

DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE

EVRAZ remains focused on executing its development projects aimed at diversifying its product portfolio.

In 2019, the customer focus programme generated an EBITDA effect of US\$123 million.

Customer focus programme EBITDA effect in 2019, US\$ million



Railway products	33
Beams	26
Grinding balls	12
Logistics	14
Other	38



Steel segment	110
Coal segment	4
Steel, North America segment	9

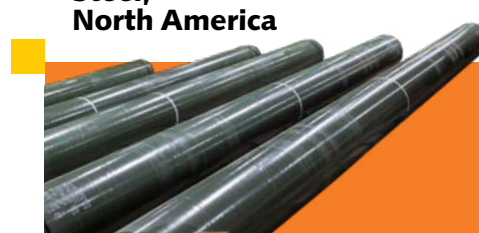
Steel



Coal



Steel, North America



2019 key initiatives and results

- The Steel segment's total sales of railway products rose by 4% to 1.4 million tonnes
- The availability of beams improved due to the organisation of regional hubs in Moscow, Kazan and Novosibirsk, as well as direct sales to infrastructure projects, driving beam sales up 18% to 724 thousand tonnes in 2019
- Sales of grinding balls climbed by 7% to 305 thousand tonnes in 2019 due to higher demand from key clients
- More efficient dispatching made it possible to achieve a US\$14 million effect on logistics in 2019

2020 key initiatives

- Complete the construction of the new hub in Nizhny Tagil and launch the beam service centre in Noginsk, Moscow region
- Increase sales of rails to Russian Railways by improving product quality and expand export sales by reducing downtime
- Boost sales of grinding balls of the fifth hardness group
- Introduce new profiles in the structural product range at EVRAZ ZSMK

2019 initiatives and results

- Implemented longwall mining instead of room and pillar mining at Raspadskaya-Koksovaya, increasing K-grade coal extraction from 0.5 million tonnes to 0.8 million tonnes
- EVRAZ self-sufficiency in all coal grades grew by 5 percentage points to 74% in 2019 due to charge changes at EVRAZ mills and higher production of K-grade coal
- The growth of mining volumes made it possible to expand export supplies to Asia by 12% in 2019

2020 key initiatives

- Maximise internal coal supplies to EVRAZ operations
- Maintain Russian market share at 22%
- Maintain sales to key clients in Eastern Europe and Turkey
- Increase shipments through ports in Asia, as China and India continue to have the most growth opportunities

2019 key initiatives and results

- Sales of large-diameter pipes surged by 64% to 346 thousand tonnes as all major available LDP projects in Canada were secured
- Improved the rail market share in North America by 3 percentage points to 42% in 2019
- Launched the heat treatment line at EVRAZ Red Deer with a total annual capacity of 110 thousand tonnes
- EVRAZ Portland restarted its spiral mill with a capacity of 130 thousand tonnes

2020 key initiatives

- Increase OCTG sales and expand product mix of OCTG products, produce EVRlock connections
- Grow rail market share, and further commercialise APEX G2 rail and rubber reinforcement products
- Commercialise new EVRAZ Portland products including laser flat quality products