

MARKET REVIEW

US steel product consumption went down by 2% to 97.0 million tonnes in 2019, compared with 98.4 million tonnes the previous year. Consumption of flat and tubular products edged down by 5% and 7%, respectively, while demand for long products climbed by 8%.

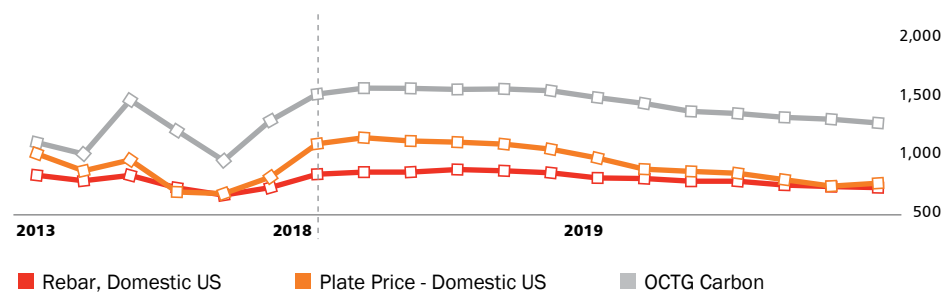
In 2019, the North American rail market remained solid at the level of 1.1 million tonnes as the investment programmes of Class I railways held stable. Demand for oil country tubular goods (OCTG) in Canada dropped by 27% to 0.5 million tonnes, compared with 0.7 million tonnes in 2018, amid slower drilling activity. At the same time, large-diameter pipe

(LDP) consumption in North America surged by 47% to 1.4 million tonnes in 2019 versus 0.9 million tonnes in 2018, mainly due to the record high pipeline demand in US, which corresponds to high oil and natural gas production.

Imports of finished steel products fell by 16% year-on-year to 18.8 million tonnes in 2019 due to the ongoing impact of the Section 232 tariffs introduced by the US in 2018.

Weaker demand and high inventory levels pushed prices down in 2019. During the period, prices dropped by 13% to US\$876 per tonne for plate, by 4% to US\$733 per tonne for rebar and by 5% to US\$1377 per tonne for OCTG.

North America prices, US\$/t



Sales volumes of Steel North America segment, '000 tonnes

	2019	2018	Change, %
Steel products, external sales	2,207	2,156	2.4
Semi-finished products	192	57	n/a
Construction products	256	287	(10.8)
Railway products	441	421	4.8
Flat-rolled products	523	568	(7.9)
Tubular products	795	823	(3.3)
Total steel products	2,207	2,156	2.4

SALES VOLUMES REVIEW

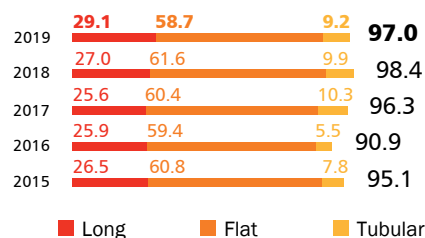
Despite softer demand in 2019, EVRAZ North America's steel product sales inched up by 2% to 2.2 million tonnes. This trend was mainly supported by strong sales growth of LDP and railway products. EVRAZ North America moved up its sales of railway products during the period by 5% to 441 thousand tonnes. Meanwhile, construction product sales declined by 11% to 256 thousand tonnes and flat product sales went down by 8% to 523 thousand tonnes in 2019 due to slower year-on-year production growth in the construction, manufacturing and mechanical engineering sectors.

Tubular product sales fell by 3% to 795 thousand tonnes, down from

823 thousand tonnes in 2018. Sales of LDP soared by 64% to 346 thousand tonnes in 2019 compared to 211 thousand tonnes the previous year, driven by favourable US and Canadian LDP markets, as well as EVRAZ North America's customer focus efforts. By contrast, sales of OCTG products dropped by 21% to 245 thousand tonnes, versus 310 thousand tonnes in 2018, due to multiple factors that suppressed drilling activity in Canada.

In 2019, EVRAZ North America strengthened its leading position in the rail market by 3 percentage points, reaching a market share of 42%, mainly thanks to higher sales to Canadian Class I railroads. The Group also expanded its LDP market share by 3 percentage points to 26% by achieving the target production level at the Regina steel mill and securing all major Canadian LDP projects.

US finished steel consumption, mt



EVRAZ market shares in North America by key products, %

