**METALLOINVEST ANNOUNCES IFRS FINANCIAL RESULTS FOR THE FIRST HALF OF 2017**

**Moscow, Russia – 22 August 2017** – Metalloinvest ("the Company"), a leading global iron ore and merchant HBI producer and supplier, and one of the regional producers of high-quality steel, today announces its IFRS financial results for the half year ended 30 June 2017.

**FINANCIAL HIGHLIGHTS**

* Revenue USD 3,032 mn (+57.0% y-o-y[[1]](#footnote-2))
* EBITDA[[2]](#footnote-3) USD 1,061 mn (+99.1%)
* EBITDA margin 35.0% vs 27.6% in H1 2016
* Net income USD 585 mn (+36.7%)
* Net debt USD 3,602 mn (+12.8% compared to 31 December 2016)
* Net debt/EBITDA LTM[[3]](#footnote-4) 2.0x compared to 2.5x as of 31 December 2016
* Capital expenditure USD 188 mn (+21.3%)
* Total assets USD 6,704 mn (+8.1% compared to 31 December 2016)

**PRODUCTION HIGHLIGHTS**

* Iron ore[[4]](#footnote-5) 20.2 mn tonnes (-1.1%)
* Pellets 12.3 mn tonnes (-0.4%)
* HBI/DRI 3.3 mn tonnes (+11.9%)
* Hot metal 1.3 mn tonnes (-11.9%)
* Crude steel 2.4 mn tonnes (+3.6%)

**KEY CORPORATE HIGHLIGHTS**

**Operational developments and capital expenditure**

* Testing and adjustment of equipment at HBI-3 Plant at LGOK
* Signing of a long-term supply contract for steel billets with OMK[[5]](#footnote-6)
* Purchasing of mining and transport machinery at LGOK and MGOK
* Successfully carried out hot tests for wheel and railway billets at Ural Steel

**Financing**

* Issuing of 7-year USD 800 mn Eurobonds, primarily in order to finance the tender offer of an earlier issuance
* Refinancing of USD 1.03 bn pre-export credit facilities (PXF) with a new PXF raised in June 2017
* Increase of the ING BANK (EURASIA) revolving credit line limit from USD 100 mn to USD 200 mn and extension of the loan duration by two years
* Revision of the Company's long-term credit rating outlook by Standard & Poor’s from Negative to Stable, confirmation of its 'BB' rating
* Affirmation of the Company's long-term issuer default rating at 'BB' with Stable outlook by Fitch Ratings

**Social responsibility**

* Signing of social partnership programmes with the administrations of the Kursk, Belgorod and Orenburg regions and the towns of Zheleznogorsk, Stary Oskol, Gubkin and Novotroitsk

Andrey Varichev, CEO of Management Company Metalloinvest, commented:

"In the first half of 2017, iron ore pricing remained very volatile; however, average prices were significantly higher than in the same period in 2016, which, along with strict control on expenditures, allowed the Company to deliver strong financial results. Metalloinvest's almost 100% increase in EBITDA and prudent approach to debt and liquidity management have allowed the Company to reduce its net debt/EBITDA ratio to 2.0x, which we consider as comfortable. The launch of HBI-3 Plant in July, with a production capacity
of 1.8 mn tonnes, as well as the continued positive pricing trends for iron ore and steel products, give us confidence that the Company will demonstrate good financial results for the full year."

Alexey Voronov, Finance Director of Management Company Metalloinvest, added:

"We continued to implement our proactive debt management strategy in this reporting period. Issuing a Eurobond to finance the tender of an earlier long-term bond, as well as refinancing our pre-export credit facilities, have enabled us to reduce our average debt servicing cost, and has cut the number of upcoming payments over 2017–2020 by almost 50%, to USD 1.7 bn from USD 3 bn at the end of 2016."

1. Hereinafter comparison with H1 2016 unless indicated otherwise [↑](#footnote-ref-2)
2. Hereinafter EBITDA stands for EBITDA adjusted according to IFRS requirements. For more details please refer to IFRS Statements [↑](#footnote-ref-3)
3. The indicator has an informational character and does not contain adjustments as per loan documentation; EBITDA LTM stands for EBITDA for the last

12 months [↑](#footnote-ref-4)
4. Iron ore refers to iron ore concentrate and sintering ore [↑](#footnote-ref-5)
5. United Metallurgical Company [↑](#footnote-ref-6)