

## Sales volumes review

EVRAZ' coking coal product sales climbed by 5% to 16.3 million tonnes in 2017, compared with 15.6 million tonnes in 2016, due to stable local and export demand, as well as higher production volumes at the Group's current mines and the launch of a new open-pit mine at the Rospadskaya-Koksovaya.

Intersegment coking coal product sales remained mostly unchanged at 5.8 million tonnes. Total external coking coal product sales rose by 6% year-on-year to 10.5 million tonnes, compared with 9.9 million tonnes in 2016, due to an expanded customer base and stable coal quality.

Coking coal product sales on Russia's domestic market fell by 2% to 9.7 million tonnes due to the launch of new mines in high-vol coal grades, with around 50% consumed by EVRAZ' steelmaking facilities.

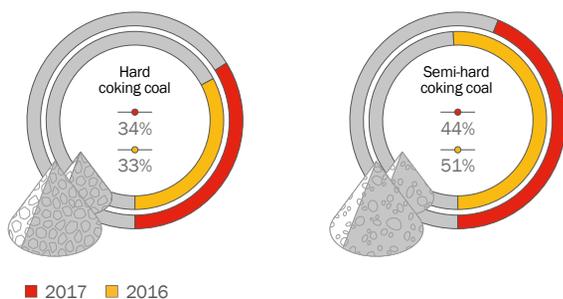
The Group's coal product export shipments increased by 15% to 6.6 million tonnes in 2017, compared with 5.8 million tonnes the year before. EVRAZ was able to increase sales to China from 0.4 million tonnes in 2016 to 1.2 million tonnes in 2017, while maintaining stable volumes in Ukraine, Europe, South Korea and Japan.

In 2017, EVRAZ retained its leading position on the domestic market with a 21% share across all coal grades.

### COAL SEGMENT SALES VOLUMES, kt

	2017	2016	Change, %
<b>Coal products, external sales</b>	<b>10,499</b>	<b>9,867</b>	<b>6.4</b>
— Coking coal	2,302	1,569	46.7
— Coal concentrate	8,197	8,298	(1.2)
<b>Coal products, inter-segment sales</b>	<b>5,778</b>	<b>5,701</b>	<b>1.4</b>
— Coking coal	1,160	1,249	(7.1)
— Coal concentrate	4,618	4,452	3.7
<b>Total, coal products</b>	<b>16,277</b>	<b>15,568</b>	<b>4.6</b>

### EVRAZ MARKET SHARE OF RUSSIA'S HIGH-VOL COKING COAL GRADES, %



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# Financial performance

## Sales review

The segment's overall revenues increased sharply amid rising sales prices as global market trends remained favourable. This was driven by supply disruptions caused by the ongoing capacity optimisation programme in China and extreme weather conditions in Australia.

Sales volumes rose due to higher annual output at the Rospadskaya and the Rospadskaya-Koksovaya mines, as well as the launch of commercial production at Mezhegyugol.

Revenues from internal sales of coal products grew, mainly because of a surge in prices of 78.4% and an uptick in volumes of 1.4%. This was in line with the upward trends seen among global benchmarks.

Revenues from external sales of coal products rose due to growth of 61.1% in prices and 6.4% in sales volumes, which was driven by stable, positive demand on the domestic and export markets and higher coal production volumes.

In 2017, the Coal segment's sales to the Steel segment amounted to US\$830 million (37.5% of total sales), compared with US\$483 million (36.5%) a year earlier.

During the reporting period, roughly 50.0% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 47.5% in 2016.