

PRESS RELEASE**Metalloinvest builds high-tech heat treatment facility for processing rolled products at Ural Steel**

20 April 2017, Moscow – At Ural Steel, part of Metalloinvest, the Roller Treatment Furnace #1 and Heat Treatment Machine #1 Complex is undergoing construction. Currently, design and surveying work is ongoing. 1.5 billion roubles have been invested in the project, which is planned to be completed in 2018.

The project entails the installation of new high-performance equipment for Roller Treatment Furnace #1 and Heat Treatment Machine #1 in their sheet-rolling facility. Mosgiprommez is carrying out design work for the project and LOI Thermprocess, a German company, was awarded the contract to supply the equipment.

The implementation of the project will enable the Company to increase its production volume of heat-treated rolled steel using the new steel grade, whose output will be possible due to the construction of the new hi-tech heat treatment complex.

The new power units for quenching and heat treatment of rolled products will increase the productivity of the sheet-rolling facility. The improved heating conditions in the new furnace and cooling capabilities of the new Roller Treatment Furnace will ensure the evenness of the rolled products' mechanical properties after heat treatment.

Andrey Ugarov, First Deputy CEO, COO, Management Company Metalloinvest, commented: "The new Roller Treatment Furnace #1 and Heat Treatment Machine #1 Complex will allow Ural Steel to raise the quality of its rolled steel products and increase its market share in high-margin products, both through increasing production volumes of existing steel grades and by producing a new grade. As a result, Metalloinvest will reinforce its position on the heat-treated rolled products market."

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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%).

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