

## EVRAZ Q3 2014 PRODUCTION REPORT and INTERIM MANAGEMENT STATEMENT

**16 October 2014** — EVRAZ plc (LSE: EVR) today releases its operational results for the third quarter of 2014 and its Interim Management Statement.

### Q3 2014 vs Q2 2014 HIGHLIGHTS and RECENT DEVELOPMENTS:

- Consolidated crude steel production decreased slightly in Q3 2014 vs. Q2 2014 mostly due to maintenance works at the EVRAZ ZSMK mill in Russia
- Share of finished steel products within consolidated volumes was 69% in Q3 2014 vs. 70% in Q2 2014
- Consolidated production of steel products decreased by 4% mostly due to a decrease in production of railway products driven by lower orders for railway products from customers in Russia and the CIS and annual maintenance works at the EVRAZ Pueblo rail mill in North America
- Output of iron ore products in Russia decreased by 3% vs. Q2 2014 due to maintenance works at the sintering facilities
- Consolidated raw coking coal output and production of coking coal concentrate increased by 6% and 4% respectively due to stable performance by Yuzhkuzbassugol
- Average prices for EVRAZ's construction products in Russia remained seasonally strong
- Average prices for flat-rolled and tubular products in North America were supported by growing demand from the oil and gas sector
- Average prices for Russian-produced iron ore products and coking coal concentrate were in line with the global benchmarks
- In Q3 2014, preliminary capital expenditure<sup>1</sup> totalled US\$175 million, including US\$57 million on development projects. The company is on track to meet its commitment to achieve capital expenditure of less than US\$900 million per annum for 2014 and beyond
- In Q3 2014, the Group drew down a US\$425 million pre-export credit facility signed with a syndicate of international banks in August, with the proceeds being put towards the redemption of the Company's RUB 20 billion bonds in October 2014

<sup>1</sup> Estimate as EVRAZ IFRS books are not yet closed

### STEEL SEGMENT

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Coke (saleable)	305	273	11.6%	342	-10.9%
Pig iron	3,107	3,131	-0.8%	3,137	-0.9%
Pig iron (saleable)	67	85	-21.9%	131	-49.1%
Crude steel	3,859	3,917	-1.5%	3,962	-2.6%
Steel products, gross *	3,647	3,812	-4.3%	3,933	-7.3%
Steel products, net of re-rolled volumes	3,406	3,556	-4.2%	3,649	-6.7%
Semi-finished products **	1,066	1,054	1.1%	918	16.1%

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Finished products	2,340	2,502	-6.5%	2,731	-14.3%
Construction products	1,301	1,336	-2.6%	1,363	-4.6%
Railway products	411	535	-23.1%	515	-20.2%
Flat-rolled products	215	228	-5.9%	456	-52.9%
Tubular products	261	252	3.6%	229	13.9%
Other steel products	152	151	0.6%	167	-9.2%

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

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

## RUSSIA

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Coke (saleable)	94	87	7.8%	141	-33.5%
Pig iron	2,695	2,691	0.2%	2,735	-1.5%
Pig iron (saleable)	61	75	-17.9%	110	-44.0%
Crude steel	2,948	3,020	-2.4%	2,967	-0.6%
Steel products, gross	2,676	2,835	-5.6%	2,753	-2.8%
Steel products, net of re-rolled volumes	2,669	2,728	-2.2%	2,661	0.3%
Semi-finished products	1,201	1,094	9.7%	1,024	17.3%
Finished products	1,469	1,634	-10.1%	1,637	-10.3%
Construction products	1,052	1,109	-5.1%	1,109	-5.2%
Railway products	283	395	-28.3%	389	-27.2%
Other steel products	133	129	2.7%	138	-4.0%

In Q3 2014, crude steel output decreased slightly by 2% compared to Q2 2014 as a result of lower pig iron output due to unscheduled maintenance works (change of the worn-out charging device) at one of the EVRAZ ZSMK blast furnaces.

Production of steel products, net of re-rolled volumes, decreased by 2% compared to the previous quarter and was unchanged compared to the same period last year.

Production of semi-finished goods increased by 10% compared to Q2 2014 when their production was limited by steel availability due to maintenance of one of EVRAZ NTMK's blast furnaces in May.

Production of railway products was affected, experiencing a 28% decrease quarter-on-quarter and a 27% decrease year-on-year, by lower orders of railway products by customers in Russia and the CIS, including Russian Railways.

While the demand for rebars and, consequently, their production remained strong in Q3 2014, the overall production of construction products decreased by 5% compared to Q2 2014 and to Q3 2013 due to lower production volumes of other construction products. In particular, the production of beams decreased, mostly as a result of a softer demand, but also due to the scheduled 22-day maintenance of one of the reheating furnaces at EVRAZ NTMK's broad flange beam shop in July to August. Production volumes of construction products were also affected by the shutdown of unprofitable Mill 450 at the EVRAZ ZSMK.

Prices for semi-finished goods slightly decreased in line with global prices. Higher prices for construction products reflected the seasonal peak in demand. Prices for railway products in US dollar terms decreased mostly as a result of the Russian rouble devaluation.

Production of steel and total steel products is expected to increase in Q4 2014 compared to Q3 2014, albeit at the expense of a further shift in favour of production of semi-finished products due to seasonal change in demand. Prices for construction products are expected to be negatively affected by decreasing demand in Russia and the CIS and, in dollar terms, by the continuing weakening of the rouble.

#### Average selling prices

USD/tonne (ex works)	Q3 2014	Q2 2014	Q3 2013
Coke	118	133	150
Pig iron	309	307	292
Steel products			
Semi-finished products	417	427	374
Construction products	623	616	639
Railway products	747	807	829
Other steel products	606	612	627

#### **NORTH AMERICA**

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Crude steel	500	480	4.2%	558	-10.4%
Steel products, net of re-rolled volumes	641	621	3.2%	673	-4.7%
Construction products	89	80	11.4%	81	9.3%
Railway products	128	139	-8.5%	126	1.4%
Flat-rolled products	164	150	9.3%	237	-30.8%
Tubular products	261	252	3.6%	229	13.9%

In Q3 2014, output of crude steel improved by 4% vs. Q2 2014 as there were no major outages of production facilities. EVRAZ North America's plants produced 3% more steel products due to healthy demand for most of EVRAZ North America's products supported by improved economic indicators.

Production of rails decreased compared to the previous quarter as a result of the annual maintenance works at the EVRAZ Pueblo rail mill.

The year-on-year decrease in quarterly steel production, total output of steel products and in particular of flat-rolled products was driven mainly by the suspension of the EVRAZ Claymont operations from Q4 2013 as part of EVRAZ's asset optimisation plan. Excluding EVRAZ Claymont, the production would have increased (See Attachment 1).

Prices for flat-rolled and tubular products increased as a result of improving market sentiment. Construction prices declined following a decrease in scrap price.

In Q4 2014 crude steel output is expected to be generally in line with Q3 2014 supported by the order book for tubular and long products. A slight increase in rail volumes is expected compared to Q3 2014 following completion of the annual maintenance of the EVRAZ Pueblo rail mill in September.

#### **Average selling prices**

<b>USD/tonne (ex works)</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2013</b>
Construction products	795	808	747
Flat-rolled products	998	980	840
Tubular products	1,352	1,335	1,429

#### ***UKRAINE***

<b>Product, '000 tonnes</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2014/ Q2 2014, change</b>	<b>Q3 2013</b>	<b>Q3 2014/ Q3 2013, change</b>
Coke (saleable)	211	186	13.4%	201	5.0%
Pig iron	258	249	3.5%	257	0.5%
Pig iron (saleable)	5	11	-49.8%	21	-74.9%
Crude steel	269	247	9.0%	246	9.3%
Steel products	218	219	-0.3%	207	5.6%
Semi-finished products	94	103	-8.8%	87	8.3%
Finished products	124	116	7.3%	120	3.6%
Construction products	110	97	13.4%	101	9.0%
Other steel products	14	18	-24.9%	19	-25.9%

In Q3 2014, output of crude steel by EVRAZ steel mill in Ukraine, DMZ, increased by 9% compared to Q2 2014 and to Q3 2013 as a result of increased pig iron production.

Output of semi-finished goods for exports was reduced by 9%. Production of finished products increased by 7% compared to Q2 2014 due to high demand and their deficit in the local market caused by lower competition from other Ukrainian steel producers. EVRAZ DMZ steel mill began producing new types of U-channels, which expanded the product mix.

Prices for construction products sold in the Ukrainian market were flat quarter-on-quarter and prices for semi-finished products (billets) rose due to the limited supply and resulting deficit of Ukrainian steel products in the export markets.

### **Average selling prices**

<b>USD/tonne (ex works)</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2013</b>
Coke (saleable)	167	159	211
Pig iron	330	327	348
Steel products			
Semi-finished products	462	452	462
Construction products	570	573	581
Other steel products	901	819	872

### ***EUROPE***

<b>Product, '000 tonnes</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2014/ Q2 2014, change</b>	<b>Q3 2013</b>	<b>Q3 2014/ Q3 2013, change</b>
Crude steel	0	0	n/a	46	n/a
Steel products, gross	0	0	n/a	174	n/a
Steel products, net of re-rolled volumes	0	0	n/a	174	n/a
Construction products	0	0	n/a	22	n/a
Flat-rolled products	0	0	n/a	147	n/a
Other steel products	0	0	n/a	5	n/a

Operations at EVRAZ Palini e Bertoli in Italy have remained suspended due to market conditions since August 2013.

### ***SOUTH AFRICA***

<b>Product, '000 tonnes</b>	<b>Q3 2014</b>	<b>Q2 2014</b>	<b>Q3 2014/ Q2 2014, change</b>	<b>Q3 2013</b>	<b>Q3 2014/ Q3 2013, change</b>
Pig iron	154	191	-19.5%	145	6.2%
Crude steel	141	170	-16.6%	144	-1.8%
Steel products	111	137	-18.7%	127	-12.3%
Semi-finished products	5	6	-3.6%	0	n/a



Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Finished products	106	131	-19.3%	127	-16.5%
Construction products	50	50	-0.2%	50	0.0%
Flat-rolled products	51	78	-34.9%	72	-28.9%
Other steel products	5	3	60.2%	6	-4.9%

In Q3 2014, the output of pig iron and crude steel decreased by 20% and 17% respectively compared to Q2 2014 due to operational constraints caused by electricity load-shedding in winter months and by slab caster outages.

As a result of lower steel volumes, production of steel products, in particular of flat-rolled products, decreased 19% vs. Q2 2014.

The decrease in production of steel products year-on-year is attributable mostly to the slab caster outages in Q3 2014.

#### Average selling prices

USD/tonne (ex works)	Q3 2014	Q2 2014	Q3 2013
Semi-finished products	413	431	595
Construction products	694	680	689
Flat-rolled products	619	653	674
Other steel products	474	513	698

## MINING SEGMENT

### IRON ORE

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Iron ore products (Russia), including	4,380	4,504	-2.8%	4,686	-6.5%
<i>Sinter</i>	2,744	2,929	-6.3%	3,079	-10.9%
<i>Pellets</i>	1,636	1,575	3.9%	1,606	1.9%
Lumpy ore (Ukraine)	705	714	-1.3%	717	-1.7%
Fines ore (South Africa)	190	195	-3.0%	154	23.5%
Lumpy ore (South Africa)	474	407	16.5%	377	25.5%

In Q3 2014 production of iron ore products (sinter and pellets) in Russia decreased by 3% compared to Q2 2014 and by 7% compared to the same period last year. The year-on-year lower volumes of iron ore products produced in Russia, in particular of sinter, resulted from the disposal of VGOK in October

2013. Excluding EVRAZ VGOK, production of iron ore products by EVRAZ's Russian assets in Q3 2014 compared to Q3 2013 would have been flat (See Attachment 2).

Production of sinter in Russia decreased by 6% vs. Q2 2014 due to the scheduled maintenance of the sintering plant at KGOK in September 2014. Production of pellets by EVRAZ KGOK grew by 4% quarter-on-quarter.

The share of EVRAZ's own concentrate used in production of sinter rose to 75% compared to 64% in Q2 2014 on the back of increasing volumes of iron ore mined at Evrazruda's Sheregesh mine undergoing reconstruction which is expected to be completed by 2017.

Production of lumpy iron ore at EVRAZ Sukha Balka in Ukraine slightly decreased by 1% compared to Q2 2014 and by 2% compared to Q3 2014 due to maintenance works at the Yubileynaya mine as well as lower quality of ore at the depleting section of the mine.

Production of iron ore at the Mapochs mine in South Africa in Q3 2014 grew compared to both the previous quarter and year-on-year due to improved productivity of the crushing facilities of the mine after repairs performed in January-February 2014.

### Average selling prices

USD/tonne (ex works)	Q3 2014	Q2 2014	Q3 2013
Sinter (Russia)	52	69	71
Pellets (Russia)	64	82	82
Lumpy ore (Ukraine)	46	56	66

### **COAL**

Product, '000 tonnes	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
Raw coking coal (mined)	5,329	5,036	5.8%	4,802	11.0%
Yuzhkuzbassugol	2,870	2,467	16.4%	2,794	2.7%
Raspadskaya	2,459	2,569	-4.3%	2,008	22.5%
Coking coal concentrate (production)	3,510	3,384	3.7%	3,464	1.3%
Produced at Yuzhkuzbassugol coal washing plants	1,543	1,374	12.4%	1,502	2.8%
Produced at EVRAZ ZSMK coal washing plant	469	500	-6.1%	632	-25.7%
Produced at Raspadskaya coal washing plant	1,497	1,510	-0.8%	1,330	12.6%
Raw steam coal (mined)	0	290	n/a	482	n/a
Steam coal concentrate (production)	5	15	-62.5%	21	-73.9%

### Coking coal

In Q3 2014, production of raw coking coal by EVRAZ increased by 6% vs. Q2 2014 due to a 16% increase in volumes of raw coal mined by Yuzhkuzbassugol compared to low Q2 2014 volumes impacted by the longwall move at the Uskovskaya mine in May-June and temporary suspension of mining operations at the Yesaulskaya mine due to the high water level. Subsequently, the Yuzhkuzbassugol coal washing plants increased production by 12%.

Production of raw coking coal and coking coal concentrate by Raspadskaya coal company decreased by 4% and 1% respectively compared to Q2 2014 due to completion of mining at a section of the Raspadskaya mine's 4-9-23 face and beginning of the longwall move.

The year-on-year increase of 11% in raw coking coal production by EVRAZ as a whole and of 13% in coking coal concentrate production by the Raspadskaya coal company in particular were attributable to the ongoing gradual ramp-up of production at the Raspadskaya coal mine.

Share of own raw coal used in total concentrate production by EVRAZ remained largely unchanged at 95%.

The blended average selling price of coking coal concentrate remained largely flat, in line with global benchmarks.

### Average selling prices

USD/tonne (ex works)	Q3 2014	Q2 2014	Q3 2013
Raw coking coal	44	46	53
Raw steam coal	28	28	32
Coking coal concentrate	70	73	78

## **VANADIUM SEGMENT**

Product, tonnes of V*	Q3 2014	Q2 2014	Q3 2014/ Q2 2014, change	Q3 2013	Q3 2014/ Q3 2013, change
<b>Vanadium in slag (gross production)</b>	5,799	5,415	7.1%	4,808	20.6%
Russia	4,034	3,519	14.6%	3,335	21.0%
South Africa	1,765	1,896	-6.9%	1,473	19.8%
<b>Vanadium in final products (saleable)</b>					
Ferrovandium	3,277	3,590	-8.7%	3,466	-5.4%
Produced at own facilities	1,768	1,956	-9.6%	1,875	-5.7%
Processed at 3rd parties' facilities	1,509	1,634	-7.6%	1,591	-5.1%
Nitrovan®	515	734	-29.8%	436	18.2%
Oxides, vanadium aluminium and chemicals	467	394	18.5%	358	30.4%

\* Calculated in pure vanadium equivalent.





Vanadium slag production increased by 7% compared to Q2 2014 as a result of higher slag volumes at Russian EVRAZ NTMK following completion of maintenance works at the mill's converter in May 2014.

Production of Ferrovandium in Q3 2014 decreased by 9% compared to Q2 2014 and by 5% year-on-year. Production of ferrovandium at EVRAZ's own facilities was 10% and 6% lower respectively affected by the undersupply of vanadium pentoxide (V<sub>2</sub>O<sub>5</sub>) by EVRAZ Vanady Tula due to operational issues and repair works at its V<sub>2</sub>O<sub>5</sub> producing facilities in September 2014. Ferrovandium processed at third party facilities was 8% and 5% less than in Q2 2014 and Q3 2013 respectively as a result of reduced slag supply from EVRAZ Highveld.

In Q3 2014, production of Nitrovan by Vametco in South Africa was negatively affected by the scheduled annual shutdown of the plant in September 2014. Production in Q3 last year was affected by the industrial action, hence there is an 18% increase year-on-year.

Production of oxides, vanadium aluminum and chemicals at EVRAZ Stratcor facility at Arkansas (US) improved by 19% compared to the previous quarter and by 30% vs. the same quarter of last year due to higher oxide extraction yields and stable feedstock availability.

Ferrovandium and Nitrovan prices declined by 4% in Q3 2014 vs. Q2 2014 driven by Metal Bulletin Ferrovandium index which was negatively affected by a significant increase of Chinese FeV exports to Europe. Prices of Oxides, VAL and Chemicals decreased quarter-on-quarter as a result of both a weaker Metal Bulletin Oxide index and a different sales mix.

### Average selling prices

USD/tonne of V (ex works)	Q3 2014	Q2 2014	Q3 2013
Ferrovandium	24,933	25,824	25,185
Nitrovan®	27,182	28,171	27,856
Oxides, vanadium aluminium and chemicals	30,505	33,602	32,854

#### 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, for Europe – slabs and cut shapes; for South Africa – rails.

###

**For further information:**

**Media Relations:**

Vsevolod Sementsov

VP, Corporate Communications

London: +44 207 832 8998

media@evraz.com

Moscow: +7 495 937 6871

**Investor Relations:**

London: +44 207 832 8990

ir@evraz.com

Moscow: +7 495 232 1370

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 16.1 million tonnes in 2013. 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 2013 were US\$14,411 million, and consolidated EBITDA amounted to US\$1,821 million. The company's consolidated revenues for the six months ended 30 June 2014 were US\$6,805 million, and consolidated EBITDA amounted to US\$1,080 million.

Attachment 1

**Production of steel by EVRAZ North America, excluding EVRAZ Claymont**

Product, '000 tonnes	Q3 2014	Q3 2013	Q3 2014/ Q3 2013, change
Crude steel	500	484	3.3%
Steel products, net of re-rolled volumes	641	599	7.0%
Construction products	89	81	9.3%
Railway products	128	126	1.4%
Flat-rolled products	164	163	0.6%
Tubular products	261	229	13.9%

Attachment 2

**Production of iron ore products in Russia, excluding EVRAZ VGOK**  
(sold in October 2013)

Product, '000 tonnes	Q3 2014	Q3 2013	Q3 2014/ Q3 2013, change
Sinter	2,744	2,793	-1.8%
Pellets	1,636	1,606	1.9%
<b>Total iron ore products</b>	<b>4,380</b>	<b>4,399</b>	<b>-0.4%</b>