

EVRAZ' business model

Our vision

EVRAZ is a global steel and mining company, the leading producer of infrastructure steel products with low-cost production along the value chain.

Global market trends

In 2017, global steel and raw materials markets experienced a turnaround. Prices were mainly driven by the efficient steelmaking capacity optimisation programme in China, supply disruptions in the coal industry, and growing demand for steel products in all regions across the globe.



For more information, see page 24.

Success factors



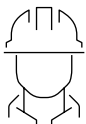
Strategic priorities



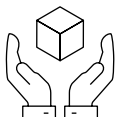
As part of its leadership drive, EVRAZ is implementing its strategy based on five key success factors.



Health, safety and environment



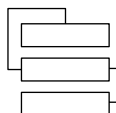
Human capital



Customer focus



Asset development



EVRAZ business system

Development of product portfolio and customer base



For more information, see page 26.

Retention of low-cost position



For more information, see page 27.

Prudent CAPEX strategy



For more information, see page 28.

Regular dividends and proactive debt management



For more information, see page 29.

EVRAZ' strategic priorities reflect current focus areas that are driven by market conditions and business fundamentals.

EFFICIENCY IMPROVEMENT PROGRAMME EFFECT IN 2017

c. US\$ **267** million

Include:



■ Customer focus initiatives, US\$ million
■ Cost-cutting initiatives, US\$ million

See p. 52

See p. 74

Construction of the Blast Furnace #7 at EVRAZ NTMK

Regina steelmaking expansion and construction of the LDP mill

NET DEBT/EBITDA (AS OF 31 DECEMBER 2017)

1.5x

DIVIDENDS PAID IN 2017

c. US\$ **430** million

“
EVRAZ’ business model has proven its efficiency during the ups and downs of the recent commodity cycle. We have now entered a period of stable development, ensured by our clear strategic vision and strong financial position.

Alexander Frolov
 Chief Executive Officer

Business segments



Operational model is on the following page →

Steel

EVRAZ’ Steel segment uses locally sourced raw materials to produce steel products in the CIS, which it sells for domestic infrastructure and construction projects while taking a flexible approach to exports.



For more information, see page 46.

Coal

EVRAZ’ Coal segment provides raw materials for the Group’s steel mills, supplies coking coal to major domestic coke and steel producers, and exports its products to foreign customers.



For more information, see page 60.

Steel, NA

The Steel, North America segment focuses on the premium Western US and Canada markets, offering high value added infrastructural, rail and LD/OCTG pipe steel products.



For more information, see page 70.

Competitive advantages



EVRAZ uses the synergies derived from its competitive advantages to ensure that its overall operations are able to generate, sustain and capture value over the long-term.



For more information, see pages 26–27.

Leader in infrastructure steel products

A premium portfolio of railway, construction and tubular products with firm footprint in Russian, North American and global markets.

Strong position in coking coal market

The largest coking coal producer in Russia with an attractive portfolio of hard and semi-hard coking coal grades.

Vertically integrated low-cost operations

A sound base of steel and coal assets in the first quartile of the global cost curve.

The value we create



→ Shareholders

EVRAZ strives to act in shareholders’ best interest by building an experienced management team and implementing corporate governance best practices.

→ Employees

EVRAZ is among the most sought-after employers in its regions of operation partly due to its staff development programmes and best-in-class working conditions.

→ Customers

EVRAZ generates value for its global clientele by prioritising value-added products, offering better shipping terms and running a client-oriented business model.

→ Suppliers and business partners

EVRAZ honours its position as a vital purchaser of auxiliary materials by fostering the advancement of its customers’ industries and running fair, transparent tenders.

→ Local communities

EVRAZ believes that conducting its business in a sustainable manner helps to promote regional prosperity where it operates and strives to create healthier, happier local communities by sponsoring social and economic development programmes.

→ Government

EVRAZ is one of Russia’s largest taxpayers and employers, and plays a valuable role for the state by providing construction and railway products for the development of infrastructure.