



EVRAZ Q1 2017 PRODUCTION REPORT

20 April 2017 — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Group”) today released its operational results for the first quarter of 2017.

Q1 2017 vs Q4 2016 OPERATIONAL HIGHLIGHTS:

- In Q1 2017, consolidated crude steel production increased by 8.7%, mainly due to higher production at EVRAZ North America and the Russian steel mills.
- Steel production at the Russian steel mills increased QoQ due to capital repairs at EVRAZ ZSMK’s blast furnace no. 3 in Q4 2016. The growth in steel products output at the Russian steel mills primarily reflected an increase in volumes of semi-finished products, while higher volumes of semi-finished products were re-rolled at Evraz North America and Palini e Bertoli.
- The increase in production of crude steel and steel products (higher output of tubular, railway and flat-rolled products) at EVRAZ North America was due to higher demand on the North American market, as well as the completion of planned outages at EVRAZ Regina and EVRAZ Pueblo in Q4 2016.
- Consolidated raw coking coal output decreased by 3.5%, primarily due to scheduled longwall repositioning at Rapsadskaya mine, which was partially offset by an increase in raw coking coal output at Yuzhkuzbassugol’s mines following planned longwall repositioning in Q4 2016 and at Mezhegeyugol following the repositioning of mining equipment.
- Output of coking coal concentrate increased by 6.0% QoQ mainly due to higher volumes of raw coking coal mined at Mezhegeyugol, which is now processed partly at Yuzhkuzbassugol’s coal washing plants.

STEEL

Product, ‘000 tonnes	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Coke (saleable)	118	166	-28.8%	164	-27.7%
Pig iron	2,894	2,859	1.2%	2,951	-1.9%
Pig iron (saleable)	44	92	-52.3%	144	-69.5%
Crude steel	3,678	3,382	8.7%	3,548	3.7%
Steel products, gross*	3,515	3,342	5.2%	3,424	2.7%
Steel products, net of re-rolled volumes	3,247	3,128	3.8%	3,308	-1.8%
Semi-finished products**	1,446	1,451	-0.4%	1,442	0.3%
Finished products	1,801	1,676	7.5%	1,866	-3.5%
Construction products	875	871	0.5%	964	-9.2%
Railway products	416	396	5.1%	406	2.5%
Flat-rolled products***	186	162	14.6%	152	22.3%
Tubular products	166	97	71.7%	193	-14.0%
Other steel products	157	150	4.6%	150	4.6%

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

** Gross volume of steel products in the tables includes those re-rolled at other EVRAZ mills. However, such volumes are eliminated as inter-company sales for the purposes of EVRAZ’ consolidated operating results.*



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** 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 (51 thousand tonnes in Q1 2017), which resumed operations in 2016 after suspending them in August 2013.

RUSSIA and KAZAKHSTAN

Product, '000 tonnes	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Coke (saleable)	69	96	-28.4%	70	-2.1%
Pig iron	2,663	2,608	2.1%	2,688	-1.0%
Pig iron (saleable)	37	54	-31.7%	134	-72.5%
Crude steel	2,980	2,866	4.0%	2,865	4.0%
Steel products, gross	2,806	2,759	1.7%	2,669	5.2%
Steel products, net of re-rolled volumes	2,769	2,685	3.1%	2,638	5.0%
Semi-finished products	1,536	1,467	4.7%	1,393	10.3%
Finished products	1,232	1,218	1.2%	1,245	-1.0%
Construction products	759	756	0.3%	821	-7.6%
Railway products	328	321	2.4%	285	15.3%
Other steel products	145	141	3.0%	139	4.4%

Saleable coke volumes decreased by 28.4% QoQ due to a lower sales margin amid higher coking coal prices.

The output of crude steel and steel products (net of re-rolled volumes) increased by 4.0% and 3.1% QoQ, respectively, as output in Q4 2016 was impacted by capital repairs at EVRAZ ZSMK's blast furnace no. 3.

In Q1 2017, output of steel products increased QoQ, mostly due to higher volumes of semi-finished products, which rose by 4.7%. Output of construction products was marginally unchanged, reflecting market conditions and the low construction season in Russia. Railway products output increased by 2.4% QoQ, mostly due to higher rails consumption by Russian Railways.

Average selling prices

US\$/tonne (ex works)	Q1 2017	Q4 2016	Q1 2016
Coke	212	133	74
Pig iron	262	204	119
Steel products			
Semi-finished products	344	287	176
Construction products	530	460	271
Railway products	621	548	414
Other steel products	503	418	307

Overall, steel selling prices followed global benchmarks.

In Q2 2017, pig iron production is expected to decrease by roughly 3% due to capital repairs at EVRAZ ZSMK's blast furnace no. 2 in June.



NORTH AMERICA

Product, '000 tonnes	Q1 2017*	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Crude steel	456	283	61.1%	414	10.3%
Steel products, net of re-rolled volumes	455	343	32.4%	528	-13.9%
Construction products	65	48	36.5%	65	-0.6%
Railway products	88	75	16.6%	122	-27.7%
Flat-rolled products	135	123	9.6%	148	-8.5%
Tubular products	166	97	71.7%	193	-14.0%

* Q1 2017 production volumes are preliminary

Crude steel production increased by 61.1% QoQ as a result of higher demand across all segments and the absence of the prolonged scheduled outages experienced in Q4 2016 at EVRAZ Regina and EVRAZ Pueblo.

Higher orders and better mill availability resulted in a 36.5% increase QoQ in construction products output.

Rail production increased by 16.6% QoQ. Class-I railways' return to more typical ordering and the absence of prolonged maintenance outages resulted in higher mill availability than in Q4 2016.

Production of flat-rolled products increased by 9.6% as demand for plate and coil firmed up during the quarter.

Production of tubular products increased by 71.7% QoQ. OCTG demand recovery picked-up speed during the quarter as the combination of higher rig utilization and depleted inventories at distributors in Western Canada resulted in higher orders. Large-diameter line pipe demand improved as a result of the approval of two large pipeline projects in Canada at the end of 2016, as well as a recovery in small-diameter line pipe demand. In Q1 2017, production was also aided by the absence of major outages at the EVRAZ Regina mill, in contrast with the prolonged planned outage in Q4 2016.

Average selling prices

US\$/tonne (ex works)	Q1 2017	Q4 2016	Q1 2016
Construction products	591	515	491
Flat-rolled products	738	626	600
Tubular products	986	965	968

Prices for all products increased during the quarter. The increase in prices for construction and flat-rolled products reflects prevailing scrap and other input prices. In tubular products, prices increased as a result of higher scrap prices and the recovery in OCTG volumes, which carry higher prices.

In Q2 2017, crude steel output is expected to decline by between 5% and 10% as a result of a planned outage at EVRAZ Regina to complete the installation of the steel upgrades related to the investment project. Higher demand for plate, rail and OCTG is expected to drive volume increases of between 5% and 15% for flat products, railway products and tubular products. The higher allocation of steel to tubular



products (seamless pipe) and rail at EVRAZ Pueblo is expected to result in an approximately 10% decline in construction products volumes.

UKRAINE

Product, '000 tonnes	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Coke (saleable)	50	70	-29.3%	93	-46.8%
Pig iron	232	251	-7.6%	263	-11.9%
Pig iron (saleable)	7	38	-81.5%	10	-28.8%
Crude steel	241	233	3.8%	269	-10.2%
Steel products	203	200	1.3%	222	-8.7%
Semi-finished products	139	124	12.2%	133	4.6%
Finished products	63	76	-16.4%	89	-28.6%
Construction products	52	67	-22.6%	78	-33.8%
Other steel products	12	9	28.4%	11	8.9%

In Q1 2017, the reduction in saleable coke volumes QoQ was due to lower coke production caused by repairs at the coke and by-product plant at EVRAZ DMZ and temporary disruptions of coal supplies to coke production facilities.

Pig iron production went down by 7.6% amid reduced productivity of blast furnaces due to lower billets production (which had a lower margin in the product mix), temporary disruptions of coal supplies and lower coke quality.

Crude steel and steel products output increased QoQ by 3.8% and 1.3%, respectively, as production volumes in Q4 2016 were affected by capital repairs at Rolling mill no.1 at EVRAZ DMZ.

In Q1 2017, changes in the steel product mix reflected primarily lower demand for construction products.

Average selling prices

US\$/tonne (ex works)	Q1 2017	Q4 2016	Q1 2016
Coke (saleable)	274	201	117
Pig iron	314	218	168
Steel products			
Semi-finished products	335	306	211
Construction products	456	384	312
Other steel products	604	611	393

Overall, prices moved in line with global benchmarks. Prices for other steel products slightly decreased QoQ due to changes in the sales mix (lower sales of railway products on the Russian market).

In Q2 2017, pig iron production is expected to increase due to higher blast furnace productivity. Some pig iron will be cast and sold, as it is expected to have a higher margin than billet, as well as due to repairs at

Rolling mill no.1 and the oxygen-converter plant at EVRAZ DMZ. As a result, crude steel and steel products output is expected to decline QoQ.

IRON ORE

Product, '000 tonnes	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Iron ore products*	4,984	4,954	0.6%	4,948	0.7%

* Includes production of sinter, pellets and other iron ore products.

In Q1 2017, production of iron ore products were in line with previous quarter.

Average selling prices

US\$/tonne (ex works)	Q1 2017	Q4 2016	Q1 2016
Pellets (Russia)	84	42	30
Lumpy ore (Ukraine)	40	28	18

Prices for pellet and lumpy ore moved in line with global benchmarks.

In Q2 2017, sinter output is expected to decrease by around 10% due to repairs at EVRAZ ZSMK's sintering plant in June.

COAL

Product, '000 tonnes	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Raw coking coal (mined)	5,603	5,808	-3.5%	5,514	1.6%
<i>Yuzhkuzbassugol</i>	2,502	2,444	2.4%	3,193	-21.6%
<i>Raspadskaya</i>	2,886	3,198	-9.7%	2,256	27.9%
<i>Mezhegeyugol</i>	215	166	29.5%	65	230.7%
Coking coal concentrate (production)	3,605	3,401	6.0%	3,590	-38.1%
<i>Yuzhkuzbassugol's coal washing plants</i>	1,491	1,309	13.9%	1,686	-93.6%
<i>Raspadskaya's coal washing plant</i>	1,634	1,650	-1.0%	1,493	9.4%
<i>EVRAZ ZSMK's coal washing plant</i>	481	442	8.8%	412	16.8%

In Q1 2017, production of raw coking coal decreased by 3.5% due to scheduled longwall repositioning at the Raspadskaya mine. The decrease in raw coking coal output at the Raspadskaya mine was partially offset by increased production at Yuzhkuzbassugol's mines following planned longwall repositioning in Q4 2016 and at Mezhegeyugol following the repositioning of mining equipment.

Output of coking coal concentrate increased by 6.0% QoQ due to higher volumes of raw coking coal mined at Mezhegeyugol, which is now processed partly at Yuzhkuzbassugol's coal washing plants. Production at EVRAZ ZSMK's coal washing plant increased mainly due to higher steel production volumes.



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Average selling prices

US\$/tonne (ex works)	Q1 2017	Q4 2016	Q1 2016
Raw coking coal	86	58	29
Coking coal concentrate	156	118	52

Coal prices followed the positive trend in global benchmarks observed in Q4 2016, as coal prices are predominantly set quarterly.

In Q2 2017, raw coal production is expected to increase following the scheduled longwall repositioning at the Rospadskaya and Erunakovskaya-8 mines.

VANADIUM

Product, tonnes of V*	Q1 2017	Q4 2016	Q1 2017/ Q4 2016, change	Q1 2016	Q1 2017/ Q1 2016, change
Vanadium slag, gross production (Russia)	4,553	4,350	4.7%	4,097	11.1%
Vanadium in final products (saleable)	3,291	3,013	9.2%	3,344	-1.6%

*Calculated in pure vanadium equivalent

Vanadium slag production increased by 4.7% QoQ, due to higher output of pig iron, as well as improved vanadium slag yields and a better vanadium extraction ratio at EVRAZ NTMK.

In Q1 2017, output of saleable vanadium products increased by 9.2% QoQ, primarily due to a recovery of ferrovanadium production at Nikom on the back of improved oxides availability. This was partially offset by lower output of Nitrovan at Vametco, which was negatively affected by the 21 days annual maintenance in March 2017.

Average FeV indices

US\$/ kgV	Q1 2017	Q4 2016	Q1 2016
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe	25.31	22.34	14.60
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	27.24	23.47	14.57

In Q1 2017, the Metall Bulletin FeV80 index averaged US\$25.31/kgV, up 13% from US\$22.34/kgV in Q4 2016. Meanwhile, the Ryan's Notes index, used in North America, averaged US\$27.24/kgV in Q1 2017, a 16% increase from US\$23.47/kgV in the previous quarter. Sale prices for vanadium products followed market trends.

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, Ukraine, Kazakhstan, USA, Canada, Czech Republic and Italy. EVRAZ is among the top steel producers in the world based on crude steel production of 13.5 million tonnes in 2016. 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 2016 were US\$7,713 million, and consolidated EBITDA amounted to US\$1,532 million.