EVRAZ Q2 2017 PRODUCTION REPORT

19 July 2017 — EVRAZ plc (LSE: EVR; "EVRAZ" or the "Group") today released its operational results for the second quarter of 2017.

Q2 2017 vs Q1 2017 OPERATIONAL HIGHLIGHTS:

- Consolidated crude steel output fell by 9.5% quarter-on-quarter to 3.3 million tonnes in Q2 2017, primarily due to planned capital repairs at EVRAZ ZSMK's oxygen steelmaking converter no. 5 and blast furnace no. 2, as well as planned capital repairs at EVRAZ DMZ' oxygen-converter plant.
- Production of steel products, net of re-rolled volumes, decreased by 8.0% quarter-on-quarter to 3.0 million tonnes as a result of reduced output of semi-finished products amid planned capital repairs at EVRAZ ZSMK.
- The share of finished steel products in consolidated volumes rose to 63.8% in Q2 2017, up from 55.6% in Q1 2017, due to lower output of semi-finished products in Russia and Ukraine.
- Production of construction products increased by 10.5% quarter-on-quarter, as demand for construction products improved with the beginning of construction season.
- Production of railway products was down 1.9% due to changed product mix on Russian facilities, which was partially offset by higher output in North America (up 10.1% quarter-on-quarter) due to marginally increased demand for rails driven by Class I railroads finalised destocking.
- Output of flat products rose by 8.4% quarter-on-quarter, mostly following planned maintenance outage at EVRAZ Palini e Bertoli in Q1 2017 as well as due to strengthening demand in North America.
- Consolidated raw coking coal output increased by 7.9% following a planned longwall repositioning at the Raspadskaya mine in Q1 2017. In addition, open-pit mining operations were started at the site of the Raspadskaya-Koksovaya mine to produce deficit OS (semi-hard) coking coal grade.

STEEL

Product, '000 tonnes	Q2 2017	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Coke (saleable)	171	118	44.9%	289	457	-36.8%
Pig iron	2,793	2,894	-3.5%	5,687	5,557	2.3%
Pig iron (saleable)	195	44	343.2%	239	188	27.1%
Crude steel	3,328	3,679	-9.5%	7,007	6,739	4.0%
Steel products, gross*	3,211	3,522	-8.8%	6,733	6,461	4.2%
Steel products, net of re-rolled volumes	2,994	3,255	-8.0%	6,249	6,134	1.9%
Semi-finished products**	1,084	1,446	-25.0%	2,530	2,439	3.7%
Finished products	1,910	1,809	5.6%	3,719	3,695	0.6%
Construction products	970	878	10.5%	1,848	2,075	-10.9%
Railway products	410	418	-1.9%	828	751	10.3%
Flat-rolled products***	206	190	8.4%	396	279	41.9%
Tubular products	167	166	0.6%	333	308	8.1%
Other steel products	157	157	0.0%	314	282	11.3%

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

** Gross volume of steel products in the tables includes those re-rolled at other EVRAZ mills. However, such volumes are eliminated as inter-company sales for the purposes of EVRAZ' consolidated operating results.*

*** Consolidated production volumes of semi-finished products are preliminary, as intra-group re-rolling volumes are yet to be finalised.*

**** Includes production volumes of EVRAZ Palini e Bertoli (65 thousand tonnes in Q2 2017 and 116 thousand tonnes in H1 2017), which resumed operations in 2016 after suspending them in August 2013.*

RUSSIA and KAZAKHSTAN

Product, '000 tonnes	**Q2 2017**	**Q1 2017**	**Q2 2017/ Q1 2017, change**	**H1 2017**	**H1 2016**	**H1 2017/ H1 2016, change**
Coke (saleable)	75	69	8.7%	144	191	-24.6%
Pig iron	2,537	2,663	-4.7%	5,200	5,020	3.6%
Pig iron (saleable)	90	37	143.2%	127	175	-27.4%
Crude steel	2,762	2,980	-7.3%	5,742	5,444	5.5%
Steel products, gross	2,558	2,806	-8.8%	5,364	5,104	5.1%
Steel products, net of re-rolled volumes	2,493	2,769	-10.0%	5,262	5,009	5.1%
Semi-finished products	1,178	1,536	-23.3%	2,714	2,408	12.7%
Finished products	1,315	1,232	6.7%	2,547	2,600	-2.0%
Construction products	859	759	13.2%	1,617	1,768	-8.5%
Railway products	311	328	-5.2%	639	570	12.1%
Other steel products	145	145	0.0%	290	262	10.7%

In Q2 2017, production of crude steel and steel products (net of re-rolled volumes) decreased quarter-on-quarter by 7.3% and 10.0%, respectively, due to planned capital repairs at EVRAZ ZSMK's oxygen steelmaking converter no. 5 in April-June and blast furnace no. 2 in June.

The decrease in steel product volumes was primarily caused by reduced output of semi-finished products (down 23.3% quarter-on-quarter), which was partly offset by higher output of construction products (up 13.2% quarter-on-quarter), driven by stronger demand for rebars and channels.

Output of railway products, including rails, was down slightly quarter-on-quarter due to lower volumes at EVRAZ ZSMK in the view of changed product mix. However, volumes increased half-on-half, mainly due to higher volumes at EVRAZ ZSMK amid more favourable demand for rails and wheels in 2017.

Average selling prices

US$/tonne (ex works)	**Q2 2017**	**Q1 2017**	**H1 2017**	**H1 2016**
Coke	172	212	189	83
Pig iron	251	262	255	141
Steel products				
Semi-finished products	352	344	347	210
Construction products	499	530	514	348
Railway products	646	621	633	442
Other steel products	501	503	502	357

Overall, steel selling prices in Q2 2017 followed divergent trends according to global benchmarks.

In Q3 2017, crude steel output is expected to increase by roughly 3% due to the completion of capital repairs at EVRAZ ZSMK's blast furnace no. 2 in Q2 2017. Production of finished products is expected to fall as a result of a gas pause at EVRAZ ZSMK in August, as well as capital repairs of the rail mills at EVRAZ NTMK in August-September and at EVRAZ ZSMK in August.

NORTH AMERICA

Product, '000 tonnes	Q2 2017*	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Crude steel	419	457	-8.3%	876	734	19.3%
Steel products, net of re-rolled volumes	467	462	-1.1%	929	895	3.8%
Construction products	61	68	-10.3%	129	135	-4.4%
Railway products	98	89	10.1%	187	181	3.3%
Flat-rolled products	141	139	1.4%	280	271	3.3%
Tubular products	167	166	0.6%	333	308	8.1%

** Q2 2017 production volumes are preliminary*

Crude steel production decreased by 8.3% quarter-on-quarter as a result of a planned outage at the Regina mill in order to install upgrades to the rolling mill, which were part of the previously announced investment projects.

Construction products output declined by 10.3% quarter-on-quarter due to strong import pressure.

Railway products production increased by 10.1% quarter-on-quarter, driven by marginally better demand as Class I railroads finalised destocking.

Production of flat-rolled products increased by 1.4% quarter-on-quarter as a result of strengthening demand.

Production of tubular products remained almost unchanged quarter-on-quarter. Line pipe demand continued to be impacted by uncertainty, while oil country tubular goods (OCTG) experienced a healthy demand recovery combined with gaining share in Western Canada.

Average selling prices

US$/tonne (ex works)	Q2 2017	Q1 2017	H1 2017	H1 2016
Construction products	635	594	614	512
Flat-rolled products	814	742	776	624
Tubular products	1,015	980	998	982

Prices for most steel products increased in Q2 2017, reflecting prevailing scrap and other inputs increases, reduced pressure from imports and positive demand fundamentals.

In Q3 2017, crude steel output is expected to increase by 5-10% quarter-on-quarter, as EVRAZ Regina's availability returns to normal levels after the prolonged planned outage in Q2 2017. Tubular product volumes are expected to experience a modest quarter-on-quarter increase in volume; flat rolled products and construction products are expected to remain essentially unchanged from Q2 2017 levels; and railway product volumes are expected to decrease slightly as a result of an annual maintenance outage in the rail mill during September and of a customary seasonal slowdown in orders expected in the third quarter.

UKRAINE

Product, '000 tonnes	Q2 2017	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Coke (saleable)	96	50	92.0%	146	266	-45.1%
Pig iron	257	232	10.8%	489	537	-8.9%
Pig iron (saleable)	106	7	n/a	113	14	n/a
Crude steel	147	241	-39.0%	388	560	-30.7%
Steel products	120	203	-40.9%	323	455	-29.0%
Semi-finished products	58	139	-58.3%	197	263	-25.1%
Finished products	62	63	-1.6%	125	192	-34.9%
Construction products	50	52	-3.8%	102	172	-40.7%
Other steel products	12	12	0%	24	20	20.0%

In Q2 2017, saleable coke volumes increased by 92.0% quarter-on-quarter in response to higher domestic demand and increased pig iron output.

Pig iron production went up 10.8% amid increased blast furnace productivity, with saleable pig iron increase due to reduced billet production (which had a lower margin in the product mix).

Production of crude steel and steel products decreased by 39.0% and 40.9% quarter-on-quarter, respectively, (they were also down half-on-half) after cutting production of low-margin semi-finished products in February-May and capital repairs at EVRAZ DMZ' oxygen-converter plant and rolling mill no. 1.

Average selling prices

US$/tonne (ex works)	Q2 2017	Q1 2017	H1 2017	H1 2016
Coke (saleable)	230	274	245	125
Pig iron	322	314	321	196
Steel products				
Semi-finished products	353	335	340	254
Construction products	474	456	465	357
Other steel products	667	604	636	484

Overall, prices moved in line with global benchmarks. In Q2 2017, changes in saleable coke prices primarily reflected lower coal prices.

In Q3 2017, pig iron production is expected to increase following repairs at EVRAZ DMZ' rolling mill no. 1 and oxygen-converter plant in Q2 2017, accompanied by expected higher blast furnace productivity in Q3 2017. Consequently, output of crude steel and steel products (billets) is expected to increase quarter-on-quarter.

IRON ORE

Product, '000 tonnes	Q2 2017	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Iron ore products*	4,536	4,984	-9.2%	9,520	9,844	-3.3%

** Includes production of sinter, pellets and other iron ore products*

In Q2 2017, production of iron ore decreased by 9.2% quarter-on-quarter, mainly due to lower volumes of sinter amid capital repairs at EVRAZ ZSMK's sintering machines no. 1 and no. 2. The reduced output of pellets was also partly caused by the accidental outage of EVRAZ KGOK's indurating machine no. 2 in June.

Average selling prices

US$/tonne (ex works)	Q2 2017	Q1 2017	H1 2017	H1 2016
Pellets (Russia)	66	84	74	36

Prices for pellet moved in line with global benchmarks.

In Q3 2017, sinter output is expected to decrease by roughly 2.5% quarter-on-quarter, mainly due to capital repairs of sintering machine no. 2 at EVRAZ KGOK in September. Following the accidental outage of EVRAZ KGOK's indurating machine no. 2 in Q2 2017, output of pellets should increase by roughly 5% quarter-on-quarter in Q3 2017.

COAL

Product, '000 tonnes	Q2 2017	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Raw coking coal (mined)	6,048	5,603	7.9%	11,651	11,016	5.8%
Yuzhkuzbassugol	*2,761*	*2,502*	*10.4%*	*5,263*	*5,928*	*-11.2%*
Raspadskaya	*3,071*	*2,886*	*6.4%*	*5,957*	*4,883*	*22.0%*
Mezhegeyugol	*216*	*215*	*0.5%*	*431*	*206*	*109.6%*
Coking coal concentrate (production)	3,612	3,605	0.2%	7,217	7,297	-1.1%
Yuzhkuzbassugol's coal washing plants	*1,491*	*1,491*	*0.0%*	*2,982*	*3,321*	*-10.2%*
Raspadskaya's coal washing plant	*1,615*	*1,634*	*-1.2%*	*3,249*	*3,120*	*4.1%*
EVRAZ ZSMK's coal washing plant	*506*	*480*	*5.4%*	*986*	*857*	*15.1%*

Production of raw coking coal increased by 7.9% following the planned longwall repositioning in Q1 2017 at the Raspadskaya mine, accompanied by stable work at the Raspadskaya mine's three longwalls.

In addition, open-pit mining operations were started at the site of the Raspadskaya-Koksovaya mine to produce deficit OS (semi-hard) coking coal grade.

Output of coking coal concentrate remained almost unchanged quarter-on-quarter due to higher production at EVRAZ ZSMK's coal washing plant.

Average selling prices

US$/tonne (ex works)	Q2 2017	Q1 2017	H1 2017	H1 2016
Raw coking coal	52	86	69	32
Coking coal concentrate	103	155	129	56

In Q2 2017, coal prices were down in line with global benchmarks.

In Q3 2017, raw coal production is expected to increase slightly following the longwall repositioning at the Erunakovskaya-8 mine in Q2 2017. This will be partially offset by the scheduled longwall repositioning at the Raspadskaya mine in Q3 2017.

VANADIUM

Product, tonnes of V*	Q2 2017	Q1 2017	Q2 2017/ Q1 2017, change	H1 2017	H1 2016	H1 2017/ H1 2016, change
Vanadium slag, gross production (Russia)	4,795	4,553	5.3%	9,348	8,267	13.1%
Vanadium in final products (saleable)	2,641	3,291	-19.8%	5,932	6,606	-10.2%

* *Calculated in pure vanadium equivalent*

In Q2 2017, output of saleable vanadium products decreased by 19.8% quarter-on-quarter, primarily due to the discontinuation of Nitrovan production as a result of Vametco's divestment in April.

Average FeV indices

US$/kgV	Q2 2017	Q1 2017	H1 2017	H1 2016
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe	27.01	25.31	26.14	16.52
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	27.10	27.24	27.18	18.38

Sale prices for vanadium products followed market trends.

In Q2 2017, the Metall Bulletin FeV80 index averaged US$27.01/kgV, up 7% from US$25.31/kgV in Q1 2017. Meanwhile, the Ryan's Notes index, used in North America, averaged US$27.10/kgV in Q2 2017, down 1% from US$27.24/kgV in the previous quarter.

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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