



## Raspadskaya Announces Preliminary Operational Results For Q4 and FY 2017

**Moscow, 25 January 2018** – PAO Raspadskaya (MICEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q4 and FY 2017.

		Q4 2017	Q3 2017	Q4 2017 / Q3 2017 change	Q4 2016	Q4 2017 / Q4 2016 change	FY 2017	FY 2016	FY 2017 / FY 2016 change
<b>Total raw coal production</b>	kt	2,876	2,602	11%	3,198	-10%	11,435	10,512	9%
<b>Sales</b>									
Concentrate - Russia	kt	562	556	1%	748	-25%	2,351	2,569	-8%
Concentrate - export	kt	1,217	1,183	3%	890	37%	4,537	3,624	25%
<b>Total sales of concentrate</b>	kt	1,780	1,739	2%	1,637	9%	6,888	6,193	11%
<b>Weighted average price of concentrate<sup>2</sup></b>	RUB/t	5,786	4,851	19%	6,359	-9%	5,736	3,980	44%
<b>Exchange rate</b>	RUB/US\$	58.42	59.07		63.07		58.37	67.05	

<sup>1</sup> Hard coking coal

<sup>2</sup> FCA Mezhdurechensk; the prices for Q4 and FY 2017 are preliminary and may differ immaterially from the final ones

Commenting on the results, Sergey Stepanov, CEO of Raspadskaya, said:

“The Company has made a steady progress in the implementation of its strategic development plan and efficiency programmes. Additionally, efforts to improve production safety have begun to bear fruit, as can be seen in the operational results for 2017: for the first time, we have exceeded 11 million tonnes of raw coal production. The Raspadskaya mine delivered the bulk of the increase due to its ongoing efforts to increase productivity throughout the production cycle. I would also like to note the launch in mid-2017 of open-pit mining for the premium OS (semi-hard) coking coal grade as a part of the programme to expand the product portfolio. Although the project required diverting part of the production capacity from Razrez Raspadsky, it ultimately fully justified itself in both production and financial terms. One of our main priorities in 2018 will be to further increase production of this valuable coking coal grade.”

## **Q4 2017 highlights**

In Q4 2017, the Company's total raw coal production grew by 11% quarter-on-quarter to 2.9 million tonnes. The increase came mostly from Raspadskaya, where production increased by 19% quarter-on-quarter following the successful completion of face moves to longwall 4-6-33 in Q3 2017 and longwall 5a-7-32 in Q4 2017.

Coking coal concentrate sales rose by 2% quarter-on-quarter, with domestic sales up 1% and exports up 3%, thanks to the efforts of the Company's logistics team to maximise shipments and to productivity improvements at its concentrate facilities.

Raw coal sales surged by 119% quarter-on-quarter due to changes in the coal mix at Yuzhkuzbassugol's enrichment facilities.

Coking coal concentrate prices climbed by 19% quarter-on-quarter in the reporting period, in line with global benchmarks: domestic prices rose by 8%, while export prices grew by 28%.

## **FY 2017 highlights**

In FY 2017, total raw coal production at the Company's facilities increased by 9% year-on-year to 11.4 million tonnes. The growth was partly the result of stable work at the Raspadskaya mine (up by 887 thousand tonnes year-on-year). It was also due to the launch of open-pit mining for the premium OS (semi-hard) coking coal grade and board-and-pillar operations at the Raspadskaya-Koksovaya mine. This helped to offset the reduced production from Razrez Raspadsky following the diversion of part of its production equipment to the open pit at Raspadskaya-Koksovaya.

Coking coal concentrate sales climbed by 11% year-on-year to 6.9 million tonnes, primarily due to an increase in total raw coal production volumes and the efforts of the Company's logistics team to maximise export shipments.

Raw coal sales surged by 252% year-on-year after increasing shipments to EVRAZ facilities.

In 2017, the share of exports in the concentrate sales structure was 66%, or 4.5 million tonnes, of which 82% was shipped to countries in the Asia-Pacific region and 18% to European countries, including Ukraine. Concentrate exports rose due to increased sales to the premium Asia-Pacific markets and spot shipments to China.

The weighted-average concentrate price for 2017 climbed 62% for the domestic market and 38% for exports. This was in line with the trends seen in global benchmarks, which were influenced by the introduction of restrictions on coal exports from Australia following poor weather conditions in Q2 2017, the repair of port facilities in Q4 2017, and the tighter labour and environmental policies that China has enacted for coal miners.

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**About the Company**

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

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