

## STRATEGIC PRIORITIES

### PRUDENT CAPEX

### RETENTION OF LOW-COST POSITION

#### KEY INVESTMENT PROJECTS

##### ACCESS AND DEVELOPMENT OF RESERVES IN USKOVSKAYA MINE'S SEAM NO. 48

Preparation of reserves in seam No. 48 to maintain current coal production level beyond 2020.

##### Key developments in 2019

The beginning of preparation of longwall 48-08.

The contract for supplying of the mechanised complex is signed.

**CAPEX in 2019:** US\$30 million

##### ACCESS AND DEVELOPMENT OF RESERVES IN ESAULSKAYA MINE'S SEAM NO. 29A

Switch from mining reserves on seam No. 26 to seam No. 29a.

Increase annual coal production to 2.5 mt after 2020.

##### Key developments in 2019

The main volume of development works to launch the longwall 29-37 was completed.

**CAPEX in 2019:** US\$10 million

#### MAIN COST-REDUCTION PROGRAMMES

##### OPTIMISATION OF PRODUCTION FLOW AT WASHING PLANTS

##### Key developments in 2019

Installation of chamber filter press at Kuznetskaya washing plant provided the increasing of concentrate yield by 0.2%.

Launching of flotation at Abashevskaya washing plant provided increasing concentrate yield by 1.3%.

Improving of productivity of Rospadskaya washing plant through EBS efforts and by eliminating logistical bottlenecks (additional warehouses and shipment capacity).

##### REDUCTION OF LONG-WALL MOVE PERIOD

##### Key developments in 2019

Using of Pettito mules to reduce the long-wall removal period at Rospadskaya mine by 11 days.

Using of substitute mechanised complex JOY-1 at Erunakovskaya mine to reduce the long-wall removal period by 30 days.



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## DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE

### OPTIMISATION OF EXPENSES FOR AUXILIARY MATERIALS AND INDUSTRIAL SERVICES

#### Key developments in 2019

Substitution of contractors at open-pit mining by improving productivity of own equipment fleet.

Optimising of usage rate of auxiliary materials at production processes and improving the share of recycling.

Reducing the costs of equipment repairs and technical services by controlling of the work of organisations, performing repairs, as well as by increasing the duration of daily scheduled preventative maintenance done in-house.

### IMPROVEMENT OF DEVELOPMENT WORK RATE

#### Key developments in 2019

Improving the development work rate by 10% overall at the Group by upgrading the development equipment.

These programmes have resulted in approximately

US\$

72

million  
in benefit in 2019

### MAINTAINING THE POSITION OF THE LARGEST COAL SUPPLIER IN RUSSIA

#### Key developments in 2019

Boosted raw coking coal production volumes by 8.1% and coal product sales volumes by 3.1%.

Improved efficiency and yield at washing plants (flotation at Abashevskaya washing plant).

Modernised washing plants to improve concentrate quality.

Increased premium. hard coking coal production volumes by launching longwall mining at Rapsadskaya-Koksovaya mine.

Improved EVRAZ self-sufficiency in coal to 74% after expanding production of K-grade coal at Rapsadskaya-Koksovaya mine by 66% and increasing share of KS-grade coal in EVRAZ NTMK's charge.

#### Outlook for 2020

Achieve total production volumes of c. 24 million tonnes.

Reach total commercial product sales of more than 20 million tonnes.

Increase shipments to EVRAZ steelmaking production facilities.

Improve EVRAZ self-sufficiency in coal.

### EXPANSION OF THE EXPORT PORTFOLIO

#### Key developments in 2019

EVRAZ achieved its targets for 2019 export sales by:

- Maintaining flexible sales geography
- Prioritising export routes to: Japan, South Korea, Vietnam, Indonesia and countries in Eastern Europe.

Exports to Asia grew by 12%.

Organised a stable access to the Baltic ports for coal products transshipment.

Signed agreements with ports in Russia's Far East in addition to Nakhodka Trade Sea Port for 2020.

#### Outlook for 2020

Increase export sales to Southeast Asia.

Partnerships development with key customers in China and India.

Maintain shipments to key customers in Eastern Europe and Turkey.



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