



FINANCIAL RESULTS

2019

27 February 2020

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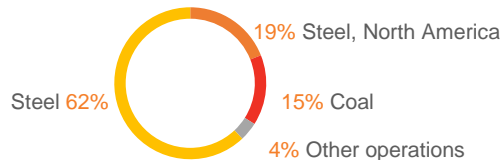
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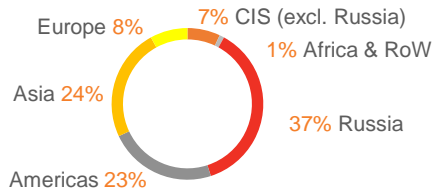
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Core operations and distribution markets

Segment revenue structure¹, %



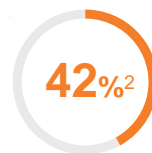
Consolidated revenue by region, %



Key operational indicators, mt

Production	2019	2018
Crude steel	13.8	13.0
Iron ore products	13.8	13.5
Raw coking coal	26.1	24.2

- Steel mills
- Iron ore mining
- Coal mining
- Vanadium



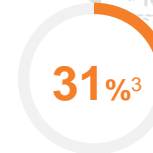
among rail suppliers
in North America



among rail suppliers
in Russia



at construction steel
market
in Russia



among the Russian
coking coal producers

Source: Company information

¹ EVRAZ's steel segment sales include sales of semi-finished and finished steel products, iron ore and vanadium products both to local and global markets

² For construction steel market in Russia - market share in beams, all data are company's estimation for 2019

³ Coking coal concentrate (Semi-hard coking coal high-volatile), company's estimation for 2019



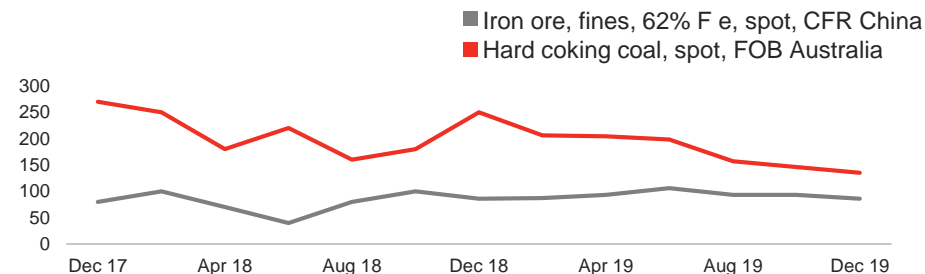
Highlights

Alexander Frolov
Chief Executive Officer

Key themes

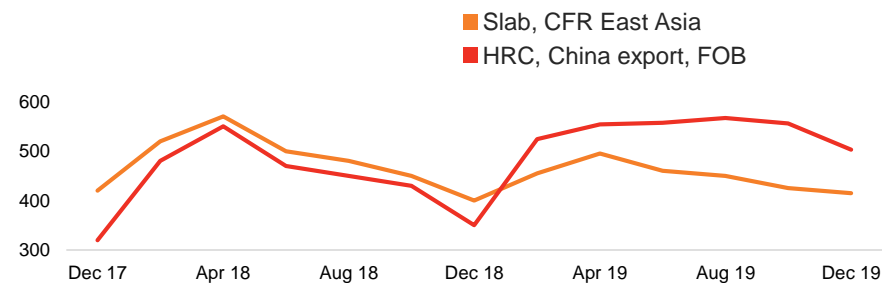
- EVRAZ generated EBITDA of \$2,601m, EBITDA margin declined YoY from 29.4% to 21.8%
- Decline is primarily attributable to lower vanadium and coal product sales prices and higher expenses for raw materials
- Cost-cutting and productivity improvement initiatives combined with customer focus efforts generated a total EBITDA effect of \$407m
- CAPEX up to \$762m vs \$527m in 2018, as maintenance expenses grew amid execution of major overhaul at BF No.6 at EVRAZ NTMK, projects in Coal segment linked with higher production volumes
- Healthy FCF of \$1,456m despite market headwinds
- Net debt decreased to \$3,445m, net leverage reached 1.3x
- In the view of EVRAZ healthy financial position the Board of Directors recommended an interim dividend of \$0.40 per share, totalling c.\$580.8m, to be paid on 27 March 2020 to shareholders on the register as of 6 March 2020

Global raw material prices, \$/t



Source: Metal Expert

Global steel prices, \$/t



Source: Metal Expert

Safety is a top priority

- The increase in key health and safety metric was primarily caused by an incident involving a crew bus in February 2019 in which eight colleagues lost their lives and 16 people were seriously injured
- The root cause investigation into this incident has resulted in significant revisions in the permit-to-work system for employees and drivers, including pre-trip medical examinations, work order release, and GPS tracking of vehicles on haul roads
- We remain committed to having zero fatal accidents at our sites and target to reach LTIFR level of less than one

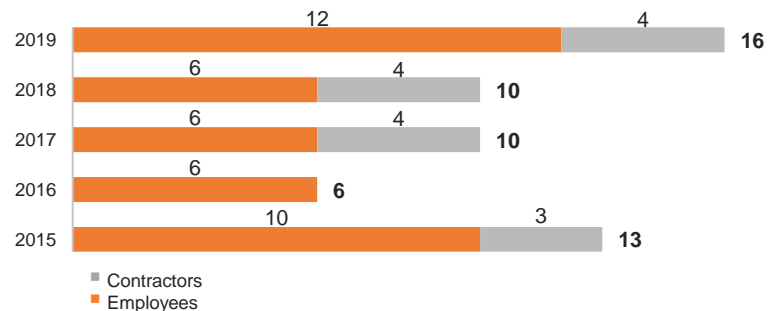
Lost Time Injury Frequency Rate (LTIFR)*



Source: Company information

* Calculated as number of lost working hours due to injuries, excl. fatalities, per 1 million hours worked

Fatalities



Source: Company information

Focus on sustainable development

Environmental

GHG intensity ratio amounted to
1.97 tCO₂e/tcs

Fresh water intake for production purposes amounted to
205.8m cubic meters

Waste recycling rate amounted to
105.1%

Social

Headcount at the end of 2019
71,223 employees

Employee engagement level for 2019
59%

Social and social infrastructure maintenance expenses were
\$26m

Governance

Premium listing on London Stock Exchange, constituent of
FTSE 100, MSCI UK
indices

More than **50%** of BoD are Independent Non-executive directors

About **22%** of BoD members are female

Strategic priorities remain

Market trends

Global metals and mining industry faced renewed market headwinds:

- steel prices have fallen as a result of excess supply in an environment of limited end-use demand
- global coal and vanadium markets returned to supply-demand equilibrium

EVRAZ strategic priorities

Debt management and stable dividends

Prudent CAPEX

Retention of low-cost position

Development of product portfolio and customer base

Strategy achievements

EVRAZ strategic priorities

Achievements in 2019

Debt management and stable dividends

Net Debt was reduced
by \$126m and reached

\$3,445m

Net Debt/EBITDA level reached

1.3x

Dividends paid with
a dividend yield of 11%

c.\$1.1bn

Prudent CAPEX

Development
CAPEX

\$181m

Maintenance
CAPEX

\$581m

Retention of low-cost position

Cost cutting initiatives
effect on EBITDA –

\$284m

Development of product portfolio and customer base

Customer focus initiatives
effect on EBITDA

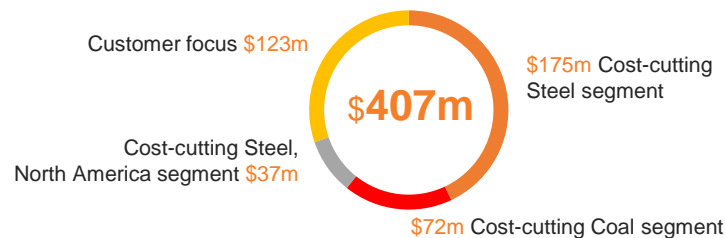
\$123m

Efficiency improvements

- The efficiency programme generated \$284m of additional EBITDA mostly through productivity growth, yield improvements and numerous savings projects
- Customer focus initiatives added \$123m to EBITDA as a result of sales efforts in wheels, beams, grinding balls as well as to improvements in logistics efficiency

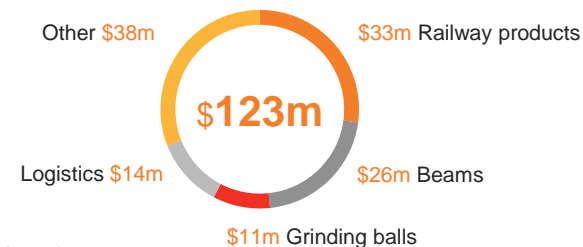
Effect of Group's cost-cutting initiatives	\$m
Improving yields and raw material costs	113
Improving yields and raw material costs of Urals and Siberia divisions	69
Various improvements at coal washing plants and mines	32
Improving yields and raw material costs of North American assets and vanadium operations	12
Increasing productivity and cost effectiveness	167
Other	4
TOTAL	284

Total effect from efficiency programme, \$m



Source: Company information

Customer focus effect, \$m

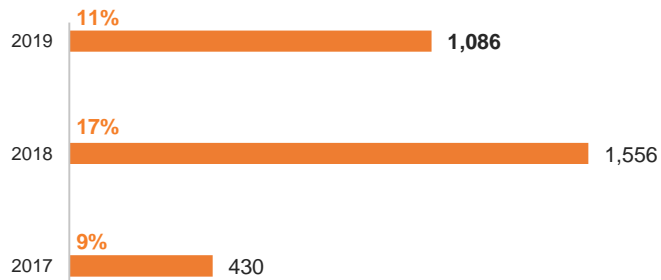


Source: Company information

Focus on stable dividends

EVRAZ dividend payments

- In 2019, EVRAZ paid dividends of c.\$1.1bn, equivalent to a 11% yield
- Focus on stable dividends payments remains

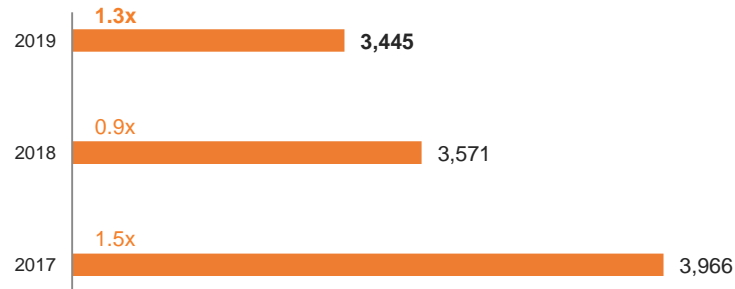


■ Dividends, \$m
 X % Dividend yield

Source: Company information

EVRAZ leverage

- EVRAZ ended 2019 with net debt of \$3,445m and retains its medium-term debt target at below \$4bn
- In the longer-term perspective, the Group aims to maintain its net debt / EBITDA ratio at an average level of 2.0x throughout the cycle



■ Net Debt, \$m
 X Net Debt/LTM EBITDA

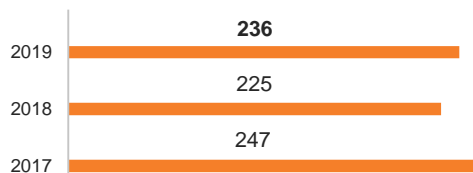
Source: Company information

Vertically integrated business model supported by robust cost base

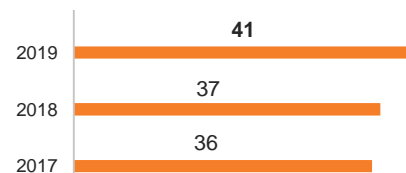
- Cash cost of slab increased following change in blast furnace charge as higher percentage of more expensive pellets were added in the mix at EVRAZ ZSMK as well as due to the higher prices for raw materials and increased salary expenses
- Iron ore cash cost increased YoY mainly amid higher maintenance CAPEX and prices for raw materials
- Coking coal concentrate cash cost decreased as a result of increased mining volumes

Cost positions*, \$/t

Average cash cost of slab of Russian steel plants

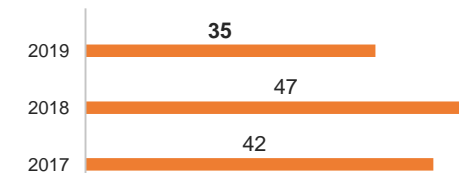


Average cash cost, Russian iron ore products (Fe 62%)**



70%
Self-coverage****
in iron ore

Average cash cost, washed coking coal



221%
Self-coverage**
in coking coal

Source: Company

* The data in this chart is derived from the unaudited monthly management accounts of EVRAZ in respect of the indicated periods

**The raw material requirement of EVRAZ steelmaking facilities compared with coal product sales or production of iron ore products from own raw materials.

Key takeaways

Steel prices have fallen as a result of excess supply in an environment of limited end-use demand. Global coal and vanadium markets are returning to supply-demand equilibrium

In 2019, CAPEX up 44.6% YoY to \$762m as maintenance expenses grew by 52% YoY, due to the execution of blast furnace no. 6 major overhaul at EVRAZ NTMK, projects in the Coal segment linked with higher production volumes

Safety remained the underpinning of EVRAZ business sustainability. We are committed to having zero fatalities and target an LTIFR level of 1.0x

EVRAZ ended 2019 with net debt of \$3.5bn and retains its medium-term debt target at below \$4bn.

In the longer-term perspective, the Group aims to maintain its net debt / EBITDA ratio at an average level of 2.0x throughout the cycle, taking into account risks of EBITDA fluctuations

EVRAZ remained focused on implementing its efficiency improvement programme in the amount at least 3% of the cost base and is on pace to generate further improvements

In the view of the healthy balance sheet for FY2019 and a outlook for 2020 the Board of Directors recommended an interim dividend of \$0.40 per share



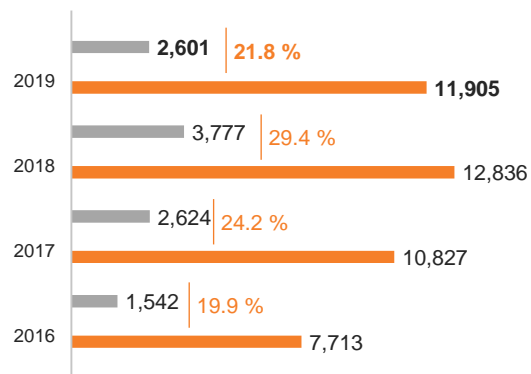
Financial Performance

Nikolay Ivanov
Chief Financial Officer

Resilient EBITDA and margins

- EBITDA reached \$2,601m in 2019, down 31% from \$3,777m in 2018, EBITDA margin reached 22% in 2019
- The decline is primarily attributable to lower vanadium and coal product sales prices, as well as higher expenses for raw materials (mostly due to increased prices for iron ore)

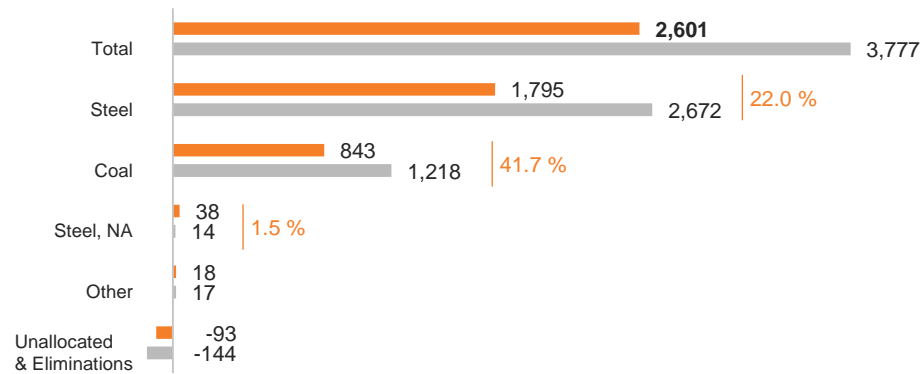
Financial performance, \$m



■ Revenue | EBITDA margin
 ■ EBITDA

Source: Company information

EBITDA by segment, \$m



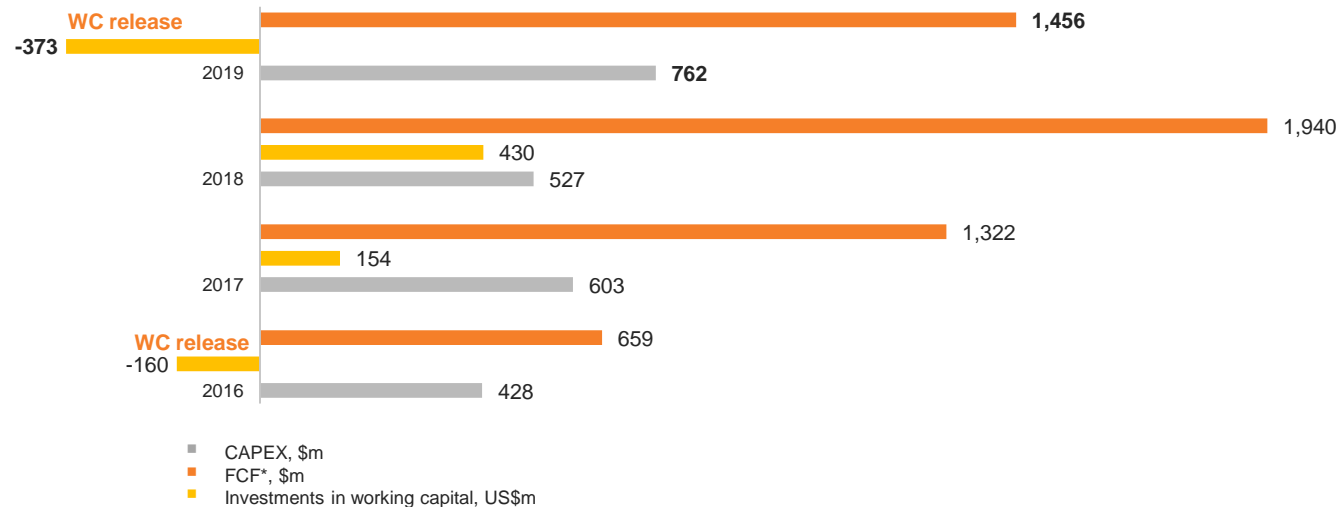
■ 2019 | EBITDA margin
 ■ 2018

Source: Company information

Healthy FCF generation

- EVRAZ was able to deliver healthy FCF in 2019 despite market headwinds
- FCF generation was supported by working capital release following decrease in inventories and in receivables at Steel, North America segment and Steel segment resulted from lower sales prices, as well as improved receivables and payables turnover

EVRAZ financials



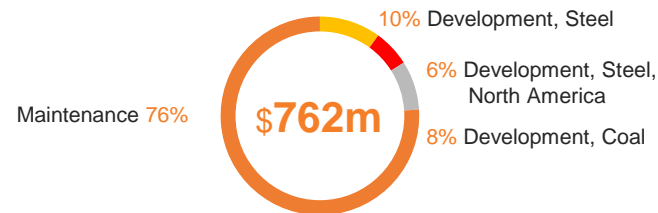
Source: Company information

* Free Cash Flow is based on the methodology shown in financial results taking into account EBITDA, working capital changes, tax accrued changes, interest payments, CAPEX, M&A activities and non-cash charges

CAPEX

- CAPEX up 44.6% YoY to \$762m as maintenance expenses grew by 61% YoY due to the execution of blast furnace no. 6 major overhaul at EVRAZ NTMK, projects in the Coal segment linked with higher production volumes
- Major development projects: long rail mill at EVRAZ Pueblo, rail and beam mill modernisation at EVRAZ NTMK and integrated flat casting and rolling facility at EVRAZ ZSMK are currently in the equipment supplier selection stage or the engineering phase
- FY 2020 target is c.\$900m

CAPEX breakdown by segments, \$m



Source: Company information

Development CAPEX breakdown by key projects

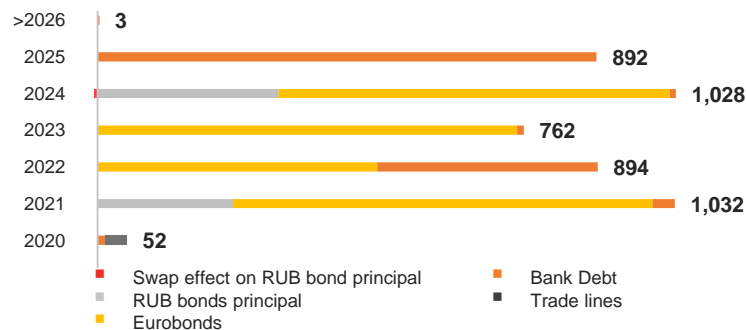
Segment	Projects	Effect	Launch year	2019, \$m
Steel	Tashtagol iron ore mine upgrade (EVRAZ ZSMK mining site)	Increased mining volumes	2021	21
	Integrated flat casting and rolling facility (EVRAZ ZSMK)	2.5 mtpa of premium 0.8-16 mm flat products instead of slabs and billets	2023	0.6
	Rail and beam mill modernisation (EVRAZ NTMK)	Increased production of beams and of sheet piles	2022	0.5
Steel, North America	Long rail mill (EVRAZ Pueblo)	More than 600 ktpa of rails with a maximum length of 100 metres	2022	19
Coal	Access and development of reserves (Uskovskaya mine's seam no. 48)	Prepare the reserves in seam no. 48	2020	30
	Access and development of reserves (Esaulskaya mine's seam no. 29a)	Relocate mining operations from seam no. 26 to seam no. 29a.	2020	10

Source: Company information

Debt management

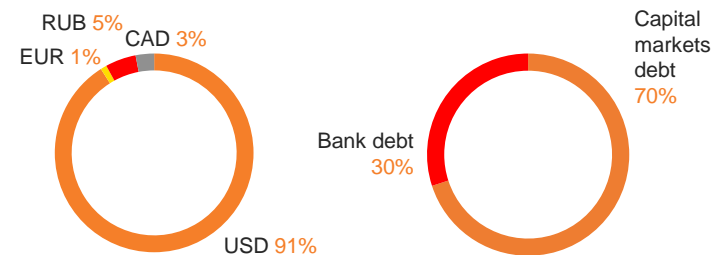
- Total debt increased by \$230m to \$4,868m as the Group completed several transactions to extend its maturity profile and build up a liquidity cushion as well as due to the recognition of new IFRS 16 Leases standard
- Net debt decreased by \$126m to \$3,445m
- 91% of debt maturities are in USD, with diversified funding sources
- Interest expense accrued in 2019 under loans, bonds and notes was \$231 million vs \$248 million in 2018
- Solid liquidity cushion of \$1,423m in cash and equivalents is sufficient to cover upcoming sizable maturities of 2021
- Improvements in EVRAZ' credit quality were acknowledged by all major international credit agencies:
 - S&P Global and Fitch Ratings upgraded EVRAZ to BB+ level with a stable outlook
 - Moody's Investor Service assigned positive outlook and confirmed Ba1 rating

Debt maturity profile as of 31.12.2019*, \$m



Source: Company information

Debt structure as of 31.12.2019, %



Source: Company information

* Principal of loans and borrowings (incl. hedging exposure and excl. interest payments)



Looking Forward

Looking forward

In 2020, EVRAZ will continue to make significant efforts to improve safety and other vitally important areas of sustainable development

EVRAZ has set ambitious production targets for the year that should help it to reach solid results despite potential market headwinds

In Steel key initiatives are focused on numerous cost-cutting and customer focus efforts, including: launch of blast furnace no. 6 at EVRAZ NTMK after overhaul, construction completion of new hub in Nizhny Tagil and launch of beam service centre in Noginsk (Moscow Region)

In Coal we aim to maximise coal supplies to our steel mills, maintain Russian market share at the average level of 22%, maintain sales to key clients in Eastern Europe and Turkey as well as to increase shipments through ports in Asia

In North America we are focused on operational improvements, production performance at Canadian operations, increase of EVRAZ Pueblo productivity as well as numerous customer focus initiatives

Future dividend payouts will depend primarily on three parameters: debt, CAPEX targets and EBITDA level. In the medium term, EVRAZ will most likely use the majority of the cash generated in excess of the needs for the established CAPEX programme to pay dividends

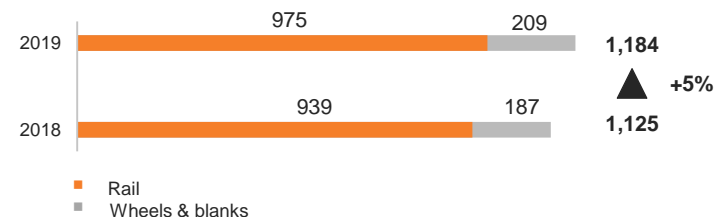


Operational update

Railway products in Russia

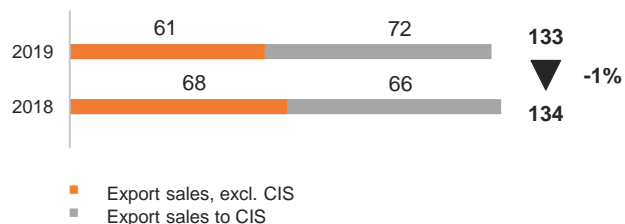
- Railway wheels & wheel blanks sales grew by 12% YoY amid greater demand following continued elevated railcar production and repairs
- Rail sales climbed by 4% YoY mainly due to higher shipments to Russian Railways
- EVRAZ remained the core supplier to Russian Railways: sales grew by 5% and reached 809kt vs 774kt in 2018
- EVRAZ remained the leader in Russian rail production with a 76% market share in 2019

Rail and wheels shipments, kt



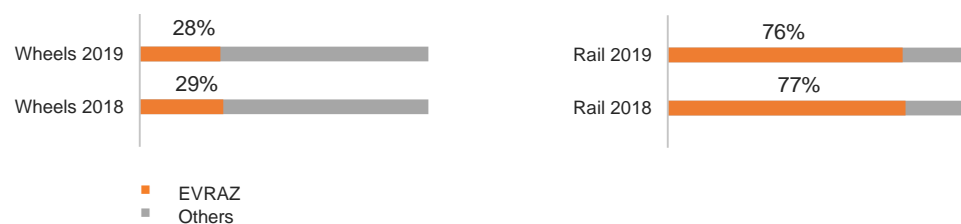
Source: Company information

Export sales of rails and wheels, kt



Source: Company information

EVRAZ' market shares in Russia, %

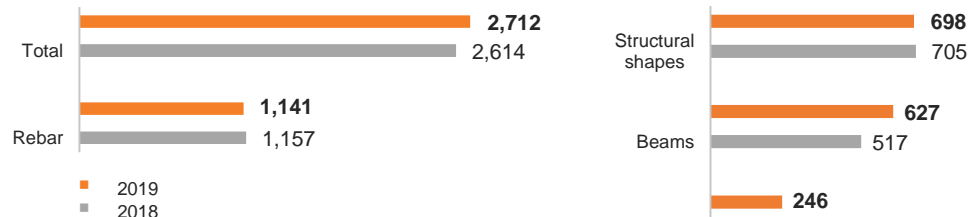


Source: Company information

Construction steel in Russia

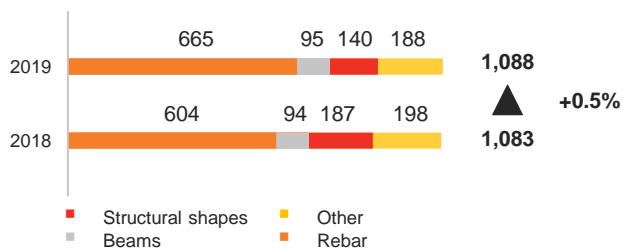
- Beams sales in Russia grew by 21% YoY thanks to improved availability for clients and shipments directly to large infrastructure projects
- Rebar and structural products sales edged down due to heightened market competition

Construction product sales volumes in Russia, kt



Source: Company information

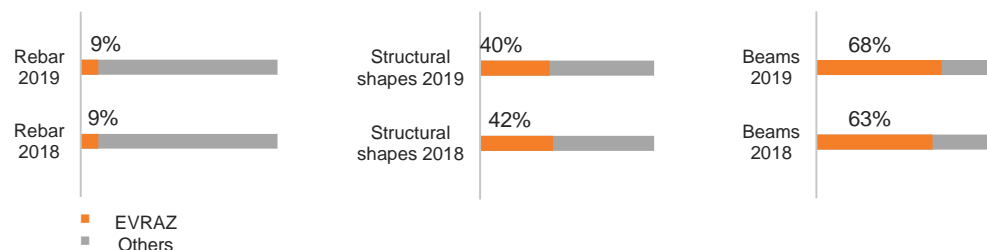
Export sales *, kt



Source: Company information

* Structural shapes (structural) are angles and channels

EVRAZ' market shares in Russia, %

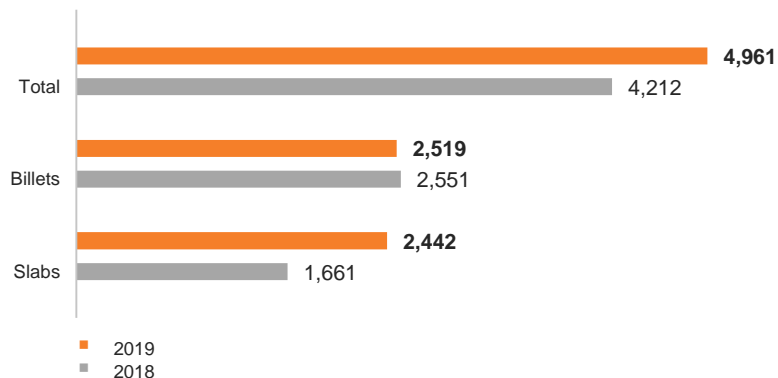


Source: Metal Expert, Company information

Semi-finished steel

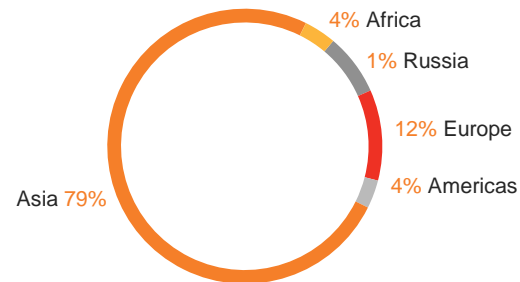
- Sales of semi-finished products soared by 20% YoY mainly amid greater crude steel production in 2019

Sales volumes of slabs & billets, kt



Source: Company information

Sales volumes of slabs & billets by region, kt

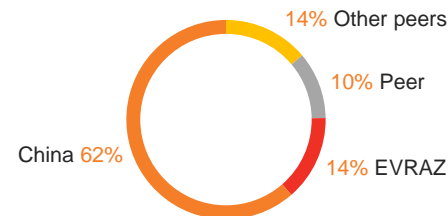


Source: Company information

Vanadium operations

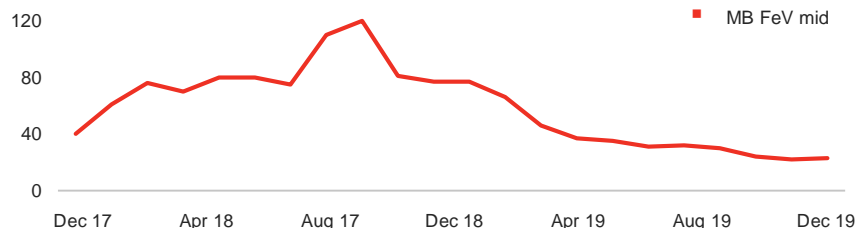
- Ferrovandium prices decreased continuously throughout 2019, reaching bottom in November at \$22 per kgV, with an average price drop of 49% YoY
- Vanadium business generated \$648m in revenues in 2019
- EVRAZ market share reached c.37% ex. China
- Sales volumes of finished vanadium products climbed by 4% YoY mainly as a result of customer base expansion and moderately strong demand on Asian markets in H2 2019, while vanadium consumption in the EU, North America and the CIS was stagnant

EVRAZ' global market share, %



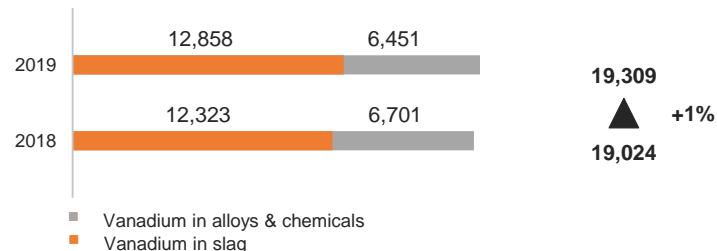
Source: Company information

Vanadium price, \$/kgV



Source: Company information

Sales volumes of vanadium products, mtV

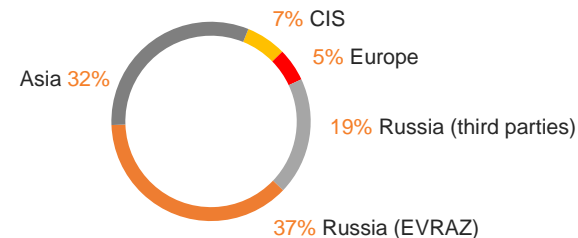


Source: Company information

Coal sales overview

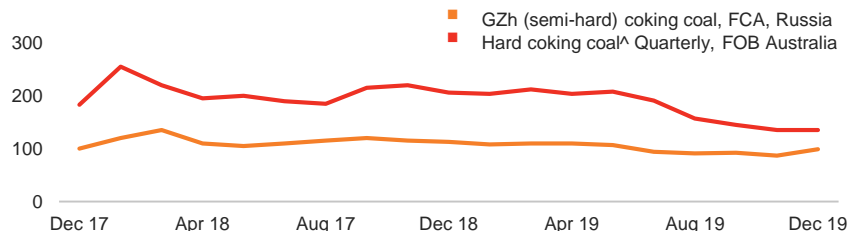
- EVRAZ coking coal sales rose by 3% to 17.6 mt, mainly due to higher production volumes at the Rospadskaya-Koksovaya, Uskovskaya and Alardinskaya mines
- Inter-segment coking coal sales increased by 9.2% to 6.6 mt, as EVRAZ focuses on maximising its self-sufficiency
- Export sales inched up by 1% to 7.7 mt, mainly due to a 12% expansion of supplies to Asian countries
- EVRAZ remains the leading coking coal producer in Russia with an average 22% market share in all coal grades

Breakdown of coal products sales, kt



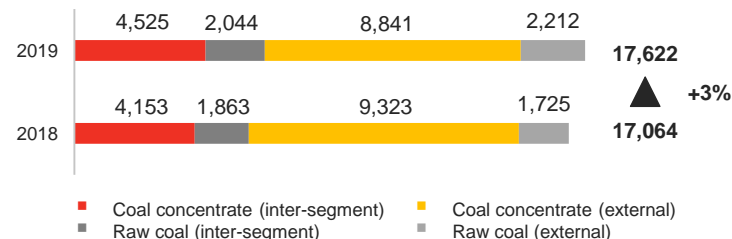
Source: Company information

Local coking coal price vs export benchmark, \$/t



Source: Company information

Coal products sales breakdown by type, kt

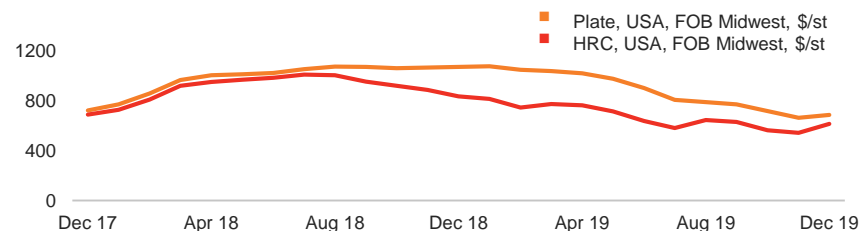


Source: Company information

EVRAZ North America

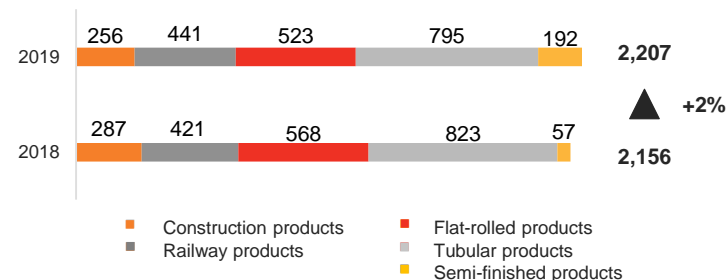
- In 2019, overall US steel product consumption went down by 2% YoY to 97.0 mt in 2019
- EVRAZ steel product sales inched up by 2% YoY to 2.2 mt despite softer demand in 2019 mainly supported by sales growth of LDP and railway products
- EVRAZ strengthened its leading position in the rails and LDP market, expending respective market shares to roughly 42% and 26%
- EBITDA reached \$38m, up from \$14m in 2018, driven mainly by the decline of Section 232 duties on sales to the US, which were included in 2018 expenses, however, EBITDA remains at low levels due to weak OCTG market in North America
- EVRAZ continued to implement the new long rail mill project at Pueblo to meet customer's interest in 100 metre rails

Prices for flat-rolled products in the US



Source: Steel Monitor

Steel products sales, kt



Source: Company information



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