

## RETENTION OF LOW-COST POSITION

### MAIN COST-REDUCTION PROGRAMMES

#### Optimisation of consumption of raw materials and basic materials

##### Alloy savings from EVRAZ Regina investment project

###### Status

In 2018, additional savings on alloys were achieved at EVRAZ Regina's steel mill.

##### Flux/powder usage reduction at EVRAZ Regina's steel mill

###### Status

Additional savings from flux consumption were achieved in 2018.

##### Graphite electrode consumption reduction at EVRAZ Regina's steel mill and EVRAZ Pueblo

###### Status

EVRAZ completed benchmarking and gap analysis for electrodes consumption.

Changes in supplier base and supply requirements have been made.

#### Optimisation of yield and productivity

##### Improve yields at EVRAZ Regina's steel and tubular facilities

###### Status

Both the steel and tubular mills reached and exceeded their 2018 productivity targets, which translated to tangible cost savings.

##### Increase Alberta OCTG production throughput

###### Status

The heat treatment line in Calgary achieved a 15.9% increase in throughput of P110 product in 2018.

##### Improve seamless prime yield

###### Status

Seamless prime yield improved throughout 2018 due to mill set up actions and operations crew training.

##### Increase productivity of EVRAZ Regina's steel facility

###### Status

Both EVRAZ Regina's meltshop and rolling mill set new records in 2018 in terms of production volumes.

##### Improve EVRAZ Portland plate yield

###### Status

Plate yield target achieved by improving slab ordering practices, better tracking of slab utilisation and special ordering optimal slab sizes to ensure better performance.

##### Increase EVRAZ Pueblo's seamless heat treatment output

###### Status

Seamless heat treatment output exceeded the target by 10% in 2018.

##### Ramp up EVRAZ Pueblo's threadline

###### Status

Threadline project completed as expected.

#### Optimisation of product quality system

##### Improve forming/welding processes at EVRAZ Regina's tubular facility

###### Status

Achieved a significant improvement in welding prime yields, surpassing historical levels and medium-term goals.

##### Reduce customer claims at EVRAZ Red Deer

###### Status

Reduced claims paid by 25% compared with 2017 through the implementation of additional quality improvements during production and shipping, as well as through employee training.

##### Improve controls over key production processes at EVRAZ Portland

###### Status

Improvements achieved through the implementation of additional quality control steps during production and shipping, as well as through employee training.

##### Improve surface defects

###### Status

Degassing approximately 85% of steel consumed by EVRAZ Regina's tubular facility allowed the Group to produce products with less hydrogen related slivers.