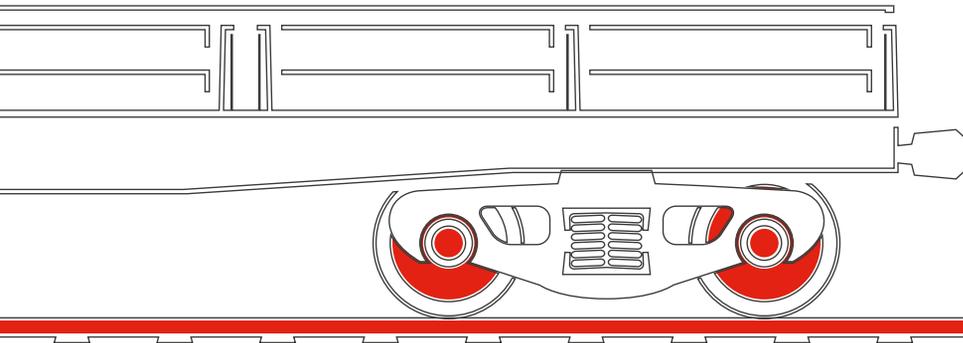


Strategic priorities



Development of product portfolio and customer base



Expansion of railway product portfolio

Railway wheels

Key developments in 2017

- Optimised the product mix and increased production capacity for wheels, allowing EVRAZ to meet customers' increasing needs and boost sales volumes to the Russian and CIS markets by 96% year-on-year;
- Developed nine new wheel profiles, including:
 - four types of locomotive wheels for General Electric (US);
 - passenger wheels for Deutsche Bahn: EVRAZ began to fulfil a three-year contract to manufacture and supply BA220 wheels for Deutsche Bahn's Regio Dosto 2003 double-decker trains, which travel at speeds up to 160 kilometres per hour;
 - cargo wheels for Turkey and Slovenia;
 - a new type of cargo wheel for Europe (to replace an outdated model) that is widely used in the rail network;
 - cargo wheels for Austrian railways.

Outlook for 2018

- To meet rising demand for wheels, EVRAZ plans to increase shipments by around 13% by expanding machining capacity;
- Develop and certify two types of cargo wheels for Europe, as well as cargo wheels for Turkey, India, Deutsche Bahn and Greece.

Rails

Key developments in 2017

- Expanded export geography for rails (Mozambique, Poland, Serbia, Greece and Guinea);
- Developed and received TSI certification for 49E5 and 54E4 European rail profiles, for future delivery to Deutsche Bahn;
- EVRAZ ZSMK delivered type 60E1 rails manufactured to meet the Indian IRST standard for the metro system in Nagpur, one of India's largest cities.

Outlook for 2018

- EVRAZ plans to grow rail exports by around 170 thousand tonnes through the development of new rail profiles and active work to reduce logistics costs;
- Develop and certify three profiles to meet South Korean standards.

Railcars

Outlook for 2018

- Develop new beam profiles and channels for railcars.

Improving beam consumption

Key developments in 2017

- EVRAZ continued to implement its strategy to expand the beam market:
 - optimised the distribution system;
 - launched a program to ensure shipment within 30 days;
 - set up a project sales department to market beams to large infrastructure projects;
 - EVRAZ NTMK developed 18 new I-beam profiles and began developing bridge steels;
 - EVRAZ began the first stage of developing a line of prefabricated buildings using its 390 and 440 steel beams;
 - began R&D work for using rolled beams in load-bearing structures for bridge construction, as well as in contact-line support structures;
- These initiatives coupled with the organic market growth made a significant contribution to the 6% rise in beam consumption in Russia in 2017;
- To expand sales into new segments, EVRAZ worked to develop new federal standards with Russia's Federal Agency on Technical Regulating and Metrology (Russian abbreviation: Rosstandart).

Outlook for 2018

- Use the project sales department to boost beam sales to major infrastructure projects (to c.40 thousand tonnes) by replacing welded analogues;
- EVRAZ NTMK plans to develop 10 new I-beam profiles;
- Develop new steel profiles for bridge construction and the electric power sector;
- Launch new line of prefabricated buildings using EVRAZ' hot-rolled beams;
- When new I-beam standards come into effect, market new I-beam profiles to software systems for engineers.

➤ Development of the construction product portfolio

Key developments in 2017

- Developed and certified new types of rebar at EVRAZ ZSMK for export delivery to:
 - Netherlands;
 - Poland;
 - British standard for South-East Asia;
 - Singapore;
- On the domestic market, developed four rebar profiles to meet the new federal standard at EVRAZ ZSMK, four new channels at EVRAZ NTMK, and three new steel profiles at EVRAZ DMZ;
- Expanded the market for tongue-and-groove sheets by participating in new projects.

Outlook for 2018

- If favourable markets continue, EVRAZ plans to expand rebar exports by roughly 60% by developing new profiles to meet European and US standards;

- Develop new structural steel profiles, new types of rebar to meet the new federal standards at EVRAZ ZSMK, and three new angled profiles at EVRAZ NTMK;
- Further develop the market for tongue-and-groove sheets by seeking new applications;
- Market steel profiles, including specialised rebar for oil and gas storage facility construction in the Arctic.

➤ Expansion of the customer base for value-added semis

Key developments in 2017

- Operating efficiency efforts to debottleneck the production line helped to grow round billet sales by around 40%;
- The start of 430-mm diameter OS steel grade round bars deliveries for railroad axle production.

Outlook for 2018

- Renew contracts for round billet.

➤ Marketing

Key developments in 2017

- Launching the loyalty programme allowed EVRAZ to increase its domestic market share in Siberia by 9 percentage points for structural steel (to 74%) and by 3 percentage points for rebar and rolled steel (to 84%);
- To increase customer satisfaction, EVRAZ Metall Inprom and Trade Company EvrazHolding launched an online account service to allow customers to view order status and warehouse stocks in real time, to make it possible for retail orders to be placed online, and to improve the documentation workflow.

Outlook for 2018

- Create a new online platform for beam sales via EVRAZ Metall Inprom;
- Begin manufacturing and marketing stronger grinding balls at EVRAZ NTMK to improve competitive position (lower customer costs by optimising total cost of ownership).