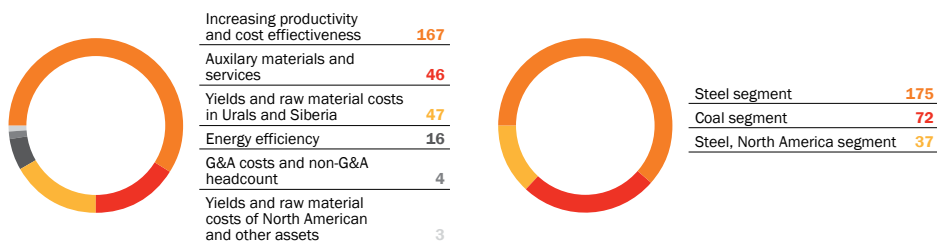


RETENTION OF LOW-COST POSITION

Efficiency and cost-cutting remain Group's primary focus. EVRAZ is on pace to generate improvements with an annual EBITDA effect of 3% of the cost of goods sold.

In 2019, the EBITDA effect from cost-cutting initiatives totalled US\$284 million.

Breakdown of cost-cutting programme effect in 2019, US\$ million



Steel



Coal



Steel, North America



2019 key initiatives and results

- Pig iron production at EVRAZ NTMK rose by 6% to 4.9 million tonnes due to the new blast furnace No. 7 reaching full capacity of 2.5 million tonnes a year in 2019
- Wheel production climbed by 6% to 210 thousand tonnes in 2019 as the wheel resurfacing line at EVRAZ NTMK reached full capacity
- Vanadium slag production grew by 8% to 18,380 mtV amid higher vanadium content in the pig iron and an increased number of duplex melts
- Achieved a US\$38 million EBITDA effect at EVRAZ ZSMK from an optimisation programme of coke, sinter and blast furnace operations mainly aimed at increasing productivity and improving yields

2020 key initiatives

- Launch blast furnace No. 6 at EVRAZ NTMK after overhaul
- Reduce consumption rates of metal charge, rolled metal, electrodes and energy in the Siberia division
- Increase productivity of wheels and reduce downtime of discontinuous production line at EVRAZ NTMK
- Improve steel production at continuous casting machine No. 1 at EVRAZ NTMK

2019 key initiatives and results

- Mining volumes grew by 8% to 26.1 million tonnes in 2019 due to increased efficiency (reduced the number and amount of longwall moves) at the Uskovskaya and Alardinskaya mines
- Launched flotation at the Abashevskaya washing plant to increase concentrate production yield by 1.3% and improve quality
- Installed chamber filter presses at the Rapsadskaya (third section) and Kuznetskaya washing plants to increase the concentrate production yield by a respective 2% and 0.2%

2020 key initiatives

- Launch the first longwall in the Uskovskaya mine's seam No. 48
- Launch the first longwall in the Esaulskaya mine's seam No. 29a and increase coal mining to 2.4 million tonnes a year
- Optimise the production flow at the Abashevskaya and Kuznetskaya washing plants
- Optimise expenses for auxiliary materials and industrial services at the Rapsadskaya-Koksovaya mine and Rapsadskaya-Koksovaya open-pit

2019 key initiatives and results

- Electrode consumption was improved at EVRAZ Regina and EVRAZ Pueblo
- API threading line at EVRAZ Pueblo was commissioned to fully replace threading suppliers and reduce cost
- Started construction work under the EAF repowering project at EVRAZ Regina to increase coil and plate production by 90 thousand tonnes to 1,250 thousand tonnes, reduce electrode consumption and maintain current electric rate

2020 key initiatives

- Focus on operational improvements and reaching production performance targets at EVRAZ Canada
- Further optimise electrode, alloy and refractory consumption at EVRAZ Regina
- Increase steelmaking and billet productivity at EVRAZ Pueblo