

25 January 2018

JSC SUEK (“SUEK”, “the Group” or “the Company”) has published its 2017 financial results, prepared in accordance with IFRS and audited by KPMG.

SUEK’s production peaked 107.8 million tonnes of coal in 2017, representing a 2% increase from 2016. The higher production level was achieved as the Company continued to follow its strategy with focus on operational efficiency, development of logistic assets and port infrastructure.

In 2017 the Group expanded washing plants capacity and managed to raise its utilisation rate to satisfy the growing demand for high calorific value coal. Consequently, washed coal volumes grew 12% compared to 2016, enabling SUEK to increase deliveries to international markets as well as serving customers through own and partners distribution networks in Asia Pacific countries, Poland, Turkey and the Baltic states.

All these combined with favourable market environment contributed to sales of 109.7 million tonnes, a 6% growth year-on-year.

The Group’s revenue for the year rose to \$5,693 million, while EBITDA amounted to \$1,514 million. Net profit stood at \$657 million.

In 2017 SUEK’s operating activities generated \$1,082 million of cash flow. Capital expenditure increased to \$681 million, with major investments aiming at productivity increase, business sustainability, health, safety and environmental projects.

The company pursued its conservative financial policy. Net Debt/EBITDA ratio went down to 2.0x from 2.9x a year ago.

Vladimir Rashevsky, CEO of SUEK:

“In 2017, the global coal market environment improved after the deep crisis of previous years reflecting both the actions of Chinese government to regulate its coal industry and general upward demand trend in Asian countries with develop advanced and efficient coal-fired power generation. SUEK successfully continued to implement its strategy aiming to strengthen its position in growing Asian markets, secure leadership in efficient and safe production, develop coal washing capacities, own ports and railcar fleet”.

Key financial and operational figures¹:

	2017	2016
REVENUE, \$ MILLION	5,693	4,002
EBITDA, \$ MILLION	1,514	989
NET PROFIT, \$ MILLION	657	314
NET DEBT / BANK EBITDA ² RATIO	2.0x	2.9x
OPERATING CASH FLOW, \$ MILLION	1,082	580
CAPITAL EXPENDITURE (CAPEX) ³ , \$ MILLION	681	498

PRODUCTION, MILLION TONNES	107.8	105.4
SALES, MILLION TONNES	109.7	103.1
- INCLUDING INTERNATIONAL COAL SALES	54.2	51.1
- INCLUDING DOMESTIC COAL SALES	53.3	51.2
- INCLUDING PETROLEUM COKE AND OTHER PRODUCTS SALES	2.2	0.8

¹ SUEK IFRS consolidated annual financial statements for the year ended 31 December 2017 are available at <http://www.suek.com/investors/disclosure/>

² Bank EBITDA is calculated in accordance with SUEK loan agreements

³ Cash outflow