



PRESS RELEASE

IMH OPERATIONAL RESULTS FOR FY 2018

23.01.2019

Industrial Metallurgical Holding (IMH), one of the global leading suppliers of merchant pig iron and the biggest merchant coke producer in Russia, announces its operational results for FY 2018.

Key operational indicators:

Production, '000 tonnes	2018	2017	Change, % Y/Y
Pig iron	2,343	2,276	+3
Coal	2,632	2,830	(7)
Coal concentrate	2,476	2,468	–
Coke (6% moisture content)	2,534	2,700	(6)
Iron ore	4,980	5,100	(2)
Iron ore concentrate	2,207	2,250	(2)

In 2018, Tulachermet achieved record-high pig iron production for the whole history working with two blast furnaces. Total production increased by 3% to 2,343 kt compared to 2,276 kt in 2017. This was the result of higher production efficiency upon completion of maintenance at blast furnaces № 2 and 3 in July-August 2017 and in August 2018 respectively. In addition, further optimization of technological processes resulted in lower coke consumption and thus improvement of economic efficiency.

In 2018, Coal segment's main strategic task was to reduce ash content in coal extracted from its mines. As a result of special measures, Butovskaya mine and Tikhova mine achieved 9% and 1% decrease of ash content, respectively.

Ash content reduction and production optimization programs resulted in better washing yield which was 2% higher year-on-year at our Berezovskaya washing plant. In addition, we increased the share of own coal processing. In 2019, washing yield will increase further after setting and ramping up new highly productive equipment. Several production units have already been installed.

Coke output reduced on the back of changes in main supply routes and testing of new logistics in 2Q 2018. Lower coke consumption at Tulachermet due to better production efficiency also affected Koks'

production program. In 3Q production returned to the level comparable to 1Q. In the end of the year coke production increased further.

Iron ore concentrate production at Kombinat KMAruda in 2018 slightly decreased on the back of lower consumption volumes from Tulachermet, which is the main consumer of the mining plant. This was a result of the scheduled maintenance at the sinter machine № 2. In 4Q 2018, iron ore concentrate production was back to normal.

The Group is committed to pursuing productivity growth and total production optimization (TOP) programs. Up to date, 770 proposals have been accepted with the total positive effect of about 1.5 bln rubles per year.

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Industrial Metallurgical Holding is a Russian vertically integrated metallurgical company, specializing in production of pig iron and coke, extraction and procession of coking coal and iron ore, foundry castling and powder metallurgy. IMH is one of the largest world exporters of merchant pig iron and the biggest Russian merchant coke suppliers. The Group's key production facilities are located in Kemerovo, Belgorod, Tula and Kaluga regions of Russian Federation.

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