

EVRAZ Q2 2016 PRODUCTION REPORT

19 July 2016 — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Company”) has today released its operational results for the second quarter of 2016.

Q2 2016 vs Q1 2016 operational highlights

- Consolidated crude steel output amounted to 3.2 million tonnes in Q2 2016, down 9.9% QoQ, primarily due to planned capital repairs at blast furnace 1 at EVRAZ ZSMK in Q2 2016.
- Production of steel products, net of re-rolled volumes, decreased QoQ to 2.9 million tonnes, due to planned capital repairs at blast furnace 1 at EVRAZ ZSMK and a higher share of intragroup re-rolled volumes at EVRAZ North America.
- The share of finished steel products in consolidated volumes rose to 65.3% in Q2 2016, up from 56.4% in Q1 2016, due to lower production of semi-finished products in Russia and Ukraine amid improved demand for construction products in both markets.
- Production of railway products in Russia, including rails, was mostly flat. Production in North America declined in response to lower demand from Class I railways amid inventory re-balancing.
- Production of tubular products (large diameter pipes, oil country tubular goods and small diameter line pipes) in North America continued to be affected by pipeline project delays, low oil prices and the seasonal impact of the spring break in Western Canada.
- Production of coking coal concentrate increased by 3.3% in response to improved demand on the domestic and export markets.

STEEL

Product, '000 tonnes	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015*	H1 2016/ H1 2015, change
Coke (saleable)	290	164	77.3%	454	571	-20.5%
Pig iron	2,606	2,951	-11.7%	5,557	5,942	-6.5%
Pig iron (saleable)	44	144	-69.2%	188	236	-20.0%
Crude steel	3,196	3,548	-9.9%	6,744	7,296	-7.6%
Steel products, gross**	3,083	3,424	-9.9%	6,507	7,119	-8.6%
Steel products, net of re-rolled volumes	2,871	3,308	-13.2%	6,179	6,716	-8.0%
Semi-finished products ***	997	1,442	-30.9%	2,439	2,479	-1.6%
Finished products	1,874	1,866	0.4%	3,740	4,237	-11.7%
Construction products	1,110	964	15.1%	2,075	2,311	-10.2%
Railway products	343	406	-15.7%	749	822	-8.9%
Flat-rolled products****	169	152	11.0%	321	374	-14.1%
Tubular products	120	193	-37.8%	314	420	-25.3%
Other steel products	132	150	-12.1%	282	310	-9.2%

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

* Includes production volumes of EVRAZ Highveld Steel and Vanadium (EHSV), which are not consolidated starting from April 2015 due to business rescue proceedings.

** Gross volume of steel products in the tables includes those re-rolled at other EVRAZ mills. However, such volumes are eliminated as intercompany sales for the purpose 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.

**** Includes production volumes of EVRAZ Palini e Bertoli (8 thousand tonnes in H1 2016), which started to operate in 2016 after operations were suspended in August 2013.

Russia and Kazakhstan

Product, '000 tonnes	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015	H1 2016/ H1 2015, change
Coke (saleable)	121	70	72.3%	191	173	10.4%
Pig iron	2,331	2,688	-13.3%	5,020	5,297	-5.2%
Pig iron (saleable)	40	134	-69.9%	175	190	-8.3%
Crude steel	2,579	2,865	-10.0%	5,444	5,752	-5.4%
Steel products, gross	2,435	2,669	-8.7%	5,104	5,430	-6.0%
Steel products, net of re-rolled volumes	2,371	2,638	-10.1%	5,009	5,276	-5.1%
Semi-finished products	1,015	1,393	-27.2%	2,408	2,487	-3.2%
Finished products	1,356	1,245	8.9%	2,600	2,789	-6.8%
Construction products	947	821	15.4%	1,768	1,973	-10.4%
Railway products	286	285	0.3%	570	539	5.8%
Other steel products	123	139	-11.6%	262	277	-5.6%

In Q2 2016, production of crude steel and steel products decreased by 10.0% and 8.7% respectively, due to planned capital repairs of blast furnace 1 at EVRAZ ZSMK.

The decrease in steel product volumes primarily reflected a fall in output of semi-finished and other steel products. Output of construction products increased by 15.4% QoQ, driven by stronger demand during the domestic construction season.

Output of railway products, including rails, was mostly flat QoQ, HoH increase was due to operational improvements at EVRAZ ZSMK rolling mill and more favorable demand in 2016.

Overall, prices in Q2 2016 were higher than in Q1 2016, reflecting the upward trend on global markets.

Average selling prices

US\$/tonne (ex works)	Q2 2016	Q1 2016	H1 2016	H1 2015
Coke	89	74	83	114
Pig iron	206	119	141	205
Steel products				
Semi-finished products	256	176	210	292
Construction products	413	271	348	418
Railway products	470	414	442	564
Other steel products	411	307	357	440

North America

Product, '000 tonnes	Q2 2016*	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015	H1 2016/ H1 2015, change
Crude steel	326	414	-21.2%	740	908	-18.5%
Steel products, net of re-rolled volumes	412	528	-22.1%	940	1,145	-17.9%
Construction products	69	65	5.8%	134	133	1.0%
Railway products	57	122	-52.9%	179	283	-36.9%
Flat-rolled products	165	148	11.6%	313	309	1.3%
Tubular products	120	193	-37.8%	314	420	-25.3%

* Q2 2016 production volumes are preliminary

In Q2 2016, crude steel production decreased by 21.2% as reduced tubular products and rail products demand resulted in lower utilisation at the Regina steelmaking and the Pueblo steelmaking facilities.

Output of construction products rose by 5.8% QoQ, driven by improved productivity.

Rail production declined by 52.9% QoQ in response to lower demand from Class I railway companies, which are re-balancing their rail inventories due to lower CAPEX after the record levels of last year.

Output of flat-rolled products increased by 11.6% QoQ, the 20-day planned outage at the Portland rolling mill during January accounts for most of the difference in production volumes.

Output of tubular products decreased by 37.8% QoQ. Large diameter (LD) pipe declined as a result of pipeline project delays that required idling the Portland and Camrose LD pipe mills. Additionally, oil country tubular goods and small diameter line pipe markets remained under pressure due to low oil prices and the seasonal impact of the spring break in Western Canada. Despite the challenging current market conditions for both of these products, the near-term outlook is cautiously optimistic, as oil prices are above US\$40 per barrel and rig counts are stabilising, while distributor inventories appear to be sufficiently depleted for certain products, underpinning a more favourable outlook.

Prices for most steel products increased during Q2 2016, reflecting prevailing higher scrap and other input prices and reduced pressure from imports.

Average selling prices

US\$/tonne (ex works)	Q2 2016	Q1 2016	H1 2016	H1 2015
Construction products	531	491	512	720
Flat-rolled products	642	600	624	812
Tubular products	999	968	981	1,188

Ukraine

Product, '000 tonnes	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015	H1 2016/ H1 2015, change
Coke (saleable)	169	93	81.0%	263	398	-34.0%
Pig iron	274	263	4.4%	537	494	8.8%
Pig iron (saleable)	4	10	-59.5%	14	45	-69.4%
Crude steel	291	269	8.4%	560	487	15.0%
Steel products	232	222	4.6%	455	421	7.9%
Semi-finished products	130	133	-2.8%	263	237	10.9%
Finished products	103	89	15.7%	192	184	4.2%
Construction products	94	78	20.3%	172	158	9.0%
Other steel products	9	11	-17.6%	20	26	-24.7%

Saleable coke volumes increased QoQ in Q2 2016 in response to higher domestic demand.

Production of crude steel increased by 8.4% QoQ due to an increase in pig iron output of 4.4%.

Output of steel products increased by 4.6% QoQ, driven mainly by greater volumes of crude steel. Production of construction products increased by 20.3% QoQ due to improved demand.

Prices were higher than in comparable periods, in line with the market trend.

Average selling prices

US\$/tonne (ex works)	Q2 2016	Q1 2016	H1 2016	H1 2015
Coke (saleable)	129	117	125	183
Pig iron	263	168	196	259
Steel products				
Semi-finished products	298	211	254	337
Construction products	398	312	357	438
Other steel products	587	393	484	618

IRON ORE

Product, '000 tonnes	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015	H1 2016/ H1 2015, change
Sinter (Russia)	2,463	2,774	-11.2%	5,236	5,432	-3.6%
Pellets (Russia)	1,652	1,649	0.1%	3,301	3,259	1.3%
Lumpy ore (Ukraine)	782	525	49.1%	1,307	1,393	-6.2%

Production of sinter decreased by 11.2% QoQ, mainly due to lower consumption resulting from the capital repairs at blast furnace 1 at EVRAZ ZSMK.

Production of lumpy ore at EVRAZ Sukha Balka recovered in Q2 (rising by 49.1%), after the temporary suspension of mining operations in response to lower demand in Q1.

Pellet and lumpy ore prices increased in Q2 2016, following global benchmarks.

Average selling prices

US\$/tonne (ex works)	Q2 2016	Q1 2016	H1 2016	H1 2015
Pellets (Russia)	40	30	36	44
Lumpy ore (Ukraine)	22	18	20	25

COAL

Product, '000 tonnes	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015	H1 2016/ H1 2015, change
Raw coking coal (mined)	5,503	5,514	-0.2%	11,016	9,348	17.9%
<i>Yuzhkuzbassugol</i>	2,735	3,193	-14.3%	5,928	4,178	41.9%
<i>Raspadsкая</i>	2,627	2,256	16.5%	4,883	5,072	-3.7%
<i>Mezhegeyugol</i>	141	65	117.0%	206	98	109.5%
Coking coal concentrate (production)	3,707	3,590	3.3%	7,297	6,503	12.2%

In general, production of raw coking coal was flat in Q2 2016 QoQ. This reflected the increased output of raw coking coal at the Raspadsкая mine after the longwall repositioning in Q1 2016; higher production at Mezhegeyugol; and lower output of raw coking coal at the Alardinskaya, Esaulskaya and Uskovskaya mines due to planned longwall moves in Q2 2016.

Production of coking coal concentrate increased by 3.3% QoQ, due to greater demand on the domestic and export markets (coking coal from inventories was used in production).

Coal prices rose in Q2 2016, following global benchmarks.

Average selling prices

US\$/tonne (ex works)	Q2 2016	Q1 2016	H1 2016	H1 2015
Raw coking coal	34	29	32	37
Coking coal concentrate	60	52	56	61

VANADIUM

Production, tonnes*	Q2 2016	Q1 2016	Q2 2016/ Q1 2016, change	H1 2016	H1 2015**	H1 2016/ H1 2015, change
Vanadium slag, gross production	4,169	4,097	1.8%	8,267	9,751	-15.2%
Russia	4,169	4,097	1.8%	8,267	7,962	3.8%
South Africa	0	0	n/a	0	1,788	-100.0%
Vanadium in final products (saleable)	3,263	3,344	-2.4%	6,606	8,475	-22.0%

* Calculated in pure vanadium equivalent

** Includes production volumes of EVRAZ Highveld Steel and Vanadium (EHSV) and Hochvanadium, which are not consolidated from April 2015 due to business rescue proceedings.

Vanadium slag production increased by 1.8% QoQ in Q2 2016, predominantly due to higher output of pig iron (duplex process).

Output of final vanadium products decreased by 2.4% amid lower production of oxides, vanadium aluminium and chemicals due to idled oxide production at Stratcor (US) and lower output of nitrovan at Vametco (SA), affected by an eight-day maintenance shutdown in April 2016. This decrease was partly offset by an increase in production of ferrovanadium, due to higher oxide availability and greater demand for ferrovanadium in Ukraine.

In Q2 2016, the average Metal Bulletin FeV80 index stood at US\$18.44/kgV, 26% higher than US\$14.60/kgV in Q1. Meanwhile, the Ryan's Notes index used in North America averaged US\$22.2/kgV in Q2 2016, 52% higher than US\$14.57/kgV in the previous quarter. Sale prices for vanadium products followed the market dynamics.

Average FeV indices

US\$/tonne of V	Q2 2016	Q1 2016	H1 2016	H1 2015
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe	18.44	14.60	16.52	21.53
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	22.20	14.57	18.38	23.23

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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 and 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 14.3 million tonnes in 2015. 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 2015 were US\$8,767 million, and consolidated EBITDA amounted to US\$1,438 million.