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FY 2015 Financial results
EVRAZ core operations and distribution markets

#1 in rails

#1 in LDP*

#1 in rails*

Leader in construction products*

Key operational indicators, mt

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel production</td>
<td>15.5</td>
<td>14.3</td>
</tr>
<tr>
<td>Iron ore products</td>
<td>20.5</td>
<td>20.5</td>
</tr>
<tr>
<td>Raw coking coal</td>
<td>21.0</td>
<td>20.9</td>
</tr>
</tbody>
</table>

Consolidated revenue by segments**

Steel

Steel, North America

Coal

Other operations

Eliminations

Russia

Americas

Asia

CIS (ex.Russia)

Europe

Africa & RoW

Source: Company information
* in 2015 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

FY 2015 Financial results
Highlights

Alexander Frolov – Chief Executive Officer
Key themes

- Weak demand and excess supply in the steel, iron ore and coking coal markets led to a negative global price environment during the year.

- Despite the market downturn, EVRAZ was able to maintain full capacity utilisation in 2015 due to its low cost positions across the industry.

- Continuous revenue and cost improvements contributed US$374m to EBITDA, which together with working capital and investment discipline made strong year end free cash flow of $799m.

- The Group’s net debt reduced by $465m.

- The Group maintained its premium product portfolio, helping to mitigate margin deterioration.

- In 2015, EVRAZ demonstrated great flexibility in redirecting sales from the domestic to the export market, maintaining production and helping to increase profitability.

Global steel prices, $/t

Source: Metal Expert, CRU

Global raw material prices, $/t

Source: Metal Expert, CRU
Robust cost base

- Having low-cost operations is crucial for EVRAZ, especially in a period of declining steel and raw material prices

Enhanced cost positions*, $/t

<table>
<thead>
<tr>
<th>Average cash cost of slab of Russian steel plants</th>
<th>Cash cost, Russian iron ore products (Fe 58%)</th>
<th>Washed coking coal cash cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$248/t - export price**</td>
<td>$44/t – domestic price**</td>
<td>$60/t – domestic price**</td>
</tr>
<tr>
<td>348</td>
<td>56</td>
<td>64</td>
</tr>
<tr>
<td>266</td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td>193</td>
<td>30</td>
<td>31</td>
</tr>
</tbody>
</table>

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

** Average price for 2015: Slab – FCA, export slab, Iron ore products - 58% Fe, FCA, Washed coking coal - GZh concentrate, FCA
Safety and Environment

Safety

- Regrettably 13 fatalities (3 contractors)
- A clear downward trend in serious lost-time injuries: 34 in 2015 vs 43 in 2014
- LTIFR 2.18x, up 36% due to a spike in reported lost-time incidents involving minor injuries

Environment

- 126% of non-mining waste and by-products recycled or reused vs 110% in 2014
- A positive trend in fresh water consumption due to implementation of water management programs leads to decrease in fresh water consumption by 14.9%***

Lost Time Injury Frequency Rate (LTIFR)*

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR 2014</th>
<th>LTIFR 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.60x</td>
<td>2.18x</td>
</tr>
</tbody>
</table>

Recycling rate**, %

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycling Rate 2014</th>
<th>Recycling Rate 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>110</td>
<td>126</td>
</tr>
</tbody>
</table>

*Calculated as number of lost working hours due to injuries, excluding fatalities, per 1 million hours worked
**Excluding waste products of mining industry and including materials from old dumps
*** Given the HSE Committee’s decision to re-base the target by excluding data related to disposed assets, fresh water consumption decreased compared with the 2011 adjusted baseline

Source: Company information
Strategic goals 2015 – FY deliverables

**Key business priorities**

1. Creating additional value for our customers
   - EBITDA effect* from customer focus initiatives of $53m achieved.
   - EVRAZ reached markets of Brazil, Malaysia and other with railway products, improved the product portfolio of 100-meter rails with premium grades and increased production of high-value micro-alloyed pipe grade slabs for tubular customers.

2. Efficient & low cost production
   - Cost cutting initiatives effect of $321m. Major effects include:
     - $76m - reduction of G&A costs & non-G&A headcount
     - $68m - improving yields and raw material costs at steel mills
     - $39m - improving yields and raw material costs of mining assets

3. Realisation of selected investment projects
   - Development CAPEX reached $171m with 6 major investment projects in progress
   - Maintenance CAPEX amounts to $257m

*Incremental effect
Significant presence in rail market

- Maintained market share in Russia at 97%
- Remained core supplier to Russian Railways with volumes secured by long-term contracts until the end of 2017
  - 2015 sales to RZD – 632kt vs 650kt in 2014
- Entered new overseas markets, and exported around 24kt of rails in the year*
- Committed to reaching full capacity in Russia in 2016 by increasing rail volumes by a further 100 thousand tonnes
- The North American rail market was fairly stable in 2015, consumption amounting to 1.4mt
  - market share remained at 38%

EVRAZ’s export sales from Russia*, kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium rails</th>
<th>Standard rails</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>2014</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td></td>
<td>24</td>
</tr>
</tbody>
</table>

EVRAZ rail shipments, kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Russian operations</th>
<th>N.American operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>929</td>
<td>280</td>
</tr>
<tr>
<td>2014</td>
<td>926</td>
<td>537</td>
</tr>
<tr>
<td>2015</td>
<td>811</td>
<td>507</td>
</tr>
</tbody>
</table>

Rail production by type

- Premium rails: 72%, 30%
- Standard rails: 28%, 70%

Source: Company information

* Excluding sales to CIS
Construction steel. Resilient market position in Russia

- Maintained and improved leading positions in key high-value added product segments
- Flexible operational set-up to sell volumes into export markets if advantageous
- Expanded international presence in construction steel 806kt of construction steel products exported in 2015 from Russian mills (+80kt vs 2014)
- In early 2016 construction activity in Russia remained subdued, but some recovery expected to return with the construction season

**EVRAZ’s steel segment sales volumes, kt**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>581</td>
<td>457</td>
</tr>
<tr>
<td>Angles</td>
<td>599</td>
<td>468</td>
</tr>
<tr>
<td>Beams</td>
<td>864</td>
<td>733</td>
</tr>
<tr>
<td>Channels</td>
<td>907</td>
<td>838</td>
</tr>
<tr>
<td>Rebars</td>
<td>2,189</td>
<td>2,087</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>111</td>
<td>95</td>
<td>75</td>
</tr>
<tr>
<td>Beams</td>
<td>133</td>
<td>93</td>
<td>185</td>
</tr>
<tr>
<td>Structural shapes</td>
<td>119</td>
<td>111</td>
<td>108</td>
</tr>
<tr>
<td>Rebars</td>
<td>394</td>
<td>377</td>
<td>385</td>
</tr>
</tbody>
</table>

**EVRAZ’s market shares in Russia in 2015, %**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebars</td>
<td>84%</td>
<td>52%</td>
<td>36%</td>
</tr>
<tr>
<td>Structural shapes</td>
<td>16%</td>
<td>48%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: Company information.

Source: Metal Expert, Company information.
Semi-finished steel. Consistent in delivering value to clients

- Flexibility in managing volumes between Russia and export markets. Export markets – a balancing factor
- Export sales of semi-finished products to non-CIS countries surged, driven by weaker demand in Russia for finished steel goods due to the economic downturn
- Overall cash cost of semi-finished products produced at Russian steel mills declined to $195/t, allowing for all exports to be sold profitably
- Increased output of high-value micro-alloyed pipe-grade slabs
- Despite temporary increase in sales of semi-finished products our focus remains on high-margin products

**Sales volumes, kt**

2014 | 2015
---|---
Billets | Slabs
1,854 | 2,226 | 2,338 | 2,494

**Sales volumes of slabs & billets by region, kt**

2014 | 2015
---|---
Domestic & CIS | Export (excl. CIS)
3,881 | 4,536 | 4,080 | 4,832

**Domestic sales of high-quality premium slabs, kt**

2014 | 2015
---|---
4 | 80

Source: Company information

FY 2015 Financial results
Leading market positions in large-diameter pipes in N. America

- Strong sales of large-diameter pipes ("LDP") up 6% to 363kt from 344kt in 2014, due to strong oil and gas transmission market in the US and Canada

- Modernisation of Regina steel mill and construction of a new LDP mill will continue to improve steel and pipe quality

- Consumption of large-diameter pipes nearly doubled in North America in 2015, reaching 1.5mt, up 0.7mt from the year before

- EVRAZ expects the LDP market conditions to remain favourable for the next 3 years

**LDP market size, mt**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MT</td>
<td>0.5</td>
<td>0.7</td>
<td>0.9</td>
<td>0.6</td>
<td>1.1</td>
<td>1.8</td>
<td>1.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>

**EVRAZ LDP market share in 2015**

- EVRAZ: 27%
- Others: 73%

Source: Company information
Russia's largest coking coal producer

- Coking coal production volumes at operating mines were relatively flat at 20.9mt
- Domestic sales of 10mt of coking coal; c.50% - external sales mostly covered by long-term contracts
- Coal products export shipments increased by 19% in 2015 with 4.3mt vs 3.6mt a year before
- Sales to more profitable markets of Ukraine, Europe, South Korea and Japan increased from 1.9mt in 2014 to 2.7mt in 2015; stable sales to China at 1mt maintained
- 2016 focus on the expansion of our coal grades presence in Ukrainian market, improving our 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**

```
<table>
<thead>
<tr>
<th>Market</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>3,605</td>
<td>4,300</td>
</tr>
<tr>
<td>Russia</td>
<td>6,204</td>
<td>5,173</td>
</tr>
<tr>
<td>EVRAZ (Russia &amp; Ukraine)</td>
<td>6,232</td>
<td>5,736</td>
</tr>
</tbody>
</table>
```

Source: Company information

**EVRAZ market share in Russia***

```
<table>
<thead>
<tr>
<th>Year</th>
<th>EVRAZ</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>2015</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>
```

*(high-vol grades (Zh, GZh, GZhO) coking coal concentrate)

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*Domestic price - coking coal concentrate Zh-grade, FCA
Source: Company information

---

**FY 2015 Financial results**
Financial Performance

Pavel Tatyanin – Chief Financial Officer
Strong free cash flow

- Strong net cash flows from operating activities contracted by only 17% in 2015, $329m are attributed to the release of net working capital.

- Free cash flow totaled $799m in 2015, allowing EVRAZ to reduce net debt by $465m to $5,349 as of 31 December 2015.

EBITDA bridge to Free cash flow* in 2015, $m

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.

*** including interest in JV and associates.
Continuous reduction of net debt

- Deleveraging on track: net debt reduced to $5,349m
- Total net debt reduction reached $1,185m in 2014-2015
- Net leverage increased to 3.7x due to the EBITDA decline

**Net debt bridge, $m**

<table>
<thead>
<tr>
<th>Net debt at 31/12/14</th>
<th>Free cashflow (sign reversed)</th>
<th>Foreign exchange effects*</th>
<th>Distribution to shareholders</th>
<th>Net debt at 31/12/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,814</td>
<td>(799)</td>
<td>(2)</td>
<td>336</td>
<td>5,349</td>
</tr>
<tr>
<td>6,907</td>
<td></td>
<td></td>
<td></td>
<td>6,724</td>
</tr>
</tbody>
</table>

**LTM EBITDA**

<table>
<thead>
<tr>
<th>LTM EBITDA</th>
<th>2,355</th>
<th>1,438</th>
</tr>
</thead>
</table>

**Net leverage**

<table>
<thead>
<tr>
<th>Net leverage**</th>
<th>2.5</th>
<th>3.7</th>
</tr>
</thead>
</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

- Refinancing initiatives during 2015 in various debt markets to proactively extend short-term debt maturities and reduce the cost of debt
- All debt maturities falling due regularly coming due in 2016 are covered with the cash reserves
- Weighted average maturity profile improved in 2015 while keeping the cost of debt stable
- Debt currency composition:
  - USD – 91% (incl. synthetic USD); EUR – 5%, RUB – 4%
- Cash currency composition:
  - USD – 87%; RUB – 9%; other – 4%

Cost of borrowings

Source: Company information

* Principal of loans and borrowings (incl. hedging exposure and excl. interest payments)
Performance impacted by weak commodity markets

- Significantly lower commodity prices weighed on earnings as EBITDA fell 39% over the year.
- Impact partially offset by cost savings and favourable movements in FX rates.

Steel

- Steel segment’s EBITDA declined amid generally negative steel price trends globally and depressed demand in Russia, partly offset by lower expenses in US dollar terms due to rouble depreciation.

Steel, NA

- The Steel, North America segment’s EBITDA impacted by lower sales volumes stemming from a downturn in the OCTG and flat product markets.

Coal

- The Coal segment’s EBITDA remained flat year-on-year, as Yuzhkuzbassugol implemented an efficiency improvement programme and optimised assets and the rouble devaluation had a favourable effect on costs, while coal product sales prices decreased.
Implementation of efficiency improvement plan resulted in US$321m* of savings

Efficiency improvement, $m

- Cost cutting initiatives & productivity improvement: 169
- Optimisation of asset portfolio: 76
- Reduction of G&A costs and non-G&A headcount: 76

* To facilitate assessment of performance our cost saving targets and quantification are based on management accounts adjusted to eliminate macroeconomic impacts (such as exchange rate fluctuations and inflation) and once-off expenditure (such as employee severance payments and other discontinuation costs).
Capex optimised

- Well invested asset base. Largest investment projects completed in recent years

- Ongoing optimisation of capital expenditures led to a significant decrease to $428m in 2015

- Yearly target for 2016 is $375-400m

### Capital expenditure breakdown by projects

<table>
<thead>
<tr>
<th>Projects</th>
<th>Amount, $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of an LDP mill (EVRAZ Regina)</td>
<td>51</td>
</tr>
<tr>
<td>Continuous casting machine reconstruction (CCM) (EVRAZ ZSMK)</td>
<td>24</td>
</tr>
<tr>
<td>Coal deposit development (Mezhegey)</td>
<td>27</td>
</tr>
<tr>
<td>Iron ore mine capacity expansion (Sheregesh)</td>
<td>8</td>
</tr>
<tr>
<td>Steel mill upgrade (EVRAZ Regina)</td>
<td>18</td>
</tr>
<tr>
<td>Grinding ball mill construction (EVRAZ NTMK)</td>
<td>1</td>
</tr>
<tr>
<td>Other development projects</td>
<td>42</td>
</tr>
<tr>
<td>Maintenance</td>
<td>257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>428</strong></td>
</tr>
</tbody>
</table>

Source: Company information

### Capex breakdown in 2015, $m

- **Maintenance capex**: 257
- **Development, Steel**: 37
- **Development, Steel, North America**: 85
- **Development, Coal**: 49

Source: Company information
Looking Forward
The global steel and bulk commodities industry remains under pressure due to overcapacity and the ongoing transformation of the Chinese economy.

EVRAZ does not anticipate substantial steel demand improvements in Russia in 2016. Situation will depend on GDP dynamics, FX rate volatility and state mortgage support programme’s successful implementation.

In North America EVRAZ expects end demand to remain stable for rails, LDP and plate, and continued weakness for OCTG and wire rod products.

EVRAZ expects coking coal sales volumes and prices to remain at 2015 levels due to stable Russian steel production and the existing export contract portfolio.

An unexpected steel & iron ore price surge in early March has brought positive momentum:

- EVRAZ is reacting to recent steel price hike by maximizing export shipments.
- If announced plans for capacity cuts and investment stimulus measures in China prove to be sustainable, this may lead to stabilization in the market and potential positive changes in global trends.

Given the current environment, EVRAZ will remain focused on cost efficiency and product development, which will support its financial stability and enable it to deliver stronger financial results once markets improve:

- EVRAZ plans to implement an updated plan of cost-cutting initiatives with a bottom-line effect similar to 2015.