

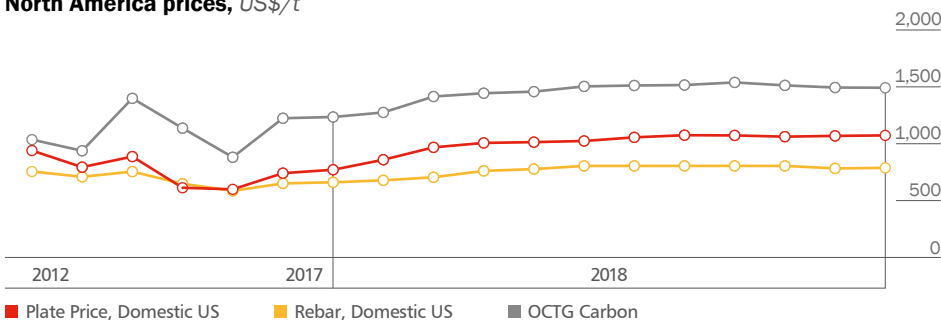
MARKET REVIEW

In 2018, US steel product consumption rose by 2.7% to 99 million tonnes, up from 96 million tonnes in 2017. Demand for flat products improved by 2.9%, at the same time demand for tubular products decreased by 2.8%. The North American rail market remained firm at the level of 1.0 million tonnes in the period. The oil country tubular goods (OCTG) market declined in 2018 with Canadian consumption estimated at 0.7 million tonnes compared

with 0.8 million tonnes in 2017. The large-diameter pipe (LDP) market remained stable at the level of 1 million tonnes.

Imports of finished steel products fell by 10% year-on-year to 23 million tonnes as a result of the 25% Section 232 tariffs enacted by the US. Due to strong demand and the influence of trading barriers, prices surged by 36% to US\$1004 per tonne for plate, by 17% to US\$765 per tonne for rebar and by 18% to US\$1449 per tonne for OCTG.

North America prices, US\$/t



Steel, North America segment sales volumes, kt

	2018	2017	Change, %
Steel products			
Semi-finished products	57	7	n/a
Construction products	287	241	19.1
Railway products	421	376	12.0
Flat-rolled products	568	512	10.9
Tubular products	823	749	9.9
Total	2,156	1,885	14.4

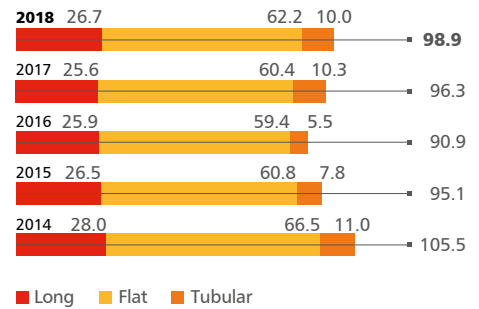
SALES VOLUMES REVIEW

In 2018, EVRAZ North America's steel product sales climbed by 14% to 2.2 million tonnes, compared with 1.9 million tonnes in 2017, as a reduction in imports created additional demand and overall consumption became stronger. Construction product sales went up by 19.3% to 287 thousand tonnes. While the North American rail market remained flat in 2018, the Group increased its sales of railway products during the period by 12% to 421 thousand tonnes, driven by higher volumes from a number of Class I railroads, as well as by improved distribution and trackwork. Flat product volumes rose by 11% to 568 thousand tonnes in 2018, compared with 512 thousand tonnes in 2017.

In 2018, tubular product sales picked up by 10% to 823 thousand tonnes, up from 749 thousand tonnes in 2017. Large-diameter pipe (LDP) sales moved up by 19% to 211 thousand tonnes due to strong demand in both the US and Canada. Meanwhile, sales of oil country tubular good (OCTG) products dropped by 7% from 333 thousand tonnes in 2017 to 310 thousand tonnes in 2018.

EVRAZ North America maintained its leadership in rails and LDP during 2018 with respective market shares of roughly 40% and 22%. In 2018, the Group focused on operational improvements and reaching the targeted LDP production volumes at the EVRAZ Regina steel mill in Canada.

US finished steel consumption, mt



EVRAZ market shares in North America by key products, %

