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EVRAZ Q2 2019 TRADING UPDATE

31 July 2019 — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Group”) today released its trading update for the second quarter of 2019.

Q2 2019 vs Q1 2019 HIGHLIGHTS

- In Q2 2019, EVRAZ’ consolidated crude steel output remained flat QoQ.
- Total steel product sales rose by 7.7% QoQ, driven by higher demand. Sales of finished products climbed by 10.1% due to higher sales of construction products in Russia and railway products in North America.
- Raw coking coal production grew by 2.2% QoQ. Raw coking coal concentrate output climbed by 21% QoQ to 4.5mt, mainly due to greater processing volumes and lower ash content.
- External sales volumes of coking coal products surged by 10.3% QoQ due to increased coking coal concentrate sales after the longwall repositioning at Yuzhkuzbassugol’s Alardinskaya mine in Q1 2019 and greater shipments to Russia’s Far East. This was partly offset by lower raw coking coal sales amid lower demand at the markets in Eastern Europe.
- External sales of iron ore products dropped by 49.4% QoQ as volumes were redistributed towards exports amid reduced demand on the domestic market.
- Sales of final vanadium products rose by 29.7% QoQ, as lower prices and FeV stocks at end users have stimulated spot demand, particularly in the EU, Asia and North America.

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Total crude steel production	3,507	3,488	0.5%	6,995	6,814	2.7%
Russia	3,006	2,986	0.7%	5,992	5,726	4.6%
Ukraine	0	0	n/a	0	154	-100%
North America	501	502	-0.2%	1,003	934	7.4%
Total raw coking coal mined	6,996	6,844	2.2%	13,840	11,391	21.5%
Total coking coal concentrate production	4,458	3,684	21.0%	8,142	8,061	1.0%
Iron ore products production	3,533	3,636	-2.8%	7,169	6,855	4.6%
Total sales of steel products¹	3,377	3,135	7.7%	6,512	6,220	4.7%
Semi-finished products	1,395	1,335	4.5%	2,730	2,516	8.5%
Finished products ²	1,982	1,800	10.1%	3,782	3,704	2.1%
Total sales of third-party steel products	221	180	22.8%	401	417	-3.8%
Sales of coking coal products	2,929	2,656	10.3%	5,585	5,599	-0.3%
Sales of iron ore products³	235	464	-49.4%	699	1,089	-35.8%
Sales of Vanadium in slag³	1,660	1,176	41.2%	2,836	2,814	0.8%
Sales of vanadium final products⁴	3,266	2,518	29.7%	5,784	6,456	-10.4%

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

¹ The Q2 2019 production and sales volumes of EVRAZ North America are preliminary.

² The Q1 2019 data have been adjusted.

³ The H1 2018 data have been adjusted.

⁴ in tonnes of pure vanadium

STEEL SEGMENT

Total production volumes

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Pig iron production	2,745	2,712	1.2%	5,457	5,252	3.9%
EVRAZ ZSMK	1,530	1,471	4.0%	3,001	2,912	3.1%
EVRAZ NTMK	1,215	1,241	-2.1%	2,456	2,186	12.4%
EVRAZ DMZ	0	0	n/a	0	153	-100%
Crude steel production	3,006	2,986	0.7%	5,992	5,880	1.9%
EVRAZ ZSMK	1,942	1,895	2.5%	3,837	3,752	2.3%
EVRAZ NTMK	1,064	1,091	-2.5%	2,155	1,974	9.2%
EVRAZ DMZ	0	0	n/a	0	154	-100%
Total steel products production, net of re-rolled volume	2,759	2,622	5.2%	5,381	5,225	3.0%
EVRAZ ZSMK	1,737	1,686	3.0%	3,423	3,388	1.0%
EVRAZ NTMK	844	794	6.3%	1,638	1,430	14.5%
EVRAZ DMZ	0	0	n/a	0	132	-100%
EVRAZ Palini e Bertoli	101	97	4.1%	198	186	6.5%
EVRAZ Caspian Steel	77	45	71.1%	122	89	36.0%
Iron ore products production	3,533	3,636	-2.8%	7,169	6,855	4.6%
Pellets (EVRAZ KGOK)	1,573	1,643	-4.3%	3,216	3,277	-1.9%
Sinter (EVRAZ KGOK)	928	898	3.3%	1,826	1,735	5.2%
Concentrate (EVRAZ KGOK, Evrazruda)	1,032	1,095	-5.8%	2,127	1,843	15.4%
Coking coal concentrate production	489	454	7.7%	943	1,041	-9.3%
From own raw coal ¹	341	256	33.2%	597	601	-0.7%
From third-party raw coal	148	198	-25.3%	346	440	-21.2%
Gross vanadium slag production²	4,533	4,446	2.0%	8,979	8,414	6.7%

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

¹ from Coal segment

² in tonnes of pure vanadium

In Q2 2019, EVRAZ` pig iron and crude steel output remained mostly flat QoQ at the Russian mills.

Output of iron ore products fell by 2.8% QoQ to 3.5mt, mainly due to unscheduled downtime of burning machine no. 1 at EVRAZ KGOK and a planned maintenance outage of the Tashtagol mine at Evrazruda.

Total sales volumes

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Coke	113	65	73.8%	178	184	-3.3%
Steel products, external sales	2,746	2,583	6.3%	5,329	5,185	2.8%
Semi-finished products	1,293	1,279	1.1%	2,572	2,505	2.7%
Slabs	572	482	18.7%	1,054	962	9.6%
Billets	545	646	-15.6%	1,191	1,301	-8.5%
Other steel products ¹	176	151	16.6%	327	242	35.1%
Finished products	1,453	1,304	11.4%	2,757	2,680	2.9%
Construction products	808	729	10.8%	1,537	1,541	-0.3%
Railway products	367	343	7.0%	710	669	6.1%
Flat products	98	91	7.7%	189	188	0.5%
Other steel products	180	141	28.6%	320	282	13.5%
Steel products, inter-segment sales	115	186	-38.2%	301	303	-0.7%
Third-party steel products, external sales	221	180	22.8%	401	417	-3.8%
Iron ore products, external sales	235	464	-49.4%	699	1,089	-35.8%
Pellets	235	464	-49.4%	699	1,089	-35.8%
Sales of vanadium in slag²	1,660	1,176	41.2%	2,836	2,814	0.8%
Sales of vanadium final products³	3,266	2,518	29.7%	5,784	6,456	-10.4%

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

¹ includes tonnes of pig iron

² The H1 2018 data have been adjusted.

³ in tonnes of pure vanadium

In Q2 2019, external sales of steel products rose by 6.3% QoQ, primarily due to higher demand. Sales of semi-finished products were mostly flat QoQ.

Sales of finished products grew by 11.4% QoQ, mainly driven by higher sales of construction products, which rose by 10.8% QoQ following an uptick in demand due to the construction season.

Sales of final vanadium products climbed by 29.7% QoQ, as lower prices and FeV stocks at end users have stimulated spot demand, particularly in the EU, Asia and North America.

Cash cost, US\$/t	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Slab cash cost vertically integrated	238	223	6.7%	230	248	-7.2%
Iron ore products (Fe 62%)	38	37	2.7%	38	37	2.7%

Average selling prices

US\$/t (ex works)	Q2 2019	Q1 2019	H1 2019	H1 2018
Coke	240	223	233	255
Steel products	517	481	499	551
Semi-finished products ¹	392	381	387	462
Construction products	601	522	563	613
Railway products	763	743	753	702
Other steel products	598	593	596	635
Pellets	81	75	77	63
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe²	39.36	73.33	56.35	65.53
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid²	47.81	87.93	67.87	69.51

¹ includes prices for pig iron

² US\$/kgV

In Q3 2019, pig iron and crude steel production volumes are expected to remain flat.

STEEL, NORTH AMERICA SEGMENT

Production and sales volumes¹

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Crude steel	501	502	-0.2%	1,003	934	7.4%
EVRAZ US mills	255	235	8.5%	490	446	9.8%
EVRAZ Canadian mills	246	267	-7.9%	513	488	5.1%
Total steel products production, net of re-rolled volume	615	559	10.0%	1,174	1,110	5.8%
EVRAZ US mills	397	351	13.1%	748	683	9.5%
EVRAZ Canadian mills	218	208	4.8%	426	427	-0.2%
Sales of steel products	631	553	14.1%	1,184	1,034	14.5%
Semi-finished products	102	56	82.1%	158	11	1336.4%
Construction products	70	67	4.5%	137	142	-3.5%
Railway products	120	101	18.8%	221	208	6.3%
Flat-rolled products	147	140	5.0%	287	302	-5.0%
Tubular products	192	189	1.6%	381	371	2.7%

¹ The Q2 2019 production and sales volumes data are preliminary.

In Q2 2019, total output of steel products surged by 10.0% QoQ, with EVRAZ Pueblo's output up 13.1% QoQ amid greater downstream demand following the rail mill restart after unplanned downtime in Q1 2019.

Sales of semi-finished products jumped by 82.1% QoQ following higher demand from customers.

Sales of construction products rose by 4.5% QoQ due to higher demand and favourable weather.

Railway product sales climbed by 18.8% QoQ, as production volumes recovered after the rail mill outage in Q1 2019.

Sales of flat-rolled products went up by 5.0% QoQ as a result of a planned maintenance outage and a railcar supply shortages in Q1 2019.

Tubular product sales edged up by 1.6% QoQ due to the restart of coating operations at EVRAZ Regina.

Average selling prices

US\$/t (ex works)	Q2 2019	Q1 2019	H1 2019	H1 2018
Construction products	769	848	808	758
Flat-rolled products	949	1,048	997	892
Tubular products	1,360	1,374	1,367	1,224

Prices for construction products went down in Q2 2019, primarily driven by falling scrap prices and sluggish market demand. Prices for flat-rolled products were lower during the period as service centres temporarily curtailed purchases amid rapidly falling scrap prices and market uncertainty, which in turn was driven by soft demand. Prices for tubular products decreased slightly during Q2 2019, reflecting softening oil country tubular goods (OCTG) markets in addition to a seasonal decline in demand.

In Q3 2019, crude steel output is expected to remain at the average level seen in Q1-Q2 2019. Tubular sales volumes should increase compared with Q2 2019, as OCTG is expected to show healthier volumes. Meanwhile, volumes of line pipe and large-diameter pipe are expected to benefit from delayed coating and delivery recognition in Q2 2019. Sales of flat-rolled products are forecast to marginally improve over the Q2 2019 volumes, driven by customer production schedules and an expected uptick in purchasing activity from service centres.

COAL SEGMENT

Production volumes

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, Change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Raw coking coal (mined)	6,996	6,844	2.2%	13,840	11,391	21.5%
Yuzhkuzbassugol	3,466	2,606	33.0%	6,072	5,475	10.9%
Raspadskaya	3,231	3,916	-17.5%	7,147	5,438	31.4%
Mezhegeyugol	299	322	-7.1%	621	478	29.9%
Coking coal concentrate (production)	3,969	3,229	22.9%	7,198	7,020	2.5%
Produced at Yuzhkuzbassugol coal washing plants	1,837	1,433	28.2%	3,270	3,495	-6.4%
Produced at the Raspadskaya coal washing plant	2,132	1,796	18.7%	3,928	3,525	11.4%

In Q2 2019, overall raw coking coal output rose by 2.2% QoQ, primarily due to higher production at Yuzhkuzbassugol's mines following a longwall move at the Alardinskaya mine in Q1 2019. This was partly offset by lower production volumes at the Raspadskaya mine due to a longwall move in Q2 2019.

Output of coking coal concentrate climbed by 22.9%, primarily due to greater processing volume and reduced ash content.

Sales volumes

Product, kt	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
External sales	2,929	2,656	10.3%	5,585	5,599	-0.3%
Raw coking coal	447*	497	-10.1%	943*	807	16.9%
Coking coal concentrate	2,482	2,160	14.9%	4,642	4,792	-3.1%
Intersegment sales	1,650	1,519	8.6%	3,169	2,932	8.1%
Raw coking coal	556	396	40.4%	952	910	4.6%
Coking coal concentrate	1,094	1,123	-2.6%	2,217	2,022	9.6%

* The data include sales volumes of 1kt of coal recognised as steam-grade coal based on its quality characteristics.

In Q2 2019, external sales volumes of coking coal products surged by 10.3% due to increased coking coal concentrate sales after the longwall repositioning at Yuzhkuzbassugol's Alardinskaya mine in Q1 2019 and greater shipments to Russia's Far East, which was partly offset by lower raw coking coal sales amid lower demand at the markets in Eastern Europe.

Cash cost, US\$/t	Q2 2019	Q1 2019	Q2 2019/ Q1 2019, change	H1 2019	H1 2018	H1 2019/ H1 2018, change
Coking coal concentrate ¹	33	35	-5.7%	34	47	-27.7%

¹ The Q1 2019 data have been adjusted.

Average selling prices

US\$/t (ex works)	Q2 2019	Q1 2019	H1 2019	H1 2018
Raw coking coal	62	57	59	70
Coking coal concentrate	104	117	110	127

In Q2 2019, coking coal selling prices moved in line with global benchmarks.

In Q3 2019, raw coal production is expected to decline QoQ due to the longwall move at the Uskovskaya mine. Output will also be impacted by reduced production at Razrez Rospadsky due to the transfer of its equipment to the open-pit mining operations at the Rospadskaya-Koksovaya mine.

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 13mt in 2018. 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 2018 were US\$12,836m and consolidated EBITDA amounted to US\$3,777m.