

Operational Results for Q3 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 third quarter of 2017.

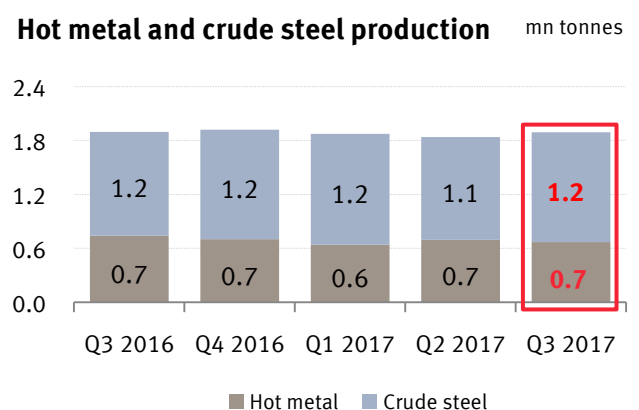
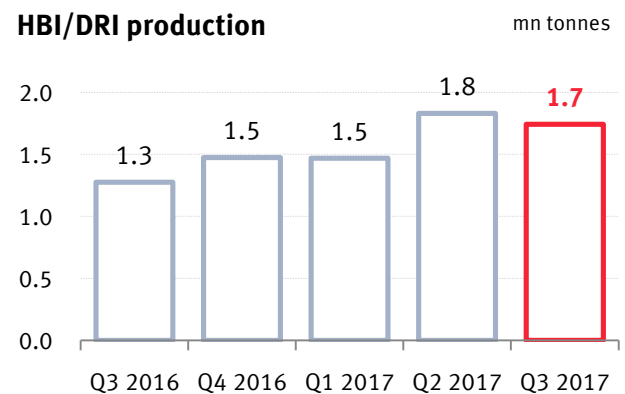
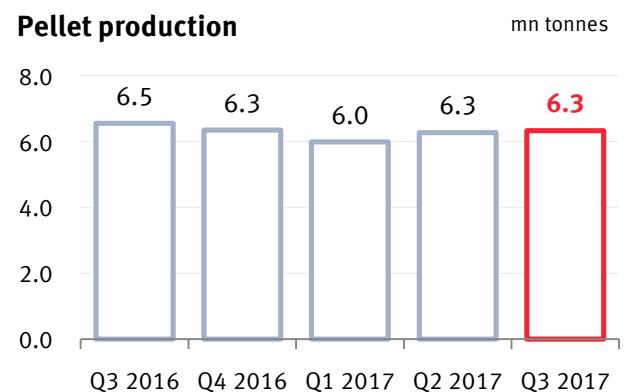
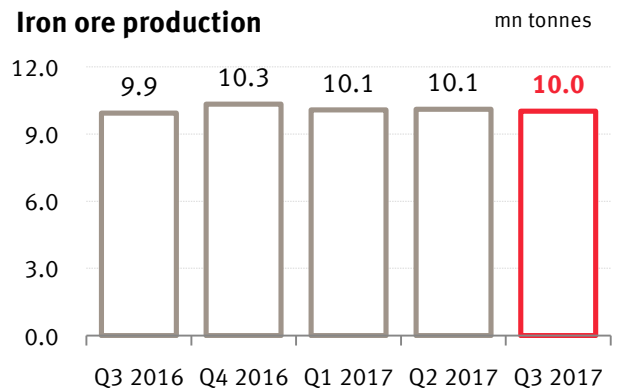
Management comments

Production highlights

- In Q3 2017, the Company produced 10.0 mn tonnes of iron ore¹, a reduction of 0.9% q-o-q², largely as a result of scheduled maintenance works and a change in the ore mixture
- The Company produced 6.3 mn tonnes, an increase of 0.9% q-o-q, mostly due to a change in the pellet assortment in the production structure
- HBI/DRI production amounted to 1.7 mn tonnes, a decrease of 4.8% q-o-q, largely as a result of scheduled major maintenance works at HBI-1,2 Plants at Lebedinsky GOK and technical re-equipping of DRI unit #2 at OEMK
- Hot metal output amounted to 0.7 mn tonnes, a decrease of 3.4% q-o-q, mainly due to maintenance works at Pig Iron Casting Machine #1 at Ural Steel
- The Company increased crude steel production by 6.7% to 1.2 mn tonnes, due to the completion of current scheduled maintenance works at OEMK in Q2 2017, as well as increased output at Continuous Casting Machine #1 at Ural Steel

Iron ore product shipments

- In Q3 2017, the share of iron ore products shipped to Russia increased to 63% from 54% in Q2 2017, as a result of increased supplies to leading metallurgical enterprises (Evraz, Severstal, Mechel and others)



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

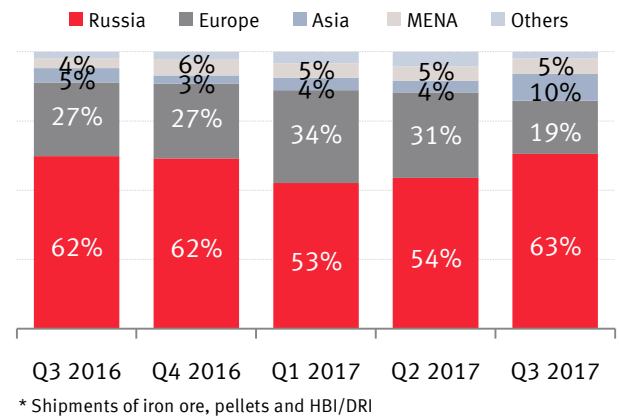
² Hereinafter q-o-q represents change in Q3 2017 vs. Q2 2017 (if not stated otherwise)

- In Q3 2017, the share of iron ore products supplied to Europe decreased to 19% from 31% in Q2 2017, mainly due to the reallocation of shipments to the domestic market and Asia
- In Q3 2017, the share of iron ore products delivered to Asia increased to 10% from 4% in Q2 2017, mostly as a result of the growing demand for iron ore pellets from customers in China and other countries in South-East Asia
- In Q3 2017, the share of iron ore products delivered to the MENA region remained largely unchanged q-o-q and amounted to 5%

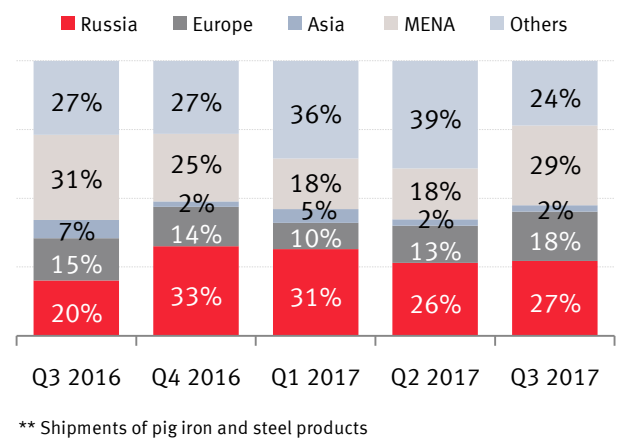
Pig iron and steel product shipments

- In Q3 2017, the share of metallurgical products delivered to Russia remained practically unchanged and amounted to 27% compared with 26% in Q2 2017
- In Q3 2017, the share of pig iron and steel products shipped to Europe increased to 18% from 13% in Q2 2017, largely due to increased deliveries of pig iron to customers in Italy
- In Q3 2017, the share of pig iron and steel products shipped to Asia was unchanged, amounting to 2%
- In Q3 2017, the share of metallurgical products shipped to MENA rose to 29% from 18% in Q2 2017, largely due to an increase of steel products shipped to customers in Turkey and Egypt
- In Q3 2017, the share of metallurgical products shipped to other regions decreased to 24% from 39% in Q2 2017, mainly due to the reallocation of shipments to other markets (MENA and Europe)

Shipments by region*



Shipments by region**



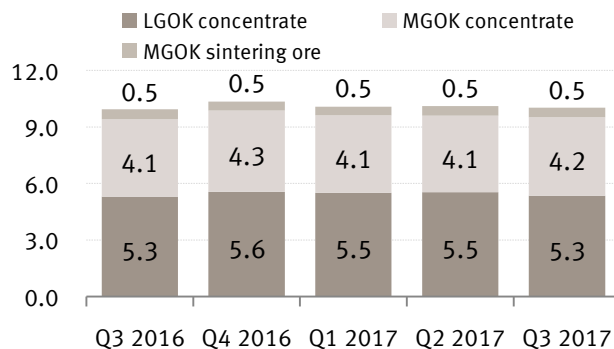


Mining Segment

- In Q3 2017, iron ore concentrate production at LGOK decreased by 3.3% to 5.3 mn tonnes, mainly as a result of scheduled maintenance works at beneficiation plants and a change in the ore mixture
- In Q3 2017, MGOK increased iron ore concentrate production by 2.6% to 4.2 mn tonnes, due to a change in the pellet assortment in the production structure and decreased scheduled equipment downtime, among other factors
- In Q3 2017, pellet production at LGOK decreased by 2.0% and amounted to 2.1 mn tonnes. This was largely as a result of scheduled major maintenance works at Pellet Plant #1
- In Q3 2017, MGOK increased pellet production by 3.2% to 3.2 mn tonnes, mainly due to a change in the assortment
- In Q3 2017, HBI production at LGOK decreased by 4.4% to 1.1 mn tonnes, as a result of scheduled major maintenance works at HBI-1,2 Plants, which was partially offset by an increase in HBI production at HBI-3 Plant. HBI production at LGOK was 84.7% higher in Q3 2017 than in Q3 2016, mainly due to the launch of HBI-3 Plant

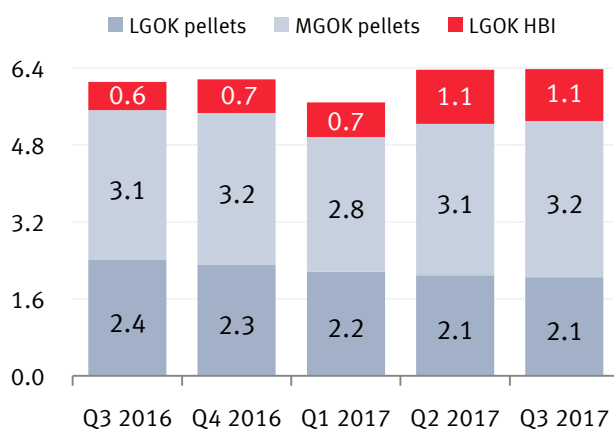
Iron ore production

mn tonnes



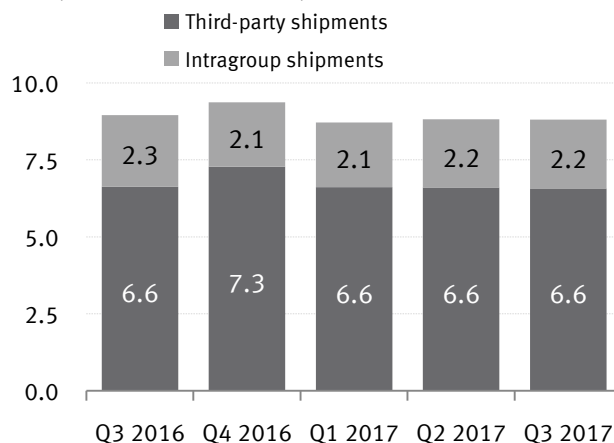
Pellets & HBI production

mn tonnes



Shipments of iron ore products

mn tonnes



Mining fleet

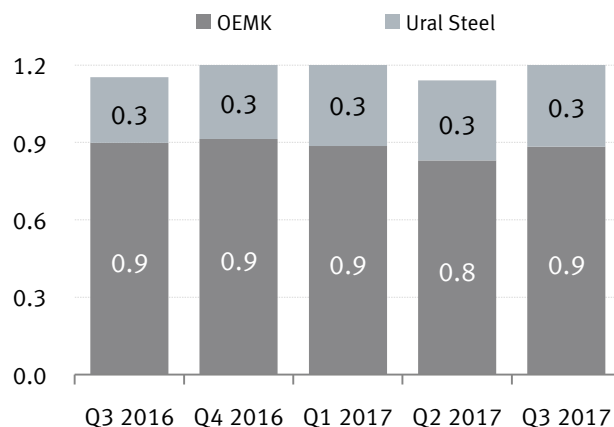


Steel Segment

- In Q3 2017, pellet production at OEMK remained at the same level as Q2 2017, amounting to 1.0 mn tonnes
- In Q3 2017, DRI production at OEMK decreased by 5.4% to 0.7 mn tonnes, mainly as a result of technical re-equipping at DRI unit #2, which are expected to provide an increase in the facility's productivity
- In Q3 2017, OEMK increased crude steel production by 6.4% to 0.9 mn tonnes, following the completion of current scheduled maintenance works at water supply facilities in Q2 2017
- In Q3 2017, hot metal production at Ural Steel decreased by 3.4% to 0.7 mn tonnes, mainly due to a decrease of merchant pig iron shipments as a result of scheduled maintenance works at Pig Iron Casting Machine #1
- In Q3 2017, Ural Steel increased crude steel production by 7.7% to 0.3 mn tonnes, mainly due to increased output from Continuous Casting Machine #1 as part of the contracts with Vyksa Steel Works (VMZ) and Chelyabinsk Pipe-Rolling Plant (ChelPipe Group)

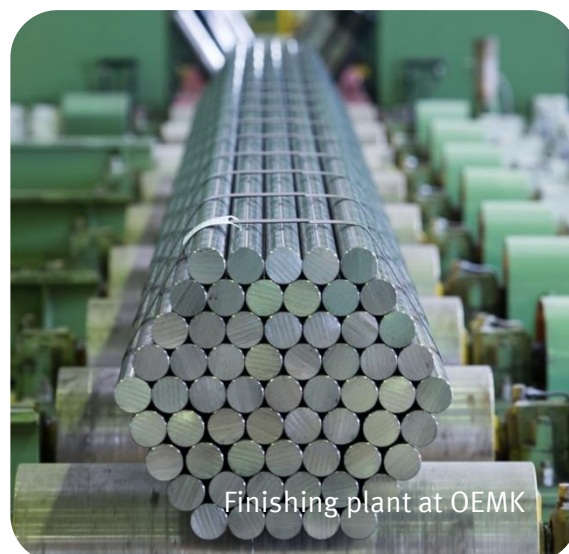
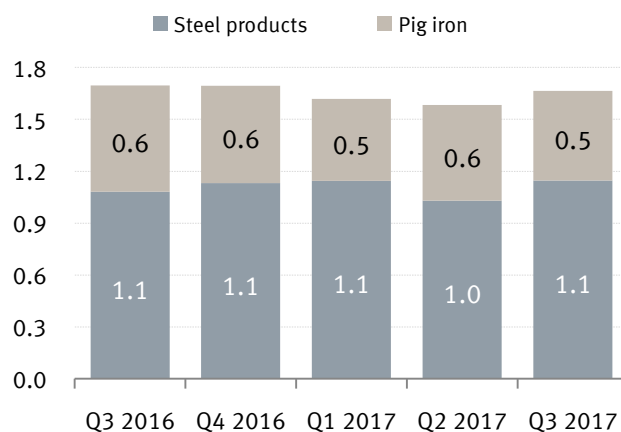
Crude steel production

mn tonnes



Shipments by product

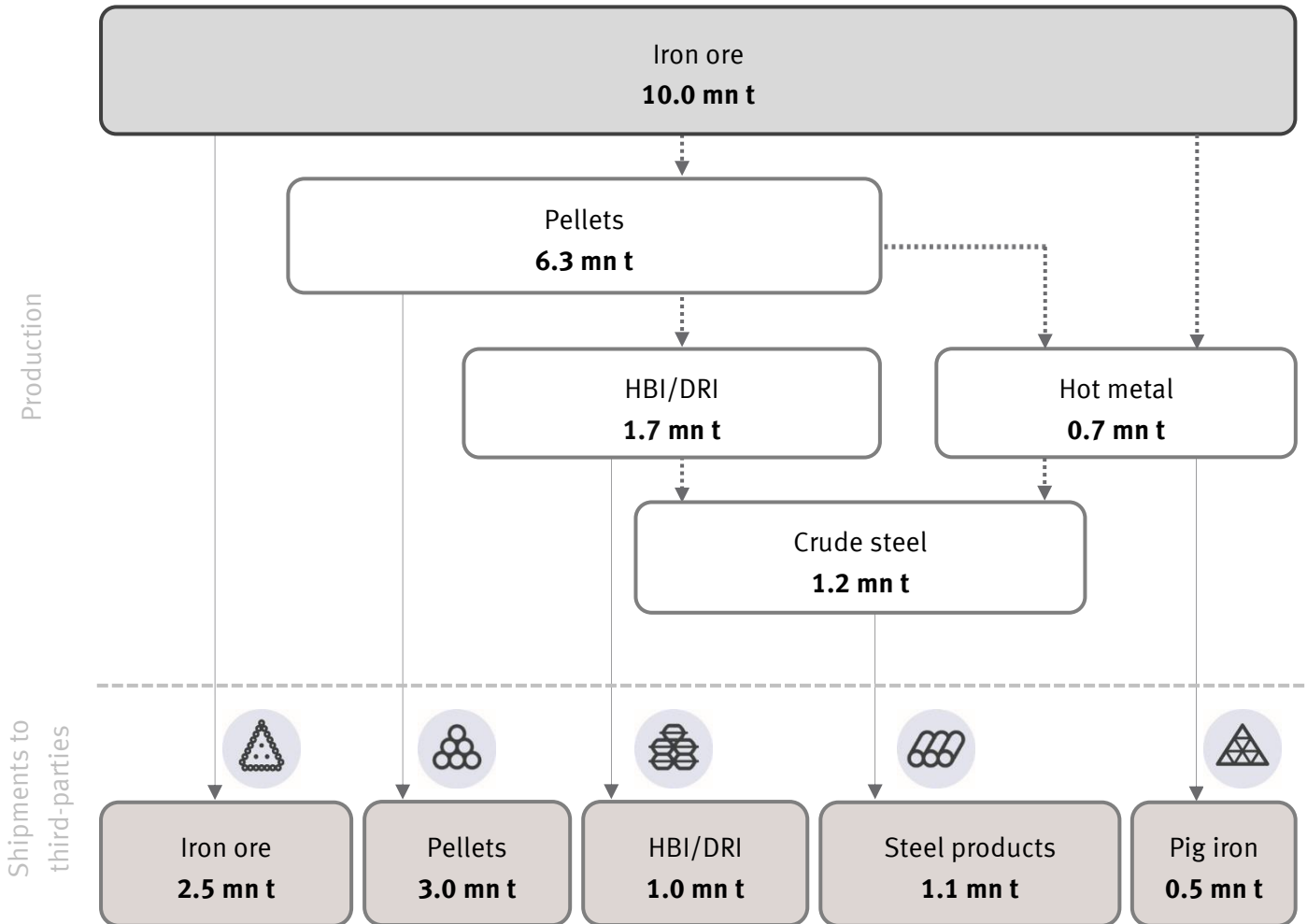
mn tonnes



Finishing plant at OEMK



Production and shipments in Q3 2017



Appendix

Metalloinvest consolidated results –Iron ore products

Production by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Iron ore*	10,014	10,108	-0.9%	9,942	0.7%
Pellets	6,323	6,268	0.9%	6,544	-3.4%
HBI/DRI	1,742	1,830	-4.8%	1,276	36.5%

Shipments by product**

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Iron ore*	2,548	2,614	-2.5%	2,233	14.1%
Pellets	3,041	3,028	0.4%	3,863	-21.3%
HBI/DRI	994	971	2.4%	548	81.4%
Other***	9	11	-18.2%	4	-
Total shipments	6,592	6,624	-0.5%	6,649	-0.9%

Shipments by region****

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Russia	4,157	3,606	15.3%	4,144	0.3%
Europe	1,265	2,044	-38.1%	1,767	-28.4%
Asia	645	285	-	345	87.0%
MENA	359	336	6.8%	235	52.8%
Other	165	352	-53.1%	157	5.1%
Total shipments	6,592	6,624	-0.5%	6,649	-0.9%

* 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	Q3 2017	Q2 2017	Change	Q3 2016	Change
Hot metal	672	696	-3.4%	742	-9.4%
Crude steel	1,218	1,141	6.7%	1,152	5.7%

Shipments by product*

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Pig iron	518	553	-6.3%	614	-15.6%
Steel products	1,147	1,030	11.4%	1,082	6.0%
Total shipments	1,665	1,583	5.2%	1,696	-1.8%

Shipments by region

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Russia	453	419	8.1%	341	32.8%
Europe	298	213	39.9%	261	14.2%
Asia	38	38	0.0%	112	-66.1%
MENA	483	292	65.4%	525	-8.0%
Other	393	621	-36.7%	457	-14.0%
Total shipments	1,665	1,583	5.2%	1,696	-1.8%

* 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	Q3 2017	Q2 2017	Change	Q3 2016	Change
Concentrate	5,348	5,532	-3.3%	5,296	1.0%
Pellets	2,050	2,091	-2.0%	2,408	-14.9%
HBI	1,077	1,127	-4.4%	583	84.7%

Shipments by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Concentrate	2,958	3,049	-3.0%	2,500	18.3%
Pellets	343	399	-14.0%	1,522	-77.5%
HBI	1,138	1,083	5.1%	581	95.9%
Other	89	100	-11.0%	44	-
Total shipments	4,529	4,630	-2.2%	4,648	-2.6%
Inc. intragroup shipments					
Concentrate	1,283	1,291	-0.6%	1,038	23.6%
Pellets	0	0	-	120	-
HBI	165	136	21.3%	56	-
Other	80	89	-10.1%	40	-

MGOK**Production by product**

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Sintering ore	497	511	-2.7%	533	-6.8%
Concentrate	4,169	4,065	2.6%	4,113	1.4%
Pellets	3,248	3,146	3.2%	3,118	4.2%

Shipments by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Sintering ore	481	509	-5.5%	518	-7.1%
Concentrate	598	534	12.0%	708	-15.5%
Pellets	3,198	3,144	1.7%	3,079	3.9%
Total shipments	4,277	4,187	2.1%	4,305	-0.7%
Inc. intragroup shipments					
Sintering ore	129	134	-3.7%	138	-6.5%
Concentrate	76	54	40.7%	317	-76.0%
Pellets	500	514	-2.7%	617	-19.0%

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

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Pellets	1,025	1,030	-0.5%	1,018	0.7%
DRI	665	703	-5.4%	693	-4.0%
Crude steel	883	830	6.4%	898	-1.7%

Shipments by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
DRI	20	25	-20.0%	23	-13.0%
Steel products	849	776	9.4%	871	-2.5%
Total shipments	870	801	8.6%	893	-2.6%

Ural Steel
Production by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Hot metal	672	696	-3.4%	742	-9.4%
Crude steel	335	311	7.7%	254	31.9%

Shipments by product

tonnes '000	Q3 2017	Q2 2017	Change	Q3 2016	Change
Pig iron	518	553	-6.3%	614	-15.6%
Steel products	297	254	16.9%	211	40.8%
Total shipments	816	807	1.1%	825	-1.1%



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%).