4% vs. 3% in FY 2016
- In FY 2017, pig iron and steel product shipments to other regions increased to 32% from 28% in FY 2016, mainly due to increased demand from steel companies in the USA and Kazakhstan

### Shipments by region\*



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

### Shipments by region\*\*



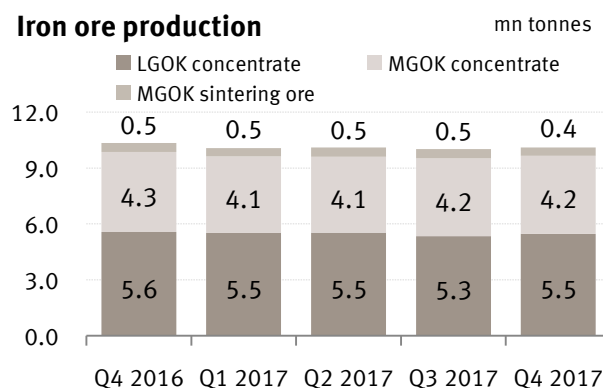
\*\* Shipments of pig iron and steel products



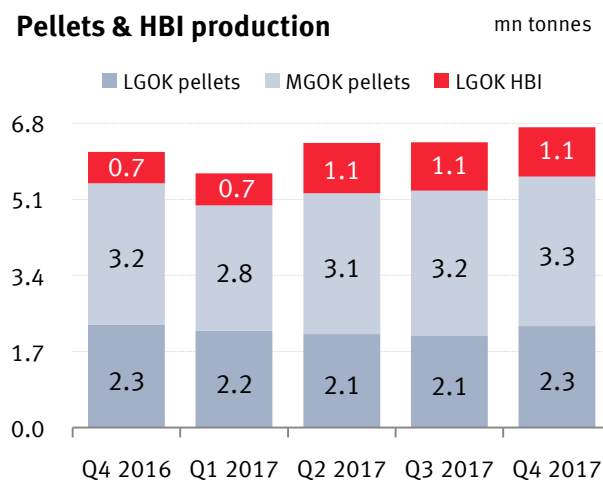
**Mining Segment**

- In Q4 2017, LGOK increased iron ore production by 2.2%<sup>6</sup> q-o-q to 5.5 mn tonnes, mainly due to the completion of scheduled maintenance works at beneficiation plants in Q3 2017
- In Q4 2017, iron ore production at MGOK remained largely flat q-o-q, amounting to 4.2 mn tonnes
- In Q4 2017, LGOK increased pellet production by 10.5% q-o-q to 2.3 mn tonnes mainly due to the completion of scheduled maintenance works of pellet plants in previous periods
- In Q4 2017, MGOK increased pellet output by 3.1% q-o-q to 3.3 mn tonnes, mainly as a result of a change to the sales structure and growth in pellets demand
- In Q4 2017, HBI production at LGOK increased by 1.9% q-o-q to 1.1 mn tonnes, following the completion of scheduled maintenance works at HBI-1 and HBI-2 Plants in Q3 2017

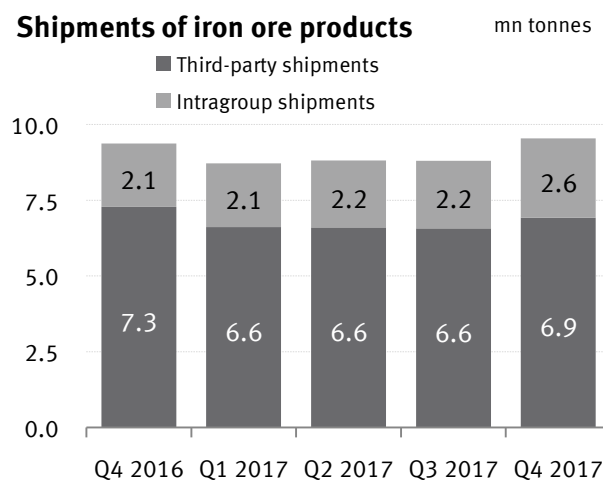
**Iron ore production**



**Pellets & HBI production**



**Shipments of iron ore products**



HBI-3 Plant

<sup>6</sup> Hereinafter q-o-q represents change in Q4 2017 vs. Q3 2017 (if not stated otherwise)

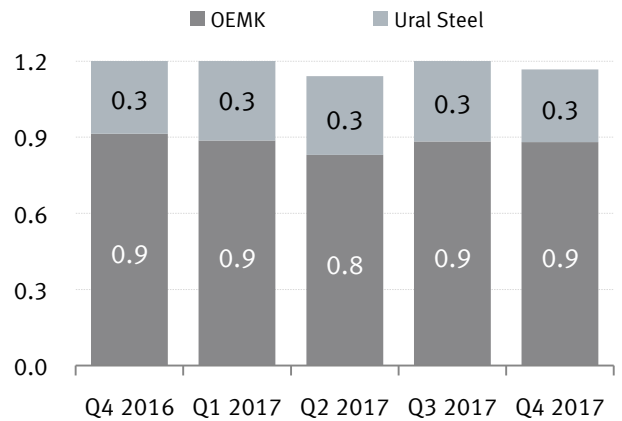


Steel Segment

- In Q4 2017, pellet production at OEMK decreased by 12.3% q-o-q to 0.9 mn tonnes, as a result of scheduled major maintenance works at pellet plant
- In Q4 2017, OEMK increased DRI output by 27.2% q-o-q to 0.8 mn tonnes, mainly due to the completion of technical re-equipping at DRI unit #2 in Q3 2017 and the resulting increase in the facility's productivity
- In Q4 2017, crude steel production at OEMK remained at the same level as in Q3 2017, amounting to 0.9 mn tonnes
- In Q4 2017, hot metal production at Ural Steel remained practically unchanged q-o-q at 0.7 mn tonnes
- In Q4 2017, crude steel output at Ural Steel decreased by 14.6% q-o-q, amounting to 0.3 mn tonnes

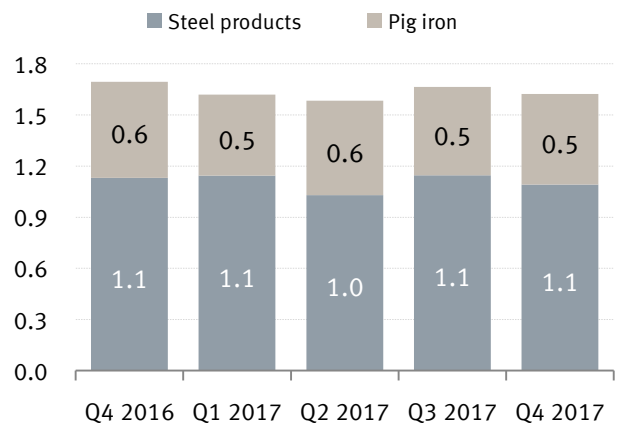
Crude steel production

mn tonnes



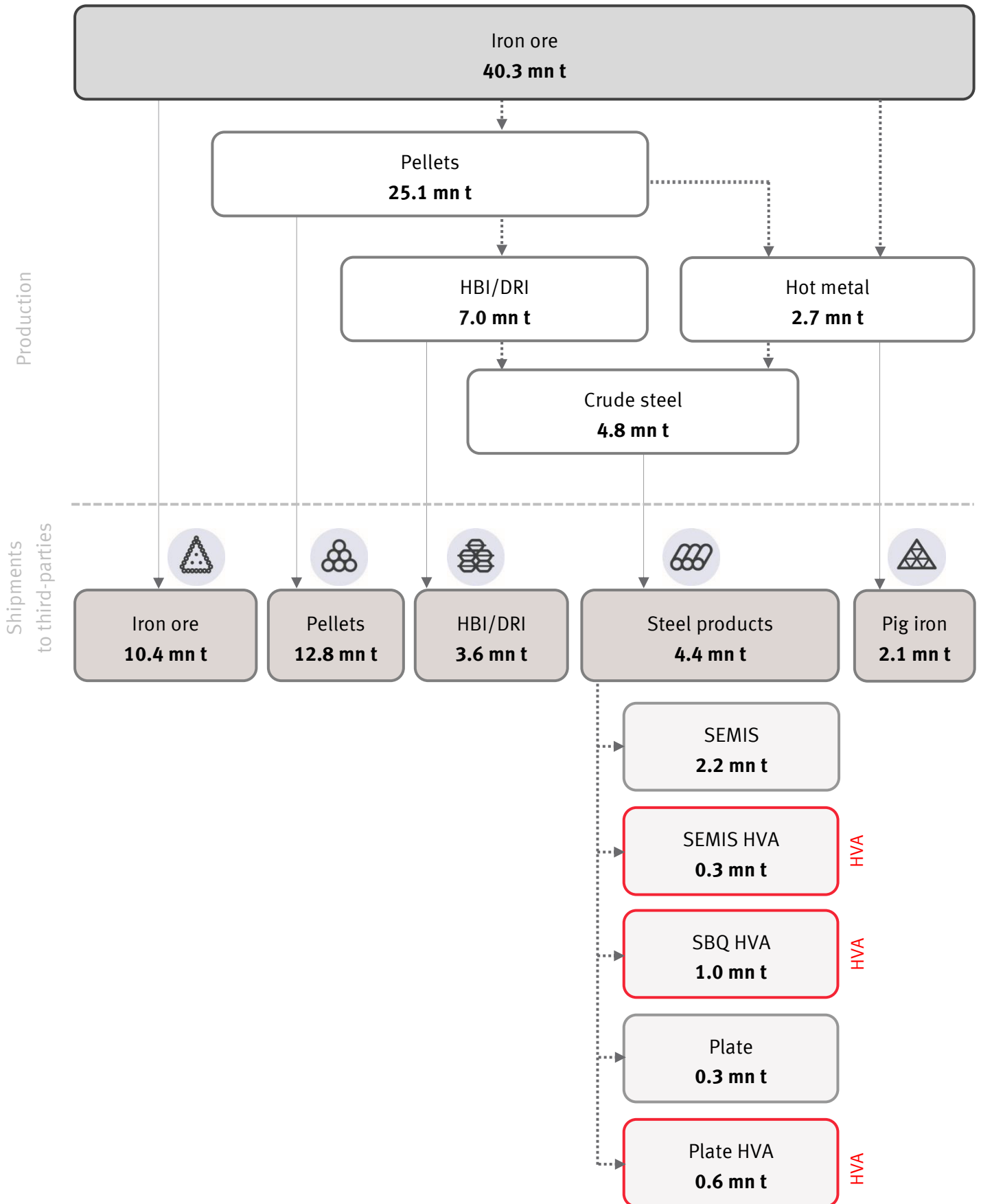
Shipments by product

mn tonnes





Production and shipments for FY 2017





## Appendix

### Metalloinvest consolidated results –Iron ore products

#### Production by product

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Iron ore*	10,100	10,014	0.9%	40,296	40,697	-1.0%
Pellets	6,514	6,323	3.0%	25,087	25,190	-0.4%
HBI/DRI	1,943	1,742	11.5%	6,983	5,698	22.6%

#### Shipments by product\*\*

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Iron ore*	2,435	2,548	-4.4%	10,390	10,738	-3.2%
Pellets	3,509	3,041	15.4%	12,821	14,535	-11.8%
HBI/DRI	1,012	994	1.8%	3,572	2,514	42.1%
Other***	3	9	-66.7%	28	17	64.7%
Total shipments	6,959	6,592	5.6%	26,812	27,804	-3.6%

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

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Russia	4,964	4,157	19.4%	16,216	16,844	-3.7%
Europe	1,205	1,265	-4.7%	6,741	6,945	-2.9%
Asia	219	645	-66.0%	1,447	2,092	-30.8%
MENA	313	359	-12.8%	1,352	1,184	14.2%
Other	257	165	55.8%	1,055	738	43.0%
Total shipments	6,959	6,592	5.6%	26,812	27,804	-3.6%

\* 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	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Hot metal	676	672	0.6%	2,686	2,963	-9.3%
Crude steel	1,167	1,218	-4.2%	4,759	4,662	2.1%

**Shipments by product\***

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Pig iron	531	518	2.5%	2,077	2,360	-12.0%
Steel products, incl.**:	1,092	1,147	-4.8%	4,414	4,326	2.0%
SEMIS	585	573	2.1%	2,199	2,304	-4.6%
SEMIS HVA	42	86	-51.2%	313	234	33.8%
SBQ HVA	249	270	-7.8%	1,020	911	12.0%
Plate	52	82	-36.6%	303	235	28.9%
Plate HVA	164	136	20.6%	578	642	-10.0%
Total shipments, incl.:	1,623	1,665	-2.5%	6,490	6,686	-2.9%
Steel products HVA	455	492	-7.5%	1,911	1,787	6.9%

**Shipments by region**

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Russia	390	453	-13.9%	1,772	1,594	11.2%
Europe	267	298	-10.4%	933	1,153	-19.1%
Asia	111	38	-	270	186	45.2%
MENA	394	483	-18.4%	1,466	1,912	-23.3%
Other	461	393	17.3%	2,050	1,842	11.3%
Total shipments	1,623	1,665	-2.5%	6,490	6,686	-2.9%

\* 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, rail billets from OEMK and Ural Steel

SBQ HVA – long products, wire coils, bars 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	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Concentrate	5,465	5,348	2.2%	21,851	21,777	0.3%
Pellets	2,266	2,050	10.5%	8,572	9,283	-7.7%
HBI	1,097	1,077	1.9%	4,016	2,663	50.8%

**Shipments by product**

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Concentrate	2,797	2,958	-5.4%	11,632	10,895	6.8%
Pellets	726	343	-	2,511	5,410	-53.6%
HBI	1,072	1,138	-5.8%	3,980	2,678	48.6%
Other	78	89	-12.4%	327	194	68.6%
Total shipments	4,673	4,529	3.2%	18,450	19,176	-3.8%
<b>Inc. intragroup shipments</b>						
Concentrate	1,458	1,283	13.6%	4,989	3,957	26.1%
Pellets	58	0	-	58	415	-86.0%
HBI	95	165	-42.4%	507	261	94.3%
Other	76	80	-5.0%	299	177	68.9%

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

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Sintering ore	436	497	-12.3%	1,902	1,995	-4.7%
Concentrate	4,198	4,169	0.7%	16,542	16,925	-2.3%
Pellets	3,349	3,248	3.1%	12,546	11,994	4.6%

**Shipments by product**

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Sintering ore	392	481	-18.5%	1,727	1,796	-3.8%
Concentrate	1,052	598	75.9%	3,234	3,822	-15.4%
Pellets	3,426	3,198	7.1%	12,468	12,008	3.8%
Total shipments	4,870	4,277	13.9%	17,429	17,625	-1.1%
<b>Inc. intragroup shipments</b>						
Sintering ore	31	129	-76.0%	295	295	0.0%
Concentrate	317	76	-	919	1,523	-39.7%
Pellets	585	500	17.0%	2,100	2,467	-14.9%



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

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Pellets	899	1,025	-12.3%	3,969	3,913	1.4%
DRI	846	665	27.2%	2,967	3,035	-2.2%
Crude steel	881	883	-0.2%	3,481	3,553	-2.0%

**Shipments by product**

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
DRI	34	20	70.0%	99	97	2.1%
Steel products	828	849	-2.5%	3,306	3,398	-2.7%
Total shipments	863	870	-0.8%	3,405	3,496	-2.6%

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

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Hot metal	676	672	0.6%	2,686	2,963	-9.3%
Crude steel	286	335	-14.6%	1,278	1,108	15.3%

**Shipments by product**

tonnes '000	Q4 2017	Q3 2017	Change	FY 2017	FY 2016	Change
Pig iron	531	518	2.5%	2,077	2,360	-12.0%
Steel products	264	297	-11.1%	1,107	928	19.3%
Total shipments	795	816	-2.6%	3,184	3,288	-3.2%



## 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](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%).