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EVRAZ Q3 2019 TRADING UPDATE

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

Q3 2019 vs Q2 2019 HIGHLIGHTS

- In Q3 2019, EVRAZ’ consolidated crude steel output decreased by 3.4% QoQ, mainly due to lower production volumes at EVRAZ ZSMK amid scheduled capital repairs. Production was also impacted by reduced output at EVRAZ’ US and Canadian mills following scheduled downtimes and by weaker demand.
- Total steel product sales remained flat QoQ. Sales of semi-finished products increased by 5.6% QoQ due to better market conditions. This was partly offset by a 3.1% QoQ drop in finished products due to lower sales of flat-rolled products (decreased production at EVRAZ Palini e Bertoli as well as weaker demand from service centres at North America) and railway products (capital repairs at EVRAZ ZSMK and EVRAZ NTMK).
- Production of raw coking coal decreased by 9.7% QoQ mainly following the decision to reduce production at the Razrez Rospadsky open-pit as a response to substantial accumulated stockpiles of raw coal.
- External sales volumes of coking coal products remained flat QoQ.
- External sales of iron ore products descended by 73 kt (31.1%) QoQ as production volumes of pellets were down amid capital repairs at EVRAZ KGOK’s roasting machine no. 2.
- Sales of final vanadium products rose by 9.8% QoQ, mainly due to increased demand in China. This was a result of robust infrastructure sector development, as well as ferrovanadium re-stocking in the rest of the world due to lower prices.

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Total crude steel production	3,380	3,498	-3.4%	10,366	9,917	4.5%
Russia	2,953	3,006	-1.8%	8,945	8,368	6.9%
Ukraine	0	0	n/a	0	154	-100.0%
North America	427	492	-13.2%	1,421	1,395	1.9%
Total raw coking coal mined	6,319	6,996	-9.7%	20,159	17,335	16.3%
Total coking coal concentrate production	4,244	4,458	-4.8%	12,386	11,967	3.5%
Iron ore products production	3,319	3,533	-6.1%	10,488	10,148	3.4%
Total sales of steel products¹	3,385	3,371	0.4%	9,893	9,328	6.1%
Semi-finished products ^{2,3}	1,443	1,367	5.6%	4,146	3,726	11.3%
Finished products ³	1,942	2,004	-3.1%	5,747	5,602	2.6%
Total sales of third-party steel products³	225	196	14.8%	601	672	-10.6%
Sales of coking coal products	2,953	2,929	0.8%	8,539	8,244	3.6%
Sales of iron ore products²	162	235	-31.1%	861	1,514	-43.1%
Sales of vanadium in slag²	1,693	1,660	2.0%	4,528	4,760	-4.9%
Sales of vanadium final products⁴	3,585	3,266	9.8%	9,369	9,693	-3.3%

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

¹ Q3 2019 production and sales volumes of EVRAZ North America are preliminary

² 9m 2018 data has been adjusted

³ Q2 2019 data has been adjusted

⁴ in tonnes of pure vanadium

CONFERENCE CALL DETAILS

A conference call to discuss the trading update will be held on **Friday, 1 November 2019**, at:

- **1 pm** (London time)
- **4 pm** (Moscow time)
- **9 am** (New York time)

Key speakers:


- **Ilya Shirokobrod**, Vice President, Sales and Logistics
- **Alexander Erenburg**, Vice President, Head of the Vanadium Division
- **Sergey Stepanov**, Vice President, Head of the Coal Division
- **Alexander Vasiliev**, Chief Financial Officer, EVRAZ North America

To join the call, please dial:

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Conference ID: 7150635

To avoid any technical inconvenience, it is recommended that participants dial in 10 minutes before the start of the call.

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The Q3 2019 Trading update presentation will be available on the Group's website, www.evraz.com, on Friday, 1 November 2019, at the following link:

<https://www.evraz.com/en/investors/reports-and-results/presentations/#2019>

FORWARD-LOOKING STATEMENTS

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STEEL SEGMENT

Total production volumes

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Pig iron production	2,795	2,745	1.8%	8,252	7,645	7.9%
EVRAZ ZSMK	1,516	1,530	-0.9%	4,517	4,105	10.0%
EVRAZ NTMK	1,279	1,215	5.3%	3,735	3,386	10.3%
EVRAZ DMZ	0	0	n/a	0	153	-100.0%
Crude steel production	2,953	3,006	-1.8%	8,945	8,522	5.0%
EVRAZ ZSMK	1,866	1,942	-3.9%	5,703	5,357	6.5%
EVRAZ NTMK	1,087	1,064	2.2%	3,242	3,011	7.7%
EVRAZ DMZ	0	0	n/a	0	154	-100.0%
Total steel products production, net of re-rolled volume	2,766	2,759	0.3%	8,147	7,580	7.5%
EVRAZ ZSMK	1,624	1,737	-6.5%	5,047	4,839	4.3%
EVRAZ NTMK	969	844	14.8%	2,607	2,213	17.8%
EVRAZ DMZ	0	0	n/a	0	132	-100.0%
EVRAZ Palini e Bertoli	88	101	-12.9%	286	266	7.5%
EVRAZ Caspian Steel	86	77	11.7%	207	130	59.2%
Iron ore products production	3,319	3,533	-6.1%	10,488	10,148	3.4%
Pellets (EVRAZ KGOK)	1,456	1,573	-7.4%	4,672	4,938	-5.4%
Sinter (EVRAZ KGOK)	883	928	-4.8%	2,709	2,633	2.9%
Concentrate (EVRAZ KGOK, Evrazruda)	980	1,032	-5.0%	3,107	2,577	20.6%
Coking coal concentrate production	511	489	4.5%	1,454	1,538	-5.5%
From own raw coal ¹	407	341	19.4%	1,004	922	8.9%
From third-party raw coal	104	148	-29.7%	450	616	-26.9%
Gross vanadium slag production²	4,734	4,533	4.4%	13,713	12,675	8.2%

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 Q3 2019, EVRAZ` pig iron output rose by 1.8% QoQ, mainly following the completion of capital repairs in April at EVRAZ NTMK's blast furnace no. 5.

Crude steel production volumes fell by 1.8% QoQ, primarily due to scheduled capital repairs in July-August 2019 at EVRAZ ZSMK.

Total output of steel products remained almost flat QoQ, with a 14.8% QoQ increase in production volumes at EVRAZ NTMK due to lower re-rolled volumes of slabs at the Steel, North America segment. EVRAZ Caspian Steel boosted production by 11.7% following higher demand from customers. This was partly offset by production at EVRAZ Palini e Bertoli going down by 12.9% due to unscheduled downtime in August 2019.

Iron ore products output fell by 6.1% QoQ, mainly due to capital repairs in August-September 2019 at EVRAZ KGOK's roasting machine no. 2.

Total sales volumes

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Coke	93	113	-17.7%	271	318	-14.8%
Steel products, external sales²	2,847	2,770	2.8%	8,200	7,757	5.7%
Semi-finished products	1,398	1,293	8.1%	3,971	3,700	7.3%
Slabs	669	572	17.0%	1,724	1,377	25.2%
Billets	562	545	3.1%	1,752	1,943	-9.8%
Other steel products ¹	167	176	-5.1%	495	379	30.6%
Finished products²	1,448	1,477	-2.0%	4,229	4,057	4.2%
Construction products ²	883	864	2.2%	2,476	2,367	4.6%
Railway products	314	367	-14.4%	1,025	1,010	1.5%
Flat products	79	98	-19.4%	269	263	2.3%
Other steel products ²	172	148	16.2%	461	417	10.6%
Steel products, inter-segment sales	27	115	-76.5%	328	423	-22.5%
Third-party steel products, external sales²	225	196	14.8%	601	672	-10.6%
Iron ore products, external sales	162	235	-31.1%	861	1,514	-43.1%
Pellets	162	235	-31.1%	861	1,514	-43.1%
Sales of vanadium in slag³	1,693	1,660	2.0%	4,528	4,760	-4.9%
Sales of vanadium final products⁴	3,585	3,266	9.8%	9,369	9,693	-3.3%

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

¹ includes tonnes of pig iron

² Q2 2019 data has been adjusted

³ 9m 2018 data has been adjusted

⁴ in tonnes of pure vanadium

In Q3 2019, external sales of steel products were up 2.8% QoQ. Sales of semi-finished products rose by 8.1% QoQ, primarily due to better market conditions.

Sales of finished products fell by 2% QoQ. Sales of railway products were down 14.4% QoQ amid capital repairs at EVRAZ NTMK's rail and beam mill and EVRAZ ZSMK's electric-arc furnace shop. In addition, sales of flat-rolled products dropped by 19.4% QoQ, primarily due to a decline in production volumes at EVRAZ Palini e Bertoli.

Inter-segment sales declined by 76.5% QoQ due to lower sales of slabs to the Steel, North America segment following a decline in demand from customers.

Sales of iron ore products fell by 31.1% QoQ after a reduction in pellet production volumes due to capital repairs in August-September at EVRAZ KGOK's roasting machine no. 2.

Sales of final vanadium products rose by 9.8% QoQ, mainly due to increased demand in China. This was the result of robust infrastructure sector development, as well as ferrovanadium re-stocking in the rest of the world due to lower prices.

Cash cost, US\$/t	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Slab cash cost vertically integrated	241	238	1.3%	234	235	-0.4%
Iron ore products (Fe 62%)*	41	40	2.5%	39	36	8.3%

* Q2 2019 data has been adjusted

Average selling prices

US\$/t (ex works)	Q3 2019	Q2 2019	9m 2019	9m 2018
Coke	214	240	225	229
Steel products**	480	507	489	548
Semi-finished products*	341	392	371	464
Construction products**	557	563	548	598
Railway products	842	763	780	693
Other steel products	579	598	590	638
Pellets	76	81	77	64
Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe***	30.72	39.36	47.80	72.17
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid***	34.93	47.81	56.89	75.50

* includes prices for pig iron

** Q2 2019 data has been adjusted

*** US\$/kgV

In Q4 2019, pig iron production volumes are expected to edge down QoQ due to capital repairs in October at EVRAZ NTMK's blast furnace no. 5. This will be partly offset by a QoQ uptick in pig iron production volumes following completion of capital repairs in July-August 2019 at EVRAZ ZSMK.

STEEL, NORTH AMERICA SEGMENT

Production and sales volumes*

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Crude steel	427	492	-13.2%	1,421	1,395	1.9%
EVRAZ US mills	223	251	-11.2%	709	678	4.6%
EVRAZ Canadian mills	204	241	-15.4%	712	716	-0.6%
Total steel products production, net of re-rolled volume	535	605	-11.6%	1,698	1,616	5.1%
EVRAZ US mills	352	384	-8.3%	1,087	1,007	7.9%
EVRAZ Canadian mills	183	220	-16.8%	611	609	0.3%
Sales of steel products	539	601	-10.3%	1,693	1,571	7.8%
Semi-finished products	45	74	-39.2%	175	26	n/a
Construction products	66	69	-4.3%	202	213	-5.2%
Railway products	106	122	-13.1%	329	304	8.2%
Flat-rolled products	128	141	-9.2%	409	442	-7.5%
Tubular products	194	195	-0.5%	578	586	-1.4%

*Q3 2019 production and sales volumes data is preliminary

In Q3 2019, crude steel production dropped by 13.2% QoQ. The reduction was made at EVRAZ Regina facility in anticipation of weaker demand for both OCTG and line pipe in the upcoming months, as well as by lower production at EVRAZ Pueblo, which came as a result of scheduled downtimes and unplanned repairs.

Sales of semi-finished products (slabs) fell by 39.2% QoQ driven primarily by the timing of customer orders, which fluctuate throughout the year.

Sales of construction products decreased by 4.3% QoQ with continued sluggish demand caused by substantial customer inventories and imports of wire rod and rebar.

Sales of railway products were down 13.1% QoQ in the period due to planned major maintenance outage in September.

Flat-rolled product sales descended by 9.2% QoQ as a result of weakening demand from service centres. End user demand did not decrease in Q3 2019.

Tubular product sales volumes were almost flat (down 0.5%) QoQ as Canadian OCTG market remains soft.

Average selling prices

US\$/t (ex works)	Q3 2019	Q2 2019	9m 2019	9m 2018
Construction products	695	768	771	796
Flat-rolled products	875	953	961	967
Tubular products	1,340	1,347	1,353	1,230

Prices for construction products decreased in the period, driven primarily by falling scrap pricing and sluggish market demand. Prices for flat-rolled products dropped further as service centres continue to curtail purchases amid rapidly falling scrap prices and market uncertainty driven by soft demand. Prices for tubular products were almost flat in Q3 2019 (up 0.5% QoQ) thanks to higher priced large-diameter pipe (LDP) orders, although this was offset by a continued softening on the OCTG markets and lower line pipe prices.

In Q4 2019, crude steel output is expected to climb by as much as 5% compared with the average level for Q2 and Q3 2019. Tubular sales volumes are expected to rise QoQ, driven by increased recognition of current LDP orders and higher line pipe sales volumes. Sales of flat-rolled products are forecast to remain flat or marginally decline QoQ, driven by continued softness in the market along with the usual seasonal decline in demand at the end of the year.

COAL SEGMENT

Production volumes

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, Change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Raw coking coal (mined)	6,319	6,996	-9.7%	20,159	17,335	16.3%
<i>Yuzhkuzbassugol</i>	3,043	3,466	-12.2%	9,115	8,172	11.5%
<i>Raspadsкая</i>	2,965	3,231	-8.2%	10,112	8,364	20.9%
<i>Mezhegeyugol</i>	311	299	4.0%	932	799	16.6%
Coking coal concentrate (production)	3,733	3,969	-5.9%	10,931	10,428	4.8%
<i>Produced at Yuzhkuzbassugol coal washing plants</i>	1,570	1,837	-14.5%	4,840	4,991	-3.0%
<i>Produced at the Raspadsкая coal washing plant</i>	2,163	2,132	1.5%	6,091	5,437	12.0%

In Q3 2019, overall raw coking coal output fell by 9.7% QoQ mainly following the decision to reduce production at the Razrez-Raspadsky open-pit as a response to substantial accumulated stockpiles of raw coal. In addition, production volumes were lower QoQ due to the longwall move at the Uskovskaya mine in the period.

Output of coking coal concentrate dropped by 5.9% QoQ, primarily due to higher sales of raw coal from the Uskovskaya mine.

Sales volumes

Product, kt	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
External sales	2,953	2,929	0.8%	8,539	8,244	3.6%
<i>Raw coking coal</i>	741	447*	65.8%	1,685*	1,377	22.4%
<i>Coking coal concentrate</i>	2,212	2,482	-10.9%	6,854	6,867	-0.2%
Intersegment sales	1,712	1,650	3.8%	4,882	4,545	7.4%
<i>Raw coking coal</i>	629	556	13.1%	1,580	1,455	8.6%
<i>Coking coal concentrate</i>	1,084	1,094	-0.9%	3,301	3,090	6.8%

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

In Q3 2019, external sales volumes of coking coal products remained flat QoQ. Raw coking coal sales volumes surged by 65.8% QoQ due to higher sales at the Uskovskaya mine to match customer needs. This was partly offset by lower coking coal concentrate sales volumes due to logistical limitations of shipments to Russia's Far East as a result of maintenance works at railroads.

Cash cost, US\$/t	Q3 2019	Q2 2019	Q3 2019/ Q2 2019, change	9m 2019	9m 2018	9m 2019/ 9m 2018, change
Coking coal concentrate	35	33	6.1%	35	47	-25.5%

Average selling prices

US\$/t (ex works)	Q3 2019	Q2 2019	9m 2019	9m 2018
Raw coking coal	45	62	53	65
Coking coal concentrate	88	104	103	123

In Q3 2019, coking coal selling prices moved in line with global benchmarks.

In Q4 2019, raw coal production is expected to remain flat QoQ as the effect from the completion of the longwall move at the Uskovskaya mine will be partly offset by the longwall move at the Erunakovskaya 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.