

EVRAZ Q3 2016 PRODUCTION REPORT

18 October 2016 — EVRAZ plc (LSE: EVR) (“EVRAZ” or the “Group”) today releases its operational results for the third quarter of 2016.

Q3 2016 vs Q2 2016 OPERATIONAL HIGHLIGHTS:

- Consolidated crude steel output increased by 6.3% QoQ to 3.4 million tonnes in Q3 2016, following the completion of capital repairs at blast furnace 1 at EVRAZ ZSMK.
- Output of steel products, net of re-rolled volumes, rose by 5.6% QoQ to 3.0 million tonnes, primarily due to the repairs completed at blast furnace 1 at EVRAZ ZSMK.
- The share of semi-finished products increased to 43.0% in Q3 2016 (34.8% in Q2 2016), its standard level, following the repairs completed at blast furnaces, boosting the volume of steel available for export in Q3 2016.
- In North America, output of tubular products (large-diameter pipes (LDP), oil country tubular goods (OCTG) and small-diameter line pipes) fell by 12.5% QoQ, due to pipeline project delays and low oil prices; output of construction products and flat products decreased by 14.7% and 25.7% respectively amid lower demand.
- Output of coking coal concentrate decreased by 3.8% QoQ, as less coking coal was mined at the Raspadskaya mine due to longwall repositioning in Q3 2016.

STEEL

Product, '000 tonnes	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015*	9m 2016/ 9m 2015, change
Coke (saleable)	280	290	-3.6%	733	774	-5.3%
Pig iron	2,904	2,606	11.4%	8,461	8,924	-5.2%
Pig iron (saleable)	126	44	184.3%	315	425	-25.9%
Crude steel	3,393	3,191	6.3%	10,131	10,788	-6.1%
Steel products, gross**	3,279	3,080	6.5%	9,783	10,493	-6.8%
Steel products, net of re-rolled volumes	3,028	2,867	5.6%	9,203	9,861	-6.7%
Semi-finished products ***	1,302	997	30.7%	3,741	3,477	7.6%
Finished products	1,726	1,870	-7.7%	5,462	6,384	-14.4%
Construction products	996	1,111	-10.3%	3,071	3,603	-14.8%
Railway products	341	344	-1.1%	1,092	1,152	-5.2%
Flat-rolled products****	143	169	-15.6%	464	556	-16.5%
Tubular products	100	114	-12.5%	407	623	-34.6%
Other steel products	146	132	11.1%	428	450	-4.8%

Note: numbers in this table and the tables below may not add to 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 inter-group sales for the 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.

**** Includes production volumes of EVRAZ Palini e Bertoli (29kt in 9m 2016), which started to operate again in 2016 after being suspended in August 2013.

RUSSIA AND KAZAKHSTAN

Product, '000 tonnes	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Coke (saleable)	90	121	-25.5%	281	247	13.8%
Pig iron	2,618	2,331	12.3%	7,638	8,030	-4.9%
Pig iron (saleable)	91	40	124.4%	265	356	-25.5%
Crude steel	2,790	2,579	8.2%	8,234	8,573	-4.0%
Steel products, gross	2,677	2,435	9.9%	7,781	8,062	-3.5%
Steel products, net of re-rolled volumes	2,599	2,371	9.6%	7,607	7,813	-2.6%
Semi-finished products	1,308	1,015	28.9%	3,716	3,556	4.5%
Finished products	1,291	1,356	-4.8%	3,891	4,257	-8.6%
Construction products	882	947	-6.9%	2,650	3,076	-13.8%
Railway products	275	286	-3.8%	845	773	9.4%
Other steel products	134	123	9.3%	396	408	-3.0%

In Q3 2016, output of crude steel and steel products increased by 8.2% and 9.9% respectively, as production in Q2 2016 was affected by capital repairs at blast furnace 1 at EVRAZ ZSMK.

Quarterly output of steel products increased, mostly due to higher volumes of semi-finished products, up 28.9%, while output of construction products decreased by 6.9%, reflecting market conditions.

Output of railway products, including rails, slightly decreased by 3.8% QoQ, due to changes in the product mix. The increase in output of railway products in 9m 2016 vs 9m 2015 is primarily attributable to operational improvements at EVRAZ ZSMK's rolling mill and more favourable demand in 2016.

Overall, steel prices in Q3 2016 were higher than in Q2 2016, following global benchmarks.

In Q4 2016, steel production is expected to remain at the level of Q3 2016.

Average selling prices

US\$/tonne (ex works)	Q3 2016	Q2 2016	9m 2016	9m 2015
Coke	91	89	85	112
Pig iron	198	206	160	198
Steel products				
Semi-finished products	294	256	240	276
Construction products	424	412	373	400
Railway products	516	470	467	553
Other steel products	388	411	368	421

NORTH AMERICA

Product, '000 tonnes	Q3 2016*	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Crude steel	339	320	5.7%	1,073	1,338	-19.8%
Steel products, net of re-rolled volumes	348	408	-14.7%	1,284	1,698	-24.4%
Construction products	59	70	-14.7%	194	204	-4.9%
Railway products	66	59	12.1%	247	379	-34.9%
Flat-rolled products	123	165	-25.7%	436	491	-11.2%
Tubular products	100	114	-12.5%	407	623	-34.6%

* Q3 2016 production volumes are preliminary

In Q3 2016, crude steel production increased by 5.7% QoQ. At EVRAZ Regina, steelmaking increased in preparation for a scheduled outage of around three weeks to make upgrades to the steelmaking and rolling mills. At EVRAZ Pueblo, steelmaking increased in preparation for a two-week planned maintenance outage.

Construction product output declined by 14.7% QoQ, driven by reduced demand for rod and bar products.

Rail production increased by 12.1% QoQ, as a planned outage at a rail mill between June 11 and July 4 impacted Q2 2016 volumes.

Output of flat-rolled products decreased by 25.7%, as most service centre customers maintained very low inventories in response to weak demand.

Output of tubular products decreased by 12.5% QoQ. The OCTG and small-diameter line pipe markets remained under pressure due to low oil prices. For LDP, delays in pipeline approvals have resulted in lower production.

Prices for construction and tubular products decreased during Q3 2016, reflecting the prevailing dynamics of scrap and other input prices. In contrast, flat-rolled product prices increased QoQ, as plate prices peaked during July, when greater volumes were sold than the rest of the quarter.

Average selling prices

US\$/tonne (ex works)	Q3 2016	Q2 2016	9m 2016	9m 2015
Construction products	512	530	512	678
Flat-rolled products	684	643	642	752
Tubular products	989	1,001	983	1,149

UKRAINE

Product, '000 tonnes	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Coke (saleable)	190	169	12.1%	452	527	-14.2%
Pig iron	286	274	4.1%	823	744	10.7%
Pig iron (saleable)	36	4	n/a	49	69	-28.0%
Crude steel	264	291	-9.4%	824	729	13.1%
Steel products	234	233	0.7%	689	610	13.0%
Semi-finished products	167	130	29.1%	430	300	43.5%
Finished products	67	103	-34.9%	259	310	-16.6%
Construction products	55	94	-41.9%	227	275	-17.6%
Other steel products	12	9	38.8%	32	35	-8.4%

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

Production of crude steel decreased by 9.4% QoQ, as cast slabs from inventories were used in output of steel products. Some of the pig iron was cast and sold.

Output of steel products was mostly flat QoQ. Changes in the production mix reflected improved demand for semi-finished products (mainly billets) and lower demand for construction products on export markets.

Prices for pig iron and steel products were lower than in comparable periods. Domestic steel prices moved in line with the decline in the Platts index. Export steel prices (primarily for billet) followed the downward market trend.

In Q4 2016, output of crude steel and steel products is expected to decrease QoQ, due to planned capital repairs at rail and structural mills.

Average selling prices

US\$/tonne (ex works)	Q3 2016	Q2 2016	9m 2016	9m 2015
Coke (saleable)	154	129	136	176
Pig iron	204	263	202	247
Steel products				
Semi-finished products	286	298	266	327
Construction products	386	398	364	420
Other steel products	522	587	499	616

IRON ORE

Product, '000 tonnes	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Sinter (Russia)	2,705	2,463	9.8%	7,941	8,316	-4.5%
Pellets (Russia)	1,558	1,652	-5.6%	4,859	4,875	-0.3%
Lumpy ore (Ukraine)	639	782	-18.4%	1,946	2,115	-8.0%

Production of sinter increased by 9.8% QoQ, as sinter consumption in Q2 2016 was lower due to capital repairs at blast furnace 1 at EVRAZ ZSMK.

Output of pellets decreased in comparable quarters due to kiln repairs.

Production of lumpy ore at EVRAZ Sukha Balka fell by 18.4% QoQ, due to a temporary suspension of mining operations. Production is expected to resume in October and output volumes to recover in Q4 2016.

Pellet prices decreased in Q3 2016, following the downward dynamics on the domestic market. Lumpy ore prices increased in Q3 2016, in line with global benchmarks.

In Q4 2016, sinter output is expected to be at the level of Q3 2016. Production of pellets is expected to increase, as no repairs are planned in Q4 2016.

Average selling prices

US\$/tonne (ex works)	Q3 2016	Q2 2016	9m 2016	9m 2015
Pellets (Russia)	37	40	36	41
Lumpy ore (Ukraine)	25	22	22	23

COAL

Product, '000 tonnes	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Raw coking coal (mined)	5,434	5,503	-1.3%	16,451	14,761	11.4%
<i>Yuzhkuzbassugol</i>	2,811	2,735	2.8%	8,739	6,785	28.8%
<i>Raspadskaya</i>	2,431	2,627	-7.5%	7,314	7,799	-6.2%
<i>Mezhegeyugol</i>	192	141	36.3%	398	177	124.7%
Coking coal concentrate (production)	3,566	3,707	-3.8%	10,863	10,169	6.8%

Production of raw coking coal in Q3 2016 was slightly lower than in Q2 2016. This reflected the lower output at the Raspadskaya mine due to longwall repositioning in Q3 2016. Production at Mezhegeyugol increased QoQ due to improved productivity.

Output of coking coal concentrate decreased by 3.8% QoQ, due to less coking coal being mined at the Rapsadskaya mine.

In Q4 2016, production of raw coking coal at the Rapsadskaya mine is expected to increase QoQ following the scheduled move of the 4-10-29 longwall face in September. Output of raw coking coal at Yuzhkuzbassugol's Osinnikovskaya and Erunakovskaya mines is expected to drop amid planned longwall moves in Q4 2016.

The weighted average raw coking coal price decreased QoQ due to changes in the sales mix (lower sales of K-grade coal). The weighted average price of coking coal concentrate rose in Q3 2016, following global benchmarks. Coal prices are predominantly set quarterly, and a significant increase in coal prices is expected in Q4 2016.

Average selling prices

US\$/tonne (ex works)	Q3 2016	Q2 2016	9m 2016	9m 2015
Raw coking coal	30	34	31	33
Coking coal concentrate	62	60	58	59

VANADIUM

Product, tonnes of V*	Q3 2016	Q2 2016	Q3 2016/ Q2 2016, change	9m 2016	9m 2015	9m 2016/ 9m 2015, change
Vanadium slag, gross production	4,269	4,169	2.4%	12,536	13,891	-9.8%
Russia	4,269	4,169	2.4%	12,536	12,102	3.6%
South Africa	0	0	n/a	0	1,788	-100.0%
Vanadium in final products (saleable)	3,241	3,263	-0.7%	9,847	11,583	-15.0%

* Calculated in pure vanadium equivalent

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

Vanadium slag production increased by 2.4% QoQ, mostly due to higher output of pig iron at EVRAZ NTMK.

Output of final vanadium products decreased by 0.7% amid lower production of ferrovanadium due to a maintenance shutdown at Nikom in August and planned repairs at Vanady-Tula in September. This fall was partly offset by an increase in production of nitrovan at Vametco (SA), resulting from improved operational efficiencies.

In Q3 2016, the Metal Bulletin FeV80 index averaged US\$18.5/kgV, up 0.3% compared with US\$18.44/kgV in Q2 2016. Meanwhile, the Ryan's Notes index, used in North America, averaged US\$22.02/kgV in Q3 2016, down 0.8% compared with US\$22.2 \$/kgV in the previous quarter. Sales prices for vanadium products followed the market dynamics.

Average FeV indices

US\$/tonne of V	Q3 2016	Q2 2016	9m 2016	9m 2015
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade, Western Europe	18.50	18.44	17.20	20.31
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	22.02	22.20	19.63	22.03

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 Russian, Ukraine, Kazakhstan, the US, Canada, the 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 part of the Group's internal consumption of iron ore and coking coal is covered by its mining operations. Consolidated revenues for the year ended 31 December 2015 were US\$8,767 million and consolidated EBITDA amounted to US\$1,438 million.