EVRAZ
making the world stronger

FY 2018 Financial Results

28 February 2019

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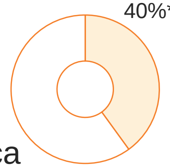
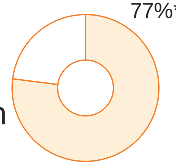
Core operations and distribution markets

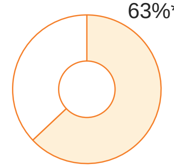
No. 1 among rail suppliers in North America



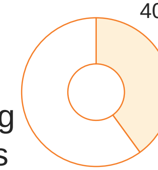
No. 1 among rail suppliers in Russia

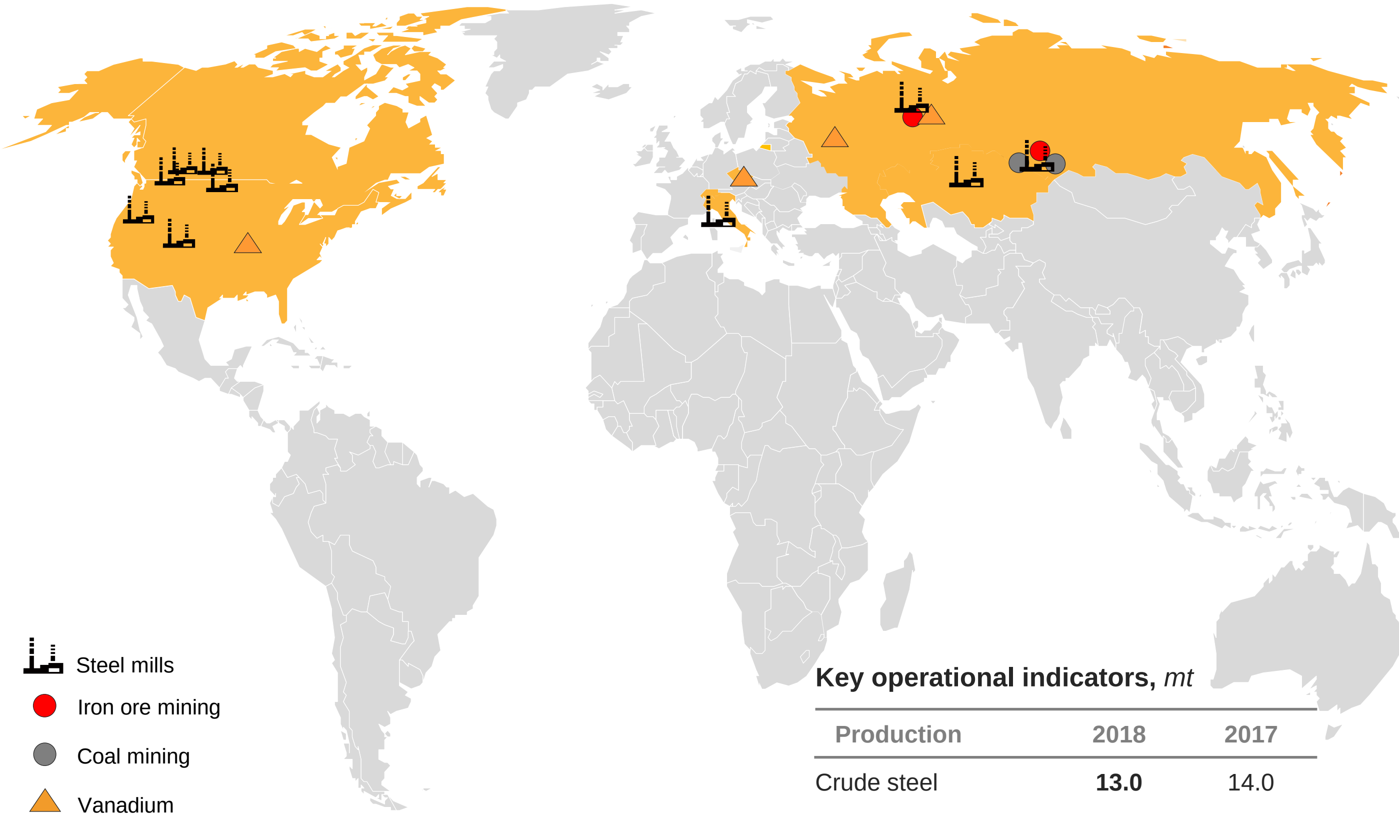


No. 1 in construction steel market in Russia



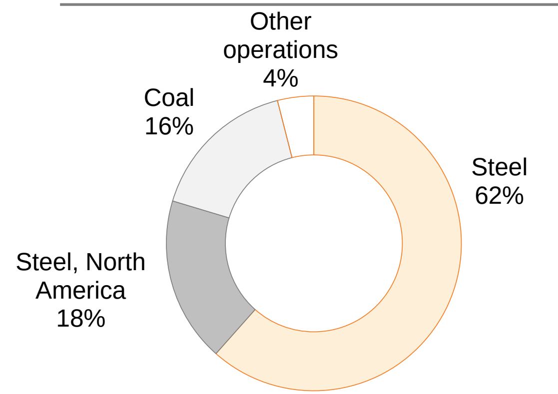
No. 1 among the Russian coking coal producers



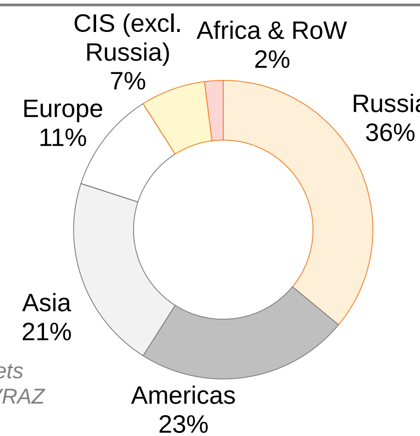


Steel mills
Iron ore mining
Coal mining
Vanadium

Consolidated revenue by segments*, %**



Consolidated revenue by region, %



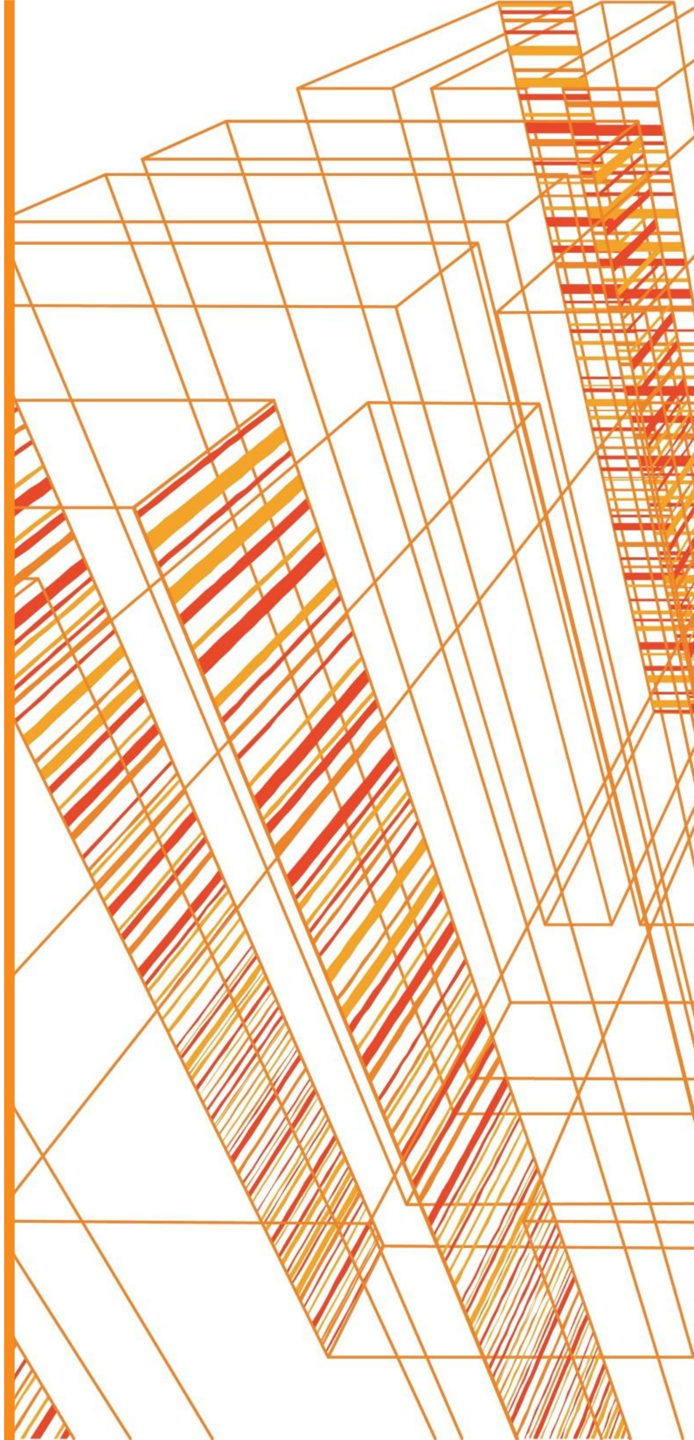
Key operational indicators, *mt*

Production	2018	2017
Crude steel	**13.0**	14.0
Iron ore products	**13.5**	13.9****
Raw coking coal	**24.2**	23.3

Source: Company information
** For construction steel market in Russia - market share in beams, all data are company's estimation for 2018*
*** Coking coal concentrate (Semi-hard coking coal high-volatile), company's estimation for 2018*
**** 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*
***** Data for 2017 were amended due to methodology adjustment as it was decided to disclose the Evrazruda' iron ore concentrate volumes instead of EVRAZ ZSMK' sinter volumes.*

Highlights

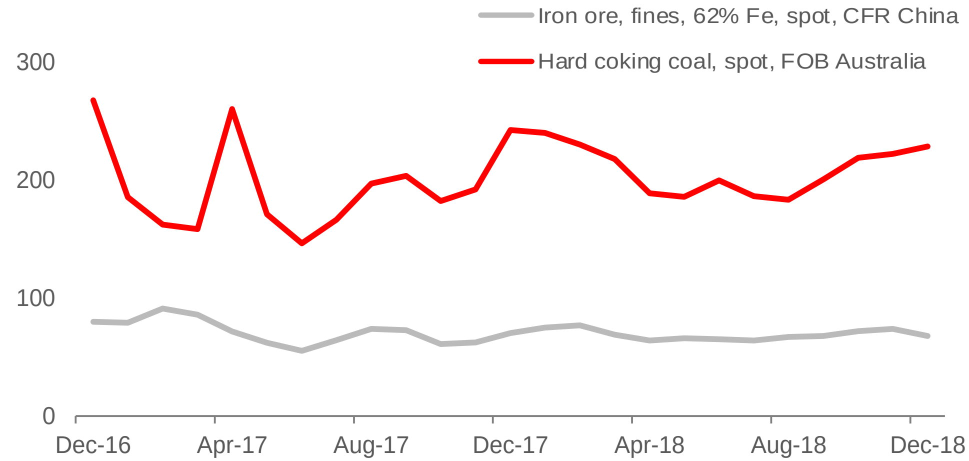
Alexander Frolov – Chief Executive Officer



2018 key themes

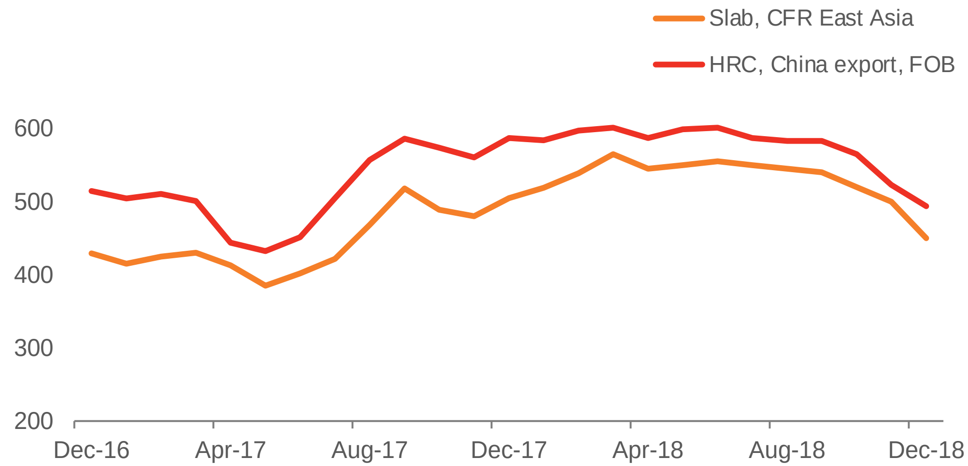
- Robust financial performance due to favorable market conditions and as a result of initiatives to improve efficiency and reduce cost
- The Group generated EBITDA of $3,777m, its highest level since 2008, which made it possible to pay dividends of $1.6bn with a dividend yield of 17%
- EBITDA margin boosted YoY from 24.2% to 29.4%
- The cost-cutting and productivity improvement initiatives combined with customer focus efforts generated a total EBITDA effect of $340m
- CAPEX fell to $527m vs $603m in 2017, as two main construction projects at EVRAZ NTMK were finalised: the blast furnace no. 7 and the grinding ball mill
- Robust FCF of $1,940m allowed the Group to significantly decrease net debt to $3,571m and reach net leverage of 0.9x
- In the view of EVRAZ strong financial position the Board of Directors recommended an interim dividend of $0.40 per share, totalling c.$577.34m, to be paid on 29 March 2019 to shareholders on the register as of 8 March 2019

Global raw material prices, *$/t*



Source: Metal Expert

Global steel prices, *$/t*



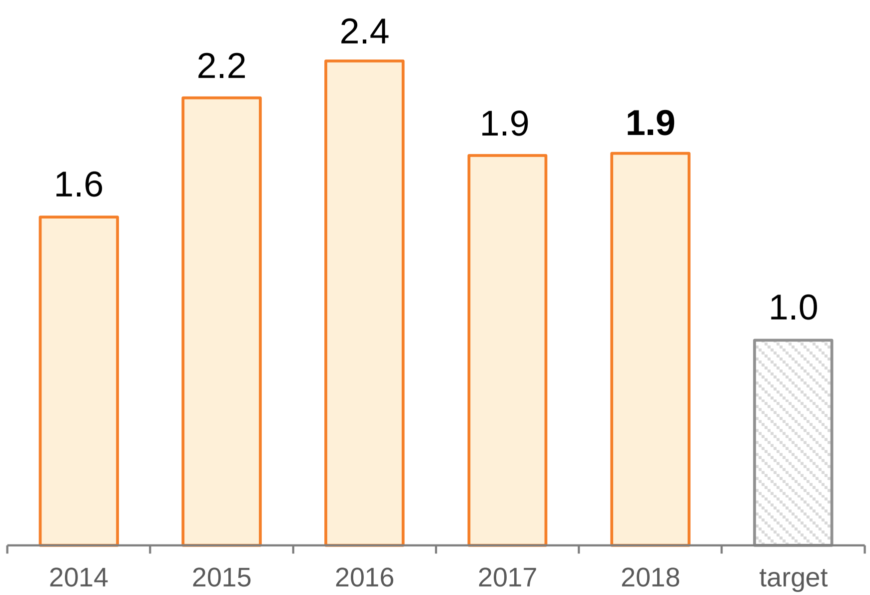
Source: Metal Expert

EVRAZ

Safety is a top priority

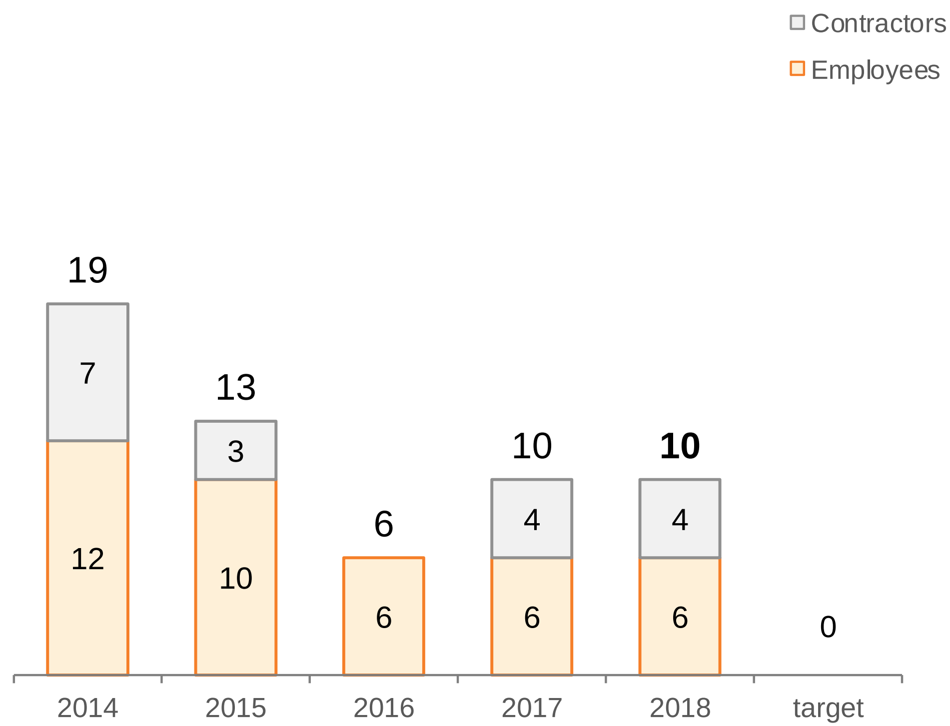
- The Group maintains its LTIFR at 1.9x
- Despite continued progress, tragically, we had 10 fatalities in 2018
- We remain committed to having zero fatal accidents at our sites and target to reach LTIFR level of less than one
- Industrial safety is of paramount importance: EVRAZ continuously improves underground mine gas control and dam safety management systems

Lost Time Injury Frequency Rate (LTIFR)*



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

Fatalities



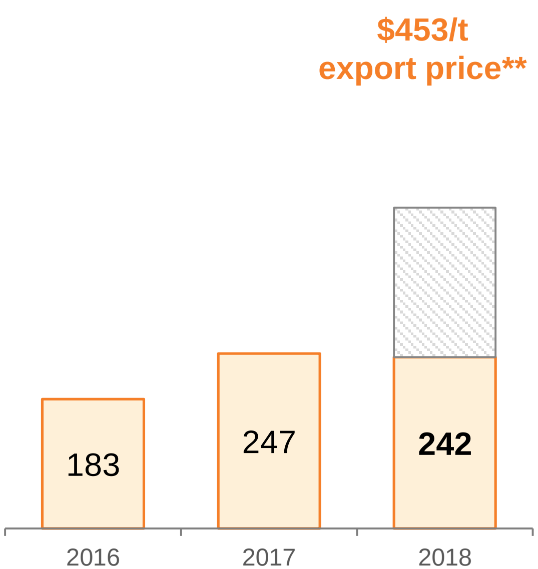
Source: Company information

Vertically integrated business model supported by robust cost base

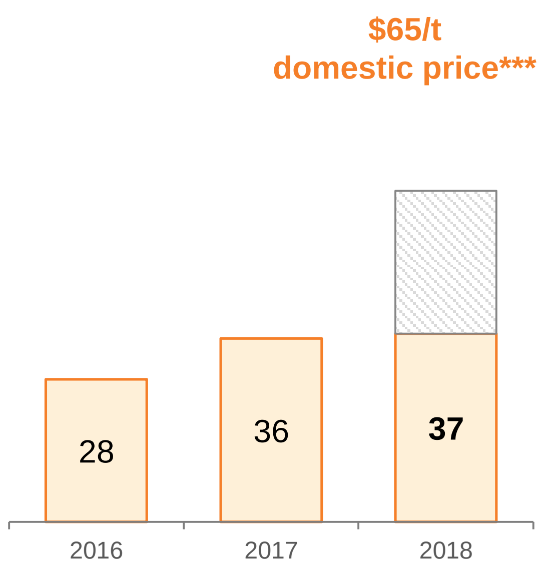
- Cash cost of slabs decreased amid rouble depreciation as well as increase in production volumes
- Iron ore cash cost increased YoY primarily as a result of decrease in sales volumes of Evrazruda
- Coking coal cash cost increased up to $47 per tonne in 2018 mainly due to geological conditions, rise in auxiliary materials prices, and additional involvement of 3rd-party contractors due to higher volumes

Cost positions*, *$/t*

Average cash cost of slab of Russian steel plants



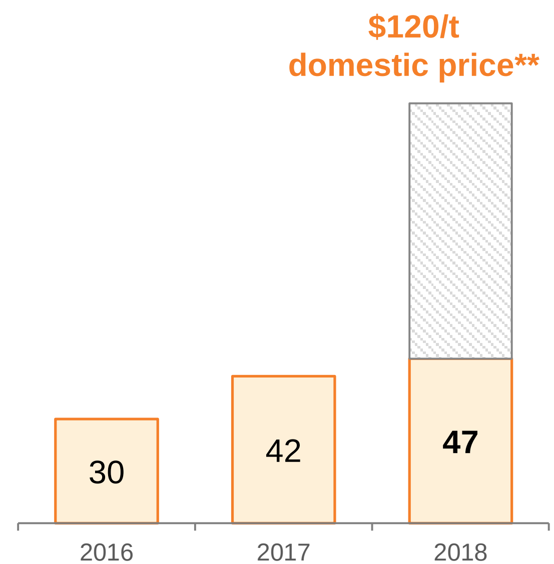
Average cash cost, Russian iron ore products (Fe 62%)**



79%

Self-coverage**** in iron ore

Average cash cost, washed coking coal



239%

Self-coverage**** in coking coal

Source: Company information

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

*** The data for 2016-2017 was changed following adjustment in methodology for using the Fe 62% content in calculation (previously Fe 58% content)*

**** Average EXW price for semi-finished products, pellets (Russia), coking coal concentrate as per FY2018 trading update*

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

EVRAZ strategic priorities remain

Market trends

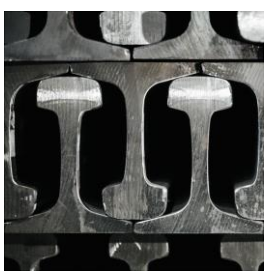
Positive price trends for steel and raw materials were mainly driven by:

- ongoing supply-side reforms and changes to China's environmental regulations;
- heightened demand for steel products globally.

EVRAZ strategic priorities

- **Debt management and stable dividends**
- **Prudent CAPEX**
- **Retention of low-cost position**
- **Development of product portfolio and customer base**

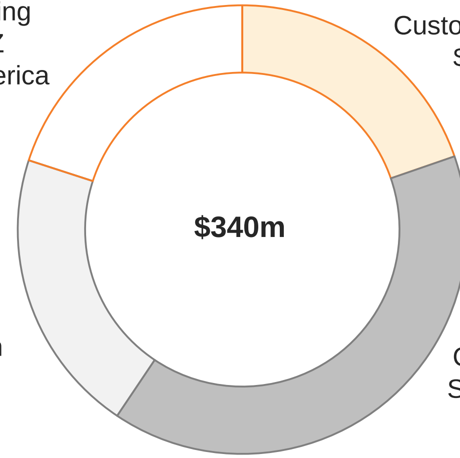
EVRAZ strategy achievements

EVRAZ strategic priorities		Achievements in 2018
	**Debt management and stable dividends**	✓ Net Debt was reduced by $395m and reached $3,571m ✓ Net Debt / EBITDA level achieved - 0.9x ✓ c.$1.6bn of dividends paid out with a dividend yield of 17%
	**Prudent CAPEX**	✓ Development CAPEX - $167m ✓ Maintenance CAPEX - $360m
	**Retention of low-cost position**	✓ Cost cutting initiatives effect on EBITDA - $273m
	**Development of product portfolio and customer base**	✓ Customer focus initiatives effect on EBITDA - $67m

2018 efficiency improvements

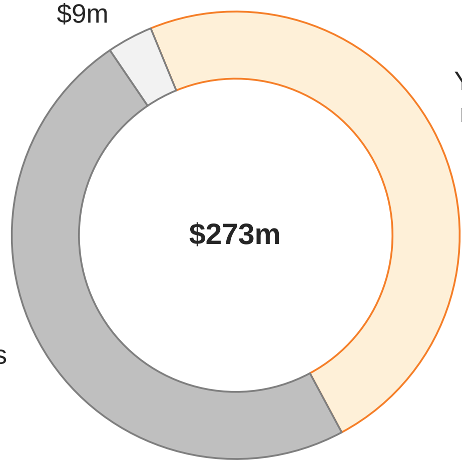
- EVRAZ places great emphasis on customer focus efforts and cost management, which had a $340m EBITDA effect in 2018
- In Steel segment cost-cutting effect was gained amid the efficiency programmes at Russian steel plants and EVRAZ ZSMK ferroalloys consumption optimization
- In Coal segment the effect was primarily attributable to the increased mining volumes at the Raspadskaya-Koksovaya and reduced ash content at the Raspadsky open-pit mine
- In North-American Steel segment cost reduction was reached primarily due to the alloy savings from Regina steel upgrade and its tubular yield improvement

Efficiency improvement programme total effect on EBITDA, $m



Source: Company information

Cost-cutting initiatives effect on EBITDA, *$m*



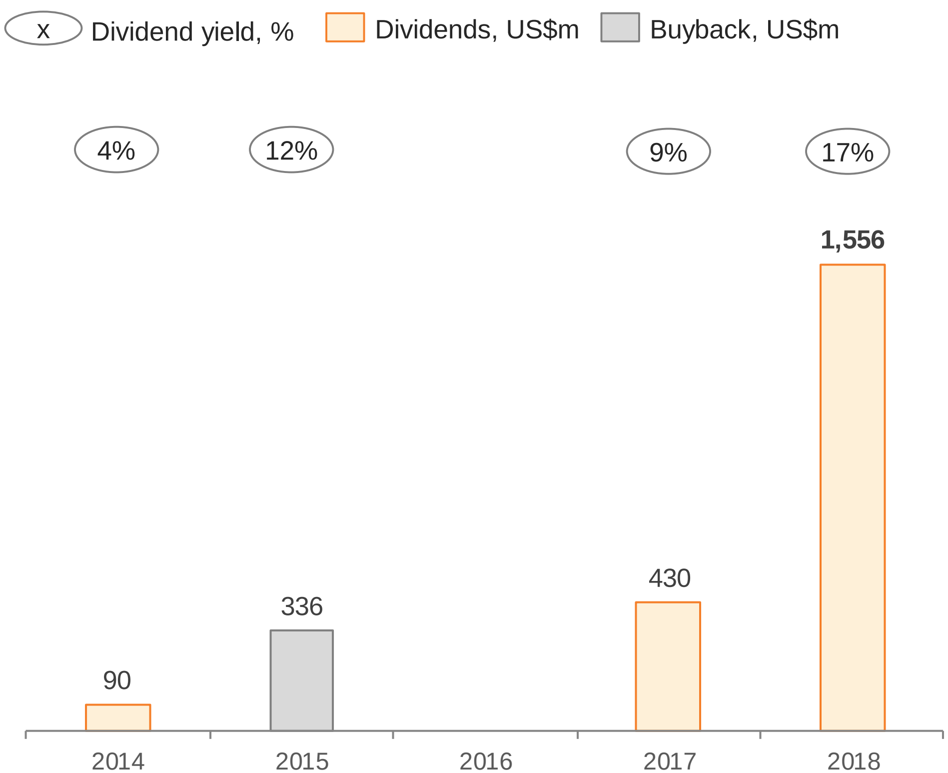
Improving yields and raw material costs	**132**
Improving yields and raw material costs of Urals and Siberia divisions	74
Various improvements at coal washing plants and mines	15
Improving yields and raw material costs of North American assets and vanadium operations	43
Increasing productivity and cost effectiveness	**132**
Others, including	**9**
Reduction of general and administrative (G&A) costs and non-G&A headcount	9
Total	**273**

Source: Company information

Focus on stable dividends

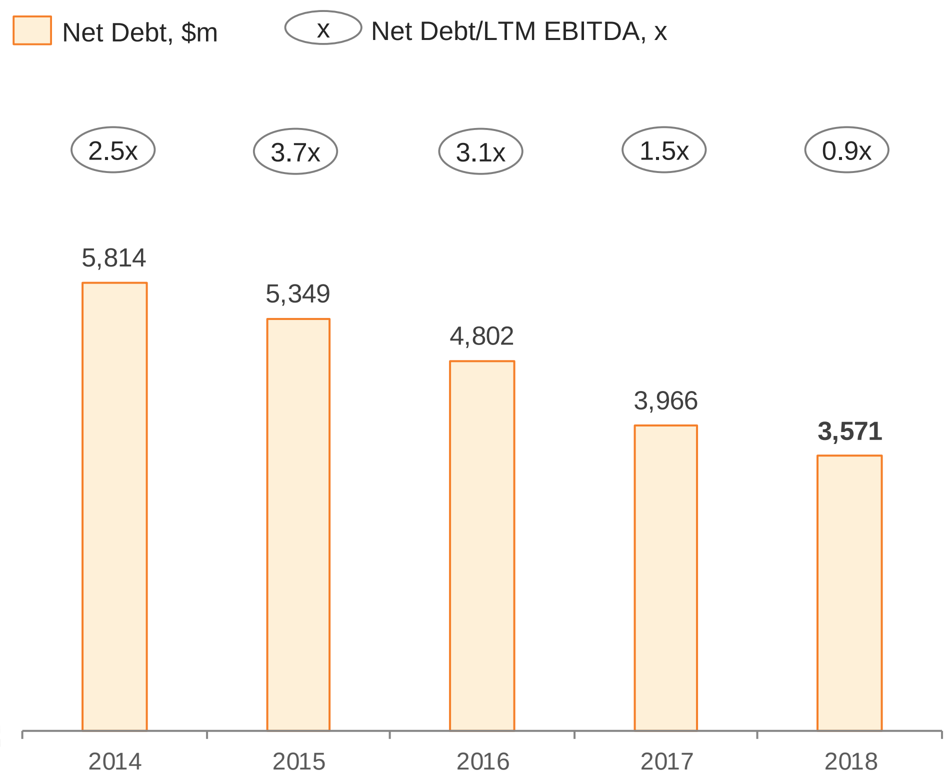
EVRAZ dividend payments

- In 2018, EVRAZ paid dividends of c.$1.6bn, equivalent to a 17% yield, a new record amount of dividends for the Company
- EVRAZ also established a new dividend policy in 2018 that envisages paying a minimum of $300m of dividends provided that the net leverage ratio remains below 3.0x



EVRAZ leverage

- EVRAZ ended 2018 with net debt of $3,571m 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



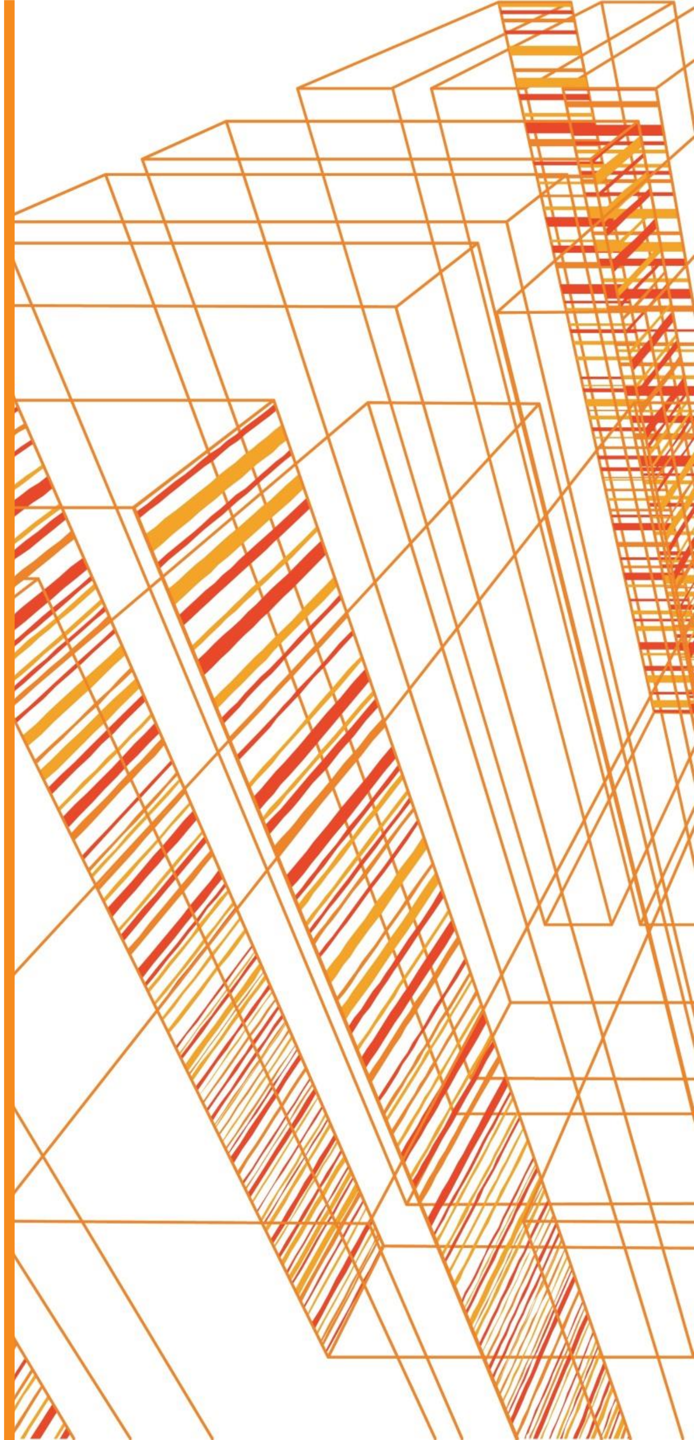
Source: Company information

Key takeaways

- 2018 was a strong year for the business supported by positive developments on global metal markets and EVRAZ' elaborate strategic efforts
- Safety remained the underpinning of EVRAZ business sustainability. We are committed to having zero fatalities and target an LTIFR level of 1.0x
- EVRAZ remained focused on implementing its efficiency improvement programme in the amount of 3% of the cost base and is on pace to generate further improvements
- EVRAZ envisages annual total CAPEX spending of $800-990m during 2019-2022
- EVRAZ ended 2018 with net debt of $3.6bn 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
- In the view of the strong balance sheet for FY2018 and a constructive outlook for 2019 the Board of Directors recommended an interim dividend of $0.40 per share

Financial Performance

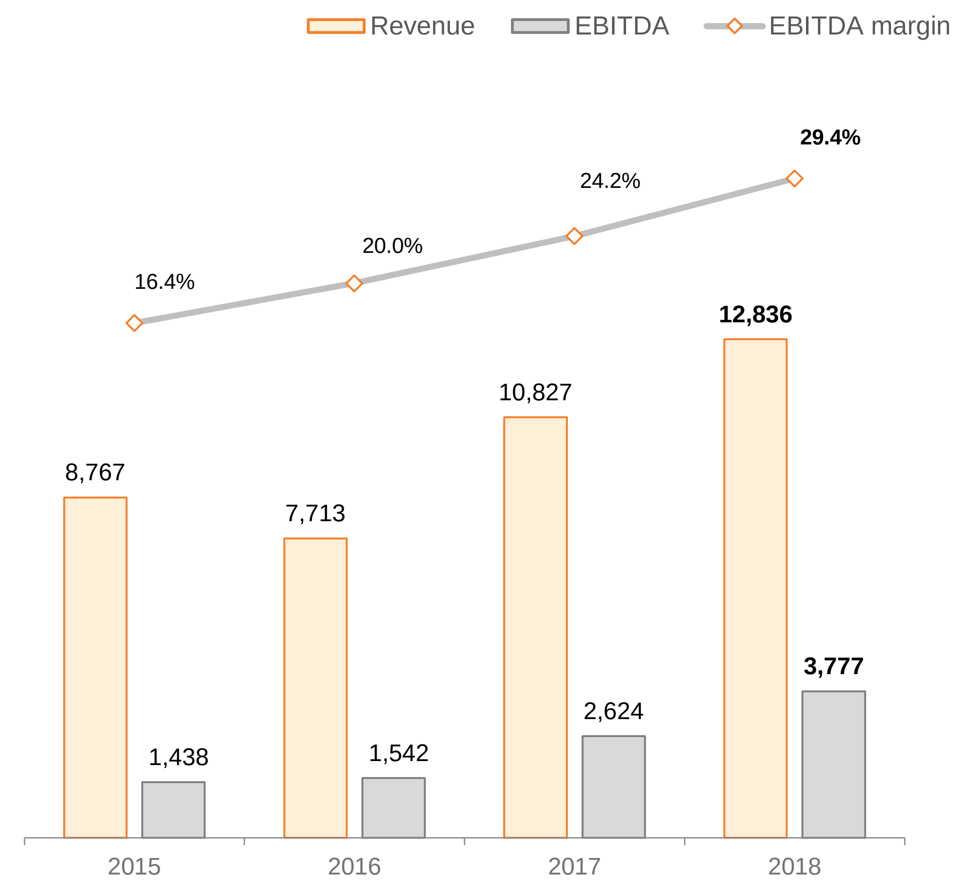
Nikolay Ivanov – Chief Financial Officer



Strong EBITDA and margins

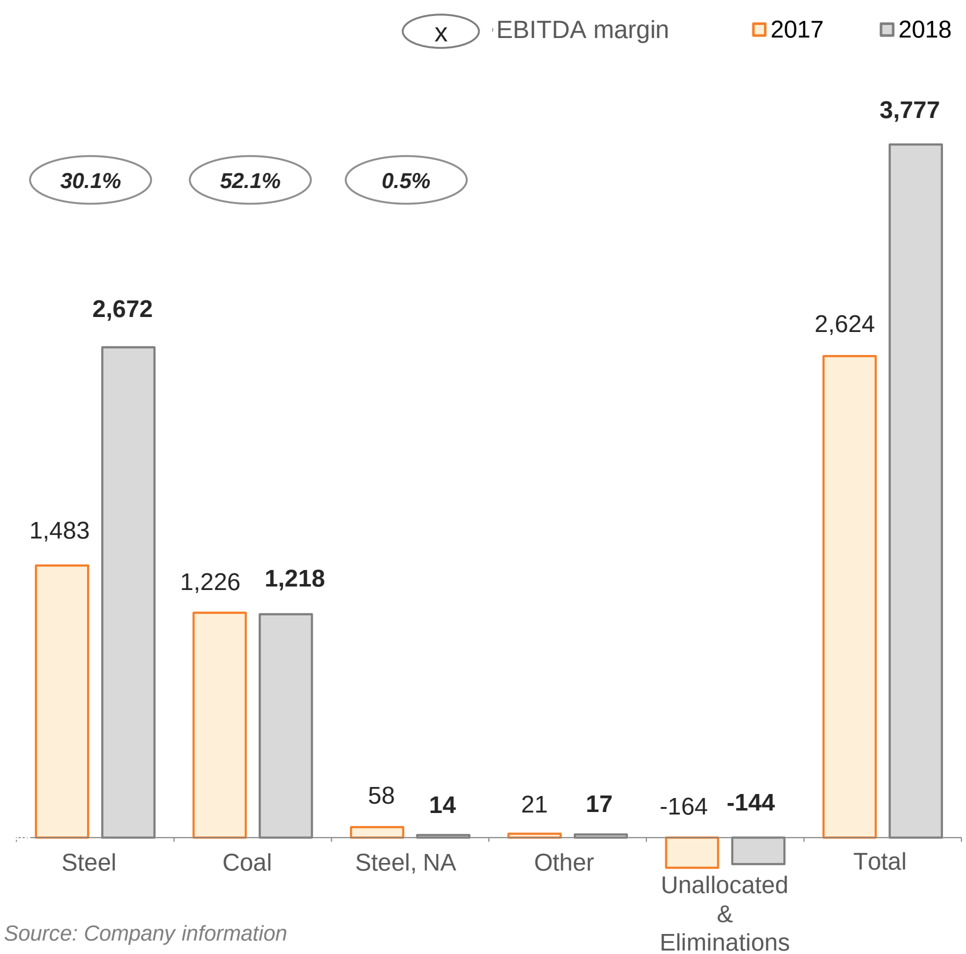
- EBITDA reached $3,777m in 2018, up 44% from $2,624m in 2017 boosting the EBITDA margin from 24.2% to 29.4%
- The improvement is primarily attributable to higher steel product and vanadium prices, lower expenses in US dollar terms, as well as the impact of cost-cutting initiatives on efficiency

Financial performance 2015 – 2018



Source: Company information

EBITDA by segment, *$m*



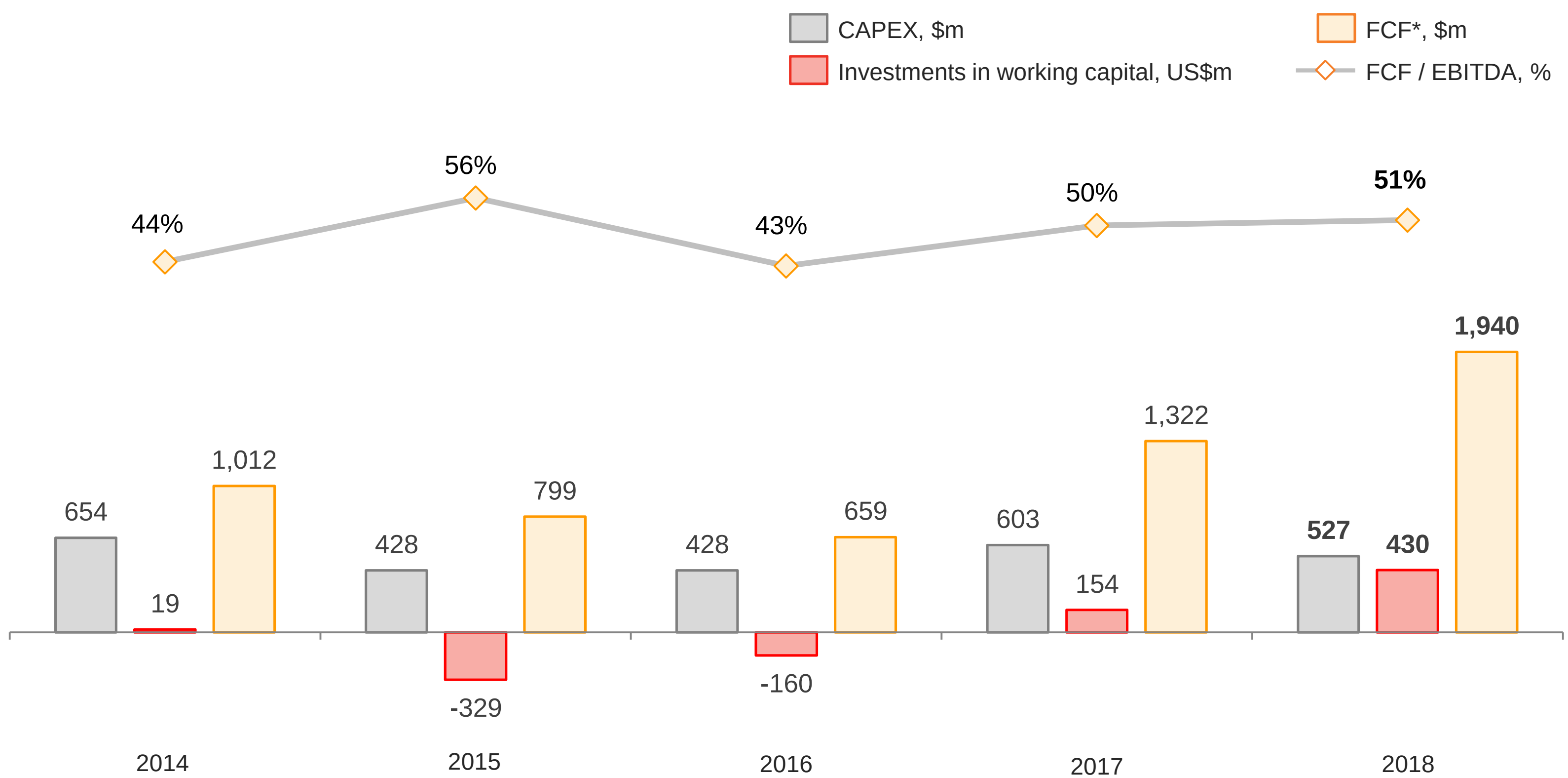
Source: Company information

EVRAZ

Robust FCF generation

- Since 2014 EVRAZ was able to generate strong FCF at the average level of c.$1.2 billion
- While in 2018 FCF was affected by negative changes in working capital, better operational results fully compensated for this

EVRAZ financials



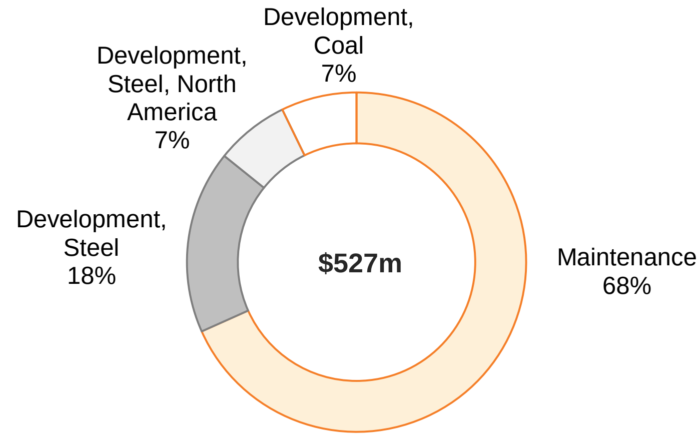
Source: Company information

** 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 decreased to $527m, down 12.6% YoY as EVRAZ NTMK finalised two main projects: the construction of the blast furnace no. 7 and the grinding ball mill, amid the weakening of the ruble exchange rate vs US dollar
- EVRAZ North America started to implement the two projects aimed at cost reduction (their completion is scheduled for 2019)
- FY 2019 target is c.$800m

CAPEX breakdown, *$m*



Source: Company information

Development CAPEX breakdown by key projects

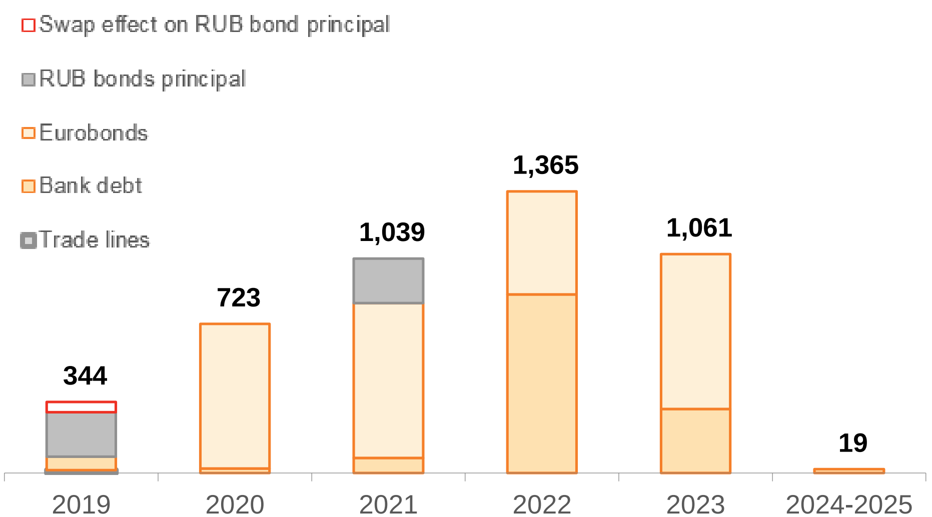
Segment	Projects	Effect	Launch year	Project Total, $m	2018, $m
Steel	Construction of Blast Furnace 7 (EVRAZ NTMK)	Stable production of pig iron at EVRAZ NTMK at 5mt per year	2018	204*	48
	Grinding ball mill construction (EVRAZ NTMK)	Increased ball production to more than 300kt	2018	17	5
	Wheel resurfacing capacity expansion (EVRAZ NTMK)	Wheels production capacity increase	2018	14	10
Steel, North America	Seamless Threading (EVRAZ Pueblo)	Decrease of total threading cost by $82/ton and yield improvement	2019	28	15
	Red Deer Heat Treat (EVRAZ Red Deer)	ERW pipes production capacity expansion, improved production efficiency	2019	23	13
Coal	Access and development of reserves in the Uskovskaya mine’s seam no. 48	Prepare the reserves in seam no. 48	2020	91	20
	Access and development of reserves in the Esaulskaya mine’s seam no. 29a	Relocate mining operations from seam no. 26 to seam no. 29a.	2020	31	5
Total				**408**	**116**

Source: Company information
** Including $13m budgeted for 2019*

Debt management

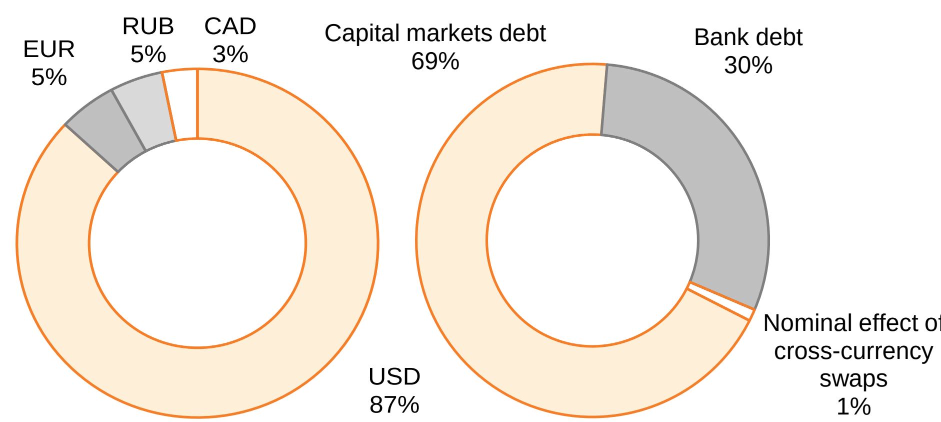
- Total debt reduced by c.$794m to c.$4,638m
- 87% of debt is in $, with diversified funding sources
- Interest expense accrued in 2018 under loans, bonds and notes was $322 million vs $394 million in 2017
- Solid liquidity cushion of $1,067m in cash and equivalents is sufficient to cover upcoming maturities of 2019 and 2020
- During 2018, international rating agencies recognized leverage improvements and strong business performance with positive rating actions:
  - Moody's upgraded corporate family rating to Ba1 Stable
  - S&P upgraded issuer credit rating to BB Positive
  - Fitch upgraded long-term issuer rating to BB Stable

Debt maturity profile, as of 31.12.2018*, $m



Source: Company information

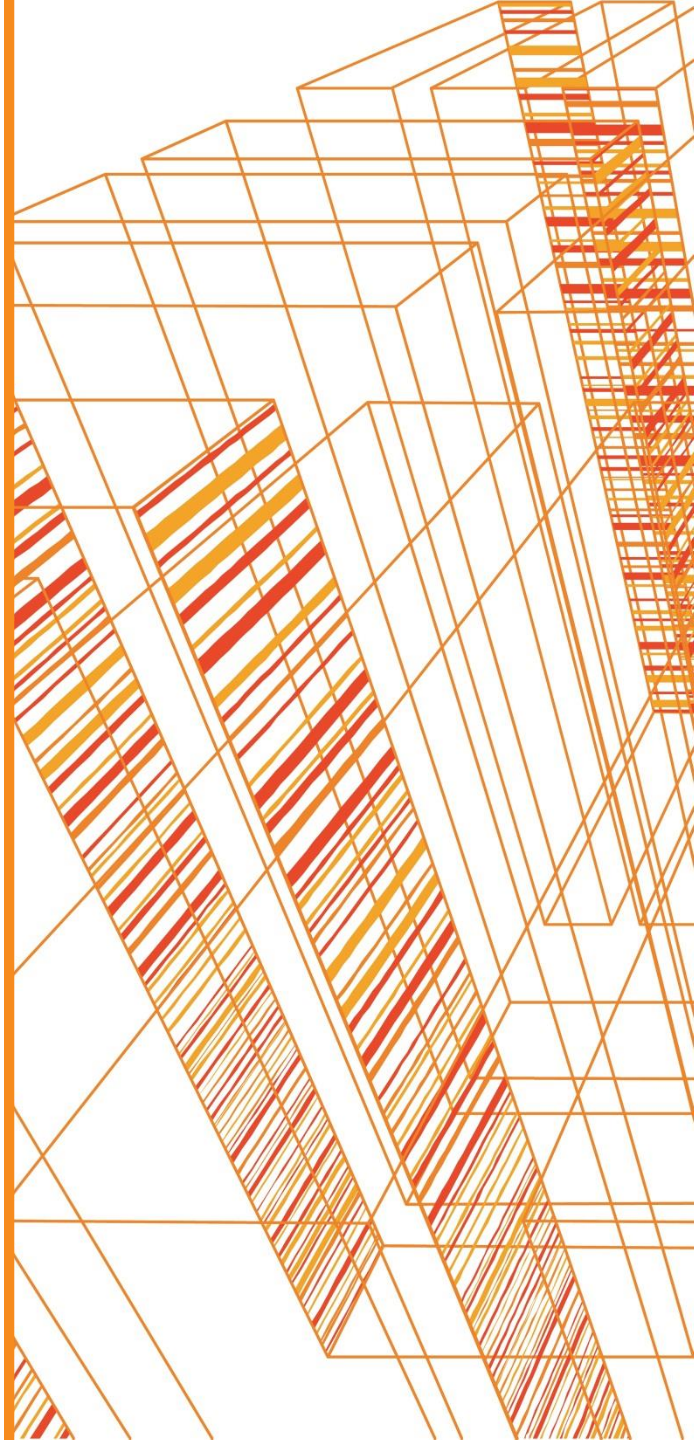
Debt structure, as of 31.12.2018, %



Source: Company information

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

Looking Forward



Looking forward

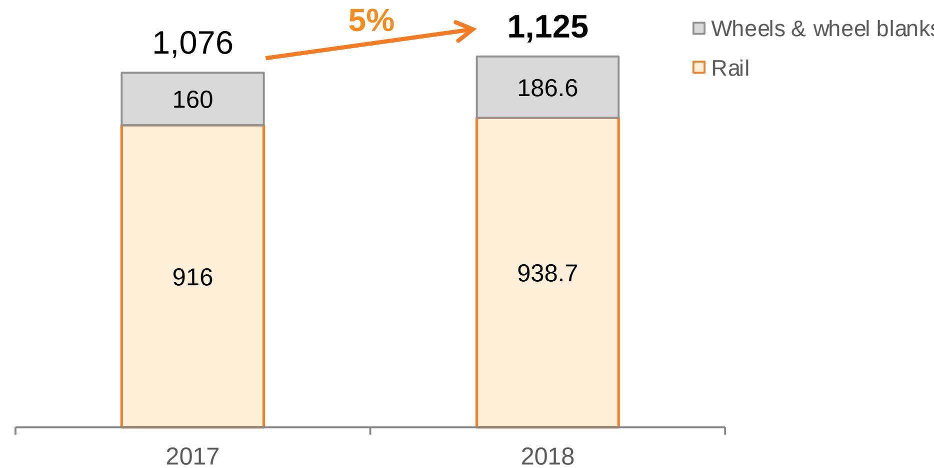
- In 2019 we expect the market to cool off somewhat, however fundamentals mainly remain strong
- In Steel we are considering projects to increase the share of finished steel in our portfolio, support iron ore mining volumes and maintain our current facilities to minimise risks. Looking ahead, one of the Steel segment's key targets is to reach 6.9 million tonnes of finished steel sales to the Russian market by 2023
- In Coal we expect to strengthen Coal segment's positions by increasing mining volumes at existing operations to 25 million tonnes (3% YoY) and saleable product volumes to 19.5 million tonnes. In the midterm the key goal of EVRAZ Coal segment is to increase coal mining volumes to 28.4 million tonnes a year by 2021
- In North American Steel segment EVRAZ is going to maintain technological leadership and reach a 45% rails market with new rail mill at EVRAZ Pueblo, planned to be launched in 2022. Moreover, the Group is shifting the focus of its order book to the local Canadian market of tubular goods, amid the US Section 232 tariffs and preliminary antidumping duties, what should lead to a more positive outlook for 2019
- 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

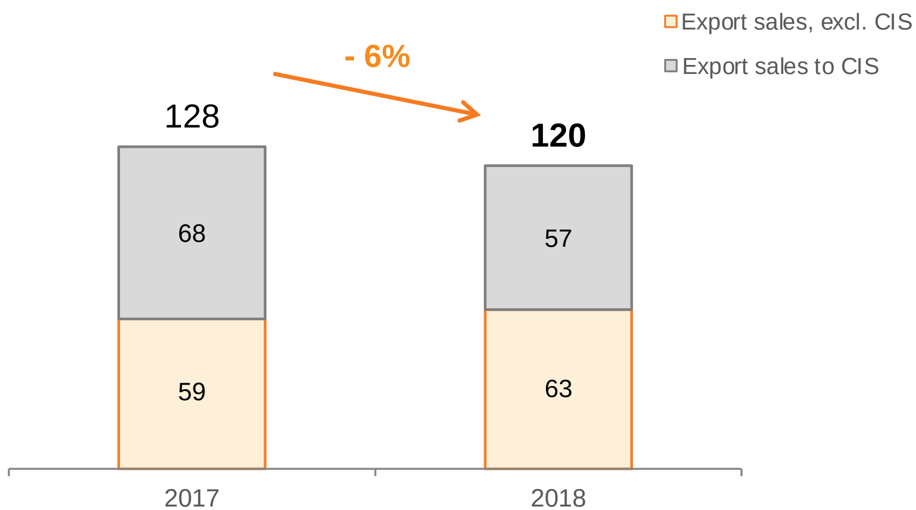
- The ongoing railcar major replacement cycle continued to positively affect the wheel sales in 2018
- Rail sales were up 4% YoY (to 819 kt) amid higher purchases by Russian Railways, which also influenced the export rail sales decline YoY
- EVRAZ remained the core supplier to Russian Railways: sales to RZD were up 8% and reached 774kt vs 719kt in 2017
- EVRAZ remained the leader in Russian rail production with a 77% market share in 2018, having increased its production to meet the demand from its main customer

Rail and wheels shipments, *kt*



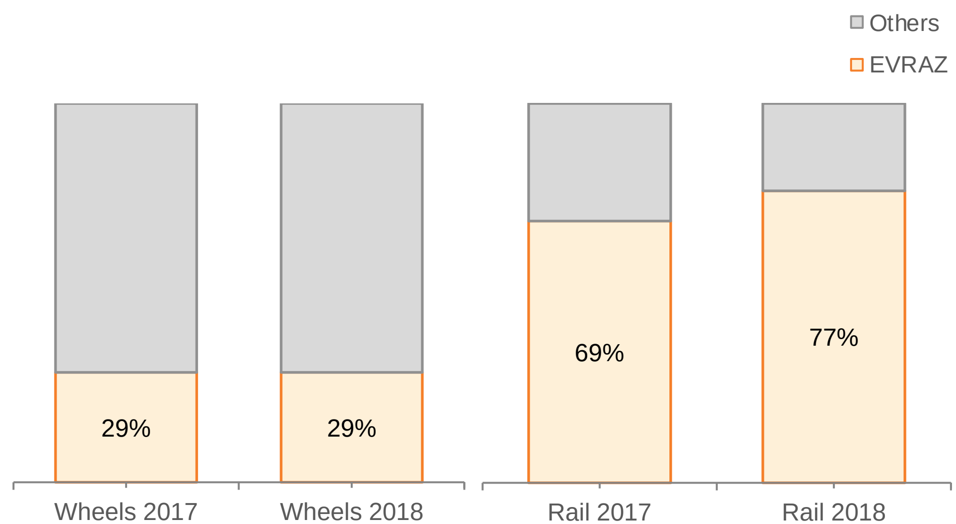
Source: Company information

Export sales of rail, *kt*



Source: Company information

EVRAZ' market shares in Russia, *%*

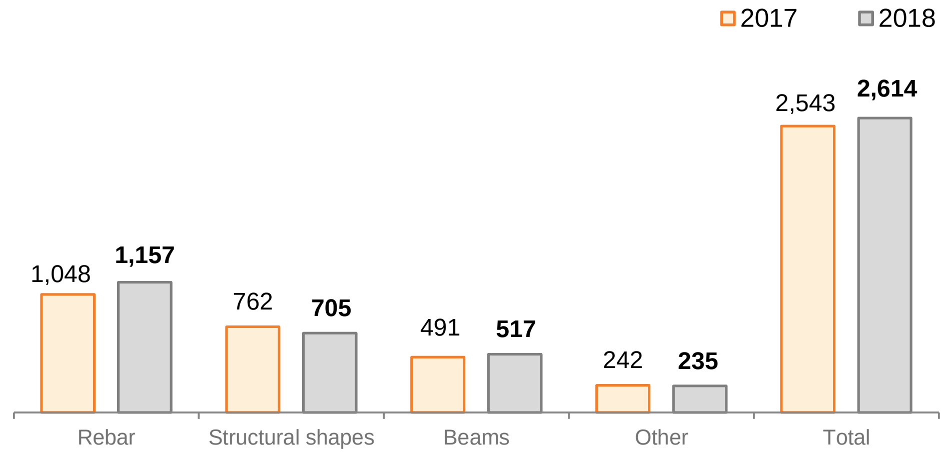


Source: Company information

Construction steel in Russia

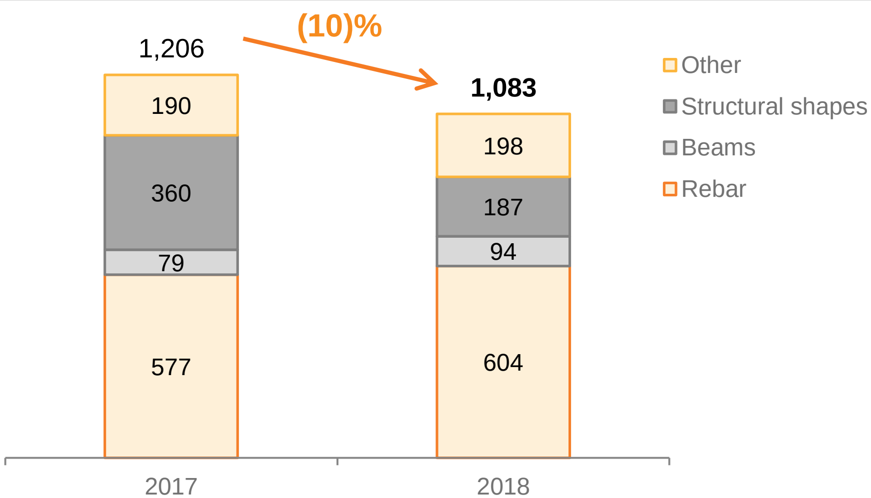
- Rebar and beams sales increased by 10% and 5% YoY thanks to EVRAZ' customer focus initiatives and import displacement
- Structural products shipments faced a moderate decline of 7% due to lower demand caused by a greater consumption of substitutes amid higher prices
- Beams and structural shapes market shares increased to 63% and 45% amid customer focus efforts

Construction product sales volumes in Russia, *kt*



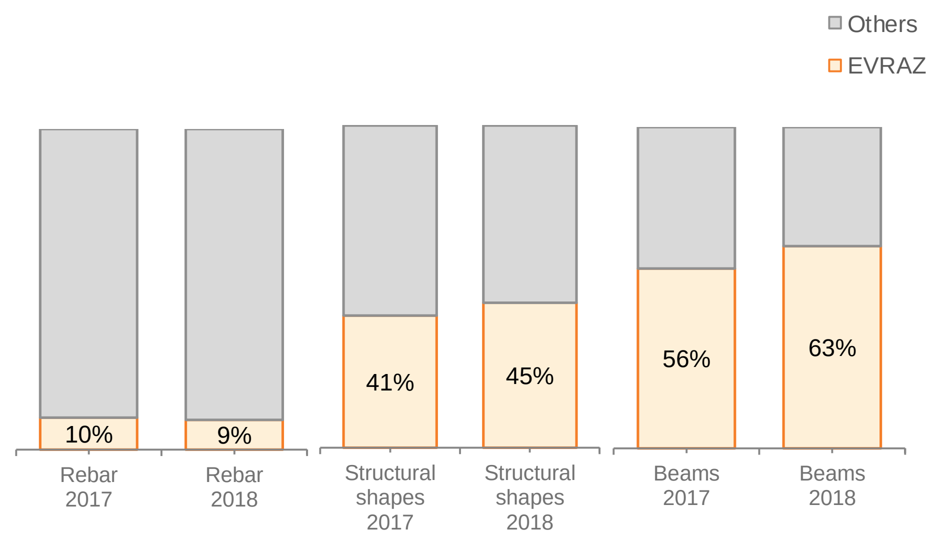
Source: Company information

Export sales *, *kt*



Source: Company information
**Structural shapes (structural) are angles and channels*

EVRAZ' market shares in Russia, *%*



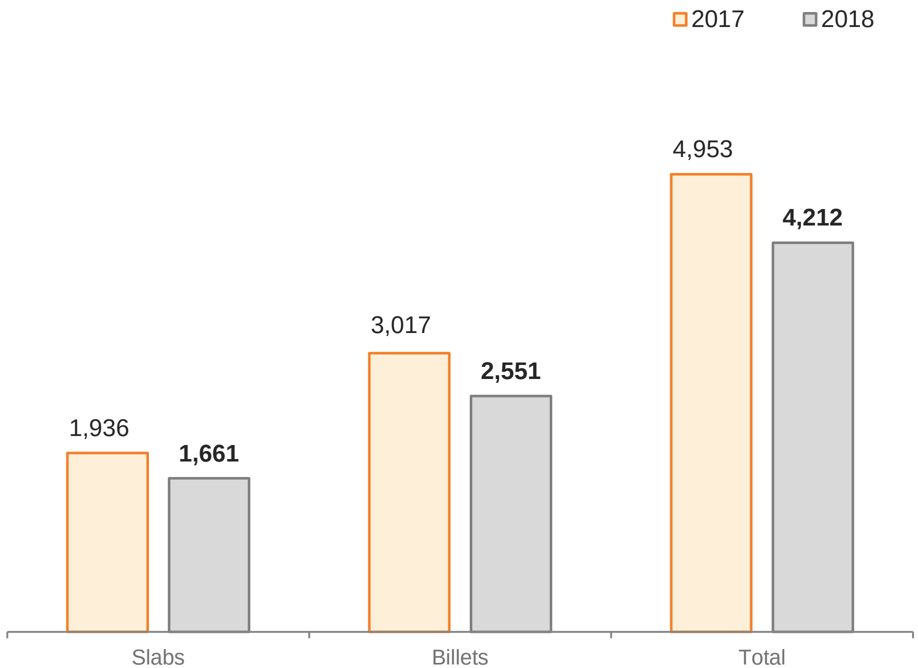
Source: Metal Expert, Company information

EVRAZ

Semi-finished steel

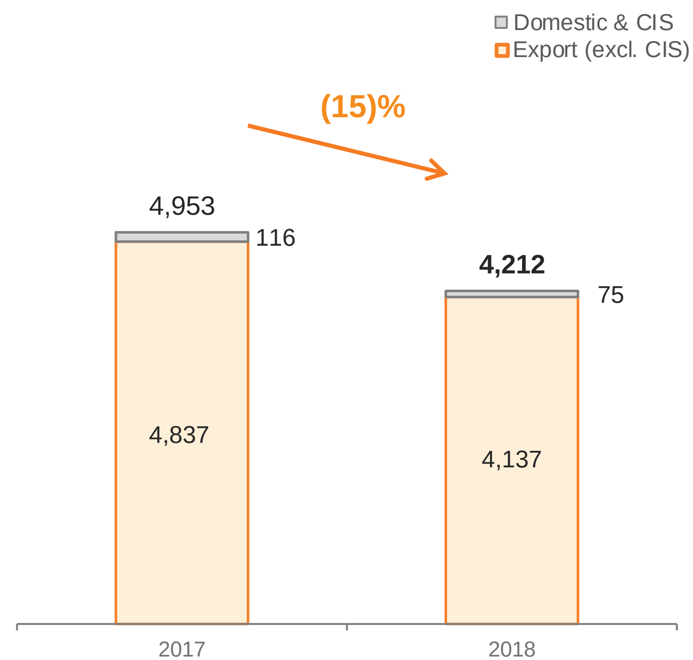
- Sales volumes of semi-finished steel products decreased in 2018 primarily attributable to the disposal of EVRAZ DMZ, as well as to lower crude steel production at EVRAZ ZSMK, amid capital repairs

Sales volumes of slabs & billets, *kt*



Source: Company information

Sales volumes of slabs & billets by region, *kt*

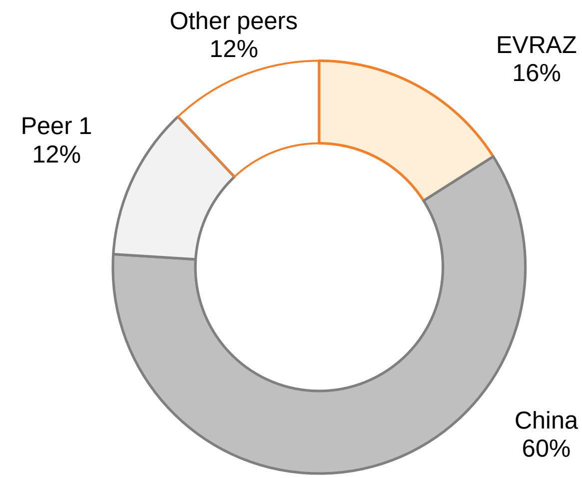


Source: Company information

Vanadium operations

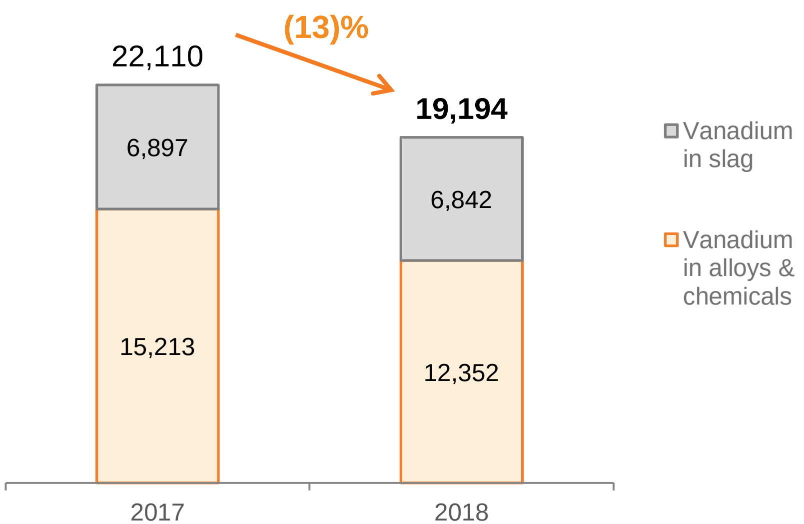
- In 2018, the average LMB FeV price surged to $82 per kgV, up 150% YoY amid the China's supply restrictions on environmental grounds and anticipation of newly approved high strength rebar standard
- Vanadium business generated $1,152m in revenues in 2018
- EVRAZ market share reached c.40% ex. China
- Sales volumes of finished vanadium products declined by 18.8% YoY to 12,352 mtV amid higher oxide availability during 2017 and production downtime in 2018

EVRAZ' global vanadium market share, *%*



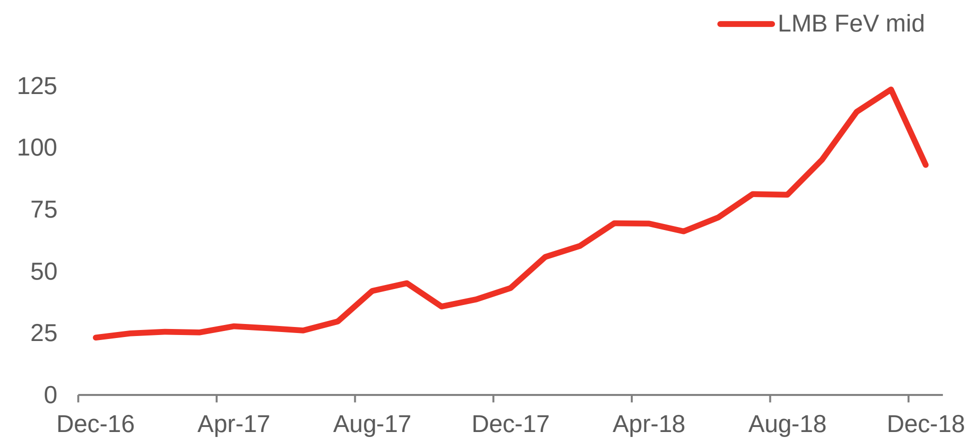
Source: Company information

Sales volumes of vanadium products, *mtV*



Source: Company information

Vanadium price, *$/kgV*

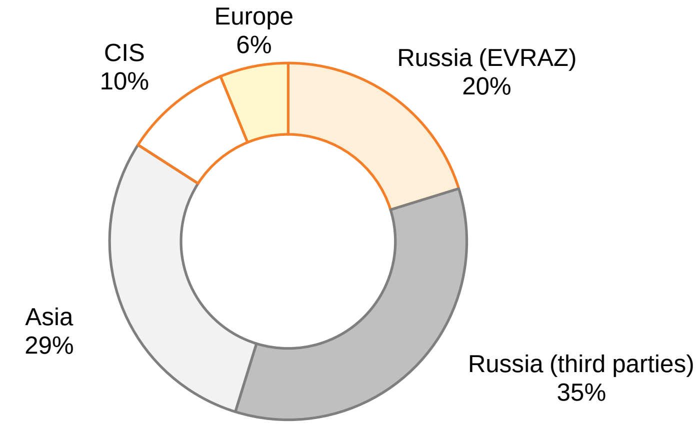


Source: Company information

Coal sales overview

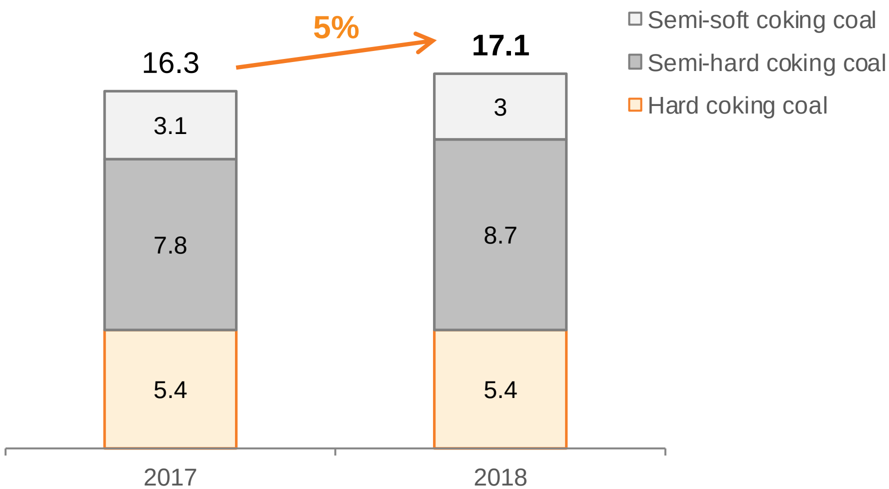
- EVRAZ coal sales increased by c.800kt due to higher production volumes of the OS and KS coal grades
- EVRAZ boosted its coal export shipments to 7.7 million tonnes (up 16% YoY), primarily due to increased shipments to the Southeast Asia and higher sales to European countries
- Sales to Russia decreased by 3% to 9.3 million tonnes, amid higher competition, with more than 60% consumed by EVRAZ' steelmaking facilities
- EVRAZ maintained its leading position on the domestic market with a 22% market share in all coal grades and improved its self-sufficiency in coal from 50% to 69%

Breakdown of coal products sales, *kt*



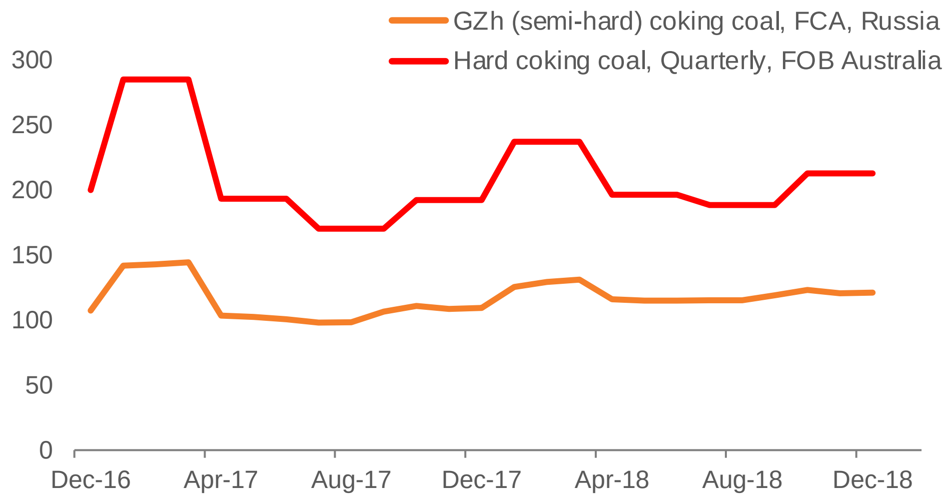
Source: Company information

Coal products sales breakdown by type, mt



Source: Company information

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



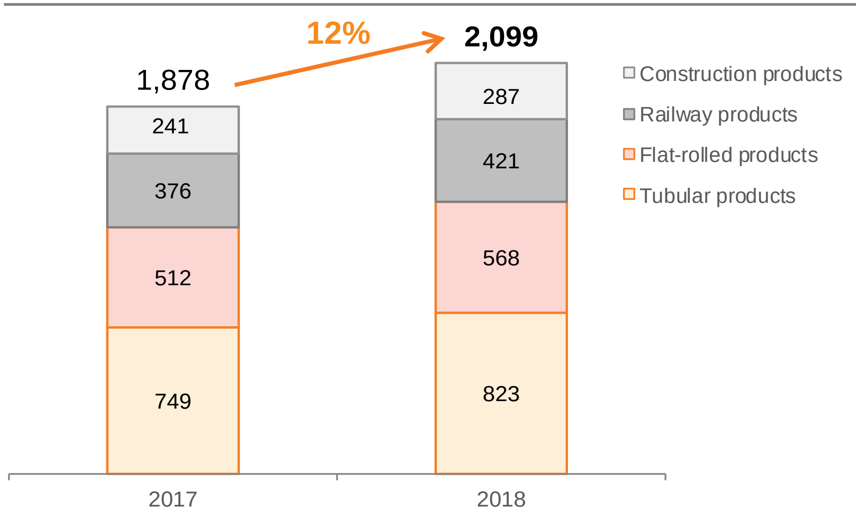
Source: Company information

EVRAZ

EVRAZ North America

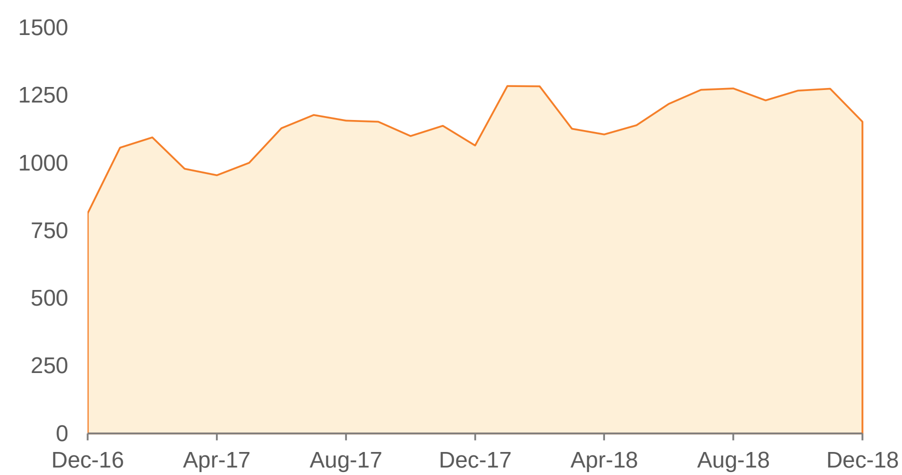
- In 2018, US steel product consumption rose by 2.7% to 99 million tonnes, up from 96 million tonnes in 2017*
- EVRAZ North America's steel product sales climbed by 14% to 2.2 million tonnes, compared with 1.9 million tonnes in 2017, as US Section 232 tariffs created additional demand and overall consumption became stronger
- EVRAZ North America maintained its leadership in rails and LDP during 2018 with respective market shares of roughly 40% and 22%
- Gross profit totalled $368m (up 77% YoY) for 2018, what was primarily caused by an increase in revenues due to improving market conditions
- EBITDA was $14 million, down from $58 million in 2017, mainly due to the effect of tariffs and duties on Canadian large-diameter and line pipe sales into the US, as well to production issues at EVRAZ Regina
- EVRAZ continued to implement two new projects at Red Deer and Pueblo to upgrade the OCTG product mix and reduce costs, as well as to produce rails with a length of 100 meters (EVRAZ Pueblo)

EVRAZ' finished steel products sales in North America, *kt*



Source: Company information
** The data for 2017 was corrected comparing to previously reported in AR2017*

Rig count number in US and Canada



Source: Baker Hughes

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