METALLOINVEST ANNOUNCES IFRS FINANCIAL RESULTS FOR Q1 2018

Moscow, Russia – 14 June 2018 – Metalloinvest ('the Company'), a leading global iron ore and HBI producer, and one of the regional producers of high-quality steel, publishes its IFRS financial results for the first quarter ended 31 March 2018.

Management comments

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

"We have recorded strong Q1 results and further strengthened our financial position, due to an increase in our high value-added product sales and, consequently, the proportion of total shipments of these products in our sales structure. This was also supported by favourable market conditions and the implementation of our operational efficiency programme. Our EBITDA margin has reached its highest level in the last five years, while we continue to modernise our production facilities and digitally transform our business processes, to create further opportunities for future growth."

FINANCIAL HIGHLIGHTS

- Revenue USD 1,813 mn (+19.3% y-o-y[1])
- EBITDA[2] USD 675 mn (+28.1%)
- EBITDA margin 37.2% vs. 34.7% in Q1 2017
- Net Income USD 416 mn (+6.4%)
- Net Debt USD 4,069 mn (+0.3% compared to 31 December 2017)
- Net Debt / EBITDA LTM[3] 1.8x vs 1.9x at 31 December 2017
- Capital Expenditure USD 95 mn (+53.2%)

KEY CORPORATE HIGHLIGHTS

Operational and commercial highlights

- Completion of modernisation of vacuum degasser at the EAF[4] at Ural Steel
- Launch of commercial operations at concentrate intake facility at MGOK
- Second Coordination meeting with KAMAZ
- Creation of the Company's electronic product catalogue

Financing

- Signing of an agreement for a USD 240 mn pre-export finance facility (the 'PXF-2018')
- Keeping its series 02 and 03 bonds for a total amount of RUB 10 bn in the market for 5 years with a coupon rate set at 7.65%, following the successful execution of a put option
- Revision of the Company's corporate credit rating outlook by Moody's Investors Service to Positive from Stable, confirmation of its ' Ba2' rating

[1] Hereinafter comparison with Q1 2017 unless indicated otherwise
[2] Hereinafter EBITDA stands for EBITDA adjusted according to IFRS requirements.
[3] The indicator is for information only and does not contain adjustments as per the loan documentation; EBITDA LTM stands for EBITDA for the last 12 months
[4] Electric Arc Furnace

INCOME STATEMENT

USD mn	**Q1 2018**	Q1 2017	Change, y-o-y
Revenue	**1,813**	1,520	+19.3%
EBITDA	**675**	527	+28.1%
EBITDA margin	**37.2%**	34.7%	+2.5 ppt.
Net Income	**416**	391	+6.4%

In Q1 2018, the Company's revenue increased by 19.3% to USD 1,813 mn, up from USD 1,520 mn in Q1 2017, mainly as a result of the following factors:

- increase in average prices of pig iron and steel products as a result of growth in global prices, as well as the rise in prices for HBI[5] due to the increase in export scrap prices;
- change in product mix: physical external supply volumes of HBI grew by 87.0%, shipments of special bar (SBQ) and HVA flat products were up by 15.1% and 31.5% respectively;
- appreciation of the rouble by 3.2%, which led to an increase in the dollar equivalent of revenue.

EBITDA in the accounting period grew by 28.1% to USD 675 mn, compared with USD 527 mn in Q1 2017. The Steel Segment had the most significant impact on the growth of consolidated EBITDA, with an EBITDA increase of USD 95 mn.

In Q1 2018, EBITDA margin increased to 37.2% from 34.7% in Q1 2017, the highest figure over the past five years. The increase is the result both of the growth in global prices and the increased proportion of high value-added products in the Company's product mix, as well as the implementation of the programme to increase operational efficiency.

Net income in Q1 2018 amounted to USD 416 mn, an increase of 6.4% compared with USD 391 mn for the equivalent period in 2017.

FINANCIAL POSITION

As of 31 March 2018, the Company's assets amounted to USD 6,966 mn, an increase of 7.1%, up from USD 6,503 mn at the end of 2017. The rise in the dollar-denominated value of the Company's assets was mainly due to the strengthening of the rouble.

As of 31 March 2018, the Company's net debt amounted to USD 4,069 mn, at the same level as 31 December 2017. Net Debt/EBITDA LTM decreased to 1.8x from 1.9x at the end of 2017, as a result of a y-o-y increase in the Company's EBITDA in Q1 2018.

As of 31 March 2018, long-term loans and borrowings amounted to 84.5%, 6.2 ppt lower than at 31 December 2017. Short-term debt comprised bilateral rouble-denominated bank loan maturing at the beginning of 2019.

As of 31 March 2018, the Company's cash and cash equivalents amounted to USD 440 mn, compared with USD 390 mn as of 31 December 2017, an increase of 12.8%.

In January 2018, Moody's Investor Service revised its outlook on the Company from Stable to Positive and affirmed its 'Ba2' corporate rating.

[5] Hot briquetted iron

LIQUIDITY AND CAPITAL RESOURCES

In January 2018, the Company signed a pre-export finance facility (the 'PXF-2018') for USD 240 mn. The new PXF has a 5-year tenor with a 4-year grace period and amortisation in the final 12 months. The interest rate is linked to LIBOR. The PXF-2018 allowed the Company to refinance all of its existing USD-denominated debt due in 2018–2019 and to improve its maturity profile and cost of borrowings.

In February 2018, the Company successfully executed a put-option on its RUB-denominated bonds series 02 and 03 for a total amount of RUB 10 bn and kept the issuance's full amount in the market. The Company set the coupon rate of the bonds at 7.65% per annum for the following five years until their maturity.

CAPEX PROGRAMME

In Q1 2018, the Company's capital expenditures increased by 53.2% to USD 95 mn, mainly due to the financing schedule of development projects.

At HBI-3 Plant at LGOK, the Company carried out guarantee tests and achieved guarantee figures. In April 2018, the Company signed a final acceptance agreement for the facility. Approximately 11% of capital expenditure was allocated in Q1 2018 to finance this project.

As part of the development of the open pit mine at LGOK, work is continuing on designing the mining transport system using cyclical and continuous technology. At the end of the reporting period, the Company selected a lead designing engineer and supplier for the main technological equipment; project documentation is being drawn up and capital mining projects are being conducted.

As part of the MGOK comprehensive development programme to increase the quality of iron ore raw materials and extraction, the Company is studying procurement of classification screens, and has conducted experimental industrial testing of fine screening technology. Approximately 4% of capital expenditure in Q1 2018 was allocated to finance these development projects.

In Q1 2018, MGOK began operations at its concentrate intake facility (iron ore concentrate from LGOK) to produce high-quality pellets with 65-67% Fe content.

The Company continued to update its mining transport system at its mining and beneficiation enterprises, allocating approximately 21% of capital expenditure in Q1 2018 to procuring new technical equipment in this area.

OEMK began a comprehensive programme to increase the client-orientation and quality of its SBQ. The main task of the programme is to reinforce the Company's leadership position in the high-quality steel bar market.

As part of the Ural Steel development project for the construction of the Roller Treatment Furnace #1 and Heat Treatment Machine #1 Complex, construction and installation was completed on the main facilities within the complex, and pre-commissioning works are being conducted.

As part of the investment project to renovate the four-strand continuous casting machine ('CCM #1') at Ural Steel for the production of railway and wheel billets, the enterprise's vacuum degasser has been modernised. As a result, productivity at the unit was increased by 1.5 times to 1.8 mn tonnes per year.

The Company is carrying out the 'Implementation' phase of its Industry 4.0 programme to create an integrated financial and administrative management system. The main equipment has been delivered and installed, and the system's key users have been trained. Approximately 12% of capital expenditure was allocated to finance this project in Q1 2018.

OTHER KEY CORPORATE EVENTS

In February 2018, the Company completed the construction of its data centre in Stary Oskol. The data centre will provide reliable infrastructure for the Company's IT systems, boost the efficiency of data gathering, storage and processing and ensure the Company's cyber security.

In March 2018, the Company launched an electronic product catalogue at products.metalloinvest.com. This online platform showcases the Company's product range, and enables customers to submit orders to the sales department online.

In March 2018, Metalloinvest signed a social partnership programme for 2018 as part of its socio-economic partnership agreement with the governments of the Belgorod and Kursk regions. All parties noted the successful work of the 2017 programme and identified the priority collaboration areas for 2018.

In March 2018, Metalloinvest and KAMAZ held their second Coordination meeting. Both parties agreed on the implementation of measures to increase the efficiency of interactions between the Companies related to SBQ supply, including creating stock reserves of the products required by KAMAZ and transitioning to an electronic document management system. Decisions were also taken on KAMAZ using new steel grades produced by OEMK, including carrying out joint experiments and supplies of trial batches.

In March 2018, the Company's multifunctional Shared Services Centre was named 'Discovery of the Year' in the Best Shared Services Centre in Russia and the CIS in 2017 competition. The multifunctional Shared Services Centre was created to automate and centralise in Stary Oskol routine business processes in the following areas: accountancy and taxation management, treasury, human resources, procurement and IT.

SUBSEQUENT EVENTS

April 2018

Metalloinvest signed a Programme of events for its social partnership for 2018 as part of its agreement on socio-economic collaboration with the government of the Orenburg region and the administration of Novotroitsk.

May 2018

The Company held an election to its Board of Directors. The Board of Directors now comprises the following members: Ivan Streshinsky (Chairman), Galina Aglyamova, Andrey Varichev, Valery Kazikaev, Irina Lupicheva, Pavel Mitrofanov, Gleb Kostikov and Dmitry Tarasov. There were no changes to the composition of the Board of Directors Committees.

June 2018

Metalloinvest signed a contract with the Danieli group to supply equipment for the construction of the heat-treatment facility for hot-rolled steel products at OEMK. The facility will have an annual capacity of 70,000 tonnes of SBQ, and will be built within the enterprise's finishing plant. The facility will add to the existing heat treatment capacities at OEMK's rolling plant.

Metalloinvest and TMK held their regular Coordination meeting, at which the parties discussed the results of their partnership over the past two years and the prospects for future joint work. During the meeting, the companies discussed the possibilities for expanding the supply of Ural Steel's pipe billets and flat products to TMK.

Metalloinvest signed long-term credit facility agreement with CRÉDIT AGRICOLE CIB guaranteed by export credit agency (ECA), provided by Euler Hermes Aktiengesellschaft (Germany). The 12-year funds of EUR 72 mn will be used to purchase the equipment of TAKRAF GmbH (Germany) for the implementation of investment project at LGOK – construction of a cyclical and continuous transportation system for open pit mine.

Based on 2017 results and Net debt/EBITDA ratio of 1.9x as of 31 December 2017, the shareholders of Metalloinvest made a decision to pay out the dividends in the total amount of 18.999 billion roubles.

# # # #

For further information, please contact:

Artem Lavrischev

Director of Investor Relations and Corporate Ratings

E: ir@metalloinvest.com

T: +7 (495) 981-55-55