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Operator: Good day and welcome to the NLMK Strategy 2017 IFRS Results Conference Call. Today's conference is being recorded. And at this time I would like to turn the conference over to Sergey.

Sergey Takhiev: Good morning. Thank you, Operator. And good morning and good afternoon, ladies and gentlemen. I'm Sergey Takhiev from Investor Relations. Thank you for joining us today on our conference call to discuss our strategy and 2017 results, and as well as our operating and financial performance in 2017.

As always, elements of our presentation are forward-looking and are based on our best view of the market. The company's Chief Executive Officer, Oleg Bagrin, will present the strategy 2017 results. And acting CFO, Sergey Karataev, will discuss our financials and our capital allocation strategy, followed by Q&A. Senior Vice President, Grigory Fedorishin, is joining us today and will be happy to answer your questions as well. That's all from my side. And I hand over the call to Oleg Bagrin.

Oleg Bagrin: Thank you, Sergey. And good day, ladies and gentlemen. Once again, welcome to our 2017 Strategy Results Call and thanks for joining us today. I'm pleased to share with you the results of our strategy for the last four years, and I will start on page five where we recap our strategic objectives.

You may recall back in February 2014, our Chairman, Mr. Lisin, announced an ambitious plan to grow our EBITDA by $1 billion over five years. Our strategic objectives included improving business performance, reducing CAPEX and debt, achieving high cash flow, and then stable and high returns to the shareholders. We used four main operational levers which we show on this page to achieve these targets. Before we discuss where we've got so far let's have a quick look at the market in this period.

On page six, I give you a brief idea how the global steel market evolved since our strategy was announced. Well, nobody, or probably very few expected back in 2013 such a severe demand slump globally, but especially in China. And as a result, in a few years Chinese producers doubled their exports to other markets to over 100 million tonnes. This triggered a wave of global protectionism which is still haunting the market. In 2016 prices dropped to multi-year lows. And last year in 2017 steel and iron ore prices were still below the 2013 levels.

Now moving on to page seven, this is where we show the most recent market trends. In 2017 we saw steel demand recovery in key markets, including where we have our operations. 5% consumption growth in Russia, and 6% growth in the US came above expectations. Europe also continued to grow, albeit at slower pace. 2018 outlook is also positive for all our home markets and we expect growth anywhere between 1-2%. Improved supply and demand balance allowed the steel price recovery to levels seen around five years ago.

Now page eight shows our headline numbers for 2017. We are proud to present strong annual results. Our sales grew for a fifth year in a row, reaching an all-time high of 16.5 million tonnes. Our EBITDA increased to $2.7 billion versus $1.5 billion back in 2013 when the strategy was announced. EBITDA margin continued climbing, reaching 26% last year. Free cash flow increased to $1.3 billion, and net debt reduced to 0.35 times EBITDA. Our cash payments to shareholders last year reached $1.3 billion.

Now let's turn to the NLMK strategy execution, which is summarised on page nine. In the last four years, NLMK delivered over $1 billion of structural gains which is fully on target. As you can see on the charts on this page, the results came from all big themes of our strategy: operational excellence, resources and markets. Last year we guided for $260 million of additional gains for

2017, and in fact, that effect for the year came at $377 million. Major source of gains last year were recently completed investment projects such as iron ore pellets and concentrate production facilities, and PCI technology. And I will spend the next five minutes talking about this in more detail.

So, our first strategic objective was operational efficiency, and this is discussed on page ten. This really became the main contributor to our earnings, cost savings on productivity gains contributed $523 million to the EBITDA, exceeding our targets by 58%. And this wasn't driven by the market or anything short-term but came about through structural transformation of the business. We have implemented over 3,000 operational efficiency projects, affected that increase in just five years. While clearly this wouldn't have been possible without the effort of NLMK''s entire team, all of our employees, and I would like to thank for their hard work.

The effects of the efficiency projects are measurable both in volume and in value terms. For instance, we added one million tonnes of pig iron capacity, equivalent of a mid-size blast furnace with literally no CAPEX. Operational improvements secured NLMK’s cost leadership in this sector. Our cost advantage versus average producer widened to 35% in 2017.

Our second strategic objective, which is discussed on page 11, was aimed at upstream integration and replacement of expensive resources. These projects created net gains of $384 million. This is slightly below our target, which will be reached in 2018, this year, as we see a full-year effect on recently commissioned facilities. By the end of this year we expect to reach 100% self-sufficiency in iron ore concentrate and 96% sufficiency in pellets with the ramp up of the new pelletizing plant launched in November 2016. We also ran projects to reduce resource consumption. For instance, PCI technology, now installed in all our blast furnaces helped to reduce coking coal use by 14% and natural gas use by 26%.

Page 12 shows the results of our third strategic objectives which was growth in our core markets. The efforts here generated net gains of $111 million. This is lower than expected, mainly due to the severe demand slump in the Russian market. However, as you can see on the top-right chart, our sales grew faster than all the main markets we serve. All of NLMK's divisions contributed, showing double-digit sales growth since 2013. The structure of sales also evolved; we increased our finished steel sales by 17%.

Now let's move onto the last, but very important objective, which is safety and sustainability, and it's presented on page 13. We continuously deploy and improve our sustainable development and occupational safety programmes and practices. As a result, compared to 2013, NLMK's lost time injury frequency rate dropped by 53%, and for Russian's sites by 41%, the Russian operations, to about 0.5. This is well below industry average. We continue reducing our environmental footprint. Specific air emissions declined by 6% versus 2013 level despite growing production. Finally, our goal is to create better run and more automated workplaces. As a result over five years, NLMK labour productivity increased by almost 30%.

Now page 14 is really a one-page checkpoint showing where we started and where we are today against our targets. Over the last four years, NLMK continued to grow its business, improve profitability, reduce CAPEX and leverage. We have achieved better earnings and higher cash conversion. As a result, since 2013, cash payments to our shareholders grew by a factor of ten. Overall, we are pleased to report that our key strategic objectives for this cycle were achieved. Now page 15 gives you a quick look on how the strategy would affect this year's results.

This year we plan to deliver additional gains of $160 million resulting from investment projects completed last year. This will include full-year effect of around $60 million coming from newly launched iron ore projects, and another $60 million from PCI technology ramp up. So by the end of this year, by the end of 2018, total Strategy 2017 gains are expected to reach around $1.2 billion. As our production system rolls out, we hope to achieve additional $130 million gains from new efficiency projects. However, this will form part of our new strategy 2022, which we plan to announce sometime in Q3 this year.

Now I would like to recap my part of the presentation. NLMK has delivered on its objectives to achieve $1 billion in management gains despite challenging market conditions. Over 70% of actual gains came from efficiency projects generated by NLMK's production system, and we expect this to continue going forward. Self-efficiency in key raw materials has been reached with positive NPV on investments. Sales grew faster than the markets we serve, with double-digit growth across all divisions. Record profits and free cash flow strengthened our financial positions and enabled high dividend pay-out. Finally, NLMK has regained its leadership among Russian steelmakers in terms of market value, and I am grateful to our shareholders for their trust. With that, I would like to pass the floor to Sergey Karataev who will discuss our financial performance in more detail.

Sergey Karataev: Thank you Oleg and good day everyone. Let's turn to the next part of the presentation to give you more detail on NLMK's financials. Let's move to page 18.

We delivered very strong financial results with revenue increase by 32% on volumes growth, mix improvement, and price recovery. EBITDA grew by 37% to almost $2.7 billion on the top line growth and self-help efforts. Margin expanded to 26% for the fifth year in a row. Net income grew by 55% on the strong operating performance. Full-year results were well supported by superior performance in the fourth quarter. Q4 revenue was up by 10% on volumes and prices growth, while EBITDA showed a 21% growth. Margins came to 28%, defying seasonal factors. The balance sheet is in a good shape with a leverage of 0.35 times net debt to EBITDA, slightly above Q3 levels.

On page 19, I'm going to review our current financial standing and go through EBITDA growth and profitability of our segments.

2017 EBITDA came very strong stemming from largely from Strategy 2017 effects, described by Oleg earlier. All our divisions demonstrated growth in profits in during 2017. Russian Flat Products EBITDA increased by 28% to $1.7 billion, margins contracted to 22% on coal price inflation coupled with stronger RUB. Russian Long Products was 10% up on strong sales volumes, while margins were down on narrow spreads. Scrap cost inflation coupled with higher share of less profitable export sales, as Russian construction season started later in 2017. Margins at our Mining operations expanded to 68% (up from 53%). EBITDA grew two times to $642 million, mainly due to ramp up of the pellet plant and price growth. Our US division showed 11% of EBITDA growth on strong sales and better product mix. Danish plate maker EBITDA reached $2 million in 2017. To sum up, our divisions demonstrated a broad-based growth in both volumes and profits, driving our group profitability and cash flow generation to new records. Let's go to page 20 where we discuss cash flow dynamics.

Operating cash flow was strong, growing by 12% against 2016 levels. In 2017 we saw a working capital buildup of $380 million versus the release of $27 million a year earlier, which was attributable to higher inventory prices and account receivables growth as our sales increased, and some inventory build-up in the ports at the end of the year. Capital spend was up by 6%, coming at $592 million as we started BF-6 overhaul project at NLMK Lipetsk and increased payments to contractors under the Pelletizing Plant construction project at Stoilensky. Moderate CAPEX growth and robust operating cash flow translated into a $1.3 billion of free-cash flow, which is at a five-year record level. Now I would like to turn to our debt profile on page 21.

Our balance sheet remains strong. In 2017 we actively managed our debt portfolio which resulted in maturities extension up to 4.4 years from 3.6 years, and drop in cost of funding. We demonstrate superior liquidity position of $1.4 billion, almost 4 times higher than our short-term debt. Strong balance sheet and excellent cash flow generation through the cycle is well appreciated by international rating agencies. We have investment grade credit ratings from all Big-three rating agencies. Moving to page 22.

While our profitability and cash flow generation improved with Strategy 2017 execution, our CAPEX programme was very focused and disciplined but without compromise on growth. This led us to a superior free cash flow generation through the cycle. Improved profitability and free cash flow generation structurally changed our capital structure, with leverage reduced to a conservative 0.35 times EBITDA. Improved capital structure and strong free cash flow generation allowed us to distribute dividends above 50% of our free cash flow and earnings laid out in our dividend policy. We already declared in nine months in 2017 over $1.1 billion in dividends, compared to $0.9 billion for the full year of 2016. On page 23 I would like to provide key results on capital allocation management within this strategic cycle.

Our Strategy 2017 projects improved free cash flow generation and enabled record dividends without compromising growth. Disciplined approach to capital allocation resulted in investment grades from S&P, Moody's and Fitch. NLMK cost of debt reduced through active debt portfolio management and conservative capital structure. Improved liquidity position secures financial stability and development needs through the cycle. Debt maturity profile supports further growth needs and dividend payouts in the new strategic phase.

This is it for my part and I would like to pass the floor to Oleg.

Oleg Bagrin: Now to summarise our presentation, with Strategy 2017 completion and NLMK business became stronger and more focused, we are in good shape. We continue delivering on our objectives and creating value. This year 2018 marks the beginning of a new five years' development cycle. We are committed to building up on the platform that we have. The scale of NLMK's business, the quality of our strategy and execution will ensure that we use available growth options to continue creating shareholder returns going forward. So this concludes our formal presentation and we are now ready to take your questions. Thank you very much.

Operator: And if you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone please make sure your mute function is turned off to allow your signal to reach our equipment. Once again that's star one to ask a question. And we will pause for a moment to allow everyone an opportunity to signal.

And we will take our first question from Dan Shaw from Morgan Stanley. Please go ahead.

Dan Shaw: Hi, thanks for the presentation. I've got three questions, the first one on Section 232 in the US. Clearly, it's going to have some negative impact on your business there if you're no longer allowed to import slabs into the US. Can you talk to us about what your contingency plans are there to source material from alternative sources, including perhaps if you have stockpiles there to keep you going for the time being? And could you just remind us what your crude steel capacity is there and whether you have – whether it's possible to increase your crude steel production there?

Secondly, I've seen some headlines around NLMK potentially investing in India in transformer steel. Can you give us any comments around that? And then the third one, just on costs. Looking at the first quarter, coking coal prices remain quite high, and at the moment seems sustainably so. Can you give us an indication of what the cost impact might be quarter on quarter, given where coking coal prices are? Thank you.

Oleg Bagrin: Okay, thank you for your questions. First, regarding 232 investigation. Well, just to recap on what our US business is about. We produced last year about 2.3 million tonnes in the US, of which about 0.7-0.8 is from liquid steel produced there. The rest is re-rolled from flats coming from the Group's operations. So basically, the exposure is about 1.5-1.6 million tonnes, and we do not export in the US much else. So we only supply to our own processing facilities.

I think regarding contingency plans, it is a little bit premature to discuss those, given that there's a range of possible scenarios on the table, and therefore the range of possible options available to us. Maybe very briefly, those will include basically sourcing slabs locally or sourcing slabs from the countries which would be exempted from any tariffs or quotas, if there will actually be such countries which are exempted from tariffs or quotas. But we will probably be weighting our options when we have more clarity on the situations – on how the situation will unfold. We do have certain safety stock in the US, but we don't rely on them as a sort of a long-term solution. Regarding the option to increase liquid steel production, we can do that by, let's say, 100,000 or 200,000, but this is not a structural solution to the problem because the electrical-arc furnace we use there is running close to capacity.

On your second question regarding India, it would be a bit too early to disclose our plans in more detail there. We will do so when we announce the next phase on NLMK's development. And as I mentioned, it will be around Q3 this year. I think it is sufficient to say for the time being is that we will be focusing our development on electrical steel market there and on organic growth, basically creating a physical presence there through building around facilities, downstream facilities, in the market rather than through any acquisitions.

Sergey Karataev: Regarding your third question about impact of coal prices in Q1, we expect that the coal price impact will be in the level of $10-15 per tonne.

Dan Shaw: Thank you very much.

Operator: And we will take our next question Carsten Riek from UBS.

Carsten Riek: Thank you very much. My first question is on the flat steel operation. It is quite obvious that you had a very good quarter there, very strong results compared to your peers. What was the key of the success here? Was it the management gains? Was it the coking coal price? Was it anything else? That's the first question.

The second question I have is more on the net working capital build-up. I expected inventories to go up, and also receivables, but not necessarily payables to go down in the current quarter. What forced the payables to be lower quarter on quarter, if you could shed a bit of light on there?

And my third question will be on the Dansteel operations. In your strategic review, I don't want to talk too much about this because it comes out in the third quarter, but it seems to me quite obvious that over the last two to three years Dansteel has been burning cash. Do you accept that going forward? Could we see a change in the structure here? Could we see a restructuring programme? What do you do with this asset and why do you keep it? Thank you.

Oleg Bagrin: On your first question. Basically, you're absolutely right, the performance of the flat steel division and the mining division as well was quite strong, and this is basically a combination of three factors. One is the structural cost improvement which we mentioned a few times already, driven by the operational efficiency programmes, basically by the Strategy 2017 programmes, which saw the structural reduction of costs and structural improvement in productivity. For flat products last year was a record production year as well, with 13.2 million tonnes, 0.8 million tonnes higher than five years ago just through structural transformation, no CAPEX at all.

The second factor was the integration with mining, because the mining division was contributing quite a lot to the result. And on the integrated basis the performance was quite strong. The third one was obviously pricing environment, because prices continued to climb over the course of Q4, which is unusual for the year, and with an increased production we took full advantage of that.

Sergey Karataev: And on the next question on the accounts payable. And as I understood, you expected to see some increase in the account payables in Q4, and the question was why you do not see any increase there. So there are several factors here. First of all, reduced purchases from third parties in the US which resulted in a decrease in account payables. And also, we had to do some advanced payments before New Year eve, especially to Russian Railways, so it was one of the reasons why you don't have account payables increase here – just the year-end factor. Did I answer your question?

Carsten Riek: Yes. Understood, yes.

Sergey Karataev: Okay.

Grigory Fedorishin: So let me take the third one on Dansteel. I wouldn't say it was burning, really burning cash over the recent two, three years; it was more like breakeven. The maintenance CAPEX there is minor, and operationally it's roughly breakeven. But, you're right, it's not structurally positive now. Also, we invested about $100 million there five years ago, where we performed a complete reconstruction of the mill. The problem was the customer requirements and the industry mix significantly changed since then, so that allowed Dansteel to capture the current position of the market but not to overperform the market. So in the next phase of strategy, we plan development of some downstream facilities in Dansteel to capture some of the faster growing markets like wind energy generation. So we will aim to address this problem of structural underperformance in the next strategic cycle.

Carsten Riek: Okay, perfect. Thank you very much, that's for now everything. Thank you.

Operator: And we will take our next question from Nikolay Sosnovsky from Prosperity Capital Management. Please go ahead.

Nikolay Sosnovsky: Yes, hello. Thanks so much for the presentation. The majority of my questions have been answered already, but I still have two. First, on dividends. I know you haven't announced the fourth quarter number, but just as kind of general thoughts some of your Russian colleagues, which also experience quite material fluctuations in working capital, decided to smooth dividend payments, and in some particular quarters pay more than 100% of free cash flow, compensating for these fluctuations. Is it something which NLMK can potentially introduce? That's my first question.

And second, on strategy, I know you are still to announce the next part of the strategy later this year, but just once again as a matter of thoughts on – you finalised your big expansion on iron ore, but on the coking coal side you did this PCI instalment. Any plans maybe to add some smaller, not that expensive open pit operations with PCI coals? Because still the average selling price for PCI make quite good margins in Russia for domestic producers. Why not capturing this type of operation, not kind of scarce deep underground expensive mines, but something easy and not that expensive? Thank you.

Oleg Bagrin: Thank you, Nikolay. On your first one, on dividends. Basically, we will – the management will be recommending dividends to the board and the board will consider dividend distribution on 5-6th March, and before that we have little room to comment on that. But basically, the way we're going to be looking at our proposal would be on the annual basis rather than on a quarterly basis. Because, this is a full-year results where we basically have a wider base and also a better view on this, 2018, this coming year. So basically, to smooth out any short-term working capital effects or the FX of something else, we will be looking at the situation on an annualised, on a full-year basis.

Regarding the coal integration. Indeed, the strategy so far has been to reduce expensive coal grades with the cheaper alternatives, and we think that we've been quite successful in doing so. Just to give you a flavour, we significantly increased our steel production but, actually, we decreased our coking coal consumption by more than 2 million tonnes – so this is not a small number. And part of that was replaced by steam coal, by PCI coal. So essentially, the requirements in the high quality premium grades is not that big. We measure the requirements, our requirements in the really kind of premium grades to be anywhere in the range of 2-2.5 million tonnes altogether between various grades. So basically, this is kind of the needs when it comes to efficient integration on the back of the overall consumption of 8.5 million tonnes. So only, let's say, a quarter to a third is something to be concerned about, and the rest is really of no concern because the rest is in surplus in Russia.

But cutting a long story short, you know, obviously if we see any integration opportunities in a way that it's an efficient integration, so low cost and sustainable, and gives us access those premium grades we would obviously be considering the opportunity. But, so far, really we haven't come across anything.

Nikolay Sosnovsky: Just one thing, to clarify on the second question I was really referring to low quality stuff is – I mean, the situation you described, the high quality and the – needed much lower. But still, for example, PCI price for the last several quarters was around $70-80 and open pit mining operations $20. So can you build small PCI open pit mine to satisfy your needs?

Oleg Bagrin: There are two things. First of all, I would like to repeat that had we come across such an opportunity, whether it's a greenfield or existing operation we'd probably then considering do so. But the quality of assets, whether it's open pit or underground, are really scarce. And secondly, you cannot really base your long-term strategy, especially when it comes to such a large-scale investment as investments in a coal mine or an open pit mine, based on short-term price levels. And we think that these recent spikes do not really describe the fundamentals of the industry, it's a fairly recent phenomenon. And if you were to look up the last five years, after such a spike normally you would expect a certain slump, a deep slump, and the prices will normalise close to the, let's say, historical average levels of – I don't know, for PCI it's probably about $50 and for premium grade it's going to be $140-150.

Nikolay Sosnovsky: Okay, super. Thanks a lot.

Operator: And once again, if you would like to ask a question please signal by pressing star one. And we'll take our next question from Joel Sierra from Finance Fincancia.

Joel Sierra: Good afternoon. Thank you for your presentation. I was wondering if you could shed some light on your expansion plan, if you have any plans for organic acquisition growth. That would be my first question.

Grigory Fedorishin: So, let me take this one. As Oleg mentioned, we'll do full-scale communication to the investment community sometime this year. In general terms, we do plan some growth, some organic growth, given that we have options, we have real options in our assets. And by doing the bottlenecking and brownfield expansions, we can release the capacity along the value chain. So given those opportunities are much more efficient comparing to the greenfields, so we'll try to utilise some of those during the next cycle. We're also looking at M&As but not transformation, but rather complementary to our existing assets. So, that also will be part of our strategy.

Joel Sierra: Okay, thank you for your feedback. I have an additional question. Do you plan to maintain a net leverage in the current levels or do you plan an increase in the near future or at least medium-term?

Sergey Karataev: Anyway, leverage is the factor of our CAPEX plan and the factor of free cash flow. Anyway, our intention is just to keep investment grade for the future, so it means that we are not going to hit 1.5 times EBITDA through the cycle. But anyway, we are not going to lever up the company just to lever up, so we have to have the plan to use this money. I'm keeping this story short, so our plan is to keep investment grade for the future and not to hit 1.5 times EBITDA for the cycle.

Joel Sierra: Okay, thank you for your feedback.

Operator: And we'll take a follow-up question from Carsten Riek from UBS.

Carsten Riek: Yeah, just a quick one on the – on your US business. What kind of cost advantage, Oleg, have the Russian flat delivery compared to locally sourced flats, in your opinion – just a ballpark number?

Oleg Bagrin: Actually, the advantage is not extremely high. It's not about really gaining this – trying to gain this advantage. Because I think the cost differential with the competitive mini mills, sort of, best-in-class mini mills locally, if you take into account freight costs and also delivery, would only be in the range of $20. So it's not really about the better economics of the supply – of supplying from Russia. It's really about the availability of local slabs. Because had those slabs been available we would have probably sourced a certain portion of our feedstock locally. It's just that there's no really structural market for slabs in the US. You can always source them from Mexico, from Brazil, from Canada, but not so much in the US. So it's not really about cost advantage, it's about the fact that this is an industrial structure, such that there's no availability in the US – there's not enough availability.

Carsten Riek: Is there also a quality aspect to it? Or is that less of an issue? Because quite often you'll get slabs, or you'll get available slabs, but not in the right quality; as you roll them there are slight issues.

Oleg Bagrin: That's true to a certain extent. So, for example, let's say for long-term customer programme, for example for automotive programmes, we prefer to supply slabs from Russia because we control quality better. We control the stability of supply then, the quality of those critical mission – mission-critical slabs better than when we're exposed to random sourcing. But this is less of an issue, like the cost differential is less of an issue. It's really about the securing the – the supply security, which is the number one issue.

Carsten Riek: Okay. Thank you very much, very clear.

Operator: And we'll take our next question from Andrew Jones of Wood's and Company.

Andrew Jones: Hi gents, thanks for the call. I just have a few key questions on some guidance going into 2018. First of all, can you give us some guidance on CAPEX, the full year, and on what basis are you making that assumption? Do you have rouble/dollar exchange rate that you are assuming in whatever number you give? And secondly, just around the first quarter, you gave some guidance in terms of volumes in the press release. But could you give some – a bit of a steer as to what you expect in terms of changes in EBITDA per tonne? I believe that you mentioned coking coal costs should go up by $10-15 a tonne quarter on quarter. What are the major drivers of the margin do you expect and how do you see that evolving? And also, could you give us a bit of guidance on your thoughts about what's likely to happen with working capital in the first quarter? Thank you.

Sergey Karataev: Thank you. So again, CAPEX for 2018, we expect that there will be some increase in CAPEX. Probably, you should expect CAPEX to be at the level of maybe $700-750 million a year. And this CAPEX was driven by an increase in maintenance CAPEX. You know that we are going – we have started actually some big repairs, one-off repairs, especially for blast furnace number six. So this is the major driver for CAPEX increase in 2018.

In terms of Q1, so as you know, that we usually do not provide any guidance regarding the profitability in the particular quarter. But we can say that the quarter, the first quarter should be quite strong. So, maybe, you should expect numbers close to Q4 – but anyway, we have to wait till the end of March, right? But what we can see now, Q1 could be quite strong.

And in terms of working capital in Q1, there are several factors that can influence working capital. On the one hand, we have inventory reduction in sea ports, and also reduction of winter scrap. But on the other hand, the pricing factor, especially for coking coal, will increase the value of our inventories, and mostly we will have seasonal increase on finished goods before construction season. So overall, I think we should expect neutral effect on working capital in Q1. But I will repeat that Q1 in terms of sales seems to be quite strong, so I think it's a positive for working capital. Did I answer your question?

Andrew Jones: Yeah, that's answered the question. And just – could I just ask a quick follow-up on the US business. You mentioned your – obviously, the exposure is a – besides the spot tariffs on slabs, it's 1.5-1.6 million tonnes for slabs that potentially would need to find a new home. Could you give us an idea about potential exposure in other markets? I noticed in the report they mentioned – in the Section 232 report they were talking about electrical steel at one point. Do you have any major amount of your sales of other types of steel for the US outside of the slabs which you re-roll your US operations?

Oleg Bagrin: Thank you. As we mentioned, we don't sell anything else on a structural basis to the US. Sometimes we do sell pig iron, but that's really opportunistic because sometimes we – this is not a structural product that we produce to start with. And this is not a structural market for us, so we don't run any major export programmes to the market. So it's really kind of a slab supply security that we are concerned about.

Andrew Jones: Okay, thank you.

Operator: And once again, that is star one to ask a question. And we will take our next question from Katya Bukley from Platts.

Katya Bukley: Thanks. So the electrical steel supply in the European Union is predicted to be in deficit by 300,000 tonnes by 2020. Earlier you said you have plans to possibly invest in downstream transformer steel capacity – I mean, to build your transformer steel, the rolling facilities in India. Do you have similar plans with regards to Europe, or would you be interested in similar projects in Europe considering the big deficit of electrical steel supply there?

Oleg Bagrin: Thanks for your question, Katya. And although we don't take questions from journalists on this call –

Katya Bukley: I'm sorry.

Oleg Bagrin: – which is only open to investment community. But, short answer to your question is no, we're not – we don't have any plans to do a similar set up in Europe for a variety of reasons. One of them is the restrictions that the EU has on the electrical steel imports and also on the hot rolled imports, the hot bands imports coming into the regions basically would not make any supply of hot rolled bands or cold rolled bands, the feedstock for this facility on a structural basis feasible.

Katya Bukley: Thank you.

Operator: And we have a follow-up from Andrew Jones from Wood’s and Company.

Andrew Jones: Hi gents, just as a reminder, following your PCI upgrades at the main facility, could you remind us what your overall split in coal consumption is? I mean, you mentioned about 8.5 million tonnes in total, but how much of that is PCI, how much of that is different types of – different grades of coking coal? Could you give us a bit more granularity on that? Thank you.

Oleg Bagrin: Sure. I think 8.5 million tonnes is just coking coal, and PCI comes on top, about 2 million tonnes – slightly over 2 million tonnes, making a total of 10 million plus. And of the 8.5 million, I mentioned the critical grades, the premium high grades will be 2-2.5 million, and the rest is a mixture of semi-soft and soft grades.

Andrew Jones: Okay, thank you.

Operator: And once again, that is star one to ask a question. And it appears there are no further questions at this time.

Oleg Bagrin: Okay, so it seems that we have exhausted the questions. And I would like to thank all the participants, both management and investors, the investor community and analysts for your questions. And just to remind you that the investor relations department is open to you to take your questions and answer as soon as possible. Okay, with this I would like to close this conference call and say goodbye to everybody. Thank you.

Operator: And this concludes today's conference. Thank you for your participation and you may now disconnect.