

EVRAZ Q3 2015 PRODUCTION REPORT

16 October 2015 — EVRAZ plc (LSE: EVR) today releases its operational results for the third quarter of 2015.

Q3 2015 vs Q2 2015 HIGHLIGHTS:

- Consolidated crude steel output reached 3.5 million tonnes, improving 3% QoQ on the back of completed repair works at Russian steel mills.
- Production of steel products, net of re-rolled volumes, was largely unchanged.
- The share of finished steel products within consolidated volumes grew to 69% in Q3 2015 from 65% in Q2 2015 due to seasonal pickup in demand for construction products in Russia and improved demand for linepipe in North America.
- Production volumes of railway products were 22% down due to maintenance at the Russian EVRAZ ZSMK rail mill and at EVRAZ North America rail mill in Pueblo coupled with seasonality in North America rail demand.
- Consolidated raw coking coal output and production of coking coal concentrate increased by 36% and 17% respectively due to resumption of full-scale mining at Yuzhkuzbassugol and Rapsadskaya on the back of improving domestic demand in Russia.

STEEL

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015**	9m 2014**	9m 2015/ 9m 2014, change
Coke (saleable)	207	286	-27.5%	778	833	-6.6%
Pig iron	2,982	2,811	6.1%	8,924	9,230	-3.3%
Pig iron (saleable)	189	165	14.7%	425	229	85.2%
Crude steel	3,494	3,382	3.3%	10,790	11,651	-7.4%
Steel products, gross*	3,388	3,317	2.1%	10,507	11,248	-6.6%
Steel products, net of re-rolled volumes	3,154	3,119	1.1%	9,835	10,335	-4.8%
Semi-finished products ***	993	1,089	-8.8%	3,436	2,987	15.1%
Finished products	2,161	2,030	6.5%	6,398	7,349	-12.9%
Construction products	1,291	1,128	14.5%	3,602	3,854	-6.5%
Railway products	329	423	-22.1%	1,152	1,453	-20.7%
Flat-rolled products	188	167	12.7%	562	794	-29.2%
Tubular products	213	165	29.4%	633	786	-19.4%
Other steel products	140	148	-5.6%	450	462	-2.6%

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.

** Includes production volumes of EVRAZ Vitkovice Steel disposed of in April 2014 and of EVRAZ Highveld Steel and Vanadium (EHSV) which are not consolidated starting from April 2015 due to business rescue proceedings

*** Consolidated production volumes of semi-finished products are preliminary as Q3 2015 intra-group re-rolling volumes are yet to be finalised.

RUSSIA and KAZAKHSTAN

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Coke (saleable)	74	96	-23.4%	247	292	-15.4%
Pig iron	2,733	2,553	7.0%	8,030	7,977	0.7%
Pig iron (saleable)	166	142	16.8%	356	210	69.3%
Crude steel	2,820	2,697	4.6%	8,573	8,820	-2.8%
Steel products, gross	2,632	2,562	2.7%	8,062	8,161	-1.2%
Steel products, net of re-rolled volumes	2,552	2,500	2.1%	7,848	7,980	-1.7%
Semi-finished products	1,084	1,092	-0.7%	3,591	3,381	6.2%
Finished products	1,468	1,408	4.3%	4,257	4,599	-7.4%
Construction products	1,103	991	11.3%	3,076	3,155	-2.5%
Railway products	234	281	-16.9%	773	1,055	-26.8%
Other steel products	131	135	-3.3%	408	390	4.8%

In Q3 2015, production of pig iron and crude steel grew by 7% and 5% respectively, as in Q2 2015 production was affected by capital repair works at EVRAZ ZSMK's blast furnace 3 and EVRAZ NTMK's blast furnace 6.

Quarterly production of steel products increased mostly due to higher volumes of construction products (+11%) reflecting stronger demand during peak domestic construction season. Output of construction products in the nine months of 2015 vs. the same period of 2014 declined only by 2.5%.

Production of semi-finished steel products was largely unchanged in Q3 2015 over Q2 2015. When comparing the first nine months of this year to the same period last year, semi-finished goods demonstrated growth due to reallocation of part of the production volumes to export markets.

Production of railway products in Q3 2015, in particular rails, was down by 17% over Q2 2015 as a result of the scheduled capital repair of the EVRAZ ZSMK electric arc furnace and rail mill in Q3 2015. The 9M 2015 to 9M 2014 decrease in railway product output is attributable to lower consumption in the CIS countries caused by a decrease in new construction and overhaul of railway infrastructure.

Lower prices are in line with global benchmarks.

In Q4 2015, steel production is expected to remain at the level of Q3 2015 and production of semi-finished products for exports may increase due to low season in Russia.

Average selling prices

USD/tonne (ex works)	Q3 2015	Q2 2015	9m 2015	9m 2014
Coke	108	136	112	126
Pig iron	189	205	198	307
Steel products				
Semi-finished products	241	278	276	417
Construction products	365	419	400	604
Railway products	527	611	553	779
Other steel products	381	462	421	604

NORTH AMERICA

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Crude steel	432	431	0.3%	1,340	1,471	-8.9%
Steel products, net of re-rolled volumes	567	530	6.9%	1,712	1,909	-10.3%
Construction products	71	58	22.7%	204	254	-19.9%
Railway products	95	141	-32.4%	379	398	-4.8%
Flat-rolled products	188	167	12.7%	497	471	5.4%
Tubular products	213	165	29.4%	633	786	-19.4%

* Q3 2015 and 9m 2015 production volumes are preliminary

In Q3 2015, crude steel production remained unchanged compared to Q2 2015 as an increase in steel production for construction products was partially offset by a decline in rail production.

Railway products declined 32% in Q3 2015 when compared to the previous quarter due to the combined effect of approximately three weeks of maintenance outages at the EVRAZ Pueblo rail mill and a seasonal slowdown in rail purchases.

Production of flat-rolled products increased 13% over Q2 2015 as plate demand returned to more normal levels. Additionally, Q3 production benefited from no maintenance outages in comparison with a 17-day maintenance outage in Portland and eight days of planned outages mostly related to maintenance activities at EVRAZ Regina during Q2 2015.

Production of tubular products increased 30% QoQ on the back of higher linepipe volumes to fulfill increased demand from oil and natural gas transmission companies. Additionally, EVRAZ OCTG mills in Red Deer and Calgary and the seamless pipe facility in Pueblo which resumed production at the end of Q2 2015 continued operating at low levels throughout the quarter.

When comparing the first nine months of 2015 with the same period in the previous year, crude steel and steel products declined by 9% and 10% respectively. Key drivers for these declines were the idling of seamless and OCTG facilities, subdued flat products demand, and selective reduction in rod & bar volumes to eliminate low margin products. During the first nine months of 2015 we also carried out significant maintenance projects as described in the preceding paragraphs in this report and in the first quarter and second quarter operating reports.

Third party sales of flat-rolled products increased as volumes previously consumed by EVRAZ North America's OCTG and hollow structural shapes mills were directed to third party sales.



Tubular goods output in the first nine months of 2015 declined as low oil and natural gas prices resulted in reduced exploration and production activity which in turn dampened OCTG consumption. This decline was partially offset by increased output of large diameter linepipe, a segment where we expect to continue seeing volume growth.

Prices for most steel products continued to decline during Q3 2015 reflecting prevailing scrap and other inputs declines.

During Q4 2015 we expect a return of rail production to normalised levels. During Q4 2015 we are also planning to reduce utilisation of the large diameter mill in Regina to approximately 70% of its capacity during October and November to accommodate work related to the new large diameter mill project announced previously.

Average selling prices

USD/tonne (ex works)	Q3 2015	Q2 2015	9m 2015	9m 2014
Construction products	589	738	672	798
Flat-rolled products	652	727	751	962
Tubular products	1,055	1,096	1,147	1,331

UKRAINE

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Coke (saleable)	133	190	-29.6%	531	542	-1.9%
Pig iron	249	258	-3.3%	744	755	-1.5%
Pig iron (saleable)	24	23	1.9%	69	19	262.6%
Crude steel	242	254	-4.9%	729	769	-5.2%
Steel products	189	225	-16.2%	610	651	-6.4%
Semi-finished products	63	133	-53.0%	237	318	-25.4%
Finished products	126	92	37.3%	310	333	-7.0%
Construction products	117	79	48.1%	275	281	-2.2%
Other steel products	9	13	-30.0%	35	52	-33.0%

The 30% reduction in saleable coke volumes in Q2 2015 vs. Q3 2014 and in the nine months of 2015 vs. the nine months of 2014 was caused by decreased orders from other Ukrainian steel producers.

Production of crude steel and steel products, in particular semi-finished goods, fell as a result of scheduled maintenance works at blast furnace 3 and rolling mills in Q3 2015.

Production of construction products, meanwhile, grew by 48% in Q3 2015 vs. Q2 2015 and declined by 2% only in the nine months this year vs. 2014 due to better seasonal demand and larger shipments to the Ukrainian, Russian and European markets in 2015.

In Q4 2015, production of crude steel and steel products is expected to increase compared to Q3 2015 as no maintenance works are planned.

Average selling prices

USD/tonne (ex works)	Q3 2015	Q2 2015	9m 2015	9m 2014
Coke (saleable)	152	175	176	167
Pig iron	223	248	247	331
Steel products				
Semi-finished products	289	325	327	454
Construction products	396	436	420	574
Other steel products	609	704	616	870

SOUTH AFRICA

Results of EVRAZ Highveld Steel and Vanadium have been deconsolidated following introduction of business rescue proceedings at EVRAZ Highveld and Vanadium in April 2015.

IRON ORE

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Sinter (Russia)	2,884	2,595	11.2%	8,316	8,461	-1.7%
Pellets (Russia)	1,615	1,629	-0.8%	4,875	4,784	1.9%
Lumpy ore (Ukraine)	721	726	-0.6%	2,115	2,154	-1.9%

On completion of scheduled maintenance works at EVRAZ ZSMK's sintering machine in Q2 2015, production of iron ore products (sinter plus pellets) in Russia rose by 7% QoQ and remained flat when comparing the first nine months of 2015 with the same period in the previous year.

Production is expected to be stable in Q4 2015.

In Ukraine, production of lumpy ore has been stable, and maintenance works, replacement of parts of mining equipment scheduled for Q4 2015 are not expected to significantly impact production volumes.

In Q3 2015, prices for iron ore products followed global benchmarks.

Average selling prices

USD/tonne (ex works)	Q3 2015	Q2 2015	9m 2015	9m 2014
Pellets (Russia)	36	41	41	76
Lumpy ore (Ukraine)	20	21	23	56

COAL

Product, '000 tonnes	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Raw coking coal (mined)	5,232	3,840	36.3%	14,539	15,089	-3.6%
<i>Yuzhkuzbassugol</i>	2,426	1,510	60.6%	6,563	8,204	-20.0%
<i>Raspadskaya</i>	2,727	2,270	20.2%	7,799	6,885	13.3%
<i>Mezhegeyugol</i>	79	60	32.2%	177	0	n/a
Coking coal concentrate (production)	3,666	3,123	17.4%	10,169	10,165	0.0%

Coking coal

In Q3 2015, production of coking coal concentrate was 17% up on the back of increased raw coking coal production (+36% QoQ).

Following scheduled longwall moves at its Yerunakovskaya VIII, Osinnikovskaya and Yesaulskaya mines, Yuzhkuzbassugol expanded coal production by 61% compared with Q2 2015. The Raspadskaya coal company mined 20% more coal having completed the longwall move at the Raspadskaya underground mine and resuming full-scale operations at the Razrez Raspadsky open pit which were curtailed in Q2 2015 in response to excessive supply of GZh and GZhO grades in the market.

Pricing in the Russian market is set quarterly. In Q3 2015, the weighted average price of coking coal concentrate in Russian rouble terms remained unchanged compared to Q2 2015. However, due to unexpected sharp Russian rouble depreciation, when re-calculated in US dollars, the prices are lower than in the previous quarter.

In Q4 2015, Yuzhkuzbassugol and Raspadskaya mines will continue to work on existing longwalls.

Average selling prices

USD/tonne (ex works)	Q3 2015	Q2 2015	9m 2015	9m 2014
Raw coking coal	29	42	32	47
Coking coal concentrate	54	68	59	74

VANADIUM

Product, tonnes of V*	Q3 2015	Q2 2015	Q3 2015/ Q2 2015, change	9m 2015	9m 2014	9m 2015/ 9m 2014, change
Vanadium in slag (gross production)	4,140	3,834	8.0%	13,891	16,203	-14.3%
Russia	4,140	3,834	8.0%	12,102	11,107	9.0%
South Africa	0	0	n/a	1,788	5,096	-64.9%
Vanadium in final products (saleable)	3,108	3,276	-5.1%	11,583	13,870	-16.5%

* Calculated in pure vanadium equivalent

In Q3 2015, Vanadium slag production grew by 8% QoQ as a result of higher pig iron output at EVRAZ NTMK. The 14% decrease in the first nine months of 2015 compared to the same period of 2014 is attributable to EVRAZ Highveld's deconsolidation since April 2015.



Production of final vanadium products decreased QoQ affected by lower availability of feedstock for production of ferrovanadium as a result of EVRAZ Highveld's production stoppage in South Africa and due to lower production of oxides, vanadium aluminum and chemicals at EVRAZ Stratcor in the USA due to a one-month idling of the plant in April 2015 driven by lack of feedstock. The 17% decline in production of final vanadium products in the first nine months of 2015 vs. the same period last year was also a result of deconsolidation of EVRAZ Highveld's subsidiary Hochvanadium.

Average Q3 2015 Metal Bulletin FeV80 index of \$17.90/kgV showed a decline of 15.7% vs. \$21.24/kgV of the previous quarter. In the meantime Ryan's Notes index used in North America averaged \$19.63/kgV in Q3 2015, declining by 8.9% from \$21.54/kgV achieved in Q2 2015. The EVRAZ selling quotation followed suit.

Average FeV indices

USD/tonne of V	Q3 2015	Q2 2015	9m 2015	9m 2014
Metal Bulletin Ferro-vanadium basis 78% min, free DDP, consumer plant, 1st grade Western Europe	17,896	21,239	20.306	25.868
Ryan's Notes N.A. FeV 80% min, US ex-warehouse, duty paid	19,630	21,536	22,031	28,913

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.

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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 South Africa. EVRAZ is among the top steel producers in the world based on crude steel production of 15.5 million tonnes in 2014. 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 2014 were US\$13,061 million, and consolidated EBITDA amounted to US\$2,325 million.