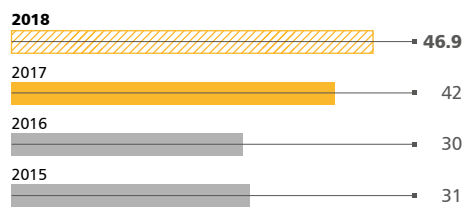


Retention of low-cost position

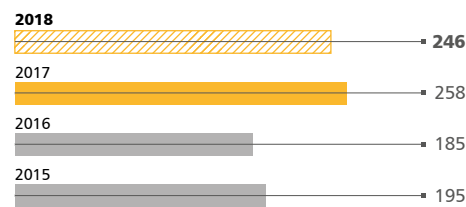
Efficiency and cost-cutting remain EVRAZ primary focus. The Group is on pace to generate improvements with an annual EBITDA effect of 3% of the cost of goods sold.

Coal cash cost, US\$/t



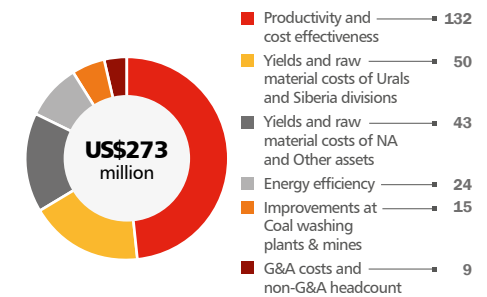
The Coal segment's cash cost was US\$47 per tonne in 2018, mainly due to geological conditions, rise in auxiliary materials prices, and additional involvement of 3rd-party contractors due to higher volumes.

Semi-finished product cash cost, US\$/t



Cash costs of semi-finished products totalled US\$246 per tonne in 2018, which is largely in line with the 2017 figure, as efficiency improvements have offset the growth of prices for key raw materials.

Breakdown of cost-cutting programme effect in 2018, US\$ million

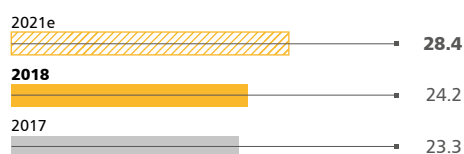


In 2018, the EBITDA effect from cost-cutting initiatives totalled US\$273 million. The Group plans to maintain the current pace of improvement with an annual cost-cutting programme at the level of at least 3% of the cost base.

Development of product portfolio and customer base

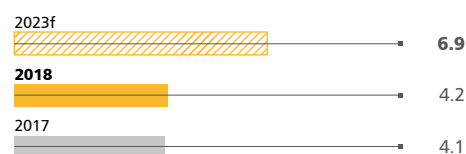
- Increase and diversify steel product sales on the Russian market
- Improve large-diameter pipe and rail sales in North America
- Expand production volumes of scarce coking coal grades

Coal mining volumes, mt



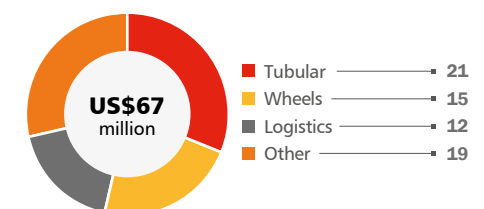
In 2018, EVRAZ increased its coal mining volumes by around 5%, primarily driven by the KS and OS coal grades. By 2023, major growth will come from the launch of K-grade longwall mining at the Rospadskaya-Koksovaya mine and organic growth at mines producing high-vol coal grades.

Steel sales in Russia, mt



In 2018, EVRAZ saw a moderate uptick in domestic steel sales. The Group expects its sales of finished steel to climb from 4.2 million tonnes in 2018 to 6.9 million tonnes by 2023, mainly due to higher sales of beams and the launch of a new integrated flat casting and rolling complex at EVRAZ ZSMK.

Customer focus programme EBITDA effect in 2018, US\$ million



Most of the effect came from greater sales of pipe blanks, wheels, structural products and beams.

In 2018, the customer focus programme generated an EBITDA effect of US\$67 million.