



## EVRAZ Q4 2018 and FY 2018 TRADING UPDATE

**31 January 2019** — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Group”) today released its trading update for the fourth quarter and full year of 2018.

### Q4 2018 vs Q3 2018 HIGHLIGHTS

- In Q4 2018, EVRAZ’ consolidated crude steel output was flat QoQ at 3.1 million tonnes.
- Sales volumes of semi-finished products fell by 16.0% QoQ, primarily due to production decrease in August-September amid capital repairs of blast furnace no.3 at EVRAZ ZSMK which mostly influenced the Q4 2018 sales as well as due to late shipment of products in December 2018 (transfer of title took place in January 2019 taking into account the delivery time).
- Sales of finished products edged down by 1.6%, which was mostly attributable to lower sales volumes of construction and railway products amid a seasonal reduction in market demand.
- Production of raw coking coal climbed by 15.3% QoQ to 6.9 million tonnes due to increased longwall productivity at the Rapsadskaya mine, as well as from bringing mothballed equipment back online and hiring third-party contractors at Rapsadsky open-pit mine and the open-pit at Rapsadskaya-Koksovaya site.
- Coking coal product sales grew by 4.7% QoQ, mainly due to higher export sales amid favourable market conditions and higher shipments to deliver outstanding volumes from Q3 2018. This was partly offset by lower raw coking coal shipments during the longwall repositioning at Yuzhkuzbassugol’s mines.
- External iron ore product sales rose by 7.7% QoQ, primarily because EVRAZ ZSMK required less feedstock during the capital repairs of its blast furnace no. 3 in August-December. An additional driver was increased sales of material stockpiled while EVRAZ KGOK’s indurating machine was being repaired in Q3 2018.
- Sales of vanadium products dropped by 17.9% QoQ, mainly due to replenishing ferrovanadium stocks to serve 2019 requirements. Other factors included maintenance at EVRAZ Vanady-Tula to reline the roasting kiln refractories and replace the grinding mill during September and October.

### FY 2018 vs FY 2017 HIGHLIGHTS

- In FY 2018, EVRAZ’ consolidated crude steel production decreased by 7.3% YoY to 13.0 million tonnes. This was mainly attributable to the disposal of EVRAZ DMZ in March 2018, as well as a reduction in crude steel production at EVRAZ ZSMK following the capital repairs of its blast furnace no. 3 in August-December 2018, a technical incident at EVRAZ ZSMK’s blast furnace no. 1 in August 2018 and the launch of EVRAZ NTMK’s blast furnace no. 7 in March 2018.
- Sales volumes of semi-finished products dropped by 18.0% YoY, primarily due to reduced steel product output at the Group’s Russian mills. Meanwhile, sales of finished products edged up by 3.5%, which was mostly attributable to higher output in North America in response to higher rail, rod bar and seamless pipe demand at EVRAZ Pueblo, as well as the stabilization of steelmaking operations at EVRAZ Regina.
- Production of raw coking coal rose by 3.8% YoY to 24.2 million tonnes after the Rapsadskaya-Koksovaya site increased open-pit mining volumes to boost output of premium low-vol coking coal.
- External iron ore product sales fell by 32.0% YoY, primarily as a result of the disposal of EVRAZ Sukha Balka in June 2017.
- Sales of vanadium products declined by 18.8% YoY amid higher oxide availability during 2017 resulting from conversion of slag stocks at third parties, production downtime in 2018 due to launch of blast furnace no. 7 at EVRAZ NTMK and maintenance at EVRAZ Vanady-Tula, as well as no Nitrovan sales in 2018 from EVRAZ Vametco reported following its deconsolidation in May 2017.

Product, '000 tonnes	Q4 2018	Q3 2018	Q4 2018/ Q3 2018, change	12m 2018	12m 2017	12m 2018/ 12m 2017, change
<b>Total crude steel production</b>	<b>3,102</b>	<b>3,103</b>	<b>0.0%</b>	<b>13,019</b>	<b>14,037</b>	<b>-7.3%</b>
Russia	2,599	2,642	-1.6%	10,967	11,367	-3.5%
Ukraine	0	0	0.0%	154	918	-83.2%
North America*	503	461	9.1%	1,898	1,752	8.3%
<b>Total raw coking coal mined</b>	<b>6,853</b>	<b>5,944</b>	<b>15.3%</b>	<b>24,188</b>	<b>23,306</b>	<b>3.8%</b>
<b>Total coking coal concentrate production</b>	<b>4,221</b>	<b>3,906</b>	<b>8.1%</b>	<b>16,188</b>	<b>15,144</b>	<b>6.9%</b>
<b>Iron ore products production</b>	<b>3,367</b>	<b>3,293</b>	<b>2.2%</b>	<b>13,515</b>	<b>13,879</b>	<b>-2.6%</b>
<b>Total sales of steel products</b>	<b>2,871</b>	<b>3,093</b>	<b>-7.2%</b>	<b>12,173</b>	<b>12,954</b>	<b>-6.0%</b>
Semi-finished products	1,003	1,194	-16.0%	4,702	5,735	-18.0%
Finished products	1,868	1,899	-1.6%	7,471	7,219	3.5%
<b>Total sales of third-party steel products</b>	<b>228</b>	<b>255</b>	<b>-10.6%</b>	<b>900</b>	<b>802</b>	<b>12.2%</b>
<b>Sales of coking coal products</b>	<b>2,770</b>	<b>2,645</b>	<b>4.7%</b>	<b>11,014</b>	<b>10,498</b>	<b>4.9%</b>
<b>Sales of iron ore products</b>	<b>460</b>	<b>427</b>	<b>7.7%</b>	<b>1,980</b>	<b>2,912</b>	<b>-32.0%</b>
<b>Sales of vanadium final products**</b>	<b>2,659</b>	<b>3,238</b>	<b>-17.9%</b>	<b>12,352</b>	<b>15,213</b>	<b>-18.8%</b>

Note. Numbers in this table and the tables below may not add up to totals due to rounding.

\* The Q4 2018 production and sales volumes of EVRAZ North America are preliminary.

\*\* in tonnes of pure vanadium; the 2017 data updated due to an adjustment in classification

## STEEL SEGMENT

### Total production volumes (RUSSIA and UKRAINE)

Product, '000 tonnes	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
<b>Pig iron production</b>	<b>2,348</b>	<b>2,393</b>	<b>-1.9%</b>	<b>9,993</b>	<b>11,320</b>	<b>-11.7%</b>
EVRAZ ZSMK	1,090	1,193	-8.6%	5,195	5,586	-7.0%
EVRAZ NTMK	1,258	1,200	4.8%	4,644	4,715	-1.5%
EVRAZ DMZ	0	0	0.0%	153	1,019	-85.0%
<b>Crude steel production</b>	<b>2,599</b>	<b>2,642</b>	<b>-1.6%</b>	<b>11,121</b>	<b>12,285</b>	<b>-9.5%</b>
EVRAZ ZSMK	1,494	1,605	-6.9%	6,851	7,166	-4.4%
EVRAZ NTMK	1,105	1,037	6.6%	4,116	4,201	-2.0%
EVRAZ DMZ	0	0	0.0%	154	918	-83.2%
<b>Iron ore products production</b>	<b>3,367</b>	<b>3,293</b>	<b>2.2%</b>	<b>13,515</b>	<b>13,879</b>	<b>-2.6%</b>
Pellets (EVRAZ KGOK)	1,571	1,661	-5.4%	6,509	6,440	1.1%
Sinter (EVRAZ KGOK)	908	898	1.1%	3,541	3,448	2.7%
Concentrate saleable (Evrazruda, EVRAZ KGOK)	888	734	21.0%	3,465	3,991	-13.2%
<b>Coking coal concentrate production</b>	<b>519</b>	<b>498</b>	<b>4.2%</b>	<b>2,057</b>	<b>2,083</b>	<b>-1.2%</b>
From own raw coal*	294	321	-8.4%	1,216	854	42.4%
From third-party raw coal	225	177	27.1%	841	1,229	-31.6%
<b>Gross vanadium slag production**</b>	<b>4,377</b>	<b>4,261</b>	<b>2.7%</b>	<b>17,052</b>	<b>18,636</b>	<b>-8.5%</b>

Note. Numbers in this table and the tables below may not add up to totals due to rounding.

\* from Coal segment

\*\* in tonnes of pure vanadium

In Q4 2018, EVRAZ' pig iron output at Russian mills edged down by 1.9% QoQ to 2.3 million tonnes. This was mainly due to capital repairs of EVRAZ ZSMK's blast furnace no. 3 in August-December. In FY 2018, production of pig iron dropped by 11.7% YoY, which was primarily attributable to the disposal of EVRAZ DMZ in March 2018, as well as the capital repairs of EVRAZ ZSMK's blast furnace no. 3 in August-December 2018 and a technical incident at EVRAZ ZSMK's blast furnace no. 1 in August 2018.

Crude steel output went down 1.6% QoQ to 2.6 million tonnes, in line with overall pig iron output trends. In FY 2018, crude steel production fell by 9.5% YoY amid a fall in pig iron output.

Iron ore product output increased by 2.2% QoQ to 3.4 million tonnes, primarily due to accumulation of raw ore stockpiles in the previous periods. In FY 2018, the output of iron ore products went down 2.6% YoY, primarily due to emergency shutdown of skip winding and worse raw ore quality.

Consolidated output of vanadium slag increased by 2.7% QoQ from the low base caused by the cold repair of EVRAZ NTMK's converter no. 1 in Q3 2018. In FY 2018, vanadium slag production dropped by 8.5% YoY due to a reduction in vanadium content in pig iron, a lower vanadium extraction ratio and decreased volumes of pig iron duplex processing.

**Total sales volumes (RUSSIA, UKRAINE, KAZAKHSTAN and EUROPE)**

Product, '000 tonnes	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
<b>Coke</b>	<b>251</b>	<b>135</b>	<b>85.9%</b>	<b>569</b>	<b>867</b>	<b>-34.4%</b>
<b>Steel products, external sales</b>	<b>2,323</b>	<b>2,571</b>	<b>-9.6%</b>	<b>10,080</b>	<b>11,077</b>	<b>-9.0%</b>
<b>Semi-finished products</b>	<b>1,003</b>	<b>1,194</b>	<b>-16.0%</b>	<b>4,703</b>	<b>5,735</b>	<b>-18.0%</b>
Slabs	387	415	-6.7%	1,764	1,935	-8.8%
Billets	504	642	-21.5%	2,448	3,011	-18.7%
Other steel products	112	137	-18.2%	490	789	-37.9%
<b>Finished products</b>	<b>1,320</b>	<b>1,377</b>	<b>-4.1%</b>	<b>5,377</b>	<b>5,342</b>	<b>0.7%</b>
Construction products	771	826	-6.7%	3,138	3,237	-3.1%
Railway products	334	341	-2.1%	1,345	1,308	2.8%
Flat products	84	75	12.0%	347	245	41.6%
Other steel products	130	135	-3.7%	548	552	-0.7%
<b>Steel products, inter-segment sales</b>	<b>151</b>	<b>120</b>	<b>25.8%</b>	<b>573</b>	<b>587</b>	<b>-2.4%</b>
<b>Sales of third-party steel products, external sales</b>	<b>228</b>	<b>255</b>	<b>-10.6%</b>	<b>900</b>	<b>802</b>	<b>12.2%</b>
<b>Sales of iron ore products, external sales</b>	<b>460</b>	<b>427</b>	<b>7.7%</b>	<b>1,980</b>	<b>2,912</b>	<b>-32.0%</b>
Pellets	458	425	7.8%	1,972	1,726	14.3%
Other	2	2	0.0%	8	1,186	-99.3%
<b>Sales of vanadium final products*</b>	<b>2,659</b>	<b>3,238</b>	<b>-17.9%</b>	<b>12,352</b>	<b>15,213</b>	<b>-18.8%</b>

Note. Numbers in this table and the tables below may not add to totals due to rounding.

\* in tonnes of pure vanadium; the 2017 data have been updated due to an adjustment in classification

In Q4 2018, external sales of steel products fell by 9.6% QoQ. Sales of semi-finished products declined by 16.0%, mostly due to production decrease in August-September amid capital repairs of blast furnace no.3 at EVRAZ ZSMK which mostly influenced the Q4 2018 sales as well as due to late shipment of products in December 2018 (transfer of title took place in January 2019 taking into account the delivery time). In FY 2018, lower crude steel output led to a decrease in steel product sales volumes.

Sales of finished products dropped by 4.1% QoQ, mainly driven by lower sales of construction and railway products. In FY 2018, sales volumes of finished products edged up by 0.7% YoY, mainly due to higher sales volumes of flat products.

Sales of construction products fell by 6.7% QoQ, mainly due to a seasonal decrease of market demand. In FY 2018, sales volumes of construction products were down 3.1% YoY, mainly due to slowdown of construction works in Russia.

Sales of railway products edged down by 2.1% QoQ due to capital repairs at EVRAZ NTMK's rail and beam shop in October and November. In FY 2018, sales volumes of railway products rose by 2.8% YoY, mainly due to increased demand for wheels and profiles for wagon building.

Sales of flat products climbed by 12.0% QoQ, mainly due to a recovery of production at EVRAZ Palini e Bertoli from furnace repairs in July and a maintenance stop in August. In FY 2018, sales volumes surged by 41.6%, as EVRAZ Palini e Bertoli has been operating two furnaces since September 2017.

Sales of iron ore products rose by 7.7% QoQ, primarily because EVRAZ ZSMK required less feedstock during the capital repairs of its blast furnace no. 3 in August-December. An additional driver was increased sales of material stockpiled while EVRAZ KGOK's indurating machine was being repaired in Q3 2018. In FY 2018, iron ore product sales dropped by 32.0% YoY, primarily as a result of the disposal of EVRAZ Sukha Balka in June 2017.

Sales of vanadium products declined by 17.9% QoQ, mainly due to replenishing ferrovanadium stockpiles and shifting sales to serve 2019 requirements. Other factors included maintenance at EVRAZ Vanady-Tula to reline the roasting kiln refractories and replace the grinding mill in September and October, and increased demand for spot sales during Q3 2018 due to higher capacity utilization at US steelmakers.

Sales of vanadium products fell by 18.8% YoY amid higher oxide availability during 2017 resulting from conversion of slag stocks at third parties, production downtime in 2018 due to launch of blast furnace no. 7 at EVRAZ NTMK and maintenance at EVRAZ Vanady-Tula, as well as no Nitrovan sales in 2018 from EVRAZ Vametco reported following its deconsolidation in May 2017.

Cash cost, US\$/tonne	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
Slab cash cost (vertically integrated)	195	209	-6,6%	242	247	-2,3%
Iron ore products (Fe 62%)	42	34	22,1%	37	34	11,3%

#### Average selling prices

US\$/tonne (ex works)	Q4 2018	Q3 2018	12m 2018	12m 2017
Coke	202	201	217	222
Steel products	504	541	537	463
Semi-finished products*	424	466	453	370
Construction products	535	567	583	536
Railway products	662	676	685	643
Other steel products	627	645	636	548
Pellets	66	68	65	61
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe**	108.60	85.46	81.28	32.66
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid**	118.65	87.49	86.29	33.99

\* includes prices for pig iron

\*\* US\$/kgV

In Q1 2019, the Group expects its pig iron production to increase by roughly 15% QoQ due to the completion of capital repairs at EVRAZ ZSMK's blast furnace no. 3 in December. Pellet production volumes at EVRAZ KGOK should rise by roughly 4% during the same period following the completion of indurating machine repairs.

## STEEL, NORTH AMERICA SEGMENT

### Production and sales volumes

Product, '000 tonnes	Q4 * 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
<b>Crude steel</b>	<b>503</b>	<b>461</b>	<b>9.1%</b>	<b>1,898</b>	<b>1,752</b>	<b>8.3%</b>
EVRAZ Pueblo	233	232	0.4%	911	821	11.0%
EVRAZ Regina	270	228	18.4%	986	931	5.9%
<b>Sales of steel products</b>	<b>548</b>	<b>523</b>	<b>4.8%</b>	<b>2,094</b>	<b>1,877</b>	<b>11.6%</b>
Construction products	74	71	4.2%	287	241	19.1%
Railway products	111	96	15.6%	415	376	10.4%
Flat-rolled products	126	140	-10.0%	568	512	10.9%
Tubular products	237	216	9.7%	824	749	10.0%

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\* The Q4 2018 production and sales volumes data are preliminary.

In Q4 2018, crude steel production climbed by 9.1% QoQ, primarily driven by higher production at EVRAZ Regina following a planned maintenance outage in Q3 2018, as well as improved operational performance. In FY 2018, crude steel production was 8.3% higher YoY, primarily due to higher rail, rod bar and seamless pipe demand at EVRAZ Pueblo, as well as increased demand for spiral and line pipe products and the stabilization of steelmaking operations at EVRAZ Regina.

In FY 2018, sales volumes of construction products grew by 19.1% YoY as a result of improved demand.

Sales of railway products rose by 15.6% QoQ following a planned maintenance outage in Q3 2018. In FY 2018, sales volumes of railway products increased by 10.4% YoY amid stronger demand.

Sales of flat-rolled products fell by 10.0% QoQ, primarily due to a planned maintenance outage in Q4 2018, as well as a rail car shortage at the year-end. In FY 2018, sales volumes of flat-rolled products rose by 10.9% YoY as a result of improved demand, which was partly driven by increased wind tower business.

Tubular product sales volumes were up 9.7% QoQ, mostly as a result of improved sales of spiral and small-diameter line pipe. In FY 2018, sales of tubular products climbed by 10.0% as a result of increased demand for seamless and spiral pipe, as well as small-diameter line pipe.

Prices for construction and flat-rolled products were up during Q4 2018, reflecting higher prevailing prices for scrap and other inputs, reduced pressure from imports and improving demand fundamentals. Prices for flat products and other steel products decreased in the same period due to changes in customer preference and the product mix.

### Average selling prices

US\$/tonne (ex works)	Q4 2018	Q3 2018	12m 2018	12m 2017
Construction products	889	871	820	629
Flat-rolled products	1,074	1,129	991	790
Tubular products	1,267	1,242	1,241	1,106

In Q1 2019, the Group expects crude steel output to increase slightly QoQ and tubular product volumes to edge down QoQ due to pressure from imports, while flat-rolled products should be up slightly QoQ following a planned maintenance outage in Q4 2018. EVRAZ expects construction product volumes to be flat QoQ amid a stable market and rail volumes to grow by 4-5% due to improving customer demand.

### COAL SEGMENT

#### Production volumes

Product, '000 tonnes	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
<b>Raw coking coal (mined)</b>	<b>6,853</b>	<b>5,944</b>	<b>15.3%</b>	<b>24,188</b>	<b>23,306</b>	<b>3.8%</b>
<i>Yuzhkuzbassugol</i>	2,188	2,697	-18.9%	10,360	10,967	-5.5%
<i>Raspadskaya</i>	4,376	2,926	49.6%	12,740	11,435	11.4%
<i>Mezhegeyugol</i>	289	321	-10.0%	1,088	904	20.3%
<b>Coking coal concentrate (production)</b>	<b>3,702</b>	<b>3,408</b>	<b>8.6%</b>	<b>14,130</b>	<b>13,061</b>	<b>8.2%</b>
<i>Produced at Yuzhkuzbassugol coal     washing plants</i>	1,428	1,496	-4.5%	6,419	6,419	0.0%
<i>Produced at Raspadskaya coal washing     plant</i>	2,274	1,912	18.9%	7,711	6,641	16.1%

In Q4 2018, production of raw coking coal rose by 15.3% QoQ, primarily due to increased longwall productivity at the Raspadskaya mine, as well as from bringing mothballed equipment back online and hiring third-party contractors at Raspadsky open-pit mine and the open-pit at Raspadskaya-Koksovaya site. This was partly offset by longwall repositioning at Yuzhkuzbassugol's mines. In FY 2018, production of raw coking coal grew by 3.8% YoY after the Raspadskaya-Koksovaya site increased open-pit mining volumes to boost output of premium low-vol coking coal.

Coking coal concentrate output climbed by 8.6% QoQ, primarily due to the Raspadskaya coal washing plant increasing production in line with higher raw coking coal mining volumes in Q4 2018, as well as lower concentrate output in Q3 2018 amid higher ash content in the coal produced at the Raspadskaya mine. This was partly offset by a decrease in volumes at the Yuzhkuzbassugol coal washing plants. In FY 2018, coking coal concentrate output went up 8.2% YoY, mainly due to the improvement of extraction processes and decreased ash content in run-of-mine coal.

### Sales volumes

Product, '000 tonnes	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
<b>External sales</b>	<b>2,770</b>	<b>2,645</b>	<b>4.7%</b>	<b>11,014</b>	<b>10,498</b>	<b>4.9%</b>
Raw coking coal	313	570	-45.1%	1,690	2,302	-26.6%
Coking coal concentrate	2,457	2,075	18.4%	9,323	8,197	13.7%
<b>Intersegment sales</b>	<b>1,472</b>	<b>1,613</b>	<b>-8.7%</b>	<b>6,017</b>	<b>5,778</b>	<b>4.1%</b>
Raw coking coal	409	545	-25.0%	1,863	1,160	60.6%
Coking coal concentrate	1,063	1,068	-0.5%	4,153	4,618	-10.1%

In Q4 2018, external sales volumes of coking coal went up 4.7% QoQ, mainly due to increased export sales amid favourable market conditions and higher shipments to deliver outstanding volumes from Q3 2018. This was partly offset by lower raw coking coal shipments during the longwall repositioning at Yuzhkuzbassugol's Uskovskaya mine. In FY 2018, coking coal sales volumes climbed by 4.9% YoY, mainly because of increased shipments to the Southeast Asia and higher sales to European countries.

Cash cost, US\$/tonne	Q4 2018	Q3 2018	Q4 2018 / Q3 2018, change	12m 2018	12m 2017	12m 2018 / 12m 2017, change
Coking coal concentrate	46	49	-6,3%	47	42	12,6%

### Average selling prices

US\$/tonne (ex works)	Q4 2018	Q3 2018	12m 2018	12m 2017
Raw coking coal	67	57	65	64
Coking coal concentrate	113	113	120	117

In Q4 2018, coking coal sales prices moved in line with global benchmarks.

In Q1 2019, the Group expects raw coal production to decrease QoQ, mainly driven by longwall repositioning at Yuzhkuzbassugol's Alardinskaya mine, as well as increased work to remove the overburden at Raspadsky open-pit mine and the open-pit at Raspadskaya-Koksovaya site to prepare reserves for mining.





**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. They also include railway products for Ukraine.

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EVRAZ is a vertically integrated steel, mining and vanadium business with operations in the Russian Federation, Kazakhstan, US, Canada, Czech Republic and Italy. EVRAZ is among the top steel producers in the world based on crude steel production of 14 million tonnes in 2017. A significant portion of the Group's internal consumption of iron ore and coking coal is covered by its mining operations. The Group's consolidated revenues for the year ended 31 December 2017 were US\$10,827 million, and consolidated EBITDA amounted to US\$2,624 million.