

STRATEGIC PRIORITIES

DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE

EXPANSION OF RAILWAY PRODUCT PORTFOLIO

Railway wheels

Key developments in 2018

Increased wheel machining capacity, boosting deliveries by 66,000 wheels a year.

Developed five new wheel profiles and one type of rim, including:

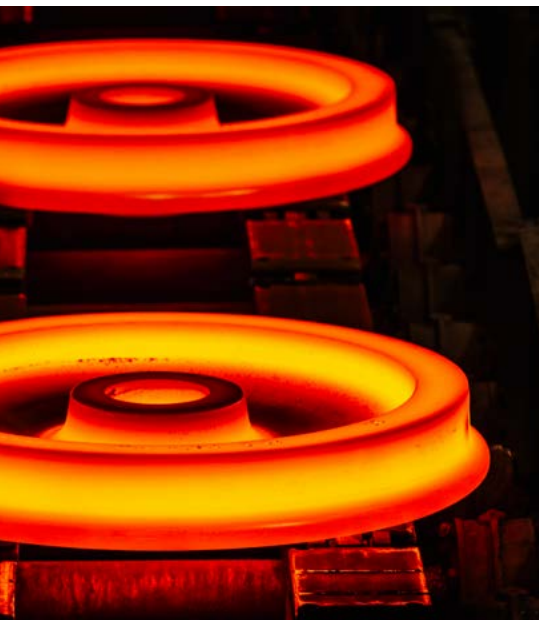
- Freight car wheels for Turkey and Greece
- One type of wheel for General Electric (US) locomotives
- Freight car wheels for Deutsche Bahn

Outlook for 2019

Implement investment project to increase wheel machining and inspection capacity by 78,000 wheels a year (launch in 2020).

Develop and certify two types of freight car wheels for Austrian Railways (ÖBB) and one proprietary freight car wheel type for Europe.

Certify three types of wheels for Polish Railways.



Rails

Key developments in 2018

Developed a new RE 90 rail profile for Brazil.

Developed a conductor rail for metro construction in Russia.

Developed special rails DT400IK for high-load small curves.

Redirected export volumes toward the domestic and CIS markets.

Outlook for 2019

Develop proprietary RE 136 DT 350 NN low-temperature rails for an arctic project in Canada.

Develop 60KR and 50N rails for South Korean market (carried over from 2018 due to increased mill load by the products for Russian Railways).

Receive the certificate and begin supervised operation of DT400IK rails.

Field test DT370 rails, the new base product for Russian Railways.

Railcars

Key developments in 2018

Increased sales of profiles for wagon building by 16%.

Due to a change in New Products Development programme priorities, the development of new railcar profiles was moved to 2019.

Outlook for 2019

Develop new railcar building sections:

3 channel type

1 special profile for the railcar top cord

IMPROVING BEAM CONSUMPTION

Key developments in 2018

The project sales department boosted sales to 57 thousand tonnes by marketing beams for major infrastructure projects and the decision was taken to develop regional sales using the Group's retail network.

Developed 12 new I-beam profiles.

Designed pilot projects in new segments: parking garages, schools, bridges, prefabricated buildings and beam-piles systems

Launched a single pricing strategy for the entire range of I-beams to compete with substitution materials. A new government standard for beams has come into force, significantly expanding range of profiles.

Outlook for 2019

Develop regional project sales to increase sales volumes to a planned level of 85 thousand tonnes a year.

Design and construct pilot projects in new segments: parking garages, schools, logistics centres and sports facilities.

Implement projects to improve availability of beams for clients (planned completion in Q1 2020):

- Mill stock of beams at EVRAZ NTMK
- Metals service centres in Nizhny Tagil and Moscow

Launch a integral IT system to provide information about beam stocks at the mill and trader warehouses.

DEVELOPMENT OF THE CONSTRUCTION PRODUCT PORTFOLIO**Key developments in 2018**

Developed new structural steel products and began pilot deliveries, including weather-resistant steels, bridge steels and high-tensile-strength steels.

Reaching the target sales of the sheet piles helped to increase Russian market share to 82%.

Learned to make one L-angle profile for bridge building.

Confirmed the capability to produce rebar at EVRAZ ZSMK meeting the new Russian government standard 34028-2016 that came into force in January 2019.

Outlook for 2019

Develop six new I-beam profiles which meet the European standards for delivery to clients in the CIS and Russia working on foreign projects.

Develop three angled profiles.

Develop two channel profiles.

MARKETING**Key developments in 2018**

Conducted a global review of the Customer Focus project, analysing the current status and devising an improvement plan for 2019.

Created a channel for regular meetings of top management with customers.

Outlook for 2019

Market new hardness-category-five grinding ball product.

Implement the Customer Focus project plan.

EXPANSION OF THE CUSTOMER BASE FOR VALUE-ADDED SEMIS**Key developments in 2018**

Signed long-term contracts for supplies of round billets to TMK and Chelyabinsk Pipe Plant.

Outlook for 2019

Learn to make and market square billets 130 mm.

Market square billets 150 mm for use as electrolyzers in aluminium production.

