


BUSINESS MODEL

The existing business model, which places a special emphasis on high value-added products, helps retain the Company's leading market position and provides it with various important advantages.

Metalloinvest has sound financial indicators and a stable profit margin.

 for more information, see p. 36

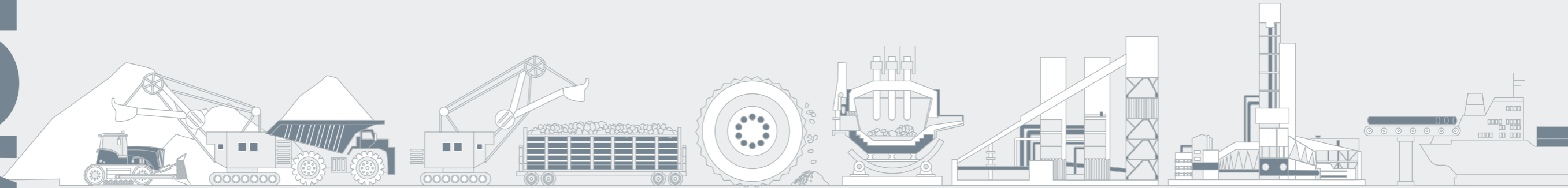
Resources and reserves

Iron ore mining

Production

Shipment

Customers



The Company's strengths:

- the second-largest iron reserves in the world
- a long reserve life
- access to developed infrastructure and relatively cheap energy
- energy-efficient technologies
- low production costs for pellets and HBI/DRI
- an open approach to introducing improvements and innovations
- a strong management team capable of ensuring growth

Key drivers of success:

- a unique resource base
- the favourable geographic location of main production assets close to key product markets
- low production costs
- an extensive sales territory

Metalloinvest has a high level of vertical integration and a high degree of raw materials processing: pellets and HBI account for 72% of total shipments of iron-ore products, while steel products with high-added value make up 41% of all metallurgical shipments.

The Company is a supplier with a diversified customer base and a focus on emerging markets:

- direct sales to the largest global steel producers
- good logistics

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We review and consider the needs of all our stakeholders (for more information, see relevant section in the Sustainable Development Report (p. 12)). To meet these needs we have adequate resources in place:

Internal resources:

- Personnel and strong management team
- Reserves
- Industrial assets
- Four mining and steel production enterprises in European Russia, as well as auxiliary business
- Technology and innovation
- Assets

External resources:

- Suppliers of goods and materials (equipment, materials, fuel, etc.)
- Research and engineering centres
- Financial institutions
- Debt market

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Business processes at Metalloinvest

