

MARKET REVIEW

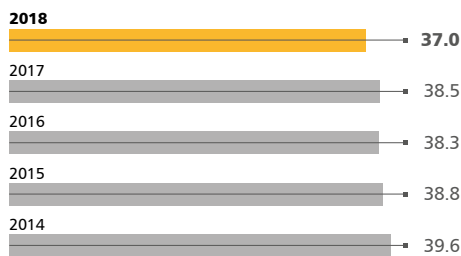
In 2018, Russian coking coal concentrate consumption fell by 3% year-on-year to 37.0 million tonnes due to reduced coke demand, as well as general overhauls of blast furnaces. Overall, the Russian coking coal market is stable and no major changes are expected in 2019. Export shipments rose by 13%

to 25.6 million tonnes, compared with 22.6 million tonnes in 2017, mainly due to higher shipments to Ukraine amid greater competition on the Russian market.

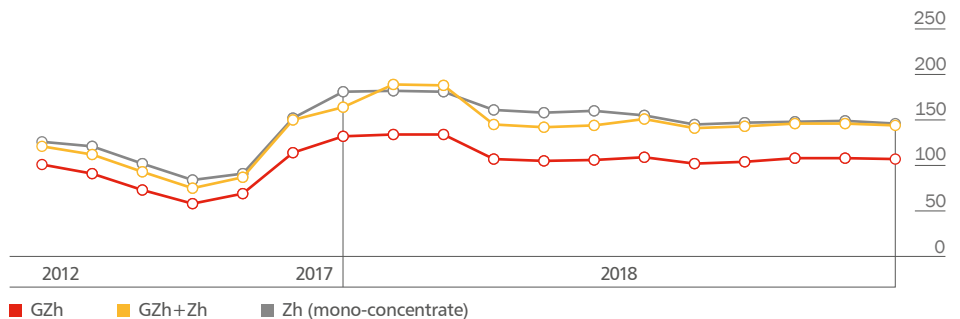
Domestic coking coal prices followed global benchmark trends during the reporting period.

The premium Zh-grade coking coal averaged US\$159 per tonne FCA Kuzbass, up 3% from US\$154 per tonne in 2017, while the GZh-grade semi-soft coking coal decreased by 1% year-on-year, averaging US\$113 per tonne.

Domestic coking coal concentrate consumption, mt



Coal prices, US\$/t



SALES VOLUMES REVIEW

EVRAZ coking coal product sales grew by 5% to 17.1 million tonnes in 2018, compared with 16.3 million tonnes in 2017, due to higher production volumes of the OS and KS coal grades at the Group's current mines including the ramp-up of the open-pit at Raspadskaya-Koksovaya site.

Intersegment coking coal product sales surged by 4% to 6.0 million tonnes under the policy of maximising supplies to EVRAZ. Total external coking coal product sales increased by 5% year-on-year to 11 million tonnes.

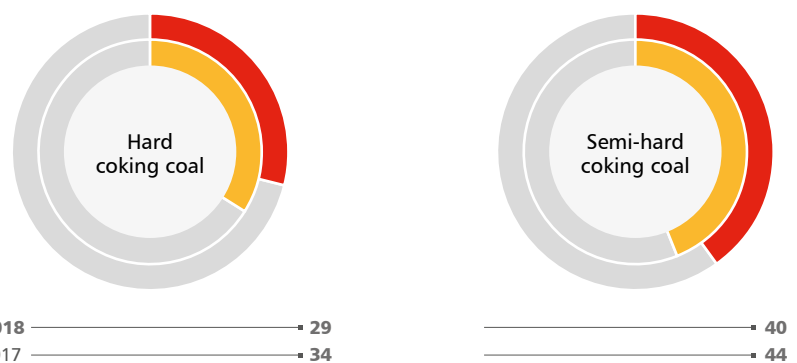
Coking coal product sales on Russia's domestic market decreased by 3% to 9.3 million tonnes, with more than 60% consumed by EVRAZ steelmaking facilities.

The Group's coal product export shipments rose by 17% to 7.7 million tonnes during the reporting period, compared with 6.6 million tonnes

in 2017. EVRAZ expanded its sales to Europe by 2.4 times and to Japan and South Korea by 42%. The Group also began to supply coking coal products to India.

In 2018, EVRAZ maintained its leading position on the domestic market with a 22% market share in all coal grades.

EVRAZ market share of Russia's high-vol coking coal grades, %



Coal segment sales volumes, kt

	2018	2017	Change, %
External sales	11,048	10,499	5.2
Coking coal	1,690	2,302	(26.6)
Coal concentrate	9,323	8,197	13.7
Steam coal	35	n/a	n/a
Inter-segment sales	6,016	5,778	4.1
Coking coal	1,863	1,160	60.6
Coal concentrate	4,153	4,618	(10.1)
Total, coal products	17,064	16,277	4.8