

EVRAZ Q2 2014 PRODUCTION REPORT

16 July 2014 — EVRAZ plc (LSE: EVR) today releases its operational results for the second quarter of 2014.

Q2 2014 vs Q1 2014 HIGHLIGHTS:

- Consolidated crude steel production increased slightly in Q2 2014 vs. Q1 2014
- Consolidated production of steel products, net of re-rolled volumes increased by 6% as a result of growth both in production of construction products and rails in Russia on the back of strong domestic demand
- Share of finished steel products within the consolidated volumes decreased to 70% in Q2 2014 vs. 74% in Q1 2014, whilst the share of semi-finished goods increased to 30% from 26%, due to lower intercompany supplies of slabs for re-rolling into finished goods at EVRAZ non-Russian assets
- Output of iron ore products in Russia increased by 3% vs. Q1 2014
- Consolidated raw coking coal output and production of coking coal concentrate increased by 7% and 3% respectively due to strong Raspadskaya's production
- Average prices for most of EVRAZ's steel products in Russia recovered on the back of improved demand in the domestic market
- Average prices for flat-rolled and tubular products in North America improved supported by growing demand from the oil and gas sector
- Average prices for Russian-produced iron ore products and coking coal concentrate softened in line with global benchmark prices

STEEL SEGMENT

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Coke (saleable)	273	255	7.0%	398	-31.5%
Pig iron	3,131	2,991	4.7%	3,106	0.8%
Pig iron (saleable)	85	77	10.9%	45	91.0%
Crude steel	3,918	3,875	1.1%	4,089	-4.2%
Steel products, gross*	3,810	3,781	0.8%	4,093	-6.9%
Steel products, net of re-rolled volumes	3,556	3,366	5.7%	3,695	-3.8%
Semi-finished products **	1,056	867	21.9%	843	25.3%
Finished products	2,500	2,499	0.0%	2,853	-12.4%
Construction products	1,335	1,217	9.7%	1,335	0.1%
Railway products	538	508	5.8%	497	8.2%
Flat-rolled products	226	344	-34.5%	588	-61.7%
Tubular products	250	271	-7.6%	200	25.5%
Other steel products	151	159	-5.0%	233	-35.2%

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's mills. However, such volumes are eliminated as intercompany sales for purposes of EVRAZ's consolidated operating results.

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

RUSSIA

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Coke (saleable)	87	111	-21.1%	185	-53.0%
Pig iron	2,691	2,591	3.8%	2,694	-0.1%
Pig iron (saleable)	75	74	0.6%	39	89.7%
Crude steel	3,020	2,852	5.9%	3,003	0.5%
Steel products, gross	2,835	2,649	7.0%	2,797	1.4%
Steel products, net of re-rolled volumes	2,728	2,582	5.6%	2,744	-0.6%
Semi-finished products	1,094	1,086	0.8%	1,106	-1.1%
Finished products	1,634	1,497	9.2%	1,638	-0.2%
Construction products	1,109	993	11.7%	1,067	3.9%
Railway products	395	376	5.1%	379	4.3%
Other steel products	129	127	1.6%	192	-32.5%

In Q2 2014, pig iron and crude steel output increased by 4% and 6% respectively compared to Q1 2014 due to lower downtime for maintenance works at blast furnaces and converters at Russian steel mills. The year-on-year output of steel was up marginally.

As a result of larger crude steel volumes in Q2 2014, production of steel products also grew compared to Q1 2014: gross production by 7% and production net of re-rolled products by 6%.

Production of finished products rose by 9% due to seasonally strong demand for construction steel products (+12% vs. Q1 2014) and higher production of rails at the EVRAZ ZSMK rail mill.

In Q3 2014, crude steel production is expected to increase compared to Q2 2014 as no major maintenance works are planned at the steel mills. Q3 is normally a peak season for construction in Russia, and the demand for construction products is expected to remain high.

Selling prices for all product groups were higher quarter-on-quarter supported by stronger markets for EVRAZ goods.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Coke	133	128	172
Pig iron	307	305	290
Steel products			
Semi-finished products	427	406	410
Construction products	616	569	652
Railway products	807	775	839
Other steel products	612	594	637

NORTH AMERICA

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Crude steel	481	491	-1.9%	561	-14.3%
Steel products, net of re-rolled volumes	619	639	-3.0%	688	-10.0%
Construction products	79	85	-6.9%	104	-23.7%
Railway products	142	132	7.9%	118	20.6%
Flat-rolled products	147	151	-2.1%	267	-44.7%
Tubular products	250	271	-7.6%	200	25.5%

In Q2 2014, output of crude steel and total steel products decreased by 2% and 3% respectively compared to Q1 2014 due to the scheduled biannual Regina steel shop maintenance.

The year-on-year decreases in quarterly steel production, total output of steel products and in particular of flat-rolled products were driven mainly by the suspension of the EVRAZ Claymont operations from Q4 2013.

In Q2 2014, production of construction products (rods & bars) at EVRAZ Pueblo declined by 7% vs. Q1 2014 and by 24% vs. Q2 2013 as available crude steel volumes were primarily used in production of rails.

Production of rails increased by 8% vs. Q1 2014 and by 21% vs. Q2 2013 due to improved productivity at the Pueblo rail mill following the completion of the rail mill expansion project in Q4 2013.

Production of tubular goods decreased by 8% vs. Q1 2014 due to planned outages at tubular mills as well as certain changes in produced pipe size mix.

With the exception of rails, prices in North America increased as a result of improving market sentiment as well as a larger share of higher value-added flat-rolled marginal products (specialty and heat-treated plates). Rail prices declined following scrap price declining and a slightly lower share of premium rails.

In Q3 2014 crude steel output is expected to outperform the Q2 2014 results as market demand remains strong, and no major outages are planned for the second half of the year. Increased steel supply and a strong order book is expected to provide growth to tubular production in Q3 2014. A slight decrease in rail volumes is expected in Q3 2014 due to annual maintenance works.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Construction products	812	795	772
Railway products	956	983	949
Flat-rolled products	980	919	873
Tubular products	1,329	1,290	1,308

UKRAINE

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Coke (saleable)	186	145	28.4%	213	-12.8%
Pig iron	249	248	0.5%	254	-1.7%
Pig iron (saleable)	11	3	287.2%	5	100.2%
Crude steel	247	253	-2.3%	265	-6.9%
Steel products	219	214	2.1%	214	2.4%
Semi-finished products	103	121	-14.6%	78	31.4%
Finished products	116	94	23.5%	135	-14.0%
Construction products	97	74	32.2%	109	-10.9%
Other steel products	18	20	-8.3%	26	-29.4%

In Q2 2014, output of crude steel by EVRAZ Ukrainian steel mill, DMZ, decreased by 2% compared to Q1 2014 and by 7% compared to Q2 2013 as a result of maintenance works as well as increased pig iron to steel conversion ratio.

Production of steel products increased by 2% as lower crude steel production was offset by the use of semi-finished steel from stock. Production of finished steel products was 24% higher than in the previous quarter, mostly driven by EVRAZ's higher shipments of construction steel products to Russia and other destinations, as conversion costs improved due to the weaker Ukrainian hryvnia.

Selling prices for finished construction products declined in Q2 2014 due to lower share of domestic sales. Billet prices were stable compared to Q1 2014. Coke prices followed the weakening in coking coals prices during the period.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Coke (saleable)	159	179	226
Pig iron	327	351	383
Steel products			
Semi-finished products	452	449	476
Construction products	573	583	600
Other steel products	819	894	937

EUROPE

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Crude steel	0	131	n/a	100	n/a
Steel products, gross	0	129	n/a	259	n/a
Steel products, net of re-rolled volumes	0	129	n/a	257	n/a
Construction products	0	22	n/a	17	n/a
Flat-rolled products	0	103	n/a	234	n/a
Other steel products	0	5	n/a	6	n/a

On 3 April 2014, EVRAZ sold EVRAZ Vitkovice Steel for a total consideration of \$287 million.

Operations at EVRAZ Palini e Bertoli in Italy have remained suspended since August 2013.

SOUTH AFRICA

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Pig iron	191	152	25.7%	158	20.8%
Crude steel	170	150	13.3%	159	6.5%
Steel products	137	149	-8.3%	135	1.6%
Semi-finished products	6	9	-34.3%	0	n/a
Finished products	131	141	-6.7%	135	-2.5%
Construction products	50	43	14.8%	38	31.7%
Flat-rolled products	78	90	-13.5%	87	-10.6%
Other steel products	3	7	-53.2%	9	-65.1%

In Q2 2014, the output of pig iron and crude steel increased considerably compared to both Q1 2014 and Q2 2013 following improved stability throughout the iron making process, which resulted from operational improvements and following major repair of a furnace.

Production of steel products, in particular of flat-rolled products, decreased 8% vs. Q1 2014, as a result of operational challenges.

Production of steel products in Q3 2014 may be negatively affected by an industrial action by South African metalworkers which has been going on since 1 July.

Prices of semi-finished goods in Q2 2014 were in line with global steel prices. Prices for most finished products improved as a result of the weak Rand.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Semi-finished products	431	440	590
Construction products	680	642	767
Flat-rolled products	653	606	721
Other steel products	513	574	733

MINING SEGMENT

IRON ORE

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013*	Q2 2014/ Q2 2013, change
Sinter (Russia)	2,929	2,788	5.1%	2,970	-1.4%
Pellets (Russia)	1,575	1,572	0.2%	1,575	0.0%
Lumpy ore (Ukraine)	714	736	-3.0%	770	-7.2%
Fines ore (South Africa)	195	139	40.2%	188	3.7%
Lumpy ore (South Africa)	407	293	38.7%	379	7.3%

*Figures for Q2 2013 differ from those presented in the previous quarterly production reports and include sinter produced at EVRAZ ZSMK both from own and 3rd party primary concentrate.

In Q2 2014 production of iron ore products – sinter and pellets - in Russia grew by 3% vs. Q1 2014 primarily as a result of increased production at EVRAZ KGOK and more sinter produced at EVRAZ ZSMK beneficiation plant from third party ores. The share of own iron ore concentrate used in production of sinter and pellets in Russia decreased to 64% in Q2 2014 compared to 68% in Q1 2014 due to scheduled stoppage for upgrade of Evrazruda's Sheregesh iron ore mine in March-June 2014. The Sheregesh mine is expected to resume mining operations in the second half of July. The major expansion project carried out at Sheregesh is aimed at increasing the mine's capacity by 1.5 million tonnes of iron ore concentrate by 2017.

Despite the disposals of EVRAZ VGOK and three mines of Evrazruda in H2 2013, production of iron ore products in Q2 2014 vs. Q2 2013 was flat as the loss of own concentrate volumes for production of sinter and pellets was compensated with concentrate purchased in the market.

Production of lumpy iron ore at EVRAZ Sukha Balka in Ukraine declined by 3% compared to Q1 2014, mainly as a result of fewer working days and lower Fe content of the run-of-mine ore in the Yubileynaya mine. The ore quality and the bypassing to lower level of mining are two main factors for a 7% year-on-year decrease in production.

Production of iron ore at the Mapochs mine in South Africa in Q2 2014 improved compared to Q1 2014 following completion of repairs at the crushing facilities of the mine in January-February 2014.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Lumpy ore (Ukraine)	56	66	68
Sinter (Russia)	69	74	87
Pellets (Russia)	82	88	95
Fines ore (South Africa)	15	13	25

COAL

Product, '000 tonnes	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Raw coking coal (mined)	5,036	4,724	6.6%	4,332	16.2%
<i>Yuzhkuzbassugol</i>	2,467	2,867	-14.0 %	2,632	-6.3%
<i>Raspadskaya</i>	2,569	1,857	38.4%	1,700	51.1%
Coking coal concentrate (production)	3,384	3,285	3.0%	3,470	-2.5%
<i>Produced at Yuzhkuzbassugol coal washing plants</i>	1,374	1,580	-13.1%	1,460	-5.9%
<i>Produced at EVRAZ ZSMK coal washing plant</i>	500	588	-14.9%	658	-24.0%
<i>Produced at Raspadskaya coal washing plant</i>	1,510	1,117	35.2%	1,352	11.7%
Raw steam coal (mined)	290	467	-37.8%	476	-39.0%
Steam coal concentrate (production)	15	13	16.1%	53	-72.2%

Coking coal

In Q2 2014, production of coking coal by EVRAZ increased by 7% vs. Q1 2014 and by 16% vs. Q2 2013 driven by growth in the Raspadskaya's production. Share of own raw coal used in concentrate production increased to 96% in Q2 2014 compared to 94% in Q1 2014 and 92% in Q2 2013.

Production of raw coking coal by Yuzhkuzbassugol decreased by 14% compared to Q1 2014 due to repositioning of a longwall at the Uskovskaya mine and temporary suspension of mining at the Yesaulskaya mine because of the high water level in the mine. Lower production of raw coal resulted in a decline of production of coking coal concentrate at Yuzhuzbassugol's coal washing plants and EVRAZ ZSMK coal washing plant.

The 6% year-on-year decrease in production of raw coal and of coking coal concentrate by Yuzhkuzbassugol is attributable to a shutdown of the Abashevskaya mine in Q1 2014, as well as lower concentrate yield as a result of replacement of low ash coal from the Uskovskaya mine, which was closed for repositioning of a longwall in Q2 2014 with higher ash coal from the other mines.

Production of raw coking coal and coking coal concentrate at the Raspadskaya Coal Company increased by 38% and 35% respectively compared to Q1 2014, primarily driven by increased production at the Raspadskaya mine, the launch of a longwall at the MUK-96 mine and a shift to planned production volumes at the Razrez Raspadsky open-pit.

Production of raw coal and coking coal concentrate was 51% and 12% higher than in Q2 2013, mainly due to a continuing successful ramp-up of the Raspadskaya mine production.

The blended average selling price of coking coal concentrate decreased mostly due to lower export prices.

Average selling prices

USD/tonne (ex works)	Q2 2014	Q1 2014	Q2 2013
Raw coking coal	46	51	60
Raw steam coal	28	30	29
Coking coal concentrate	73	81	90
Steam coal concentrate		23	49

VANADIUM SEGMENT

Product, tonnes of V*	Q2 2014	Q1 2014	Q2 2014/ Q1 2014, change	Q2 2013	Q2 2014/ Q2 2013, change
Vanadium in slag (gross production)	5,415	4,989	8.5%	5,473	-1.1%
Russia	3,519	3,554	-1.0%	3,562	-1.2%
South Africa	1,896	1,436	32.1%	1,911	-0.8%
Vanadium in final products (saleable)			n/a		n/a
Ferrovandium	3,590	3,866	-7.1%	3,479	3.2%
Produced at own facilities	1,956	2,070	-5.5%	1,900	3.0%
Processed at 3rd parties' facilities	1,634	1,797	-9.0%	1,579	3.5%
Nitrovan®	734	611	20.1%	708	3.6%
Oxides, vanadium aluminium and chemicals	587	564	4.2%	433	35.5%

Calculated in pure vanadium equivalent.

Vanadium slag production increased by 9% compared to Q1 2014 due to higher output of pig iron and improved Vanadium recovery at EVRAZ Highveld in South Africa following completion of furnace's repair. Vanadium slag production in Russia was slightly down affected by maintenance works at EVRAZ NTMK's converter in May 2014.

Production of Ferrovandium in Q2 2014 decreased by 7% compared to Q1 2014. Production at own facilities was about 6% less due to scheduled maintenance and certain production challenges at EVRAZ Vanady Tula. Ferrovandium processed at third party facilities was 9% less than in Q1 2014 as a result of reduced slag supply from EVRAZ Highveld.



Production of Ferrovandium in Q2 2014 vs. Q2 2013 grew by 3% due to output growth both at own and third party facilities driven by increase of FeV production at EVRAZ Vanady Tula to support stronger offtake in the Russian market and the re-start of oxides conversion at BMC (US) (there was no conversion agreement with BMC in place for Q2 2013).

In Q2 2014, production of Nitrovan by Vametco in South Africa increased by 20% compared to the previous quarter as in Q1 2014 the plant's performance was impacted by several equipment failures and a 5-day suspension of operations initiated by the South African Department of Mineral Resources (DMR).

Production of oxides, vanadium aluminum and chemicals at EVRAZ Stratcor facility at Arkansas (US) was up 4% compared to Q1 2014 due to improved oxide extraction yields. The 36% increase vs. Q2 2013 is attributable to fully resolved issues with feedstock availability in 2014.

Average prices for Vanadium products kept on growing 2014 fuelled by pipeline projects in the CIS, Europe, and healthy steel demand in North America.

Average selling prices

USD/tonne of V (ex works)	Q2 2014	Q1 2014	Q2 2013
Ferrovandium	25,824	24,951	28,094
Nitrovan®	28,171	27,464	29,781
Oxides, vanadium aluminium and chemicals	33,602	32,161	35,646

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. For Ukraine they also include railway products, for Europe – slabs and cut shapes; for South Africa – rails.

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EVRAZ is a vertically integrated steel, mining and vanadium business with operations in the Russian Federation, Ukraine, Kazakhstan, USA, Canada, Czech Republic, Italy and South Africa. EVRAZ is among the top steel producers in the world based on crude steel production of 16.1 million tonnes in 2013. A significant portion of the company's internal consumption of iron ore and coking coal is covered by its mining operations. The company's consolidated revenues for the year ended 31 December 2013 were US\$14,411 million, and consolidated EBITDA amounted to US\$1,821 million.