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EVRAZ Q3 2018 TRADING UPDATE

25 October 2018 — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Group”) today released its trading update for the third quarter of 2018.

Please note that the sales volumes of vanadium final products for Q2 2018 have been updated due to an adjustment in classification. See the respective notes below the tables on pages 2 and 4 for details.

Q3 2018 vs Q2 2018 HIGHLIGHTS:

- In Q3 2018, EVRAZ' consolidated crude steel output fell by 10.3% QoQ to 3.1 million tonnes, primarily due to lower pig iron production.
- Sales of finished products descended slightly by 1.2%, which was mostly attributable to lower sales volumes of railway products and flat-rolled products. Sales volumes of semi-finished products edged down by 0.7%, primarily due to lower crude steel production.
- Production of raw coking coal climbed by 9.6% QoQ to 5.9 million tonnes due to increased productivity at the Raspadsky open-pit mine.
- Coking coal product sales dropped by 8.3% QoQ, mainly due to logistical limitations amid maintenance works at railroads in Russia.
- External iron ore product sales fell by 15.9% QoQ, primarily as a result of increasing stockpiles to ensure stable production volumes and steady shipments to customers during the capital repairs of EVRAZ KGOK's indurating machine no. 1 in September-October.
- Sales of vanadium products declined by 3.9% QoQ, mainly due to large maintenance at EVRAZ Vanady-Tula to reline the roasting kiln refractories as well as replace the grinding mill (during September and October) and regular annual maintenance at EVRAZ Nikom.

Product, '000 tonnes	Q3 2018	Q2 2018	Q3 2018/ Q2 2018, change	9m 2018	9m 2017	9m 2018/ 9m 2017, change
Total crude steel production	3,106	3,463	-10.3%	9,920	10,487	-5.4%
Russia	2,642	2,996	-11.8%	8,368	8,525	-1.8%
Ukraine	-	-	0.0%	154	661	-76.7%
North America*	464	467	-0.6%	1,398	1,301	7.5%
Total raw coking coal mined	5,944	5,422	9.6%	17,335	17,714	-2.1%
Total coking coal concentrate production	3,906	3,907	0.0%	11,967	11,031	8.5%
Iron ore products production	3,293	3,424	-3.8%	10,148	10,527	-3.6%
Total sales of steel products	3,108	3,140	-1.0%	9,317	9,609	-3.0%
Semi-finished products	1,194	1,202	-0.7%	3,700	4,062	-8.9%
Finished products	1,914	1,938	-1.2%	5,617	5,547	1.3%
Total sales of third-party steel products	255	247	3.2%	672	612	9.8%
Sales of coking coal products	2,645	2,885	-8.3%	8,244	7,389	11.6%
Sales of iron ore products	427	508	-15.9%	1,520	2,301	-33.9%
Sales of vanadium final products**	3,238	3,370	-3.9%	9,740	11,458	-15.0%

Note. Numbers in this table and the tables below may not add up to totals due to rounding.

* The Q3 2018 production and sales volumes of EVRAZ North America are preliminary.

** in tonnes of pure vanadium; the Q1 and Q2 2018 data have been updated due to an adjustment in classification (the updated figure for Q1 2018 is 3,131)

STEEL SEGMENT

Total production volumes (RUSSIA and UKRAINE)

Product, '000 tonnes	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Pig iron production	2,393	2,681	-10.7%	7,645	8,515	-10.2%
EVRAZ ZSMK	1,193	1,515	-21.3%	4,105	4,118	-0.3%
EVRAZ NTMK	1,200	1,166	2.9%	3,386	3,628	-6.7%
EVRAZ DMZ	0	0	n/a	153	769	-80.1%
Crude steel production	2,642	2,996	-11.8%	8,522	9,186	-7.2%
EVRAZ ZSMK	1,605	1,962	-18.2%	5,357	5,288	1.3%
EVRAZ NTMK	1,037	1,034	0.3%	3,011	3,237	-7.0%
EVRAZ DMZ	0	0	n/a	154	661	-76.7%
Iron ore products production	3,293	3,424	-3.8%	10,148	10,527	-3.6%
Pellets (EVRAZ KGOK)	1,661	1,626	2.2%	4,938	4,833	2.2%
Sinter (EVRAZ KGOK)	898	904	-0.7%	2,633	2,615	0.7%
Concentrate saleable (Evrazruda, EVRAZ KGOK)	734	894	-17.9%	2,577	3,079	-16.3%
Coking coal concentrate production	498	518	-3.9%	1,538	1,536	0.1%
From own raw coal*	321	319	0.6%	922	643	43.4%
From third-party raw coal	177	199	-11.1%	616	893	-31.0%
Gross vanadium slag production**	4,261	4,394	-3.0%	12,675	14,264	-11.1%

Note. Numbers in this table and the tables below may not add up to totals due to rounding.

* from Coal segment

** in tonnes of pure vanadium

In Q3 2018, EVRAZ' pig iron output at Russian mills dropped by 10.7% QoQ to 2.4 million tonnes. This was mainly due to scheduled capital repairs of EVRAZ ZSMK's blast furnace no. 3 in August-November and an incident involving EVRAZ ZSMK's blast furnace no. 1 in August.

Crude steel output fell by 11.8% QoQ to 2.6 million tonnes following a decrease in overall pig iron output.

Iron ore product output descended by 3.8% QoQ to 3.3 million tonnes, primarily due to a decrease in Evrazruda's saleable concentrate production following the incident involving EVRAZ ZSMK's blast furnace no. 1 in August.

Consolidated output of vanadium slag fell by 3.0% QoQ due to lower volumes of pig iron duplex processing as a result of the cold repair of EVRAZ NTMK's converter no. 1 in September.

Total sales volumes (RUSSIA, UKRAINE, KAZAKHSTAN and EUROPE)

Product, '000 tonnes	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Coke	135	73	84.9%	318	594	-46.5%
Steel products, external sales	2,571	2,599	-1.1%	7,757	8,199	-5.4%
Semi-finished products	1,194	1 202	-0.7%	3,700	4,062	-8.9%
Slabs	415	540	-23.1%	1,377	1,414	-2.6%
Billets	642	538	19.3%	1,943	2,051	-5.3%
Other steel products	137	123	11.4%	379	597	-36.5%
Finished products	1,377	1,397	-1.4%	4,057	4,137	-1.9%
Construction products	826	806	2.5%	2 367	2,593	-8.7%
Railway products	341	361	-5.5%	1 010	957	5.5%
Flat products	75	94	-20.2%	263	175	50.3%
Other steel products	135	136	-0.7%	417	412	1.2%
Steel products, inter-segment sales	120	174	-31.0%	423	455	-7.0%
Sales of third-party steel products, external sales	255	247	3.2%	672	612	9.8%
Sales of iron ore products, external sales	427	508	-15.9%	1,520	2,301	-33.9%
Pellets	425	504	-15.7%	1,514	1,115	35.8%
Other	2	4	-50.0%	6	1,186	-99.5%
Sales of vanadium final products*	3,238	3,370	-3.9%	9,740	11,458	-15.0%

Note. Numbers in this table and the tables below may not add to totals due to rounding.

* in tonnes of pure vanadium; the Q1 and Q2 2018 data have been updated due to an adjustment in classification (the updated figure for Q1 2018 is 3,131)

In Q3 2018, external sales of steel products decreased by 1.1% QoQ. Sales of semi-finished products remained almost flat due to a reduction in slab sales volumes amid lower crude steel output, albeit partly offset by increased billet sales volumes from stock accumulated in Q2 2018.

Sales of finished products decreased by 1.4% QoQ, driven mainly by lower sales of railway and flat-rolled products.

Sales of railway products fell by 5.5% QoQ due to capital repairs of EVRAZ ZSMK's rail and beam shop in August.

Sales of flat products dropped by 20.2% QoQ, mainly due to reduced production at EVRAZ Palini & Bertoli following unscheduled furnace repairs in July and a maintenance stop in August.

Sales of iron ore products decreased by 15.9% QoQ, primarily as a result of increasing stockpiles to ensure stable production volumes and steady shipments to customers during the capital repairs of EVRAZ KGOK's indurating machine no. 1 in September-October.

Sales of vanadium products declined by 3.9% QoQ, mainly due to large maintenance at EVRAZ Vanady-Tula to reline the roasting kiln refractories as well as replace the grinding mill (during September and October) and regular annual maintenance at EVRAZ Nikom.

Cash cost, US\$/tonne	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Slab cash cost (vertically integrated)	209	240	-12.9%	235	244	-3.7%
Iron ore products (Fe 62%)	34	35	-2.9%	36	34	5.9%
Average selling prices						
US\$/tonne (ex works)	Q3 2018	Q2 2018	9m 2018	9m 2017		
Coke	201	244	229	206		
Steel products	541	558	548	448		
Semi-finished products*	466	482	464	349		
Construction products	567	608	598	524		
Railway products	676	687	693	637		
Other steel products	645	643	638	530		
Pellets	68	65	64	65		
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe**	85.46	69.15	72.17	30.46		
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid**	87.49	75.69	75.50	31.08		

* includes prices for pig iron

** US\$/kgV

In Q4 2018, the Group expects its pig iron production to increase by roughly 3-5% QoQ due to the completion of scheduled capital repairs of EVRAZ ZSMK's blast furnace no. 3 in December and a lack of repairs at the electric-arc furnace smelting shop. In Q4 2018, pellet production volumes at EVRAZ KGOK are expected to return to the Q2 2018 level.

STEEL, NORTH AMERICA SEGMENT

Production and sales volumes

Product, '000 tonnes	Q3 * 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Crude steel	464	467	-0.6%	1,398	1,301	7.5%
EVRAZ Pueblo	232	218	6.4%	678	619	9.5%
EVRAZ Regina	232	249	-6.8%	720	682	5.6%
Sales of steel products	537	541	-0.7%	1,560	1,410	10.6%
Construction products	73	73	0.0%	215	182	18.1%
Railway products	95	112	-15.2%	303	295	2.7%
Flat-rolled products	144	160	-10.0%	446	402	10.9%
Tubular products	225	196	14.8%	596	531	12.2%

* The Q3 2018 production and sales volumes data are preliminary.

In Q3 2018, crude steel production edged down by 0.6% QoQ, primarily driven by a planned maintenance outage at EVRAZ Regina, which was offset by increased production at EVRAZ Pueblo due to improved operational performance.

Sales of construction products in Q3 2018 were flat QoQ.

Railway products sales decreased by 15.2% QoQ due to the planned maintenance outage.

Flat-rolled products sales fell by 10.0% QoQ, primarily due to operational issues related to the commissioning of new control software on the rolling mill and increased volumes to support the tubular business.

Tubular product sales volumes climbed by 14.8% QoQ, mostly as a result of improved sales of spiral and small-diameter line pipe.

Prices for construction and flat-rolled products increased during Q3 2018, reflecting higher prevailing prices for scrap and other inputs, reduced pressure from imports, the impact of Section 232 tariffs and improving demand fundamentals. Prices for tubular products also increased in the period due to the customer mix.

Average selling prices

US\$/tonne (ex works)	Q3 2018	Q2 2018	9m 2018	9m 2017
Construction products	869	809	796	609
Flat-rolled products	1,145	991	974	796
Tubular products	1,236	1,207	1,228	1,070

In Q4 2018, crude steel output is expected to be flat QoQ. Tubular product volumes are expected to climb by 5-10%; flat-rolled product volumes are expected to edge down QoQ due to a planned maintenance outage; construction product volumes are expected to grow by 5-10% QoQ; and rail volumes are expected to surge by 15-20% following the completion of planned outages in Q3 2018.

COAL SEGMENT

Production volumes

Product, '000 tonnes	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Raw coking coal (mined)	5,944	5,422	9.6%	17,335	17,714	-2.1%
<i>Yuzhkuzbassugol</i>	2,697	2,755	-2.1%	8,172	8,499	-3.8%
<i>Raspadskaya</i>	2,926	2,430	20.4%	8,364	8,559	-2.3%
<i>Mezhegeyugol</i>	321	237	35.4%	799	656	21.8%
Coking coal concentrate (production)	3,408	3,389	0.6%	10,428	9,495	9.8%
<i>Produced at Yuzhkuzbassugol coal washing plants</i>	1,496	1,725	-13.3%	4,991	4,594	8.6%
<i>Produced at Raspadskaya coal washing plant</i>	1,912	1,664	14.9%	5,437	4,901	10.9%

In Q3 2018, production of raw coking coal rose by 9.6% QoQ, primarily due productivity at the Raspadsky open-pit mine.

Coking coal concentrate output was almost flat QoQ. While volumes at the Raspadskaya coal washing plant increased in line with the higher production volumes of mined raw coking coal this was partly offset by a decrease at the Yuzhkuzbassugol coal washing plants.

Coking coal concentrate production at Yuzhkuzbassugol's coal washing plants went down QoQ amid a temporary shortage of raw coal available for processing in Q3 2018 due to the scheduled longwall repositioning at the Erunakovskaya-VIII and Esaulskaya mines at the end of Q2 2018. In addition, less raw coal from the Raspadskaya mine was used for processing at the Yuzhkuzbassugol coal washing plants.

Sales volumes

Product, '000 tonnes	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
External sales	2,645	2,885	-8.3%	8,244	7,389	11.6%
Raw coking coal	570	484	17.8%	1,377	1,599	-13.9%
Coking coal concentrate	2,075	2,401	-13.6%	6,867	5,790	18.6%
Intersegment sales	1,613	1,489	8.3%	4,545	4,296	5.8%
Raw coking coal	545	514	6.0%	1,455	860	69.2%
Coking coal concentrate	1,068	975	9.5%	3,090	3,436	-10.1%

In Q3 2018, external sales volumes of raw coking coal dropped by 8.3% QoQ, mainly due to logistical limitations amid maintenance works at railroads in Russia.

Cash cost, US\$/tonne	Q3 2018	Q2 2018	Q3 2018 / Q2 2018, change	9m 2018	9m 2017	9m 2018 / 9m 2017, change
Coking coal concentrate	49	48	2.1%	47	42	11.9%

Average selling prices	Q3 2018	Q2 2018	9m 2018	9m 2017
US\$/tonne (ex works)				
Raw coking coal	57	64	65	60
Coking coal concentrate	113	119	123	118

In Q3 2018, coking coal sales prices moved in line with global benchmarks.

In Q4 2018, raw coal production is expected to increase QoQ, driven by the launch of a new longwall in September at the Raspadskaya mine.

Notes:

Semi-finished products include slabs, billets, pipe blanks and other semi-finished products.

Construction products include beams, channels, angles, rebars, wire rods, wire and other construction products.

Railway products include rails, wheels, tyres and other railway products.

Flat-rolled products include commodity plate, specialty plate and other flat products.

Tubular products include large-diameter line pipes, ERW pipes and casings, seamless pipes and other tubular products.

Other steel products include rounds, grinding balls, mine uprights, strips, etc. They also include railway products for Ukraine.

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EVRAZ is a vertically integrated steel, mining and vanadium business with operations in the Russian Federation, Kazakhstan, US, Canada, Czech Republic and Italy. EVRAZ is among the top steel producers in the world based on crude steel production of 14 million tonnes in 2017. A significant portion of the Group's internal consumption of iron ore and coking coal is covered by its mining operations. The Group's consolidated revenues for the year ended 31 December 2017 were US\$10,827 million, and consolidated EBITDA amounted to US\$2,624 million.