

Raspadskaya Announces Preliminary Operational Results for Q1 2017

Moscow, 27 April 2017 – PAO Raspadskaya (MOEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q1 2017.

		Q1 2017	Q4 2016	Q1 2017/ Q4 2016 ± %	Q1 2016	Q1 2017/ Q1 2016 ± %
Total raw coal production	<i>kt</i>	2,886	3,198	-10%	2,256	28%
Sales						
Concentrate – Russia	<i>kt</i>	678	748	-9%	598	13%
Concentrate – export	<i>kt</i>	1,018	890	14%	925	10%
Total sales of concentrate	<i>kt</i>	1,696	1,637	4%	1,523	11%
Total sales of raw coal¹	<i>kt</i>	92	13	n/a	67	36%
Weighted average price of concentrate²	<i>RUB/t</i>	7,294	6,359	15%	3,208	127%
Exchange rate	<i>RUB/US\$</i>	58.83	63.07		74.63	

¹ Hard coking coal

² FCA Mezhdurechensk; the prices for Q1 2017 are preliminary and may differ immaterially from the final ones

Q1 2017 highlights

The management’s goal of maintaining maximum sales volumes in a period of revived demand and favourable prices was met successfully. In Q1 2017, sales of coking coal concentrate rose by 4% quarter-on-quarter (up 11% year-on-year) to 1.7 million tonnes.

The geographic breakdown of coking coal concentrate sales for the quarter returned to usual levels (40% domestic sales, 60% exports) amid a reduction in domestic sales to 678 thousand tonnes (down 9% quarter-on-quarter). This was because some Russian metals and mining companies increased their consumption of internally sourced raw materials, whereas in Q4 2016 these volumes were exported.

Raw coal sales surged in the quarter due to increased deliveries to EVRAZ’ enterprises.

Total raw coal production volumes from all Company operations fell 10% quarter-on-quarter to 2.9 million tonnes in the reporting period. This was because the mining assets were at maximum capacity in Q4 2016 and kept stockpiles high, as well as due to the planned longwall move at the Rapsadskaya mine in Q1 2017.

In year-on-year terms, raw coal production rose 28% following successful efforts to increase work rates at the Rapsadskaya, Rapsadskaya-Koksovaya and Razrez Rapsadsky mines.

Rapsadskaya-Koksovaya continued to deliver stable raw coal production volumes in the premium K grade of 60 thousand tonnes a month.

The reporting period saw the main quarterly price benchmarks reach peak levels, while spot quotes trended downward throughout the quarter. The weighted average coking coal concentrate price on the domestic market rose by 54% quarter-on-quarter. Meanwhile, the weighted average export price decreased by 13% quarter-on-quarter, in rouble terms, due to the significant share of spot deliveries to China, as well as to rouble appreciation.

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About the Company

Rapsadskaya is an integrated group of coal mining and enrichment facilities located in the Kemerovo region of Russia. It comprises three underground mines, one open-pit operation, a coal preparation plant, and several coal transportation and production infrastructure enterprises. Rapsadskaya is a subsidiary of EVRAZ, a major vertically integrated metals and mining company.

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