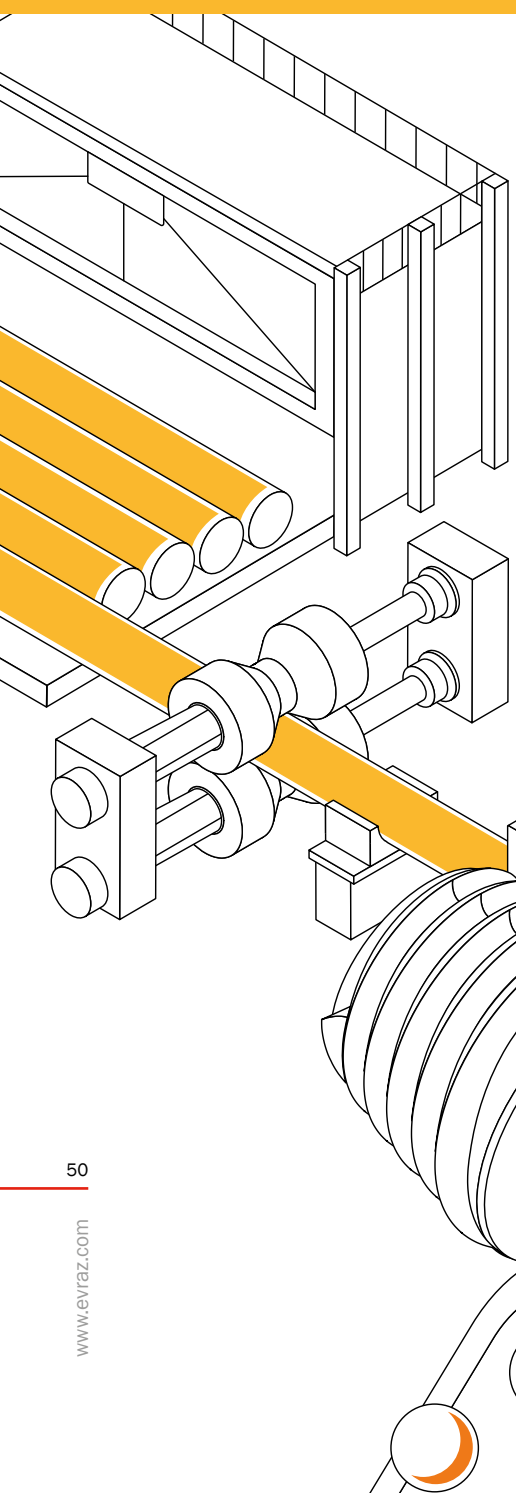


Strategic priorities

Retention of low-cost position



➔ Continuous focus on efficiency improvement

The Steel segment's efficiency improvement programme continued in 2017.

More efficient use of raw and basic materials saved US\$54 million. Payroll expenses were also cut by US\$2 million. Productivity growth generated an additional US\$10 million. Reduction of G&A costs saved US\$0.2 million. A reduction in auxiliary material consumption and the use of industrial services helped lower costs by US\$4 million. Repair work optimisations led to an additional cost savings of US\$0.3 million.

Additionally, a series of measures were undertaken to reduce energy costs by US\$8 million. [See page 93.](#)

➔ Main cost-reduction programmes

Reduction of pig iron production costs by 5% (combined initiative at EVRAZ NTMK and EVRAZ KGOK)

Status

Improved the quality of coking coal and sinter (relative to 2016), which allowed the blast furnace shop to optimise coking coal usage and adjust the total carbon level.

Productivity improvement at the EVRAZ NTMK's wheel-bandage shop

Status

Reduced development cycle for wheels by optimising software and testing new cutting tools.

Reduction of pig iron production costs by 5% (combined initiative at EVRAZ ZSMK and Evrazruda)

Status

Optimised the coal charge and increased the use of Fe-containing waste.

Continuous casting machine (CCM) reconstruction at EVRAZ ZSMK

Status

The development of a new continuous casting technology made it possible to reduce refractory brick and metal consumption.