

1.0 Overview

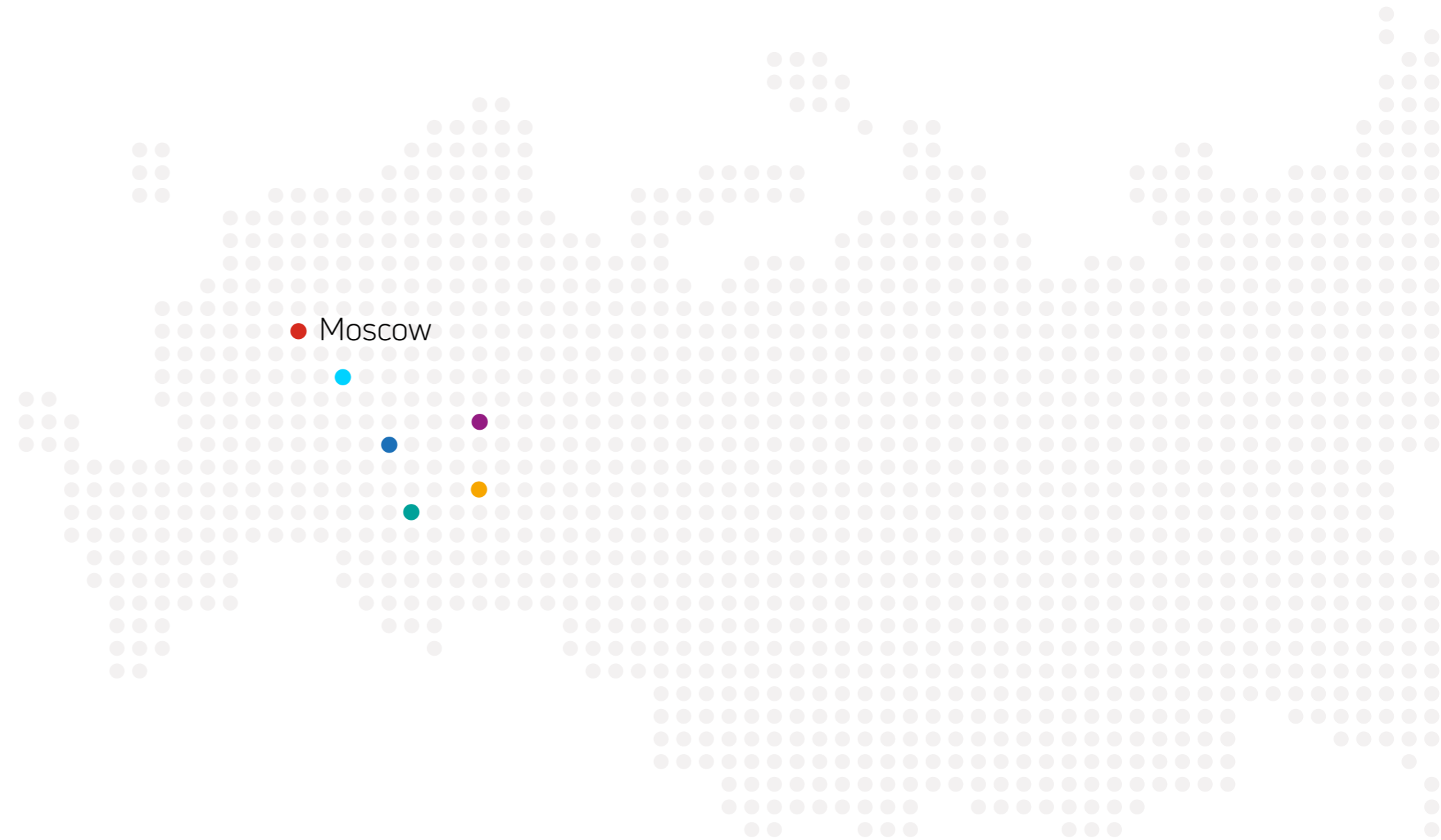




1.1 ABOUT THE COMPANY

OMK is an integrated high-tech producer of steel, rolled sheet, pipes, pipeline valves and fittings, railway wheels, and automotive springs.

Our products enable safe and efficient transportation of freight and passengers.



The Group consists of five large industrial plants:

● Vyksa Steel Works
(Vyksa, Nizhny Novgorod region)

 Watch the video

● Blagoveshchensk Valves Plant
(Blagoveshchensk, Republic of Baskortostan)

● Trubodetal Plant
(Chelyabinsk, Chelyabinsk region)

● Almeteyevsk Pipe Plant
(Almeteyevsk, Republic of Tatarstan)

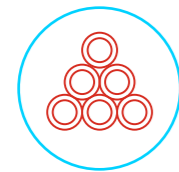
 Watch the video

● Chusovoy Steel Works
(Chusovoy, Perm Territory)

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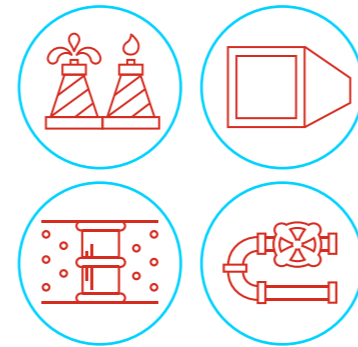
ABOUT THE COMPANY

OMK'S BUSINESS CONSISTS OF SEVEN DIVISIONS



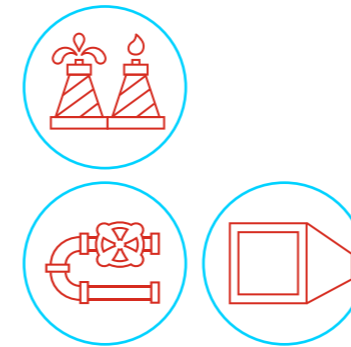
Large Diameter Pipes Division, Vyksa

- Thick-Plate Mill 5000 (Mill 5000) — producing hot-rolled thick sheet
- VSW Electric Pipe Welding Shop No. 4 — producing large diameter pipes
- Pipe Anti-Corrosion Coating Shop



Oil and Gas Pipes Division, Vyksa

- Casting and rolling mill — producing hot rolled sheet
- VSW Electric Pipe Welding Shop No. 2 — producing water and gas pipes and small sections
- VSW Electric Pipe Welding Shop No. 3 — producing oil and gas pipes and large sections
- VSW Electric Pipe Welding Shop No. 5 — producing casing pipes
- Casing Pipe Finishing Centre (opening in 2018)



APP Division, Almetьевsk

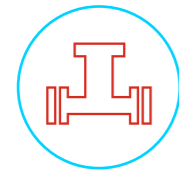
- Almetьевsk Pipe Plant — producing oil and gas pipes, water and gas pipes and shaped pipes



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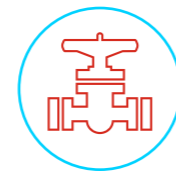
ABOUT THE COMPANY

OMK'S BUSINESS CONSISTS OF SEVEN DIVISIONS



Trubodetal Division, Chelyabinsk

- Trubodetal Plant — producing pipe fittings



BVP Division, Blagoveshchensk

- Blagoveshchensk Valves Plant — producing pipeline valves



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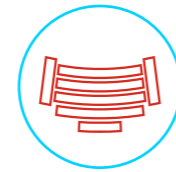
ABOUT THE COMPANY

OMK'S BUSINESS CONSISTS OF SEVEN DIVISIONS



Railway
Wheels Division,
Vyksa

- VSW Wheel Plant — producing railway wheels



CSW Division,
Chusovoy

- Chusovoy Steel Works — producing automotive springs



1.1 ABOUT THE COMPANY

RUSSIAN MARKET POSITION AND SHARE

1 POSITION

Pipeline fittings¹ 16%

Large diameter pipes² 31%

Railway wheels² 53%

Automotive springs² 57%

2 POSITION

Shaped pipes² 9%

Water and gas pipes² 12%

Total tubular products² 16%

Casing pipes² 23%

SIGNIFICANT MARKET SHARE

Pipeline valves^{2,3} 9%

Oil and gas pipes² 16%

¹ Market share in monetary terms, based on revenue for all types of this product (estimated) ² Market share in quantitative terms, based on production volume of this type of product (estimated) ³ In operating segments

1.2 MAJOR PIPELINE PROJECTS

OMK pipes are used in the construction of major oil and gas pipelines (total volumes supplied since 2007).

<p>Bovanenkovo-Ukhta (thousands of tonnes)</p> <p>620</p> <p>East Siberia — Pacific Ocean (thousands of tonnes)</p> <p>570</p> <p>Power of Siberia (thousands of tonnes)</p> <p>2017¹ 530</p> <p>Nord Stream 2 (thousands of tonnes)</p> <p>2017 500</p>	<p>Southern Corridor (thousands of tonnes)</p> <p>495</p> <p>Ukhta — Torzhok (thousands of tonnes)</p> <p>480</p> <p>Nord Stream (thousands of tonnes)</p> <p>470</p> <p>TurkStream (thousands of tonnes)</p> <p>2017 390</p> <p>Central Asia — China (thousands of tonnes)</p> <p>370</p>	<p>North European Gas Pipeline (thousands of tonnes)</p> <p>2017 350</p> <p>Sakhalin — Khabarovsk — Vladivostok (thousands of tonnes)</p> <p>340</p> <p>Zapolyarnoye — Purpe and Kuyumba — Taishet (thousands of tonnes)</p> <p>100</p> <p>Filanovsky (thousands of tonnes)</p> <p>55</p>
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¹ Deliveries were also made in 2017.





1.3 GEOGRAPHICAL REACH

While the majority of OMK products are sold in Russia, the company is active on the international market. Products were supplied to more than 20 countries in 2017.

- | | |
|----------------|----------------|
| Azerbaijan | Netherlands |
| Armenia | Poland |
| Belarus | Slovakia |
| Bulgaria | USA |
| United Kingdom | Uzbekistan |
| Hungary | Ukraine |
| Germany | Turkey |
| Italy | Finland |
| Kazakhstan | France |
| Kyrgyzstan | Czech Republic |
| Latvia | Estonia |
| Lithuania | Japan |
| Moldova | |





1.4 ANNUAL RESULTS

PRODUCTION

Tubular products
(thousands of tonnes)

2,230 +12%

Large diameter pipes
(thousands of tonnes)

1,020 +16%

Rolled products (rolls and sheets)
(thousands of tonnes)

1,259 +1%

Railway wheels
(thousand units)

681 +99%

Wide sheet
(thousands of tonnes)

664 -9%

Pipe fittings
(thousands of tonnes)

9.8 -28%

Pipeline valves
(thousands of tonnes)

4.9 -2%

Automotive springs
(thousands of tonnes)

46 -4%

SOCIAL RESPONSIBILITY

Percentage of engaged employees

67% +13 percentage points

Awards to OMK employees

1,568 +114%

Lost time injury frequency rate (LTIFR):

1.73 -22%

Social and charity projects
RUB million

203

¹ In comparison with 2016

1.5

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear colleagues and partners,

OMK has closely followed its chosen strategy and achieved its objectives in the reporting year. We have held our leading positions in key product segments, improved our operational efficiency and reduced our debt load. All of these achievements are the result of coordinated work by the entire team.

I would like to thank each and every employee for their contribution to our common cause.

Last year we conducted the next scheduled stage in the audit of the production system at the plants. The development of the production system is one of our primary objectives and the most important factor in the company's long-term sustainability. An assessment by Toyota Engineering Corporation experts confirmed that we have achieved our objectives. The Vyksa Steel Works production system won the silver medal and was acknowledged as the best in the global metals industry. Almet'yevsk Pipe Plant

was awarded the bronze medal. Trubodetal, Blagoveshchensk Valves Plant and Chusovoy Steel Works are also introducing improvements at a rapid pace and holding their own among the leaders.

In 2017, our company was also named best Russian manufacturer of oil and gas tubular products. This is the fifth time in the last six years that OMK has received this prestigious award, which is based on a survey of energy industry representatives. The award emphasizes the high quality of and demand for our products, as well as our outstanding service. I would like to thank our partners and customers for rating our work so highly. Your feedback is the best motivation we could have!

During the reporting year, we reached a new stage in the development of the goal-setting system. Our system makes it possible to break down our strategic goals and communicate them to every employee, helping to develop a corporate culture and promote engagement.





1.5 MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Last year, our employee engagement indicator reached 67% — the best result in the Russian metals industry.

The most important area of OMK's development strategy is the introduction of new types of products. In 2017, we expanded our range of shaped pipes for modern construction, began supplying universal steel solutions, produced innovative railway wheels that won several industry awards, and created a separate brand of automotive springs for foreign models. I must mention the Trubodetal Plant. It was one of the first plants in Russia to commission modular equipment for the oil and gas industry in OMK history — and covers the supply of cast blanks to VSW for the production of railway wheels. We will continue working across the board to expand our product range in 2018 and beyond. This will guarantee that our business is diversified and strengthened in a difficult economy.

Our investment programme doubled in size this reporting year compared with the preceding period, largely due to the implementation of an oil and gas pipe production project at Vyksa. The first part — the finishing centre — is due to be commissioned in 2018. The project will be fully completed by 2022 and will enable OMK to produce a number of new types of pipes, including pump and compressor pipes, and several types of casing pipes.

Strategic agreements with our partners were an important outcome of last year. The agreement with Metalloinvest is for ten years — this is the longest procurement contract in OMK history — and covers the supply of cast blanks to VSW for the production of railway wheels. This guarantees that we can reliably fulfil orders, no matter how complicated. We are also planning close cooperation with the state-owned corporation Rosatom, with which we have signed

a project road map. The joint initiatives will be aimed at creating innovative solutions for energy production: new grades of steel, import-substitution pipeline valves and pipeline assemblies, materials for wind power plants, etc.

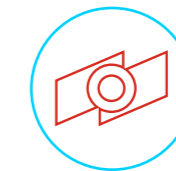
We did a lot during the reporting year, but we have ambitious goals, and we must work hard to achieve them. Competition in the markets is increasing, and market capacity is shrinking. On the other hand, production capacities are increasing and new manufacturers are emerging. We are facing numerous new challenges and risks. But I am confident that our team of professionals can handle anything!

Anatoly Sedykh



67%

level of engagement of OMK employees



2018

commissioning of the VSW finishing centre

1.6 MAIN EVENTS IN 2017

BUSINESS

VSW's production system was declared the best in the global metals industry

 [Details](#)

APP was awarded a bronze medal by Toyota Engineering Corporation for the development of its production system

 [Details](#)

OMK and Metalloinvest signed a long-term contract for the supply of steel blanks for railway wheel production

 [Details](#)

OMK and Rosatom signed an agreement on joint implementation of projects and introduction of import-substitution equipment and technologies

 [Details](#)

OMK supplied a shipment of wheels with new properties for innovative metro cars and unique high-speed wheels to Estonia

 [Details](#)

 [Details](#)

VSW supplied shaped pipes for the construction of stadiums for the 2018 World Cup

 [Details](#)



1.6 MAIN EVENTS IN 2017

SOCIAL RESPONSIBILITY

OMK adopted a corporate social responsibility policy

 [Details](#)

OMK held the Start Your Business social entrepreneurship competition for the second time in Chusovoy, and for the first time in Blagoveshchensk. The 26 best ideas received RUB 6 million in financial support for social business projects

 [Details](#)

The third OMK Partnership social and charity projects competition was held. The 78 best projects received RUB 9.3 million

 [Details](#)

OMK and OMK Uchastie Fund held the seventh Art Ovrage festival in Nizhny Novgorod Region and got involved in its second #GivingTuesday

 [Details](#)

 [Watch the video](#)





1.6 MAIN EVENTS IN 2017



AWARDS

OMK was named best Russian manufacturer of oil and gas tubular products for the fifth time in the last six years



VSW railway wheels won competitions run by Russian Railways and the Railway Equipment Manufacturers' Union



VSW won the regional Investment Project of the Year competition



CSW won the Automotive Component of the Year award for the second year in a row in the Russian Automotive Springs Market Leader category



OMK plants won the Most Socially Effective Mining and Metals Plant competition



OMK was awarded the Leaders in Corporate Philanthropy prize



OMK won an Impulse for Good award from the Our Future Fund in the Best Corporate Programme for Development of Social Entrepreneurship category



OMK won the award for support and expansion of social entrepreneurship at Leaders in Russian Business: Dynamics and Responsibility, a competition held by the Russian Union of Industrialists and Entrepreneurs



The Art Ovrage Festival won the National Event Tourism Prize at the Russian Event Awards 2017





2.0 OMK's Anniversary

In 2017, United Metallurgical Company celebrated 25 years in business, and Vyksa Steel Works, OMK's largest asset, celebrated 260 years. Over the past quarter-century, OMK has become not just a Russian metals industry leader, but also a driver in the radical modernization of domestic pipe and tube manufacturing. The company is expanding infrastructure and carrying out wide-ranging social, charitable and environmental projects to make living and working in areas where OMK operates interesting and comfortable.

To celebrate its anniversary, which was held under the tagline Intelligent Metallurgy, the company implemented several landmark projects in education, outreach and culture.





2.0 OMK'S ANNIVERSARY

MAIN EVENTS

UNVEILING OF THE LARGEST MURAL IN THE WORLD ON MILL-5000 AT VYKSA STEEL WORKS



10,800 m²
covered



Russian and European
record



Watch the video



2.0

OMK'S ANNIVERSARY

MAIN EVENTS

RUSSIA-WIDE BOOK FESTIVAL BOOK CITY:
ARCHITECTURE OF THE INTELLECT



5

cities



10,000

visitors



[Watch photogallery](#)



2.0

OMK'S ANNIVERSARY

MAIN EVENTS

THE IRON CHRONICLE OF RUSSIA,
A FILM COVERING THE MAIN
EVENTS IN THE HISTORY
OF THE COUNTRY, THE INDUSTRY
AND THE COMPANY



Watch the film

GUEST PERFORMANCES FROM
THE MOSCOW PROVINCIAL
THEATRE AND APPEARANCES
BY INTERNATIONAL BALLET STARS
IN VYKSA



6
performances

**PUBLICATION OF THE
IRON LOGIC OF RUSSIA,**
A BOOK ABOUT RUSSIAN
METALLURGY AND THE HISTORY
OF OMK PLANTS



> 1,000
illustrations

