

## EVRAZ Q2 2020 TRADING UPDATE

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**30 July 2020** — EVRAZ plc (LSE: EVR; “EVRAZ” or the “Group”) today released its trading update for the second quarter of 2020.

### Q2 2020 vs Q1 2020 HIGHLIGHTS

- In Q2 2020, EVRAZ’ consolidated crude steel output fell by 5.1% QoQ, mainly due to capital repairs and gas pause at EVRAZ ZSMK in June as well as capital repairs at EVRAZ NTMK in May.
- Total sales of steel products rose by 4.9% QoQ. Sales of semi-finished products increased by 19.5% QoQ following change in the product mix in favour of slab and billets resulted from decline in demand for finished products during the COVID-19 pandemic.
- Sales of finished products fell by 6.9% amid weak market demand in Russia and North America as well as due to lower production volumes in Russia following scheduled capital repairs.
- Total raw coking coal production decreased by 26.8% QoQ, driven by weaker demand for coal on global markets. Production at the Razrez Rospadsky open pit and at Mezhegeyugol has been suspended until favourable market conditions are restored. The decline was also due the move of the longwall at the Alardinskaya mine.
- External sales volumes of coking coal products dropped by 14.6% QoQ, caused by lower shipments to Europe amid unfavourable market conditions.
- External sales of iron ore products jumped by 25.6% QoQ amid higher shipments to the domestic market in Q2 2020.
- Sales of vanadium products fell by 22.6% QoQ mainly due to lower steel utilisation rates as well as general decrease of vanadium demand following COVID 19 restrictions. The regional sales and product mix was changed to serve the more active Chinese oxide market during Q2 2020.

Product, '000 tonnes	Q2 2020	Q1 2020	Q2 2020/ Q1 2020, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>Total crude steel production</b>	<b>3,377</b>	<b>3,559</b>	<b>-5.1%</b>	<b>6,936</b>	<b>6,986</b>	<b>-0.7%</b>
Russia	2,992	3,121	-4.1%	6,113	5,992	2.0%
North America	385	438	-12.1%	823	994	-17.2%
<b>Total raw coking coal mined</b>	<b>4,165</b>	<b>5,692</b>	<b>-26.8%</b>	<b>9,857</b>	<b>13,840</b>	<b>-28.8%</b>
<b>Total coking coal concentrate production</b>	<b>3,820</b>	<b>3,747</b>	<b>1.9%</b>	<b>7,567</b>	<b>8,142</b>	<b>-7.1%</b>
<b>Iron ore products production</b>	<b>3,460</b>	<b>3,595</b>	<b>-3.8%</b>	<b>7,055</b>	<b>7,169</b>	<b>-1.6%</b>
<b>Total sales of steel products</b>	<b>3,382</b>	<b>3,224</b>	<b>4.9%</b>	<b>6,605</b>	<b>6,510</b>	<b>1.5%</b>
Semi-finished products <sup>1</sup>	1,724	1,443	19.5%	3,167	2,702	17.2%
Finished products <sup>1,2</sup>	1,658	1,781	-6.9%	3,438	3,808	-9.7%
<b>Total sales of third-party steel products</b>	<b>197</b>	<b>175</b>	<b>12.6%</b>	<b>372</b>	<b>376</b>	<b>-1.1%</b>
<b>Sales of coking coal products</b>	<b>2,800</b>	<b>3,278</b>	<b>-14.6%</b>	<b>6,079</b>	<b>5,585</b>	<b>8.8%</b>
<b>Sales of iron ore products</b>	<b>446</b>	<b>355</b>	<b>25.6%</b>	<b>801</b>	<b>699</b>	<b>14.6%</b>
<b>Sales of vanadium in slag</b>	<b>1,996</b>	<b>765</b>	<b>n/a</b>	<b>2,761</b>	<b>2,836</b>	<b>-2.6%</b>
<b>Sales of vanadium final products <sup>3</sup></b>	<b>2,450</b>	<b>3,168</b>	<b>-22.6%</b>	<b>5,618</b>	<b>5,784</b>	<b>-2.9%</b>

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

<sup>1</sup> The Q1 2020 data have been adjusted

<sup>2</sup> The H1 2019 data have been adjusted

<sup>3</sup> In tonnes of pure vanadium

## STEEL SEGMENT

### Total production volumes

Product, '000 tonnes	Q2 2020	Q1 2020	Q2 2020/ Q1 2020, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>Pig iron production</b>	<b>2,792</b>	<b>2,828</b>	<b>-1.3%</b>	<b>5,620</b>	<b>5,457</b>	<b>3.0%</b>
EVRAZ ZSMK	1,532	1,556	-1.5%	3,088	3,001	2.9%
EVRAZ NTMK	1,260	1,272	-0.9%	2,532	2,456	3.1%
<b>Crude steel production</b>	<b>2,992</b>	<b>3,121</b>	<b>-4.1%</b>	<b>6,113</b>	<b>5,992</b>	<b>2.0%</b>
EVRAZ ZSMK	1,878	1,980	-5.2%	3,858	3,837	0.5%
EVRAZ NTMK	1,114	1,141	-2.4%	2,255	2,155	4.6%
<b>Total steel products production, net of re-rolled volume<sup>1</sup></b>	<b>2,739</b>	<b>2,867</b>	<b>-4.5%</b>	<b>5,606</b>	<b>5,381</b>	<b>4.2%</b>
EVRAZ ZSMK	1,657	1,743	-4.9%	3,401	3,423	-0.6%
EVRAZ NTMK	994	1,032	-3.7%	2,025	1,638	23.6%
EVRAZ Caspian Steel	88	92	-3.9%	180	122	47.5%
<b>Iron ore products production</b>	<b>3,460</b>	<b>3,595</b>	<b>-3.8%</b>	<b>7,055</b>	<b>7,169</b>	<b>-1.6%</b>
Pellets (EVRAZ KGOK)	1,616	1,665	-2.9%	3,281	3,216	2.0%
Sinter (EVRAZ KGOK)	905	916	-1.2%	1,821	1,826	-0.3%
Concentrate saleable (EVRAZ KGOK, Evrazruda)	939	1,014	-7.4%	1,953	2,127	-8.2%
<b>Coking coal concentrate production</b>	<b>496</b>	<b>486</b>	<b>2.1%</b>	<b>982</b>	<b>943</b>	<b>4.1%</b>
From own raw coal <sup>2</sup>	480	350	37.1%	830	597	39.0%
From third-party raw coal	16	136	-88.2%	152	346	-56.1%
<b>Gross vanadium slag production<sup>3</sup></b>	<b>5,098</b>	<b>4,979</b>	<b>2.4%</b>	<b>10,077</b>	<b>8,979</b>	<b>12.2%</b>

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

<sup>1</sup> Including EVRAZ Palini e Bertoli which was sold in Q4 2019.

<sup>2</sup> From Coal segment

<sup>3</sup> In tonnes of pure vanadium

In Q2 2020, pig iron production remained almost flat QoQ at the Russian mills.

Crude steel output decreased by 4.1% QoQ, mainly due to capital repairs and gas pause at EVRAZ ZSMK in June as well as capital repairs at EVRAZ NTMK in May.

Total output of steel products fell by 4.5% QoQ mainly due to lower crude steel availability at EVRAZ NTMK and EVRAZ ZSMK. EVRAZ Caspian Steel reduced production by 3.9% QoQ due to lower demand from customers.

Output of iron ore products fell by 3.8% QoQ, mainly due to a decrease in primary concentrate production volumes and the degree of fluxing at mining operations of EVRAZ ZSMK (former Evrazruda).

## Total sales volumes

Product, '000 tonnes	Q2 2020	Q1 2020	Q1 2020/ Q4 2019, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>Coke</b>	<b>81</b>	<b>105</b>	<b>-22.4%</b>	<b>186</b>	<b>178</b>	<b>4.5%</b>
<b>Steel products, external sales</b>	<b>2,921</b>	<b>2,707</b>	<b>7.9%</b>	<b>5 628</b>	<b>5 353</b>	<b>5.1%</b>
<b>Semi-finished products</b>	<b>1,670</b>	<b>1,353</b>	<b>23.4%</b>	<b>3 023</b>	<b>2 572</b>	<b>17.5%</b>
Slabs	737	570	29.2%	1 307	1 054	24.0%
Billets	820	656	25.0%	1 475	1 191	23.8%
Other steel products <sup>1</sup>	114	128	-10.8%	241	327	-26.3%
<b>Finished products<sup>2</sup></b>	<b>1,251</b>	<b>1,353</b>	<b>-7.6%</b>	<b>2 604</b>	<b>2 780</b>	<b>-6.3%</b>
Construction products	783	839	-6.6%	1 621	1 593	1.8%
Railway products	311	358	-13.0%	669	710	-5.8%
Flat products	0	0	n/a	0	189	-100.0%
Other steel products	157	157	-0.2%	314	288	9.0%
<b>Steel products, inter-segment sales</b>	<b>3</b>	<b>40</b>	<b>-91.7%</b>	<b>44</b>	<b>301</b>	<b>-85.4%</b>
<b>Third-party steel products, external sales</b>	<b>197</b>	<b>175</b>	<b>12.6%</b>	<b>372</b>	<b>376</b>	<b>-1.1%</b>
<b>Iron ore products, external sales</b>	<b>446</b>	<b>355</b>	<b>25.6%</b>	<b>801</b>	<b>699</b>	<b>14.6%</b>
Pellets	446	355	25.6%	801	699	14.6%
<b>Sales of vanadium in slag</b>	<b>1,996</b>	<b>765</b>	<b>n/a</b>	<b>2 761</b>	<b>2 836</b>	<b>-2.6%</b>
<b>Sales of vanadium final products<sup>3</sup></b>	<b>2,450</b>	<b>3,168</b>	<b>-22.6%</b>	<b>5 618</b>	<b>5 784</b>	<b>-2.9%</b>

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

<sup>1</sup> Includes tonnes of pig iron

<sup>2</sup> EVRAZ Palini e Bertoli was sold in Q4 2019

<sup>3</sup> In tonnes of pure vanadium

In Q2 2020, external sales of steel products increased by 7.9% QoQ. Sales of semi-finished products climbed by 23.4% QoQ, due to a change in the product mix to higher slab and billets sales volumes and a decrease in the volumes of finished products due to market conditions during the COVID-19 pandemic.

Sales of finished products dropped by 7.6% QoQ due to worsening market conditions during the pandemic as well as lower production volumes amid scheduled capital repairs at EVRAZ ZSMK and EVRAZ NTMK.

Sales of iron ore products surged by 25.6% QoQ amid higher shipments to the domestic market in Q2 2020.

Sales of vanadium products fell by 22.6% QoQ mainly due to lower steel utilisation rates as well as general decrease of vanadium demand following COVID 19 restrictions. The regional sales and product mix was changed to serve the more active Chinese oxide market during Q2 2020.

Cash cost, US\$/t	Q2 2020	Q1 2020	Q2 2020 / Q1 2020, change	H1 2020	H1 2019	H1 2020 / H1 2019, change
Slab cash cost vertically integrated	198	223	-11%	210	230	-9%
Iron ore products (Fe 62%)	38	38	0%	38	38	0%

#### Average selling prices

US\$/tonne (exworks)	Q2 2020	Q1 2020	H1 2020	H1 2019
<b>Coke</b>	<b>148</b>	<b>167</b>	<b>159</b>	<b>233</b>
<b>Steel products</b>	<b>401</b>	<b>477</b>	<b>438</b>	<b>494</b>
Semi-finished products <sup>1</sup>	296	346	319	387
Construction products	441	505	474	544
Railway products	812	925	873	753
Other steel products	490	509	500	596
Pellets	47	54	49	77
<b>Metal Bulletin Ferro-Vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe<sup>2</sup></b>	<b>24.94</b>	<b>26.54</b>	<b>25.74</b>	<b>56.35</b>
<b>Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid<sup>2</sup></b>	<b>23.28</b>	<b>27.18</b>	<b>25.23</b>	<b>67.87</b>

<sup>1</sup> Includes prices for pig iron

<sup>2</sup> US\$/kgV

During Q3 2020, pig iron production volumes are expected to decrease following ramp-up of blast furnace no.6, which will replace blast furnace no.5 at EVRAZ NTMK in July-August.

Iron ore pellets production volumes are expected to remain flat, while sinter production is expected to decrease due to capital repairs at EVRAZ KGOK's sinter plant in July - September 2020.

## STEEL, NORTH AMERICA SEGMENT

### Production and sales volumes

Product, '000 tonnes	Q2 2020	Q1 2020	Q2 2020/ Q1 2020, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>Crude steel</b>	<b>385</b>	<b>438</b>	<b>-12.1%</b>	<b>823</b>	<b>994</b>	<b>-17.2%</b>
EVRAZ US mills	210	251	-16.3%	461	486	-5.1%
EVRAZ Canadian mills	175	188	-6.9%	363	508	-28.5%
<b>Total steel products production, net of re-rolled volume <sup>1</sup></b>	<b>461</b>	<b>486</b>	<b>-5.1%</b>	<b>947</b>	<b>1 163</b>	<b>-18.6%</b>
EVRAZ US mills	300	336	-10.7%	636	735	-13.5%
EVRAZ Canadian mills	161	150	7.3%	311	428	-27.3%
<b>Sales of steel products</b>	<b>457</b>	<b>517</b>	<b>-10.9%</b>	<b>978</b>	<b>1 158</b>	<b>-15.5%</b>
Semi-finished products <sup>1</sup>	54	90	-39.8%	144	130	10.8%
Construction products	68	66	2.5%	133	136	-2.2%
Railway products <sup>1,2</sup>	107	106	1.7%	213	223	-4.5%
Flat-rolled products <sup>1</sup>	69	100	-31.1%	169	282	-40.1%
Tubular products <sup>1</sup>	163	156	4.5%	319	387	-17.6%

<sup>1</sup> The Q1 2020 data have been adjusted

<sup>2</sup> The H1 2019 data have been adjusted

In Q2 2020, crude steel production was 12.1% lower QoQ, mainly attributable to falling demand across North American steel markets amid the COVID-19 pandemic and uncertainty driven by oil prices turmoil. In addition, production was affected by the shutdown of Regina Steel, which extended into early Q2 2020 with the advancement of a planned maintenance outage following the March 2020 cyber-attack.

Total output of steel products decreased by 5.1%, mainly driven by reduced demand for flat-rolled products from distributors adjusting to swift market changes brought on by the pandemic during the period and rapid deterioration of the energy markets in North America halting OCTG demand.

Canadian mills increased production by 7.3% QoQ due to higher large diameter (LD) and line pipe (LP) production following downtime in March triggered by the cyberattack and improved operational performance. This was partially offset by lower Canadian OCTG production due to the fall in market demand in wake of sharply reduced oil prices. Lower rig counts in Western Canada resulted in sharp reductions in demand, and the idling of pipe mills in Calgary, Red Deer and Camrose in Q2 2020.

US mills decreased production by 10.7% QoQ due to declined flat-rolled orders at EVRAZ Portland and OCTG orders at Pueblo Seamless. Similar to the Canadian OCTG mills, Pueblo Seamless volumes were also affected by oil price reductions, which resulted in the idling of the Seamless mill in early Q2 2020.

Semi-finished product sales fell by 39.8% following successful fulfilment of a contract with a key customer.

Flat-rolled product sales dropped by 31.1% QoQ as a result of weakening market demand.

Sales volumes of tubular products climbed by 4.5% QoQ, driven by the Canadian LD and LP production increases during the period relative to Q1 2020. Railway and construction products demand remained stable QoQ.

Prices for construction products decreased 4.7% QoQ, driven by lower scrap costs. Prices for tubular products rose driven primarily by a mix of orders, while prices for flat-rolled products remained unchanged on average.

### Average selling prices

<b>US\$/tonne (ex-works)</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>H1 2020</b>	<b>H1 2019</b>
Construction products*	681	715	698	808
Flat-rolled products*	891	904	899	999
Tubular products*	1 479	1 350	1 416	1 353

\* The Q1 2020 data have been adjusted

In Q3 2020, significant uncertainty remains around production and sales volumes for all product groups due to continued turmoil in the oil & gas markets and the slow economic recovery during the resurgent COVID-19 pandemic, leaving North American customers cautious in purchasing strategies.

## COAL SEGMENT

### Production volumes

Product, '000 tonnes	Q2 2020	Q1 2020	Q2 2020/ Q1 2020, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>Raw coking coal (mined)</b>	<b>4,165</b>	<b>5,692</b>	<b>-26.8%</b>	<b>9,857</b>	<b>13,840</b>	<b>-28.8%</b>
<i>Yuzhkuzbassugol</i>	<i>2,053</i>	<i>2,704</i>	<i>-24.1%</i>	<i>4,757</i>	<i>6,072</i>	<i>-21.7%</i>
<i>Raspadskaya</i>	<i>2,112</i>	<i>2,952</i>	<i>-28.5%</i>	<i>5,064</i>	<i>7,147</i>	<i>-29.1%</i>
<i>Mezhegeyugol</i>	<i>0</i>	<i>36</i>	<i>-100.0%</i>	<i>36</i>	<i>621</i>	<i>-94.2%</i>
<b>Coking coal concentrate (production)</b>	<b>3,324</b>	<b>3,261</b>	<b>1.9%</b>	<b>6,585</b>	<b>7,198</b>	<b>-8.5%</b>
<i>Produced at Yuzhkuzbassugol coal washing plants</i>	<i>1,328</i>	<i>1,411</i>	<i>-5.9%</i>	<i>2,739</i>	<i>3,270</i>	<i>-16.2%</i>
<i>Produced at the Raspadskaya coal washing plant</i>	<i>1,996</i>	<i>1,850</i>	<i>7.9%</i>	<i>3,846</i>	<i>3,928</i>	<i>-2.1%</i>

In Q2 2020, overall raw coking coal output fell by 26.8% QoQ, primarily due to weaker market demand as well as lower production at the Razrez Raspadsky open pit and Mezhegeyugol, following the decision to suspend output due to unfavourable market conditions as well as the completion of a mining at longwall at the Raspadskaya mine.

Production at Yuzhkuzbassugol went down by 28.5% QoQ mainly due to the longwall move at the Alardinskaya mine.

Output of coking coal concentrate rose by 1.9% QoQ as Raspadskaya coal washing plant processed additional volumes of raw coal from the stockpiles in order to offset lower production at Yuzhkuzbassugol coal washing plants.



## Sales volumes

Product, '000 tonnes	Q2 2020	Q1 2020	Q2 2020/ Q1 2020, change	H1 2020	H1 2019	H1 2020/ H1 2019, change
<b>External sales</b>	<b>2,800</b>	<b>3,278</b>	<b>-14.6%</b>	<b>6,079</b>	<b>5,586</b>	<b>8.8%</b>
<i>Raw coking coal</i>	492	707	-30.4%	1,198	944	26.9%
<i>Coking coal concentrate</i>	2,309	2,572	-10.2%	4,880	4,642	5.1%
<b>Intersegment sales</b>	<b>1,880</b>	<b>1,624</b>	<b>15.8%</b>	<b>3,503</b>	<b>3,169</b>	<b>10.5%</b>
<i>Raw coking coal</i>	712	492	44.9%	1,204	952	26.5%
<i>Coking coal concentrate</i>	1,167	1,132	3.1%	2,300	2,217	3.7%

In Q2 2020, external sales volumes of coking coal products declined by 14.6% QoQ. Raw coking coal sales volumes fell by 30.4% QoQ, following lower shipments to Europe due to unfavourable market conditions. Coking coal concentrate sales volumes decreased by 10.2% QoQ, attributable to lower shipments and partly offset by stable demand in Russia and on the Chinese spot market.

Cash cost, US\$/t	Q2 2020	Q1 2020	Q1 2020 / Q4 2019, change	H1 2020	H1 2019	Q1 2020 / Q1 2019, change
Coking coal concentrate	34	33	3%	34	34	0%

## Average selling prices

US\$/tonne (ex works)	Q2 2020	Q1 2020	H1 2020	H1 2019
Raw coking coal	39	33	36	59
Coking coal concentrate	65	70	67	110

In Q2 2020, coking coal selling prices moved in line with global benchmarks.

In Q3 2020, raw coal production is expected to increase QoQ due to the completion of the longwalls move at the Esaulskaya, Alardinskaya, Osinnikovskaya and Uskovskaya mines in Q2 2020.

**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.

###

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EVRAZ is a vertically integrated steel, mining and vanadium business with operations in Russia, Kazakhstan, the US, Canada and Czech Republic. EVRAZ is among the top steel producers in the world based on crude steel production of 14 million tonnes in 2019. A significant portion of the Group's internal consumption of iron ore and coking coal is covered by its mining operations. The Group's consolidated revenues for the year ended 31 December 2019 were US\$11,905 million, and consolidated EBITDA amounted to US\$2,601 million.