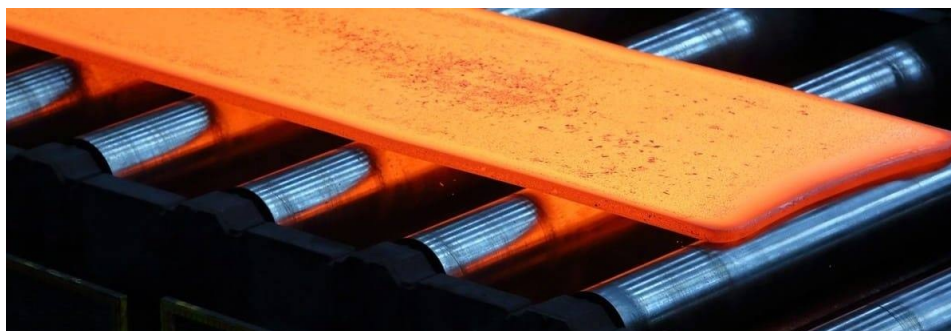


Metinvest announces 4Q and 12M 2017 operational results

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OPERATIONAL HIGHLIGHTS

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|------------------------------|--------------|--------------|------------|-----------|--------------|--------------|-------------|------------|
| Crude steel | 1,906 | 1,802 | 104 | 6% | 7,630 | 8,393 | -763 | -9% |
| Iron ore concentrate (total) | 7,024 | 6,791 | 233 | 3% | 27,464 | 29,640 | -2,176 | -7% |
| Coal concentrate (total) | 566 | 577 | -11 | -2% | 2,590 | 3,051 | -461 | -15% |

METALLURGICAL SEGMENT

Hot metal production

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|------------------|--------------|--------------|------------|-----------|--------------|--------------|-------------|------------|
| Hot metal | 2,154 | 2,026 | 128 | 6% | 8,188 | 8,821 | -633 | -7% |
| Azovstal | 1,011 | 868 | 143 | 16% | 3,777 | 3,177 | 600 | 19% |
| Ilyich Steel | 1,143 | 1,158 | -15 | -1% | 4,164 | 3,818 | 346 | 9% |
| Yenakieve Steel | 0 | 0 | 0 | 0% | 247 | 1,826 | -1,579 | -86% |

Crude steel production

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|--------------------|--------------|--------------|------------|-----------|--------------|--------------|-------------|------------|
| Crude steel | 1,906 | 1,802 | 104 | 6% | 7,630 | 8,393 | -763 | -9% |
| Azovstal | 1,100 | 999 | 101 | 10% | 4,265 | 3,705 | 560 | 15% |
| Ilyich Steel | 806 | 803 | 3 | 0% | 3,096 | 2,736 | 360 | 13% |
| Yenakieve Steel | 0 | 0 | 0 | 0% | 269 | 1,952 | -1,683 | -86% |

In 4Q 2017, Metinvest's hot metal output increased by 6% q-o-q to 2,154 kt, driven mainly by a rise of 143 kt at Azovstal. This was largely a result of downtime due to scheduled work on blast furnaces reducing from 39 days in 3Q to 11 days in 4Q, following the completion of a scheduled major overhaul on blast furnace no. 2.

In 4Q 2017, the Group's crude steel production climbed by 6% q-o-q to 1,906 kt, mainly due to an increase of 101 kt at Azovstal, driven by greater hot metal output.

In 2017, production at the Mariupol steelmakers rose y-o-y. Hot metal output at Azovstal rose by 600 kt after blast furnace no. 4 was re-launched in February 2016 following a lengthy major overhaul. In addition, downtime due to irregular supplies of raw materials and fuel fell in 2017, boosting steel output by 560 kt. Hot metal production at Ilyich Steel rose by 346 kt after the re-launch of blast furnace no. 4 in May 2016 following a lengthy major overhaul, driving an increase in steel output of 360 kt.

Metal product output [1]

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|-------------------------------|--------------|--------------|------------|-----------|--------------|--------------|-------------|-------------|
| Semi-finished products | 797 | 798 | -1 | 0% | 2,761 | 2,262 | 499 | 22% |
| Pig iron | 414 | 442 | -28 | -6% | 1,403 | 1,230 | 173 | 14% |
| Slabs | 383 | 356 | 27 | 8% | 1,343 | 734 | 609 | 83% |
| Square billets | 0 | 0 | 0 | 0% | 15 | 298 | -283 | -95% |
| Finished products | 1,472 | 1,347 | 125 | 9% | 5,805 | 6,485 | -680 | -10% |
| Flat products | 1,181 | 1,120 | 61 | 5% | 4,675 | 4,385 | 290 | 7% |
| Long products | 221 | 175 | 46 | 26% | 912 | 1,918 | -1,006 | -52% |
| Railway products | 36 | 8 | 28 | 350% | 67 | 73 | -6 | -8% |
| Tubular products | 34 | 44 | -10 | -23% | 151 | 109 | 42 | 39% |
| Large-diameter pipes | 0 | 0 | 0 | 0% | 1 | 20 | -19 | -95% |
| Other pipes | 34 | 44 | -10 | -23% | 150 | 89 | 61 | 69% |
| TOTAL | 2,269 | 2,145 | 124 | 6% | 8,566 | 8,747 | -181 | -2% |

In 4Q 2017, Metinvest's output of merchant semi-finished products remained virtually unchanged q-o-q at 797 kt. At the same time, there were changes in hot metal utilisation: output of merchant slabs increased by 27 kt, while that of merchant pig iron decreased by 28 kt.

In 2017, the Group's output of merchant semi-finished products climbed by 22% y-o-y to 2,761 kt. This was due to rises in production of slabs and merchant pig iron of 609 kt and 173 kt, respectively, amid a favourable market trend.

In 4Q 2017, Metinvest's output of finished products rose by 9% q-o-q to 1,472 kt.

- Output of flat products rose by 61 kt q-o-q to 1,181 kt. This was due to increases in production at the European re-rolling plants of 43 kt, following lower output in 3Q amid major annual overhauls, and at Ilyich Steel of 25 kt. That growth offset a decline at Azovstal of 7 kt amid a scheduled major annual overhaul of the plate mill.
- Output of long products rose by 46 kt q-o-q to 221 kt. This was due to a rise in production at Promet Steel of 79 kt as stable supplies of square billets have been secured. That increase offset a production decline at Azovstal of 33 kt amid a lack of orders for these products.
- Production of rails increased by 28 kt q-o-q to 36 kt, driven by new orders from Ukrzaliznytsia.
- Output of tubular products decreased by 10 kt q-o-q due to a seasonal reduction in demand.

In 2017, the Group's output of finished products fell by 10% y-o-y to 5,805 kt.

- Output of flat products rose by 290 kt y-o-y to 4,675 kt amid a revival on the market. This was mainly due to increases in production of plate at Azovstal (260 kt) and Ilyich Steel (117 kt), as well as steel sheets and coils at the European re-rollers (10 kt and 51 kt, respectively). That growth offset lower coil

output at Ilyich Steel (148 kt).

- Output of long products slumped by 1,006 kt y-o-y to 912 kt: output at Promet Steel plummeted (154 kt), as the Group had to arrange new supplies of billets for re-rolling, although this was partly offset by greater output of long products at Azovstal (121 kt).
- Production of rails decreased by 6 kt y-o-y amid fewer orders.
- Output of tubular products rose by 42 kt y-o-y due to an increase in other pipe making at Ilyich Steel, driven by a rise in capacity.

Coke production [2]

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|---------------------|--------------|--------------|-----------|-----------|--------------|--------------|------------|------------|
| Coke (total) | 1,329 | 1,276 | 53 | 4% | 4,736 | 4,325 | 411 | 10% |
| Coke (merchant) | 350 | 420 | -70 | -17% | 1,209 | 1,050 | 159 | 15% |

In 4Q 2017, Metinvest's overall coke output rose by 4% q-o-q to 1,329 kt, as Avdiivka Coke boosted production by 29 kt, Zaporizhia Coke by 15 kt and Azovstal by 9 kt.

In 2017, the Group's total coke output rose by 10% y-o-y to 4,736 kt. This was driven by production increases of 280 kt at Avdiivka Coke, 113 kt at Azovstal and 18 kt at Zaporizhia Coke. The rise at Azovstal stemmed from more stable coal deliveries, while that at Avdiivka Coke was due to eight coke oven batteries having been in operation since May 2017.

MINING SEGMENT

Iron ore concentrate and pellet output [3]

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|-------------------------------------|--------------|--------------|------------|-----------|---------------|---------------|---------------|-------------|
| Iron ore concentrate (total) | 7,024 | 6,791 | 233 | 3% | 27,464 | 29,640 | -2,176 | -7% |
| Iron ore products (merchant) | 3,763 | 3,552 | 211 | 6% | 15,067 | 17,093 | -2,026 | -12% |
| Iron ore concentrate | 2,378 | 1,783 | 595 | 33% | 9,325 | 10,946 | -1,621 | -15% |
| Pellets | 1,385 | 1,769 | -384 | -22% | 5,742 | 6,147 | -405 | -7% |

In 4Q 2017, Metinvest's production of iron ore concentrate rose by 3% q-o-q to 7,024 kt, due to increases in output of 167 kt at Ingulets GOK, 61 kt at Northern GOK and 5 kt at Central GOK.

In 4Q 2017, the Group's output of merchant iron ore products rose by 6% q-o-q to 3,763 kt amid:

- an increase in merchant concentrate production of 595 kt, resulting from higher overall concentrate output, and a decrease in pellet production;
- a fall in merchant pellet production of 384 kt, driven by a decline in output of 248 kt at Northern GOK amid a scheduled major overhaul of the Lurgi 552-A roasting machine and of 136 kt at Central GOK due to a scheduled semi-annual refurbishment of the OK-324 roasting machine.

In 2017, Metinvest's output of iron ore concentrate dropped by 7% y-o-y to 27,464 kt, caused by a drive to catch up with overburden removal work and amid expected retirement of iron bearing sands for concentrate production. This in turn led to a decrease in merchant concentrate production of 15% y-o-y to 9,325 kt.

In 2017, the Group's merchant pellet output dropped by 7% y-o-y to 5,742 kt. This was due to the cessation of shipments to certain customers in the territory not controlled by the government of Ukraine and a shift in pricing in favour of concentrate, which offered higher margins in February-April 2017.

Coal concentrate production [4]

| (kt) | 4Q 2017 | 3Q 2017 | Δ kt | Δ % | 2017 | 2016 | Δ kt | Δ % |
|-----------------------------|------------|------------|------|-----|-------|-------|------|------|
| Coal concentrate (total) | 566 | 577 | -11 | -2% | 2,590 | 3,051 | -461 | -15% |
| Coal concentrate (merchant) | 37 | 38 | -1 | -3% | 445 | 1,440 | -995 | -69% |

In 4Q 2017, coal concentrate output at United Coal's mines decreased by 2% q-o-q to 566 kt.

In 2017, Metinvest's total coal concentrate production dropped by 15% y-o-y to 2,590 kt. A lower contribution by Krasnodon Coal to the total coal mined by Metinvest (613 kt) was partly compensated by an increase in production of 152 kt at United Coal to cover intragroup needs. The latter was driven by a rise of 250 kt at the Wellmore mines, while output at the Carter Roag and Affinity mines dropped by 51 kt and 47 kt, respectively, amid a change in geological conditions.

[1] Excludes intragroup sales and intragroup consumption; figures for 2016 were updated

Pig iron – merchant pig iron

Flat products include hot-rolled plates, as well as hot-rolled, cold-rolled and hot-dip galvanised sheets and coils

Long products include hot rolled sections (light, medium, heavy), rebar, merchant bars and wire rod

Rail products include light and heavy rails and rail fasteners

Other pipes include other ERW (electric resistance welded) pipes and seamless pipes

[2] Merchant coke production excludes intragroup sales and consumption

[3] Figures for output of merchant iron ore products exclude intragroup sales and consumption

[4] Coal concentrate (total) production figures present coal production in equivalent of coal concentrate. Merchant coal concentrate production excludes intragroup sales and intragroup consumption.