EVRAZ Q1 2014 PRODUCTION REPORT and INTERIM MANAGEMENT STATEMENT

16 April 2014 — EVRAZ plc (LSE: EVR) today releases its operational results for the first quarter of 2014 and the Interim Management Statement.

Q1 2014 OPERATIONAL HIGHLIGHTS and RECENT DEVELOPMENTS:

- Consolidated crude steel production decreased by 8% in Q1 2014 vs. Q4 2013 due to scheduled maintenance works at Russian steel mills
- Consequently output of gross steel products declined by 4% due to lower availability of crude steel
- Share of finished steel products increased to 74% in Q1 2014 vs. 69% in Q4 2013 due to redistribution of available crude steel volumes towards production of higher margin finished products
- Output of iron ore products in Russia decreased by 2%, impacted by the disposal of EVRAZ VGOK in October 2013 and two mines of Evrazruda in December 2013
- Consolidated raw coking coal output decreased by 6% due to repositioning of longwalls at several underground mines and shutdown of the Abashevskaya mine. This was partially offset by the launch of a new longwall at the Raspadskaya underground mine
- Average prices for most of EVRAZ's steel products in Russia decreased in the period, although since March 2014 prices have started to increase as a result of the improving demand and the start of the construction season
- Average prices for the majority of steel products in North America rose, thanks to better product mix and high demand as well as lower imports
- Average prices for Russian-produced iron ore products and coking coal concentrate were flat, despite negative trends in the global steelmaking raw materials market
- In Q1 2014, the preliminary* capital expenditure amounted to $158 million, compared with $185 million in Q4 2013 and $262 million in Q1 2013. The company intends to keep its annual capital expenditures below $900 million in 2014 and beyond
- Since 31 December 2013 up to the date of this publication the Group's financial position has been affected by the disposal of EVRAZ Vitkovice Steel in April 2014 for a total consideration of $287 million and by depreciation of the Russian local currency
- In Q2 2014, EVRAZ expects to grow the output of crude steel and steel products at the Russian mills due to lower scheduled downtime for maintenance and repairs
- Hot tests are expected to be completed at the Kostanay rolling mill by the end of April and production to commence in Q2 2014

**Estimate as EVRAZ IFRS books are not yet closed*

STEEL SEGMENT

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Coke (saleable)	255	283	-9.8%	356	-28.3%
Pig iron	2,991	3,158	-5.3%	3,153	-5.1%
Pig iron (saleable)	77	119	-35.3%	46	67.3%
Crude steel	3,693	4,000	-7.7%	4,069	-9.2%
Steel products, gross*	3,789	3,934	-3.7%	4,022	-5.8%
Steel products, net of re-rolled volumes	3,374	3,738	-9.7%	3,601	-6.3%
Semi-finished products **	867	1,155	-24.9%	928	-6.6%
Finished products	2,507	2,583	-2.9%	2,673	-6.2%
Construction products	1,218	1,250	-2.6%	1,238	-1.7%
Railway products	508	510	-0.3%	381	33.5%
Flat-rolled products	348	366	-4.9%	579	-39.9%
Tubular products	275	282	-2.5%	226	21.5%
Other steel products	159	176	-9.5%	250	-36.3%

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'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	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Coke (saleable)	111	117	-5.5%	148	-25.5%
Pig iron	2,591	2,760	-6.1%	2,748	-5.7%
Pig iron (saleable)	74	110	-32.8%	44	69.8%
Crude steel	2,666	2,986	-10.7%	2,948	-9.6%
Steel products, gross	2,649	2,780	-4.7%	2,726	-2.8%
Steel products, net of re-rolled volumes	2,582	2,754	-6.2%	2,640	-2.2%
Semi-finished products	1,086	1,214	-10.6%	1,173	-7.4%
Finished products	1,497	1,540	-2.8%	1,467	2.0%
Construction products	993	1,016	-2.2%	993	0.0%
Railway products	376	380	-1.0%	261	44.1%
Other steel products	127	144	-11.7%	213	-40.2%

In Q1 2014, pig iron and crude steel output decreased by 6% and 11% respectively compared to Q4 2013 due to scheduled maintenance works at blast furnaces and converters of both EVRAZ ZSMK and EVRAZ NTMK.

Lower production of crude steel led to a decrease in production of steel products, with the output of semi-finished products affected the most – a decline of 11%, and finished goods – by 3%.

The scheduled maintenance works at EVRAZ ZSMK and EVRAZ NTMK also led to a year-on-year decrease in output, while the production of railway products rose due to increased production of rails at the new EVRAZ ZSMK rail mill.

In Q2 2014, crude steel production is expected to increase compared to Q1 2014 due to lower downtime on scheduled maintenance works. The output of finished goods, in particular construction products, is also expected to increase on the back of stronger seasonal demand.

In Q1 2014, selling prices for semi-finished steel products increased reflecting stronger demand in the global steel market, mostly from South East Asia. Average domestic prices for steel products were lower than in Q4 2013 due to the depreciation of the local currency, but began to rise in March 2014 reflecting growing seasonal demand.

Average selling prices

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Coke	128	137	178
Pig iron	305	317	291
Steel products			
Semi-finished products	406	399	419
Construction products	569	632	674
Railway products	775	847	910
Other steel products	594	644	651

NORTH AMERICA

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Crude steel	494	510	-3.2%	562	-12.2%
Steel products, net of re-rolled volumes	647	701	-7.7%	707	-8.5%
Construction products	86	78	9.6%	85	1.2%
Railway products	132	130	1.9%	120	10.3%
Flat-rolled products	154	211	-27.0%	276	-44.2%
Tubular products	275	282	-2.5%	226	21.5%

In Q1 2014, crude steel output decreased by 3% compared to Q4 2013 due to maintenance downtime at EVRAZ Regina in January 2014. The year-on-year 12% decrease in quarterly steel production is related mainly to suspension of the EVRAZ Claymont operations from Q4 2013.

Total steel products' and flat-rolled products' output decreased by 8% and 27% compared to Q4 2013, respectively, mostly due to suspension of the Claymont plant and scheduled maintenance works at the Portland mill.

Production of rails increased following the completion of capacity expansion project at the Pueblo rail mill by 2% and 10% compared to Q4 2013 and Q1 2013 respectively. The rail mill has been operating at its new uprated capacity of 526,000 tonnes of rails per annum since 2013 year-end.

Production of tubular goods decreased by 3% quarter-on-quarter reflecting normal seasonal trends and increased by 22% compared to Q1 2013, mainly due to stronger demand for ERW line pipes and higher production of larger diameter pipes as a result of improved operational performance.

In Q1 2014, production of construction products grew by 10%, supported by market demand.

Prices in North America, except for tubular goods, improved throughout the quarter as a result of better product mix and high demand as well as lower imports level in the flat-rolled market. The decrease in average tubular prices was driven by CAD weakening against USD and import increases.

In Q2 2014 output of tubular goods is expected to be in line with Q1 2014 despite seasonal factors driven by strong order books both for OCTG and larger diameter pipes. The rail order book is full through Q2 2014. Flat-rolled product volumes will be affected by the planned Regina steel shop maintenance.

Average selling prices

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Construction products	790	746	792
Railway products	983	925	935
Flat-rolled products	915	839	874
Tubular products	1,292	1,310	1,381

UKRAINE

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Coke (saleable)	145	166	-12.9%	208	-30.3%
Pig iron	248	237	4.7%	231	7.4%
Pig iron (saleable)	3	9	-67.9%	2	19.8%
Crude steel	253	239	5.5%	244	3.5%
Steel products	214	223	-3.8%	211	1.6%
Semi-finished products	121	111	8.7%	83	45.0%
Finished products	94	112	-16.2%	128	-26.6%
Construction products	74	91	-19.2%	106	-30.3%
Other steel products	20	21	-2.7%	22	-9.2%

In Q1 2014, output of pig iron and of crude steel rose by 5% and by 6% respectively compared to Q4 2013 and by 7% and 4% respectively compared to Q1 2013 as a result of increased efficiency of blast furnaces due to operational improvements in the melting process, coke quality and less downtime for repairs.

Production of steel products decreased by 4% compared to Q4 2013, when rolling mills used ingots from stock which added additional tonnages of steel products in Q4 2013. Production of semi-finished grew by 9% due to increased demand and more favourable pricing in export markets, while production of finished products, mainly construction products, fell by 19% following a drop in export volumes of construction products to Russia due to the growing substitution on the part of Russian domestic producers.

Selling prices decreased in Q1 2014 due to the devaluation of local currencies in Ukraine and Russia.

<u>Average selling prices</u>

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Coke (saleable)	179	199	214
Pig iron	351	352	389
Steel products			
Semi-finished products	449	452	475
Construction products	583	611	610
Other steel products	894	788	894

EUROPE

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Crude steel	131	102	28.6%	140	-6.7%
Steel products, gross	129	114	13.4%	254	-49.1%
Steel products, net of re-rolled volumes	129	114	13.4%	247	-47.7%
Construction products	22	28	-22.9%	14	55.6%
Flat-rolled products	103	83	24.5%	228	-54.8%
Other steel products	5	3	44.7%	5	-15.1%

In Q1 2014, production of crude steel increased by 29% compared to Q4 2013 as EVRAZ Vitkovice Steel's steel shop was operative in only the first two months in Q4 2013 as a result of weak year-end demand for steel products, in particular plate, in Europe. Demand improved in Q1 2014 and was reflected in an increase in production of flat-rolled products quarter-on-quarter by 25%, as well as in prices.

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

Operations at EVRAZ Palini e Bertoli in Italy remained suspended throughout Q1 2014.

Average selling prices

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Construction products	891	892	890
Flat-rolled products	724	707	683

SOUTH AFRICA

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Pig iron	152	161	-5.6%	174	-12.5%
Crude steel	150	164	-8.6%	175	-14.5%
Steel products	149	116	28.1%	124	20.5%
Semi-finished products	9	0	n/a	0	n/a
Finished products	141	116	20.8%	124	13.6%
Construction products	43	37	16.8%	41	5.5%
Flat-rolled products	90	72	25.9%	74	21.9%
Other steel products	7	8	-8.3%	9	-19.7%

In Q1 2014, the output of pig iron by EVRAZ Highveld decreased by 6% compared to Q4 2013 and by 13% compared to Q1 2013, due to a blast furnace undergoing a major repair in H2 2013 and the first two months of 2014. Because of this and due to pig iron quality issues in Q1 2014, crude steel production decreased by 9% vs. Q4 2013 and by 15% vs. Q1 2013.

The increase in production of most steel product groups in Q1 2014 compared to Q4 2013 is mainly due to the low base effect as operations at the end of 2013 were hampered by numerous incident-related as a result of accidents, while work in Q1 2014 was largely stable. The stronger demand for flat products, in particular coil, mainly driven by export markets, was also supportive of production.

Prices of semi-finished goods increased in Q1 2014 in line with global steel prices.

Average selling prices

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Steel products			
Semi-finished products	440	156*	539
Construction products	642	632	789
Flat-rolled products	606	609	721
Other steel products	574	497	643

**The calculation includes a year-end adjustment to the selling expenses. The price excluding the adjustment would be $357/t*

MINING SEGMENT

IRON ORE

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Sinter (Russia)*	2,788	2,886	-3.4%	3,147	-11.4%
Pellets (Russia)	1,572	1,575	-0.2%	1,544	1.9%
Lumpy ore (Ukraine)	736	796	-7.5%	691	6.5%
Fines ore (South Africa)	139	145	-3.7%	164	-15.1%
Lumpy ore (South Africa)	293	298	-1.7%	376	-22.0%

**Figures for Q1 2013 and Q4 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 Q1 2014 production of iron ore products in Russia decreased by 2% vs. Q4 2013 primarily as a result of the disposal of Teya and Abakan mines of Evrazruda in December 2013. The year-on-year changes are also explained by the shutdown of Evrazruda's Irba mine in July 2013 and the disposal of EVRAZ VGOK in October 2013. The share of own iron ore concentrate used in production of sinter and pellets in Russia decreased to 68% in Q1 2014 compared with 80% in Q4 2013.

Production of lumpy iron ore at EVRAZ Sukha Balka in Ukraine fell by 8% compared to Q4 2013, mainly as a result of fewer working days in Q1 2014, while year-on-year production of lumpy ore increased by 7% due to improved productivity at the Yubileynaya mine.

Production of iron ore at the Mapochs mine in South Africa in Q1 2014 was negatively affected by repairs at the crushing facilities of the mine in January-February 2014.

The prices for iron ore products marginally softened.

Average selling prices

$/tonne (ex works)	Q1 2014	Q4 2013	Q1 2013
Lumpy ore (Ukraine)	66	68	63
Sinter (Russia)	74	76	70
Pellets (Russia)	88	88	79
Fines ore (South Africa)	13	14	35

COAL

Product, '000 tonnes	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Raw coking coal (mined)	4,724	5,048	-6.4%	4,751	-0.6%
Yuzhkuzbassugol	*2,867*	*3,193*	*-10.2%*	*2,490*	*15.1%*
Raspadskaya	*1,857*	*1,855*	*0.1%*	*2,261*	*-17.9%*
Coking coal concentrate (production)	3,285	3,348	-1.9%	3,382	-2.9%
Produced at Yuzhkuzbassugol coal washing plants	*1,580*	*1,579*	*0.1%*	*1,280*	*23.4%*
Produced at EVRAZ ZSMK coal washing plant	*588*	*657*	*-10.5%*	*644*	*-8.7%*
Produced at Raspadskaya coal washing plant	*1,117*	*1,112*	*0.4%*	*1,457*	*-23.4%*
Raw steam coal (mined)	467	456	2.4%	19	2379.9%
Steam coal concentrate (production)	13	16	-19.5%	10	24.8%

Coking coal

In Q1 2014 Yuzhkuzbassugol decreased production of raw coking coal by 10% compared to Q4 2013 due to repositioning of longwalls at several mines – Yesaulskaya (inoperative in March-April), Alardinskaya (in February-March), and the discontinuation of tunneling works at the Abashevskaya mine as part of preparatory works for its shutdown.

Production of coking coal concentrate at Yuzhkuzbassugol was flat quarter-on-quarter and increased by 23% year-on-year due to increased availability of raw coking coal following the launch and ramp-up of Yerunakovskaya VIII mine. The additional volumes of raw coking coal were processed at Yuzhkuzbassugol's Kuznetskaya coal washing plant and at third party facilities.

Production of raw coking coal and coking coal concentrate at Raspadskaya Coal Company was flat compared to Q4 2013 and decreased compared to Q1 2013 due to the scheduled repositioning of the longwall at the MUK-96 mine. This decline was partly offset by increased output at the Raspadskaya underground mine following the launch of a longwall in December 2013. The mining volumes at the Raspadskaya underground mine are expected to increase further in Q2 2014 with the launch of the second longwall in March 2014.

Production of coking coal concentrate at EVRAZ ZSMK coal washing plant in Q1 2014 was adjusted in line with the decreased consumption of coke in steelmaking process due to maintenance works at a blast furnace.

The blended average selling price of coking coal concentrate was flat in Q1 2014 compared to Q4 2013.

Average selling prices

$/tonne (ex works)	**Q1 2014**	**Q4 2013**	**Q1 2013**
Raw coking coal	51	55	61
Raw steam coal	30	31	12
Coking coal concentrate	81	82	100
Steam coal concentrate	23	0	0

VANADIUM SEGMENT

Product, tonnes of V*	Q1 2014	Q4 2013	Q1 2014/ Q4 2013, change	Q1 2013	Q1 2014/ Q1 2013, change
Vanadium in slag (gross production)	4,989	5,433	-8.2%	5,363	-7.0%
Russia	3,554	3,770	-5.7%	3,735	-4.8%
South Africa	1,436	1,663	-13.7%	1,628	-11.8%
Vanadium in final products (saleable)			n/a		n/a
Ferrovanadium	3,866	3,566	8.4%	3,464	11.6%
Produced at own facilities	2,070	1,815	14.0%	1,875	10.4%
Processed at 3rd parties' facilities	1,797	1,751	2.6%	1,589	13.1%
Nitrovan®	611	435	40.4%	715	-14.5%
Oxides, vanadium aluminium and chemicals	414	369	12.1%	491	-15.6%

* *Calculated in pure vanadium equivalent.*

Vanadium slag production decreased by 8% compared to Q4 2013 due to lower output of pig iron both at EVRAZ NTMK in Russia and EVRAZ Highveld in South Africa due to reasons described above.

Despite the decrease in production of slag, Ferrovanadium output in Q1 2014 increased by 8% compared to Q4 2013 driven by the increased production at own facilities – by 14% which resulted from higher volumes of conversion of third party oxides.

Production of Ferrovanadium in Q1 2014 vs. Q1 2013 grew by 12% due to a 10% increase in production at own facilities as a result of consumption of pentoxide stocks at EVRAZ Vanady Tula and a 13% increase in production at 3rd parties' facilities due to higher production at Hochvanadium.

In Q1 2014, production of Nitrovan by Vametco in South Africa grew by 40% compared to Q4 2013, as Nitrovan output was impacted by a labour strike at Vametco in South Africa lasting from September until mid-October 2013 and a temporary suspension of operations in the plant initiated by the South African Department of Mineral Resources (DMR), which lasted for two weeks in November-December 2013. The 15% decrease in Nitrovan production year-on-year is attributable to a temporary Vametco suspension by DMR and operational issues at EVRAZ Highveld's vanadium plant that resulted in lower slag dispatches to Vametco.

Production of oxides, vanadium aluminum and chemicals increased by 12% compared to Q4 2013 due to improved oxide extraction yields in Q1 2014.

Average prices for Ferrovanadium and Nitrovan remained broadly unchanged in Q1 2014 compared to Q4 2013. Prices for oxides, vanadium aluminium and chemicals decreased due to change in the sales mix.

Average selling prices

$/tonne of V (ex works)	Q1 2014	Q4 2013	Q1 2013
Ferrovanadium	24,951	24,525	28,814
Nitrovan®	27,464	26,507	30,690
Oxides, vanadium aluminium and chemicals	32,161	35,444	33,266

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.