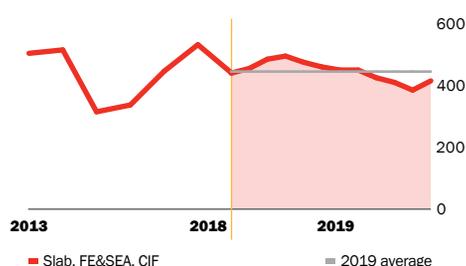


Market overview

GLOBAL PICTURE

In 2019, the pressure on the steel and raw materials market increased. Despite the economic and political uncertainty, by the end of the year, there was a positive trend in prices and steel demand from end user's sectors in key markets.

Steel, US\$/t

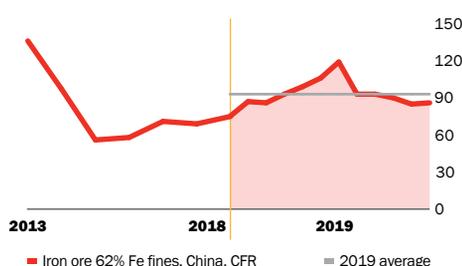


In 2019, global finished steel consumption increased by 3.2% to 1,774 million tonnes, compared with 1,719 million tonnes in 2018. Asia remained the key source of global demand with growth of 5.5% and consumption of 1,276 million tonnes. China's total consumption climbed by 7.2% to 928 million tonnes in the period. Global demand excluding Asia fell by 2.3% to 497.3 million tonnes, versus 508.9 million tonnes in 2018. Consumption in the EU dropped by 4.9% due to lower demand for vehicles and equipment.

Global crude steel production in the year grew by just 2.3% to 1,886 million tonnes, along with multidirectional trends diversified by regions. Chinese production totalled 1,009 million tonnes, up 6.3% year-on-year, compared with 4.0% in 2018. India demonstrated moderate growth of 1.0% to 111.1 million tonnes, driven by the expansion of government support efforts. Crude steel production in the EU fell by a further 4.9% as a result of blast furnace closures due to low demand and stronger environmental requirements.

In 2019, steel prices based on the CIF slab FE&SEA benchmark decelerated, especially in the second half of the year. The downturn in prices took place amid slower steel consumption growth, prompting manufacturers to protect their market share. By the end of year, prices rebounded from US\$385 per tonne in November to US\$415 per tonne in December. Thus, the average price in 2019 was US\$445 per tonne, down 16% year-on-year from US\$532 per tonne in 2018.

Iron ore, US\$/t

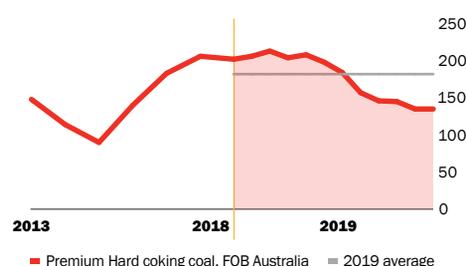


Iron ore apparent consumption continued to grow smoothly in 2019, rising by 3.0% to 2,221 million tonnes. Additional demand was supported by strong steel production growth in China and other Asian countries. Iron ore demand rose by 4.6% to 1,348 million tonnes in China, by 3.4% to 76 million tonnes in South Korea and by 9.0% to 163 million tonnes in India. Europe and US market showed reductions of 3.4% and 3.8%, respectively, due to low steel production.

Total iron ore production increased by 1.1% to 2,294 million tonnes in 2019, compared with 2,270 million tonnes in 2018. Reduction of iron ore production in Brazil by 12% following Vale's tragic dam accident was compensated by production growth in China and India. Iron ore production in China surged by 11.7% to cover supply shortages from external suppliers, exceeding 348 million tonnes for the year. India is also on track to increase production, achieving iron ore output growth of 21.8% to 182 million tonnes in 2019.

In 2019, prices for Fe 62% fines CFR China breached US\$120 per tonne in July for the first time since 2014 following Vale's dam accident, as well as supply disruptions from Australia and Brazil due to unfavourable weather. By the end of the year, prices normalised at US\$86-100 per tonne amid improved supplies from these countries and a strong supply response from India and China. The average iron ore prices climbed by 35% to US\$93 per tonne in 2019, compared with US\$69 per tonne in 2018.

Coal, US\$/t

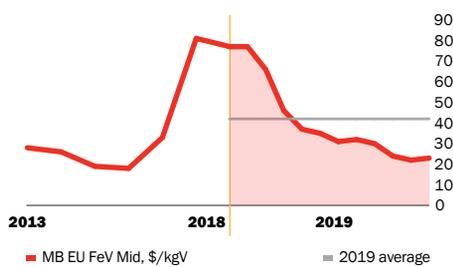


In 2019, global metallurgical coal consumption grew by 2.2% year-on-year to exceed 1,146 million tonnes with the Asian market as a key driver. In China, consumption climbed by 3.0% to 766.7 million tonnes due to the increase in crude steel output. In the second half of 2019, China implemented import restrictions to support domestic producers, resulting in an import reduction of 2.1%. However, coking coal imports to India increased by 2.8% to 60.6 million tonnes amid high steelmaking activity. Following the steel demand decline, metallurgical coal consumption in Europe also fell by 3.3% and imports dropped by 4.0%.

Total coking coal production rose by 2.0% year-on-year to 1,147 million tonnes during the period. The major upward trends were formed in China with 3.7% growth (697 million tonnes) and Australia with 2.5% growth (186.9 million tonnes). Australia also demonstrated export growth of 2.7% in 2019.

During the year, metallurgical coal prices based on the HCC, FOB Australia benchmark fell from the highs of 2018. The second half of 2019 was accompanied by Chinese import restrictions on coal at major ports, combined with uncertainty around a trade deal with the US, which led to weak interest in buying seaborne coking coal. As a result, the average price was US\$178 per tonne in 2019, down 14% from US\$206 per tonne in the previous year.

Vanadium



Global vanadium demand jumped by 11% year-on-year to 102,000 tonnes in 2019, mainly as a result of China's HS rebar standard implementation and rising steel demand. However, the supply response was quicker than expected as Chinese steelmakers reoriented their facilities for vanadium slag production. Vanadium demand outside China was stagnant due to weakening steel markets, especially in the automotive sector, which together with substitution led the market to surplus. Ferrovandium prices decreased continuously throughout 2019, reaching bottom in November at US\$22 per kgV, with an average price drop of 49% year-on-year in 2019.

TRENDS AT EVRAZ CORE MARKETS



Steel

In 2019, Russian apparent steel consumption surged by 8% year-on-year to 44.9 million tonnes, with respective growth of 8% in long, 8% in plate and 10% in tubular products. The strong demand for long products was supported by additional activity in the construction sector amid the implementation of new financing rules for developers. Crude steel production remained unchanged at 72.0 million tonnes. Export dropped by 12% to 27.1 million tonnes due to high steel demand on the domestic market and trade barriers around the world. In 2019, the average price for rebar in the Moscow region fell by 5% to US\$469 per tonne.

Coal

Russian coking coal consumption remained relatively flat year-on-year, at 36.9 million tonnes in 2019. Coking coal mining volumes rose by 8% to 94.9 million tonnes, mainly due to production growth from EVRAZ and Colmar. Amid stable domestic demand, exports grew by 7% year-on-year to 27 million tonnes, and the additional output went primarily to Asian markets. Following the downward global trend, the average price for FCA Zh-grade fell by 14% to US\$137 per tonne during the period.

Steel, North America

During the reporting period, finished steel consumption in the US edged down by 2% year-on-year to 97.0 million tonnes amid a slower US manufacturing. Meanwhile US finished steel production increased by 2% to 85.3 million tonnes. As Section 232 tariffs and other trade barriers continued to limit steel supplies to the US, imports of finished steel products decreased by 16% to 18.8 million tonnes in 2019. The average domestic FOB Midwest price for hot-rolled coil (HRC) fell by 27% to US\$670 per tonne due to weaker demand from end users and sufficient supply.