H1 2016 Financial Results

18 August 2016
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Core operations and distribution markets

No. 1 among rail suppliers in North America

No. 1 among rail suppliers in Russia

No. 1 in the rebar and construction steel market in Russia

No. 1 among the Russian coking coal producers

Key operational indicators, mt

<table>
<thead>
<tr>
<th>Production</th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel</td>
<td>7.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Iron ore products</td>
<td>10.0</td>
<td>9.8</td>
</tr>
<tr>
<td>Raw coking coal</td>
<td>9.4</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Consolidated revenue by segments***, %

Steel 61%
Coal 14%
Other operations 4%

Consolidated revenue by region, %

Russia 39%
Europe 8%
CIS (excl. Russia) 7%
Africa & RoW 3%
Asia 17%
Americas 26%

1. EVRAZ NTMK
2. EVRAZ ZSMK
3. EVRAZ DMP
4. EVRAZ Yuzhkoks
5. EVRAZ Caspian Steel
6. EVRAZ KGOK
7. Evrazruda
8. EVRAZ Sukha Balka
9. EVRAZ Nikom
10. EVRAZ Vametco
11. EVRAZ Vanady-Tula
12. EVRAZ Stratscor
13. EVRAZ Palini
14. EVRAZ INC NA Canada
15. EVRAZ INC NA
16. Yuzhuzbassugol
17. Raspadskaya
18. EVRAZ NMTP (Port Nakhodka)

Steel mills
Iron ore mining
Coal mining
Vanadium
Nakhodka sea port
Greenfields: (a) Mezhegey coal and (b) Timir iron ore

Source: Company information
* in H1 2016 according to Metal Expert by market share and sales volumes in Russia; Company’s estimation for North America
**coking coal concentrate (high-vol grades - Zh, GZh, GZhO), in H1 2016 according to Metal Expert
*** EVRAZ’s steel segment sales include sales of semi-finished and finished steel products, iron ore and vanadium products both to local and global markets

H1 2016 Financial results
Highlights

Alexander Frolov – Chief Executive Officer
Key themes

- Global steel producers experienced a positive trend in pricing in Q2 2016 driven by a combination of Chinese government investment stimulus, low inventory levels and speculative activity on futures markets.
- EVRAZ demonstrated a stronger performance in Q2 2016 vs Q1 2016 due to a supportive pricing environment in its main markets.
- Consolidated EBITDA reached US$577, a decline of c.38% yoy was mainly attributed to negative steel price trends globally and a decrease in sales volumes amid depressed demand.
- Coal segment EBITDA increased c.26% in H1 2016 with EBITDA margin reaching c.40% due to the positive impact of rouble devaluation, effects of cost-cutting initiatives and productivity increases.
- Continuous revenue and cost improvements contributed US$138m to EBITDA in H1 2016.
- EVRAZ maintained secure position as one of the lowest-cost producers of steel and raw materials in Russia.
- EVRAZ remains focused on net debt reduction and refinancing. The Group has extended the overall duration of its debt and will comfortably cover maturities in 2016 and 2017 using a combination of currently available liquidity and future free cash flow generation.

Source: Bloomberg

H1 2016 Financial results
Vertically integrated business model supported by robust cost base

- Having low-cost operations is crucial for EVRAZ
- Significant progress in cash cost reduction due to implementation of cost-cutting initiatives amid rouble devaluation

Enhanced cost positions*, $/t

<table>
<thead>
<tr>
<th>Average cash cost of slab of Russian steel plants</th>
<th>Average cash cost, Russian iron ore products (Fe 58%)</th>
<th>Average cash cost, washed coking coal</th>
</tr>
</thead>
<tbody>
<tr>
<td>$311/t - export price**  (17%)  196</td>
<td>$38/t– domestic price**  (23%)  31</td>
<td>$57/t – domestic price**  (10%)  31</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>190  H2 2015</th>
<th>29  H2 2015</th>
<th>30  H2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>162  H1 2016</td>
<td>24  H1 2016</td>
<td>28  H1 2016</td>
</tr>
</tbody>
</table>

- Having low-cost operations is crucial for EVRAZ
- Significant progress in cash cost reduction due to implementation of cost-cutting initiatives amid rouble devaluation

**9%**
Self-coverage in iron ore

**196%**
Self-coverage in coking coal

* The data in this chart is derived from the unaudited monthly management accounts of EVRAZ in respect of the indicated periods

** Average price for H1 2016 Slab – FOB Far East, Iron ore products – 65-66.5% Fe, EXW, Washed coking coal - GZh concentrate, EXW
Safety is key priority

☐ Regrettably, 4 fatalities in H1 2016

☐ LTIFR 2.48x, up 28% due to a spike in reported lost-time incidents involving minor injuries

☐ EVRAZ remains committed to its ultimate goal of reaching zero fatalities at all its sites

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Lost Time Injury Frequency Rate (LTIFR)*

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR</td>
<td>1.94</td>
<td>2.48</td>
</tr>
</tbody>
</table>

Source: Company information

Fatalities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities</td>
<td>13</td>
<td>11</td>
<td>13</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Company information

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*Calculated as number of lost working hours due to injuries, excluding fatalities, per 1 million hours worked

**Number of fatalities, including contractors
Strategic goals - H1 2016 deliverables

**Creating additional value for our customers**
- EBITDA effect* from customer focus initiatives of $46m achieved. Major effects are:
  - $24m – rails sales volumes increase
  - $7m – high quality premium slabs sales volumes increase
  - $4m – customer focus initiatives at North American assets
  - $4m – new products development

**Efficient & low cost production**
- Cost cutting initiatives effect of $138m. Major effects are:
  - $68m - productivity improvements, including
    - $24m- energy efficiency and optimization of maintenance costs and
    - $20m- improving yields and raw material costs at North American & Ukrainian assets
  - $63m - reduction of G&A costs & non-G&A headcount
- Full year target is $300m*

**Realisation of selected investment projects**
- Development CAPEX reached $77m with 5 major investment projects in progress
- Maintenance CAPEX amounts to $123m

*Incremental effect
Financial Performance

Giacomo Baizini– Interim Chief Financial Officer
Performance improved as steel prices show signs of recovery

- EBITDA of $577 million, up 14% HoH due to improved market conditions
- EBITDA margin reached 16.3% in H1 2016 up 3.2 percentage points vs H2 2015 as a result of the cost-efficiency programme and market initiatives

Steel

- EBITDA declined due to downward steel price trends globally and decrease in sales volumes driven by weaker demand, partly offset by lower expenses in US$ terms, the effect of cost-cutting initiatives, lower prices for raw materials and rouble devaluation

Coal

- EBITDA improved 25.6% YoY due to higher sales volumes on the back of healthy demand and productivity improvements with EBITDA margin reaching 39.7% in H1 2016

Steel, NA

- EBITDA was impacted by lower sales volumes stemming from a downturn in the OCTG and rail markets

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H1 2016 Financial results
H1 2016 FCF generation

- Free cash flow for the period is a positive $102m
- Net cash flow from operating activities contracted to $533m in H1 2016 from $804m in H1 2015 mainly due to EBITDA decrease

EBITDA bridge to Free cash flow* in H1 2016, $m

<table>
<thead>
<tr>
<th>EBITDA**</th>
<th>Changes in working capital</th>
<th>Income tax accrued</th>
<th>Social expenses</th>
<th>Cash flows from operating activities</th>
<th>Interest and similar payments</th>
<th>Capex, incl. recorded in financing activities</th>
<th>CF from other investing activities</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>585</td>
<td>27</td>
<td>-67</td>
<td>-12</td>
<td>533</td>
<td>-239</td>
<td>-200</td>
<td>8</td>
<td>102</td>
</tr>
</tbody>
</table>

Source: Company information
* Free cash flow is a non-IFRS measure and is calculated as net cash generated from operating activities less net cash used in investing activities for the reported period
** EBITDA excluding non-cash items
**Continuous reduction of net debt**

- Deleveraging on track: net debt reduced to $5,316m
- Net debt reduction reached $1,218m in 2014 - 2016
- Net leverage increased to 4.9x due to the EBITDA decline

### Net debt bridge, $m

<table>
<thead>
<tr>
<th></th>
<th>Total debt</th>
<th>Net debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt at 31/12/15</td>
<td>6,724</td>
<td>5,349</td>
</tr>
<tr>
<td>Free cashflow (sign reversed)</td>
<td>102</td>
<td>0</td>
</tr>
<tr>
<td>Foreign exchange effects*</td>
<td>41</td>
<td>0</td>
</tr>
<tr>
<td>Other changes in net debt</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td>Net debt at 30/06/16</td>
<td>6,184</td>
<td>5,316</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LTM EBITDA</th>
<th>Net leverage**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,438</td>
<td>3.7</td>
</tr>
<tr>
<td>1,083</td>
<td>4.9</td>
</tr>
</tbody>
</table>

* Including effects on cash, debt and hedging instruments
** Net leverage is a ratio of Net debt as of the reporting date to LTM EBITDA

Note. These calculations should not be considered for covenants purposes
Debt management

- Total debt was reduced by $540m to $6,184m via scheduled debt repayments and liability management initiatives
- $744m across 2017-2018 EVRAZ and Raspadskaya Eurobonds was repurchased in 1H2016 at the market and public tender offers
- RUB15 billion (c.$221 million) 12.60% bonds due in 2021 were issued in March
- $500m 6.75% Eurobonds due 2022 were issued in June, effectively moving 2017-2018 maturities to 2022
- Liquidity remained solid with $868m cash sufficient to cover all debt maturities until 2018
- On August 1, 2016, EVRAZ called its 2017 Eurobonds ($177m) at a make whole redemption price

**Debt structure, %**

![Debt structure chart]

**Weighted average maturity and cost of borrowings**

![Weighted average maturity and cost of borrowings chart]

Source: Company information

* Principal of loans and borrowings (incl. hedging exposure and excl. interest payments)
** 2016 maturities include principal amount of Evraz 2017 Eurobonds as the make whole was completed after the reporting date
Capex optimised

- Well invested asset base with largest investment projects completed in recent years

- Ongoing optimisation of capital expenditures led to a 20% decrease to reach $200m in H1 2016

- 2016 FY target is $375-400m

### Capital expenditure breakdown by projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Amount, $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel mill upgrade (EVRAZ Regina)</td>
<td>27</td>
</tr>
<tr>
<td>Construction of an LDP mill (EVRAZ Regina)</td>
<td>18</td>
</tr>
<tr>
<td>Coal deposit development (Mezhegey)</td>
<td>5</td>
</tr>
<tr>
<td>Iron ore mine capacity expansion (Sheregesh)</td>
<td>4</td>
</tr>
<tr>
<td>Grinding ball mill construction (EVRAZ NTMK)</td>
<td>2</td>
</tr>
<tr>
<td>Other development projects</td>
<td>21</td>
</tr>
<tr>
<td>Maintenance</td>
<td>123</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
</tr>
</tbody>
</table>

**Capex, $m**

<table>
<thead>
<tr>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>137</td>
<td>123</td>
</tr>
<tr>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>53</td>
<td>55</td>
</tr>
<tr>
<td>38</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
</tr>
</tbody>
</table>

- (20)%

Source: Company information

USD denominated 39%

Rouble denominated 61%

$200m

Source: Company information

H1 2016 Financial results
Operational update
CIS: construction steel

- Revenues from external sales of construction products declined by 23% to $819m in H1 2016 vs $1,068m in H1 2015 due to lower average prices (down 18%), reduced volumes (down 6%)

- Construction products sales volumes declined mainly due to lower demand

- Beams sales volumes increased due to implementation of initiatives targeted to replace substitutes (welded beams)

- Sales of structural shapes (channels and angles) increased due to set of initiatives implemented by own trading arms

### EVRAZ’ export sales from Russian steel mills*, kt

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebars</td>
<td>512</td>
<td>496</td>
</tr>
<tr>
<td>Channels</td>
<td>83</td>
<td>99</td>
</tr>
<tr>
<td>Structural shapes</td>
<td>52</td>
<td>57</td>
</tr>
<tr>
<td>Beams</td>
<td>290</td>
<td>239</td>
</tr>
</tbody>
</table>

*Structural shapes (structural) are angles and channels

Source: Company information

### EVRAZ’ market shares in Russia, %

<table>
<thead>
<tr>
<th></th>
<th>Rebars</th>
<th>Structural shapes</th>
<th>Beams</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2015</td>
<td>16%</td>
<td>52%</td>
<td>64%</td>
</tr>
<tr>
<td>H1 2016</td>
<td>16%</td>
<td>48%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: Metal Expert, Company information

### EVRAZ’ construction steel sales volumes, kt

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebars</td>
<td>1,081</td>
<td>942</td>
</tr>
<tr>
<td>Channels</td>
<td>361</td>
<td>388</td>
</tr>
<tr>
<td>Beams</td>
<td>320</td>
<td>338</td>
</tr>
<tr>
<td>Angles</td>
<td>186</td>
<td>230</td>
</tr>
<tr>
<td>Other</td>
<td>308</td>
<td>235</td>
</tr>
</tbody>
</table>

Source: Company information

H1 2016 Financial results
Russia: railway products

- Rail consumption in Russia reached 525kt in H1 2016, up 34% from 391kt in H1 2015, mainly driven by increased demand from Russian Railways.
- The market share in rails declined to 77% as the main competitor ramped up production.
- As a result, EVRAZ continued to develop overseas shipments increasing its exports by 16% to reach 34kt of railway products sales (including wheels).
- EVRAZ remained the core supplier to Russian Railways with volumes secured by long-term contracts until the end of 2017.
  - H1 2016 sales to RZD – 366kt vs 368kt in H1 2015

**EVRAZ’ export sales of rails from Russia**, *kt*

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export sales, excl. CIS</td>
<td>38</td>
<td>23</td>
</tr>
<tr>
<td>Export sales to CIS</td>
<td>21</td>
<td>31</td>
</tr>
</tbody>
</table>

**EVRAZ’ rail shipments, *kt***

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian operations</td>
<td>447</td>
<td>457</td>
</tr>
<tr>
<td>N.American operations</td>
<td>280</td>
<td>182</td>
</tr>
<tr>
<td>Total</td>
<td>726</td>
<td>639</td>
</tr>
</tbody>
</table>

**EVRAZ’ market shares in Russia, %**

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheels</td>
<td>74%</td>
<td>73%</td>
</tr>
<tr>
<td>Rails</td>
<td>98%</td>
<td>77%</td>
</tr>
</tbody>
</table>

H1 2016 Financial results

* Excluding sales to CIS  Source: Company information
CIS: semi-finished steel

- Revenues from external sales of semi-finished products fell by 37% to $720m in H1 2016 vs $1,136m in H1 2015 due to lower average prices (down 29%) and sales volumes (down 8%).
- Decrease of slabs sales volumes to European and American markets was partially offset by higher sales of billets to Africa.
- Export of high-quality premium slabs surged due to implemented customer focus initiatives.
- Overall cash cost of slab produced at Russian steel mills declined to $162/t, allowing for all exports to be sold profitably.

Sales volumes of slabs & billets by region, kt

Sales volumes of slabs & billets, kt

<table>
<thead>
<tr>
<th></th>
<th>Slabs</th>
<th>Billets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2015</td>
<td>1,327</td>
<td>1,278</td>
<td>2,605</td>
</tr>
<tr>
<td>H1 2016</td>
<td>1,494</td>
<td>1,494</td>
<td>2,393</td>
</tr>
</tbody>
</table>

Source: Company information

Export sales of high-quality premium slabs, kt

<table>
<thead>
<tr>
<th></th>
<th>Export (excl. CIS)</th>
<th>Domestic &amp; CIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2015</td>
<td>2,483</td>
<td>122</td>
</tr>
<tr>
<td>H1 2016</td>
<td>2,306</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: Company information

H1 2016 Financial results
North America

- Revenues from steel product sales declined by 34% to $770m in H1 2016 vs $1,159 in H1 2015 driven by lower sales volumes (down 20%) and average sales prices (down 14%)

- Favourable rulings on trade cases and low inventories at distributors underpinned a recovery in steel and scrap prices in Q2 2016

- Flat-rolled products:
  - returned to profitability as higher plate prices resulted in improved metal spreads

- Tubular products:
  - continued weakness in OCTG, small-diameter line pipe and seamless pipe volumes
  - large volumes of dumped and subsidized LD pipe imports along with delays in pipeline approvals cloud the outlook over the next 12 to 24 months
  - the Canadian International Trade Tribunal imposed preliminary duties on pipe from Japan and China

- Railway products:
  - moderating CAPEX and rail de-stocking at Western Class-I railroads resulted in subdued shipments and a c.67% rail mill utilization

Plate and rebar prices, $/short ton

EVRAZ' steel products sales in North America in H1 2016, kt

Source: Company information

H1 2016 Financial results
Russia: coking coal

- Overall revenues in the segment increased slightly in H1 2016, due to the recovery of global demand supported by a temporary domestic supply deficit.
- Coal segment’s sales to the Steel segment amounted to $201m in H1 2016, or 37% of sales, vs $210m and 39% of sales in H1 2015.
- Coal products export shipments increased in H1 2016 to reach 2.5mt vs 1.9mt a year before.
- 2016 focus on the expansion of our coal grades presence in Ukrainian market, improvement of coking coal quality stability and increasing the share of long-term contracts vs spot.

Export sales to TOP-5 clients, kt

Coking coal products sales by market, kt

Source: Company information

EVRAZ’ market shares in Russia, %

Source: Company information

* high-vol grades (Zh, GZh, GZhO)
Looking Forward
2016 outlook

☐ EVRAZ expects its FY results to be affected by positive dynamics in global steel markets.

☐ While in H2 2016 EVRAZ does not anticipate significant Russian steel demand improvements due to moderate investment activity and economic environment, we believe current steel prices will gradually increase to the average seen in 2015.

☐ In H2 2016 we anticipate coking coal concentrate prices to be supported by stable demand in domestic market as well as key export destinations and temporary high-grade coal deficit.

☐ In H2 2016, the North American segment might be negatively affected by delays in approvals of key large pipeline projects in the US and Canada and continuing weak demand for rails. 2016 focus is on enhancing financial performance through aggressive cost structure management and inventory optimisation.