

Prudent CAPEX strategy



➔ Key investment projects

➔ Steelmaking

Construction of blast furnace no. 7 at EVRAZ NTMK

The project aim is to maintain stable pig iron production volumes during the capital repair of blast furnace no. 6 in 2018-2019.

Status

- The concrete work was finished at all installations;
- Installation of metal structures is completed at the central unit, charge feed unit, air heater block and gas cleaning unit, and 70% complete at the aspiration unit;
- Equipment installation is 100% complete at the charge feed unit, 100% at the air heater block, and 100% at the gas cleaning unit, foundry yards – 90%;
- Refractory masonry work at the central unit is 90% complete, lining of gas and air lines – 90%, installation of cable routes – 40%, installation of electrical equipment – 60%.

CAPEX in 2017 **US\$133 million**

Grinding ball mill construction at EVRAZ NTMK

The project aim is to construct the new grinding ball mill in order to increase production and sales volumes.

Status

- Completed: project documentation, foundation work, partial delivery of primary and auxiliary equipment;
- Construction and installation work is under way for the primary and auxiliary equipment.

CAPEX in 2017 **US\$8 million**

Wheel resurfacing capacity expansion

The project aim is to expand the wheel resurfacing capacity in order to balance production capacity in 2019-2022 and increase production volumes.

Status

- Technical and engineering documentation has been completed, a construction site has been prepared;
- Working documentation is being developed and four machines for full-profile wheel resurfacing are being manufactured.

CAPEX in 2017 **US\$2 million**

Optimisation of electric arc furnace shop at EVRAZ ZSMK

The project aim is to intensify melting at the electric arc furnace no. 2.

Status

The warranty testing has been completed and the technology is being fine-tuned.

CAPEX in 2017 **US\$3 million**

Transfer of the EVRAZ ZSMK's boiler no. 9 to the secondary gas combustion

The project aim is to rebuild the boiler no.9 in order to transfer it to the secondary gas combustion and decommission two boilers from the steam-air station.

Status

- Main construction and pre-commissioning work have been completed;
- Process flow tests are under way on the boiler no. 9, and the gas pipeline for blast furnace gas is being tested.

CAPEX in 2017 **US\$7 million**

➔ Mining

Evrzruda's Tashtagolsky deposit life extension until 2020

The project aim is to increase ore production at the Tashtagolsky deposit to 3.25 million tonnes per year and partially transition to sub-floor caving technology using self-propelled equipment.

Status

- The project documentation executor and some suppliers for the main process equipment have been selected. Part of the research work has been developed, engineering surveys of the construction site have been carried out. The mining exploration work is 50% complete for the Zapadny site;
- The transition to 100% self-propelled mining equipment is being completed.

CAPEX in 2017 **US\$0.5 million**

➔ Key maintenance projects

EVRAZ ZSMK

EVRAZ ZSMK conducted planned capital repairs of the BOF converter no. 5 in April-June and the blast furnace no. 2 in June.

EVRAZ KGOK

EVRAZ KGOK continues to reconstruct and modernise its tailings facilities. This project will allow the Group to maintain its current level of in-house iron ore raw material supplies.