



Q1 2021 Trading update

Management Call

📅 30 April 2021



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Introduction

Nikolay Ivanov
Chief Financial Officer

- **Consolidated crude steel** output fell by 1.7% QoQ mainly due to unscheduled downtime of the sintering machine at EVRAZ ZSMK
- **Total sales of steel products** dropped by 9.9% QoQ, driven primarily by lower sales of semi-finished products amid reduced steel availability due to lower pig-iron production volumes as well as seasonal decline in sales of construction products and local decrease in demand for rails in Russia
- **Total raw coking coal production** climbed by 7.8% QoQ as Uskovskaya mine finished moving to a new longwall and the Erunakovskaya mine dealt with the impact on its production from higher gas levels in Q4 2020. Razrez Rapsadsky increased its volumes by 120% QoQ after resuming production in Q3 2020
- **Coking coal concentrate production** grew by 3.6% QoQ, mainly due to increased coal mining volumes
- **External sales of iron ore products** fell by 30.1% QoQ following a decline in concentrate production at EVRAZ KGOK which went down due to lower Fe content in mined ore and severe weather conditions, resulted in unscheduled equipment repairs. In addition, shipments of iron ore products to EVRAZ NTMK were increased to restore reserves
- **Sales of vanadium products** fell by 19.7% QoQ due to serving the more active Chinese oxide market (supported by destocking) as well as accelerating oxide sales by changing the regional oxide sales mix in Q4 2020

Q1 2021 total numbers



Product, kt	Q1 2021	Q4 2020	Q1 2021/ Q4 2020, change	Q1 2020	Q1 2021/ Q1 2020, change
Total crude steel production	3,409	3,467	-1.7%	3,559	-4.2%
Russia	2,921	3,044	-4.0%	3,121	-6.4%
North America	488	423	15.4%	438	11.4%
Total raw coking coal mined	6,492	6,021	7.8%	5,692	14.1%
Total coking coal concentrate production	4,236	4,088	3.6%	3,747	13.1%
Iron ore products production	3,394	3,642	-6.8%	3,595	-5.6%
Total sales of steel products	3,071	3,410	-9.9%	3,225	-4.8%
Semi-finished products	1,406	1,707	-17.6%	1,443	-2.6%
Finished products	1,665	1,703	-2.2%	1,782	-6.6%
Total sales of third-party steel products	134	209	-35.9%	175	-23.4%
Sales of coking coal products	2,824	2,797	1.0%	3,278	-13.8%
Sales of iron ore products	311	445	-30.1%	355	-12.4%
Sales of vanadium final products¹	3,378	4,207	-19.7%	3,168	6.6%

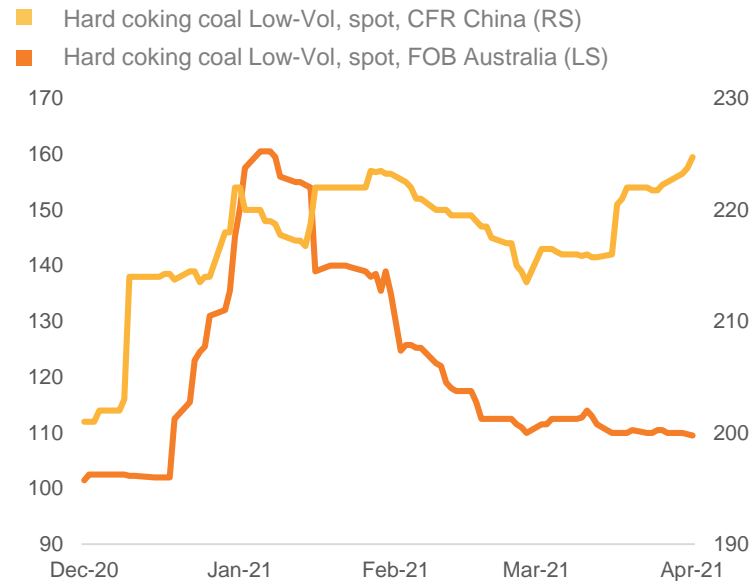
Note: numbers in this table may not add up to totals due to rounding

¹ in tonnes of pure vanadium

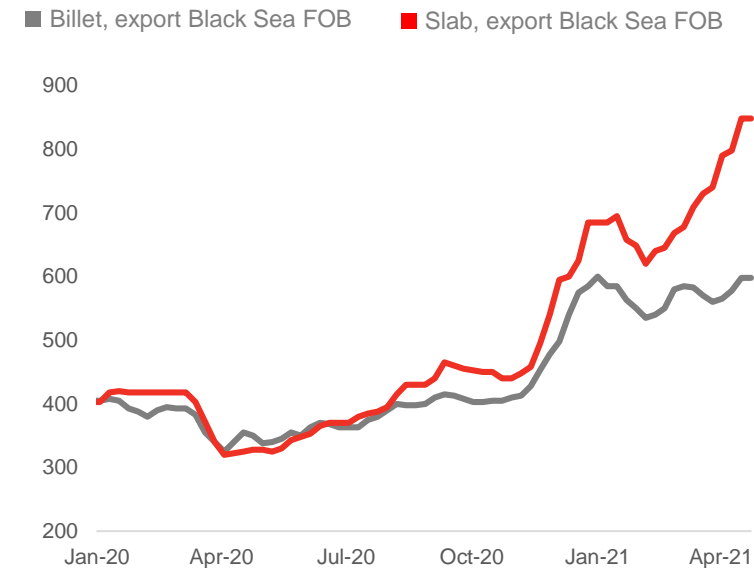
Global trends in Q1 and outlook for Q2 2021

- China's restrictions on Australian coal imports led to a fall in prices on FOB Australia basis, however Australian coal supply remains high thanks to “take or pay” agreements with ports and railways. A low-priced environment looks to stay in Q2 2021
- Iron ore prices remained at the high levels. Strong demand may continue as China’s construction season will keep demand elevated
- CIS billet and slab export prices were on the way up as the higher offers from producers were gaining traction. The market is getting used to the increased price level and should intensify purchases at the beginning of the construction season
- The environmental restrictions on steel production in China which were announced in Q1 2021 are likely to allow prices for final products to remain on elevated levels

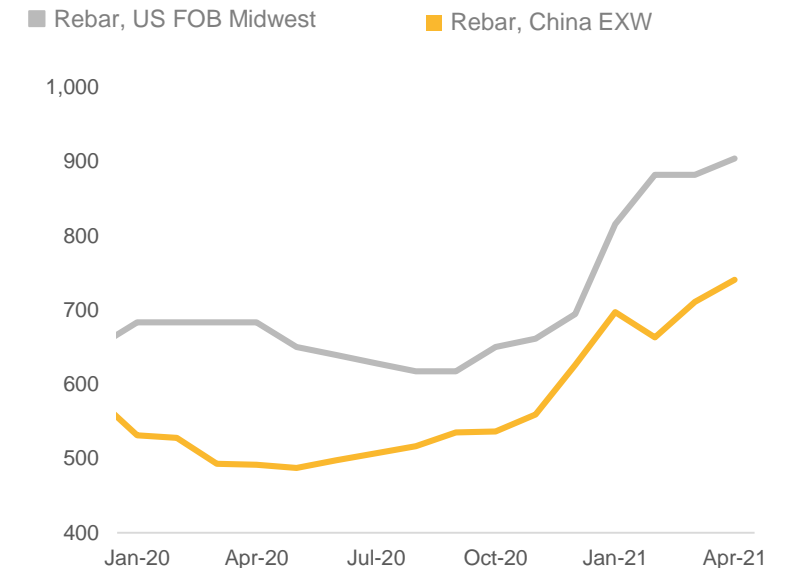
Global coking coal prices, \$/t



Semi-finished products prices, \$/t



Long steel prices, \$/t



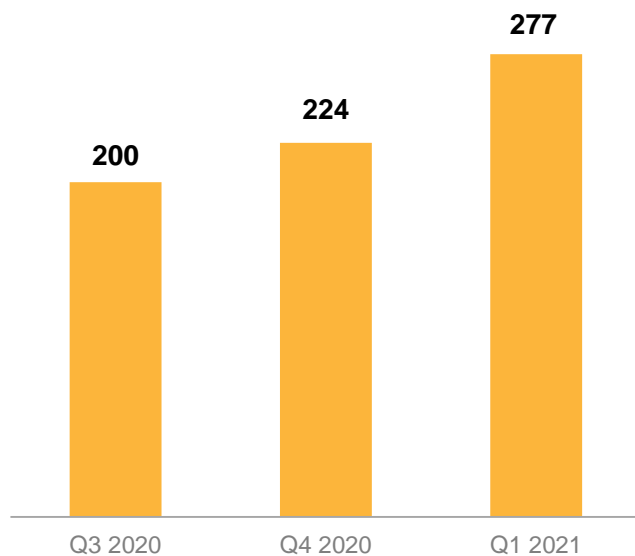
Source: CRU, Metal Expert

Slab cash-cost increased QoQ mainly due to higher raw material prices

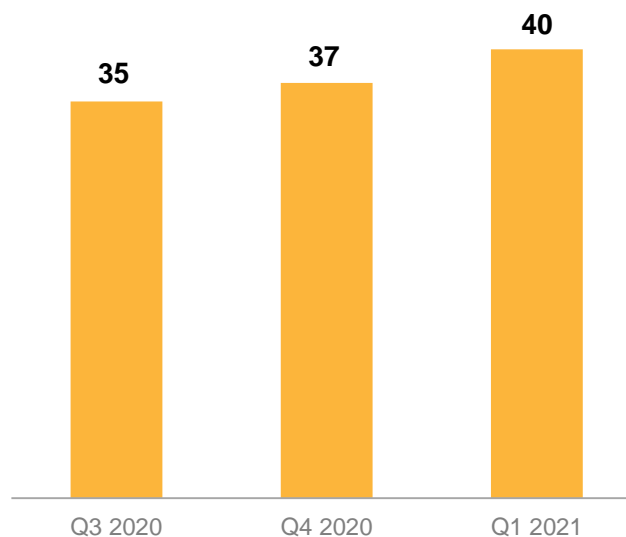
Iron ore products cost increased QoQ due to lower production volumes and unfavorable forex effect

Washed coking coal cash-cost increased QoQ mainly due to change in product mix

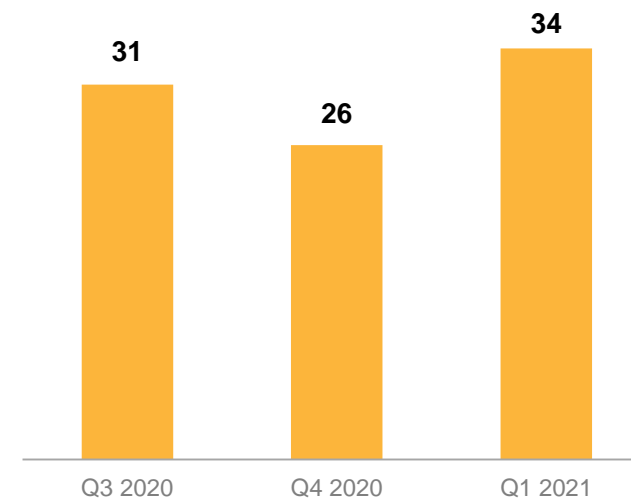
Cash cost of slab of Russian steel plants, \$/t



Cash cost of Russian iron ore products, \$/t



Cash cost of washed coking coal, \$/t



Source: Company information

Source: Company information

Source: Company information

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Steel segment

Nikolay Ivanov
Chief Financial Officer

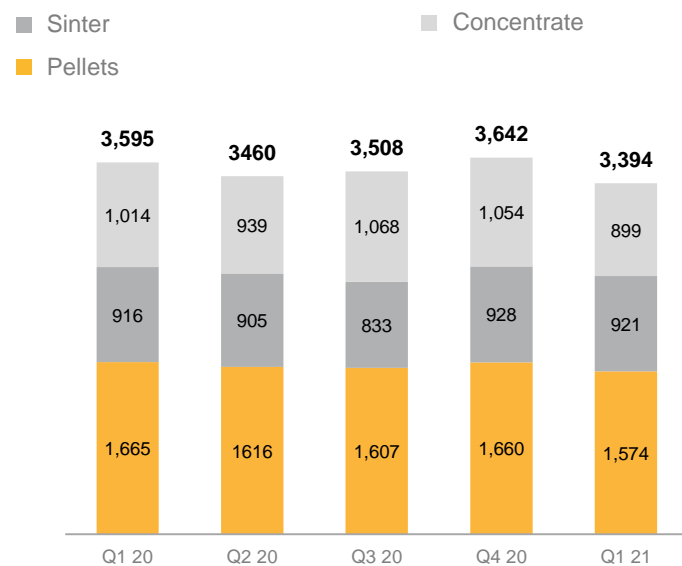
Steel segment - production

Output of iron ore products decreased by 6.8% QoQ due to unscheduled equipment downtime at EVRAZ ZSMK as well as due to reduced production at EVRAZ KGOK amid lower Fe content in mined ore and severe weather conditions

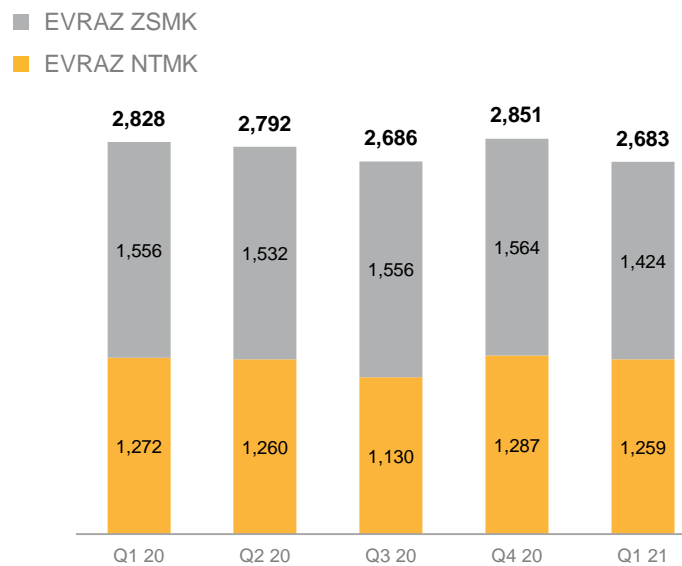
Pig iron production decreased by 5.9% QoQ, mainly due to lower iron ore products output at EVRAZ ZSMK. Another factor was capital repairs at EVRAZ NTMK's blast furnace no. 6 in February 2021

Crude steel output went down by 4.0% QoQ, in line with the decline of pig iron production volumes

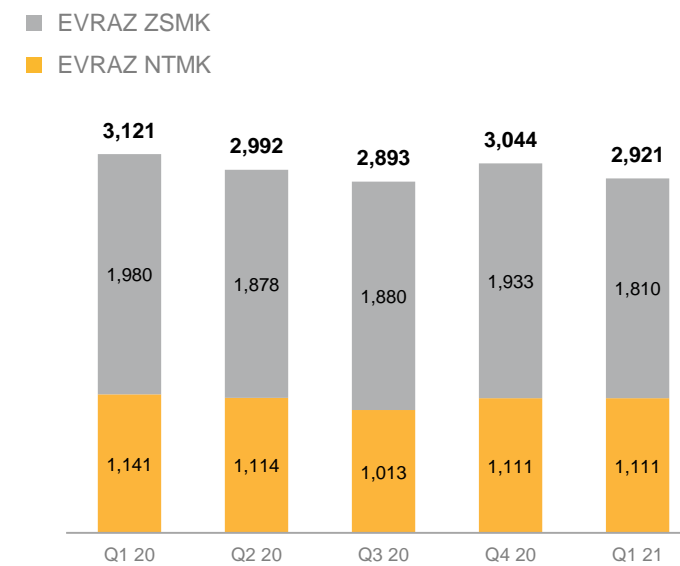
Iron ore products, kt



Pig iron, kt



Crude steel, kt



Source: Company information

Source: Company information

Source: Company information

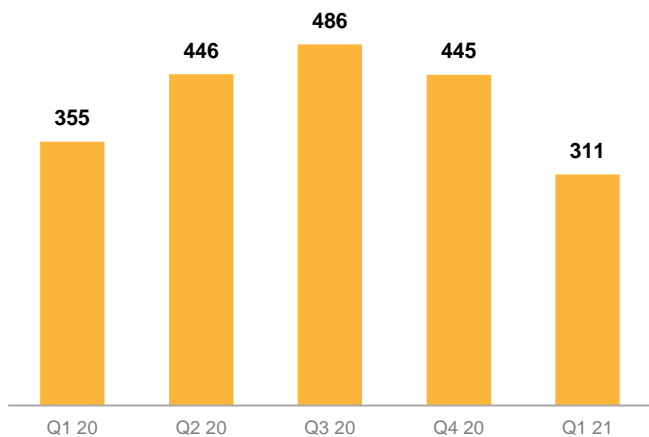
Steel segment - sales

Sales of iron ore products went down by 30.1% QoQ following decline in Fe content in mined ore and severe weather conditions at EVRAZ KGOK as well as due to higher shipments to EVRAZ NTMK in order to restore reserves

Sales of semi-finished products decreased by 17.6% QoQ due to reduced steel availability amid lower pig-iron production volumes

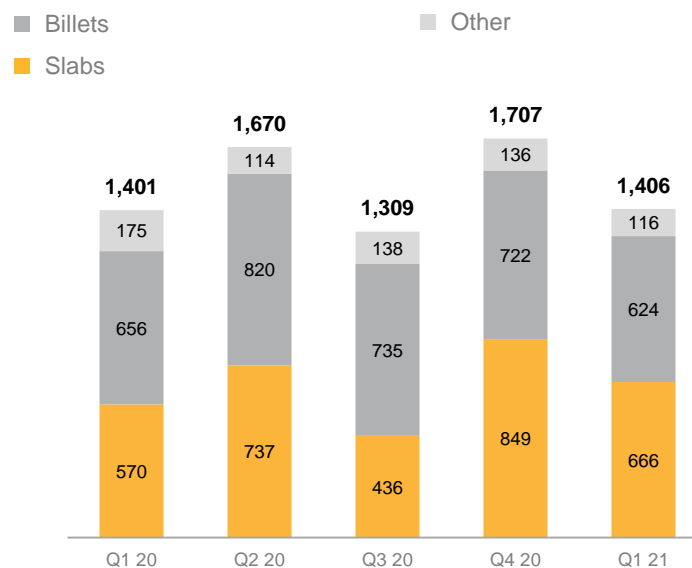
Sales of construction products declined by 6.0% and **railway products** by 12.8% QoQ following seasonally lower demand and price volatility as well as local decline in demand of RZD for rails and shift of execution deadlines for some tenders

Iron ore products sales, kt



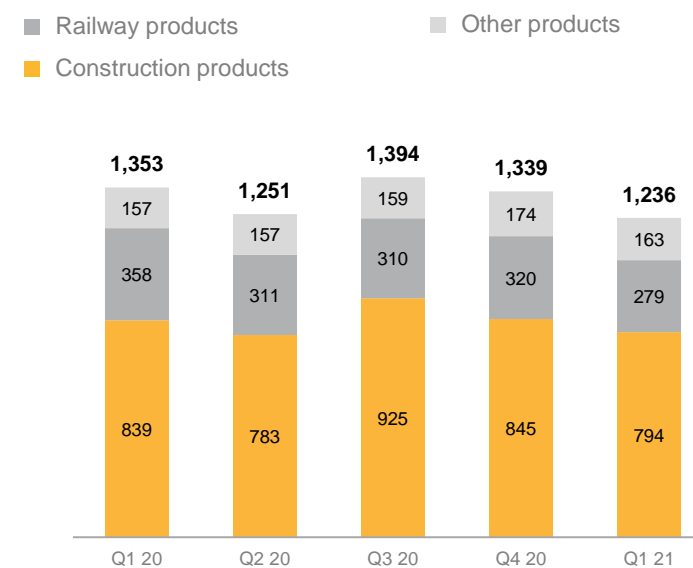
Source: Company information

Semi-finished products sales, kt



Source: Company information

Finished products sales, kt



Source: Company information

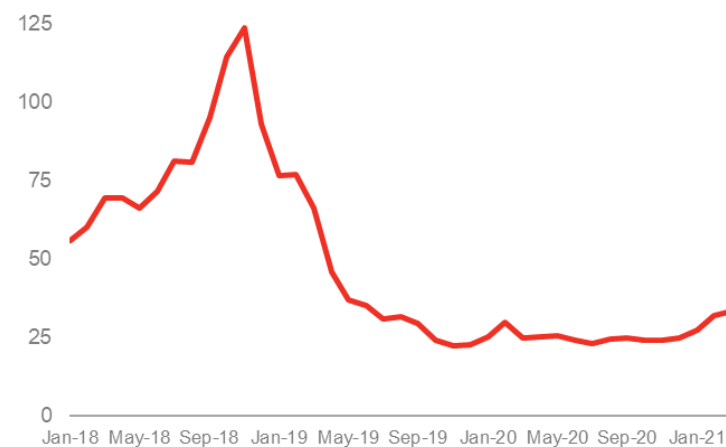
The average **Ferrovanadium MB index** has increased to \$30.9/kgV in Q1 2021, supported by strong demand recovery in Europe and North America

Gross slag production volumes declined QoQ due to scheduled equipment maintenance

Sales of vanadium products fell by 19.7% QoQ due to serving the more active Chinese oxide market (supported by destocking) as well as accelerating oxide sales by changing the regional oxide sales mix in Q4 2020

Vanadium price, \$/kgV

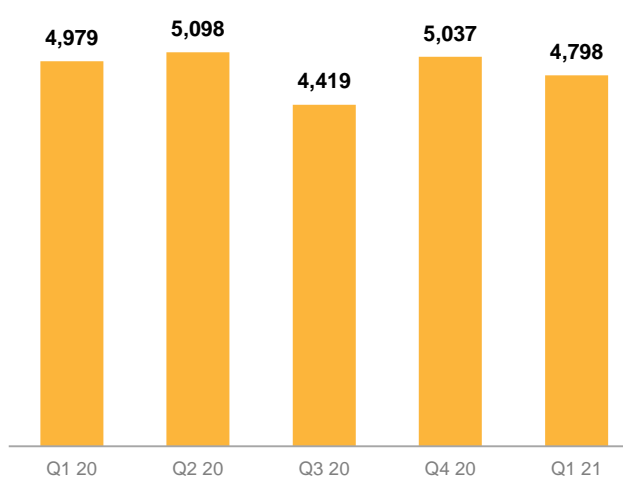
■ LMB FeV mid



*In tonnes of pure vanadium

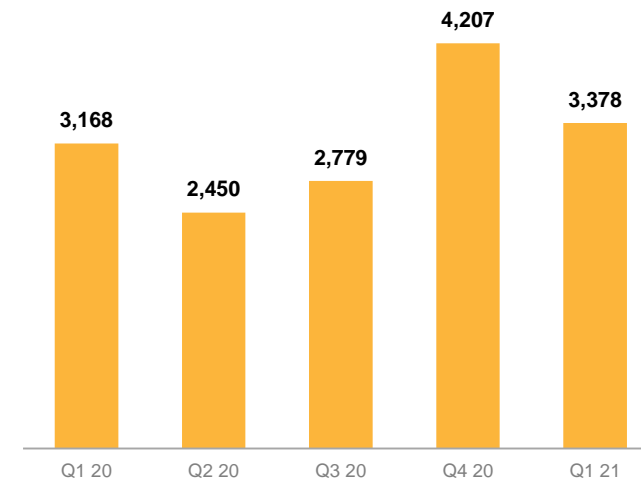
Source: Company information

Gross vanadium slag production*, t



Source: Company information

Vanadium final products sales*, t



Source: Company information

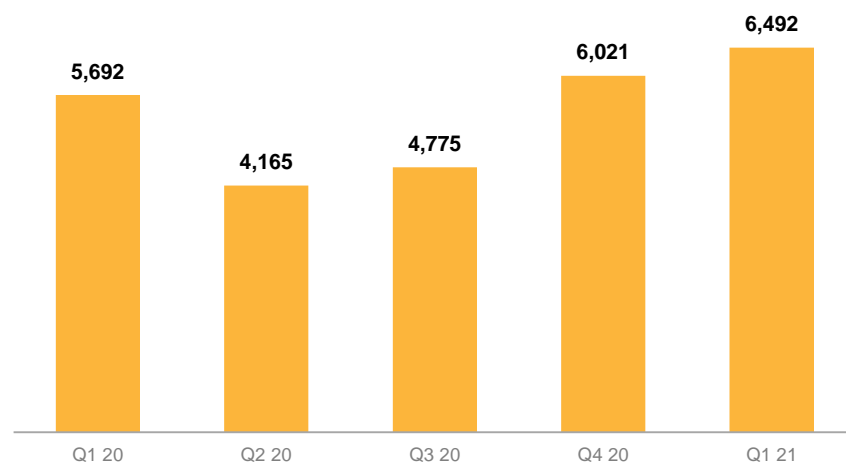
Coal segment

Evgeny Terekhov

Commercial Director, Coal division

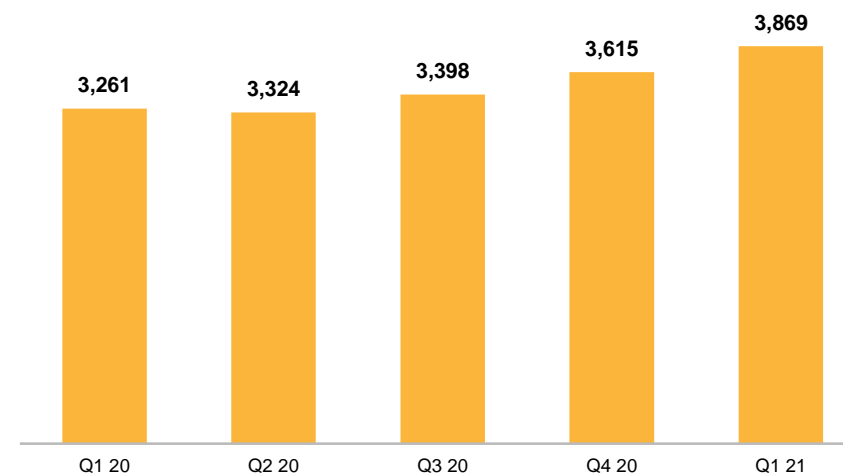
- **Raw coking coal output** climbed by 7.8% QoQ, most of the growth came from the Novokuznetsk site, where the Uskovskaya mine finished moving to a new longwall and the Erunakovskaya mine dealt with the impact on its production from higher gas levels in Q4 2020
- **Mezhdurechensk site's overall output** was little changed, Razrez Raspadsky increased its volumes by 120% QoQ after resuming production in Q3 2020
- **Output of coking coal concentrate** rose by 7.0% QoQ, mainly due to increased coal mining volumes

Raw coking coal (mined), kt



Source: Company information

Coking coal concentrate (production), kt



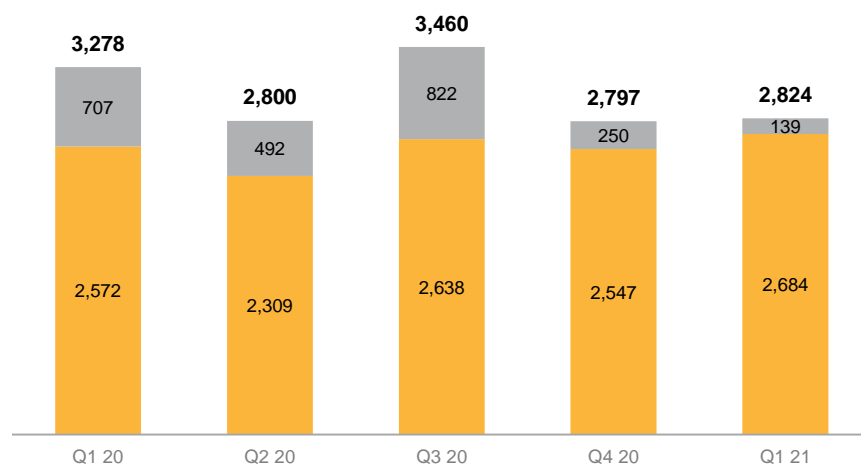
Source: Company information

Coal segment - sales

- External sales volumes of coking coal concentrate grew by 5.4% QoQ amid higher production volumes
- External sales volumes of raw coking coal fell by 44.3% QoQ, due to a change in the product mix as the Group worked to maximise concentrate shipments
- Intersegment sales volumes of coking coal products dropped by 7.4% QoQ, mainly due to lower shipments of Zh and K-grade coal as the mines built up reserves to keep supply stable while moving to new longwalls in the summer. In addition, temporary stripping work at Raspadsky-Koksovy reduced the availability of OS-grade coal for sale

External sales, kt

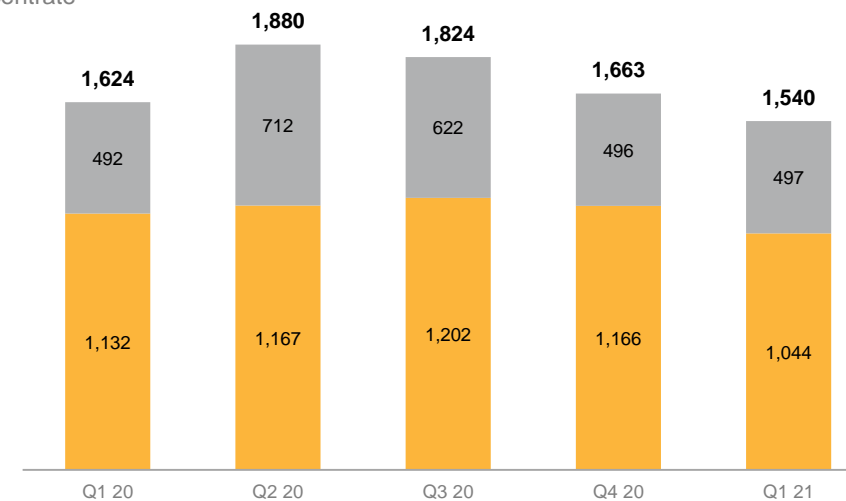
■ Raw coal
■ Coal concentrate



Source: Company information

Intersegment sales, kt

■ Raw coal
■ Coal concentrate



Source: Company information

Steel, North America segment

Olesya Afanasyeva

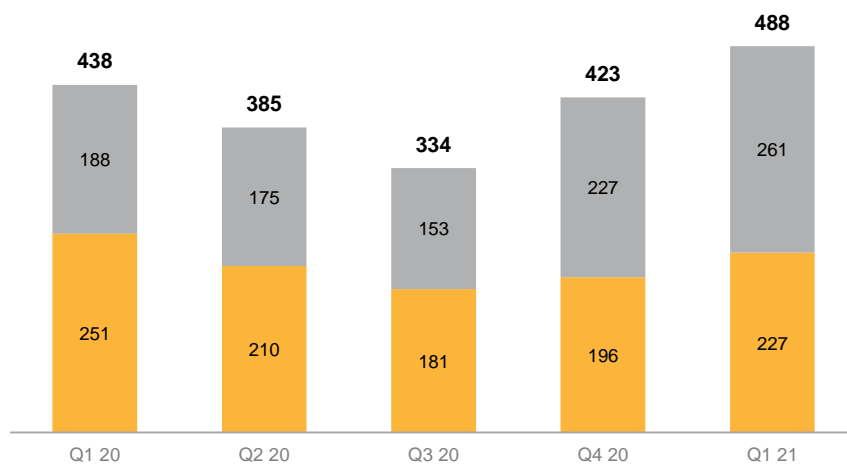
Chief Financial Officer, EVRAZ North America

Steel, North America segment

- **Crude steel production** climbed by 15.4% QoQ amid quick recovery of demand for flat products from the market downturn caused by the COVID-19 pandemic driving the increased output of EVRAZ Regina (Canada), accompanied by higher production at EVRAZ Pueblo (US) due to improved market conditions and the resumption of operations after a planned maintenance shutdown in Q4 2020
- **Sales of flat-rolled products** surged by 48.8% QoQ as market conditions strengthened in Q1 2021
- **Sales of construction products** increased by 12.3% QoQ amid improved demand and additional available steel capacity as the seamless mill remained idle
- **Sales of railway products** grew by 8.2% QoQ on improving market demand from major railways
- **Tubular products** sales volumes decreased by 8.0% QoQ, primarily driven by the completion of 2020 orders

Crude steel - production volumes, kt

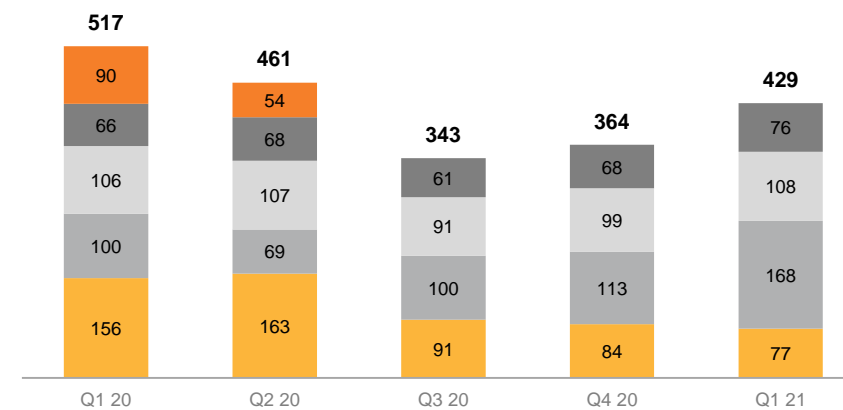
■ EVRAZ Regina (Canada)
■ EVRAZ Pueblo (US)



Source: Company information

Steel products - sales volumes, kt

■ Flat products ■ Railway products ■ Semi-finished products
■ Tubular products ■ Construction products



Source: Company information

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Outlook

Nikolay Ivanov
Chief Financial Officer

- **Steel segment**

- In Q2 2021, pig iron production volumes are expected to slightly increase following the completion of equipment downtime in Q1 2021 at EVRAZ ZSMK
- Iron ore pellets and sinter production volumes are expected to remain flat

- **Coal segment**

- In Q2 2021, raw coal production is expected to decrease QoQ amid the longwall move at the Alardinskaya and Rospadskaya mines
- This will be partly offset by favourable mining and geological conditions at the Esaulskaya mine, as well as a planned production increase at the Razrez Rospadsky open pit

- **Steel, North America segment**

- In Q2 2021, steel production is expected to remain flat QoQ amid a planned maintenance outage at EVRAZ Regina
- We expect the market sentiment to remain strong and improve QoQ in the product segments we serve
- For tubular products, the improved market demand for OCTG will allow us to restart some of our OCTG facilities that have been idle since 2020



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