

Market review

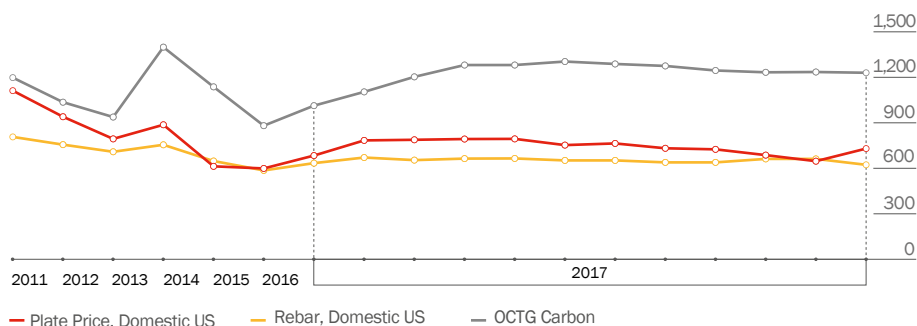
North American steel market trends

US steel product consumption increased by 6.6% to 97 million tonnes in 2017, up from 91 million tonnes in 2016. The demand improved driven by stronger rail market as a result of the end of de-stocking cycle of Class I railroads, and improved by 2.4% for flat products and by 89% for tubular products, due to an uptick in oil prices and recovered drilling activity. Large-diameter pipe (LDP) market fundamentals were relatively strong during the reporting period and demand was stable at 1.0 million tonnes.

Finished steel product imports, which significantly influenced the US steel industry in 2015-2016, increased by 14% year-on-year to 26 million tonnes in 2017 due to improvements in the domestic demand.

US steel price premiums to Europe and Asia were compressed during 2017, albeit the trend was also positive. Prices increased by 23% to US\$740 per tonne for flat products, by 11% to US\$651 per tonne for rebar, and by 39% to US\$1,224 per tonne for OCTG.

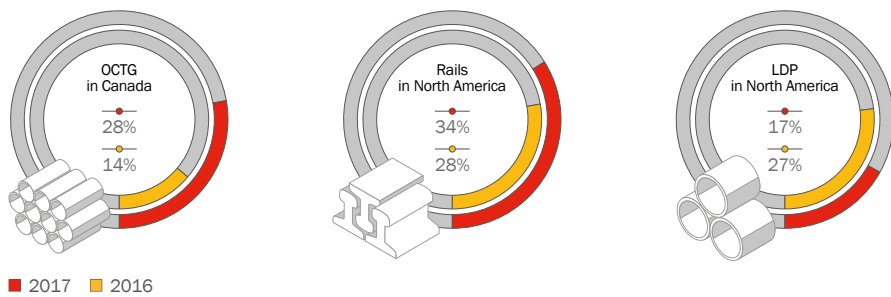
➔ NORTH AMERICA PRICES, US\$/t



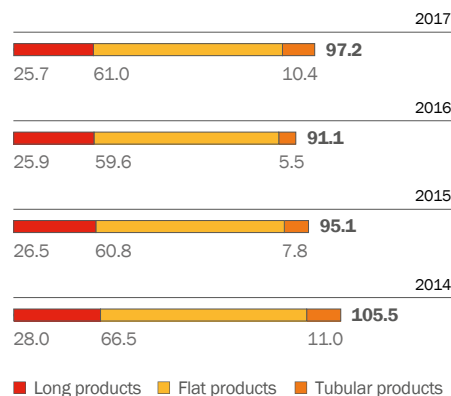
➔ STEEL, NORTH AMERICA SEGMENT SALES VOLUMES, kt

	2017	2016	Change, %
Steel products			
– Semi-finished products	7	0	n/a
– Construction products	241	281	(14.3)
– Railway products	376	321	17.1
– Flat-rolled products	512	536	(4.5)
– Tubular products	749	534	40.3
Total	1,885	1,672	12.7

➔ EVRAZ MARKET SHARES IN NORTH AMERICA BY KEY PRODUCTS, %



➔ US FINISHED STEEL CONSUMPTION, mt



Sales volumes review

Evraz North America's steel product sales improved by 13%, from 1.7 million tonnes in 2016 to 1.9 million tonnes in 2017, due to improvements in the domestic energy and infrastructure sectors. EVRAZ sold 376 thousand tonnes of railway products in 2017, an increase of 17% year-on-year, in the view of the market shift to the premium product mix and the market share increase. Flat product volumes went down by 4% to 512 thousand tonnes in 2017, compared with 536 thousand tonnes in 2016. Construction product sales decreased by 14% to 241 thousand tonnes.

Tubular products sales surged by 40% to 749 thousand tonnes in 2017, up from 534 thousand tonnes in 2016. The major driver were OCTG products, which saw 306% annual sales growth from 82 thousand tonnes in 2016 to 333 thousand tonnes in 2017 amid a recovery in the drilling activity. LDP sales dropped by 42% to 178 thousand tonnes due to major pipeline projects experiencing difficulties with receiving project approvals.

Evraz North America maintained its leadership in North American rail and Canadian OCTG markets during 2017, with respective market shares by volume of roughly 34% and 28%. In 2017, the Group ramped up EVRAZ Regina's mill after the completion of its investment projects, and initiated two new projects at EVRAZ Red Deer and EVRAZ Pueblo to further improve the OCTG product mix.