

EVRAZ' business model

Our vision

EVRAZ is a leader in infrastructure steel products globally and in the Russian coking coal market.

Global market trends

In 2016, the global steel and bulk commodities industry experienced several price surges driven mostly by developments in the Chinese market. The price recovery was also supported by the supply side – we saw steel capacity closures in China, the beginning of global consolidation activities, and iron ore and coking coal mine closures across North America, China and other countries. **See p. 22**

SUCCESS FACTORS

As part of its leadership drive, EVRAZ is implementing its strategy based on five key success factors.

STRATEGIC PRIORITIES

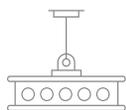
EVRAZ' strategic priorities reflect current focus areas that are driven by market conditions and business fundamentals.



Health, safety & environment



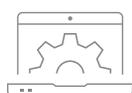
Human capital



Customer focus



Asset development



EVRAZ business system

DEVELOPMENT of product portfolio and customer base

Q See p. 18

RETENTION of low-cost position

Q See p. 19

PRUDENT CAPEX strategy

Q See p. 20

DEBT reduction

Q See p. 21

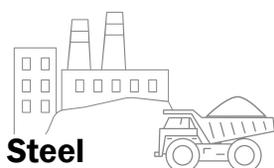
“EVRAZ will continue to act in accordance with its strategic priorities to make its business model more robust and explore options to maximise value for our shareholders and all our stakeholders.”

Alexander Frolov
Chief Executive Officer



BUSINESS SEGMENTS

See our operational model on next page



Steel

EVRAZ' Steel segment is mainly focused on steel production in the CIS from raw materials located close by to serve the domestic infrastructure and construction market while maintaining export flexibility. [See p. 40](#)



Coal

EVRAZ' Coal segment not only supplies the Group's steel mills with the necessary raw material, but also provides coking coal to major Russian coke and steel producers and serves export markets with its own sea port. [See p. 54](#)



Steel, NA

The Steel, North America segment's business model serves the premium markets of the Western United States and Western Canada with high-value-added steel products for infrastructure, rails and LD/OCTG pipes. [See p. 64](#)

COMPETITIVE ADVANTAGES

EVRAZ' competitive advantages provide lasting, group-wide benefits which are critical to our ability to generate, sustain and capture value over the long-term.

1 Leader in infrastructure steel products

Premium portfolio of railway, construction and tubular products with firm footprint in Russian, North American and global markets

2 Strong position in coking coal market

Largest coking coal producer in Russia with attractive portfolio of hard and semi-hard coking coal grades

3 Vertically integrated low-cost operations

Sound base of steel and coal assets in the first quartile of the global cost curve

THE VALUE WE CREATE

Shareholders. EVRAZ' experienced management team and corporate governance best practices provide the assurance that EVRAZ acts in the very best interest of its shareholders.

Employees. Development programmes and industry-leading working conditions make EVRAZ one of the most attractive employers in the regions of its operations.

Customers. An increasing focus on the development of value-added products, improvements of shipping terms and tailored client services provides additional value to our customers around the world.

Suppliers and business partners. As the key buyer of auxiliary materials and services with above-board and transparent tendering processes, EVRAZ supports industries' growth and continual improvement.

Local communities. EVRAZ sees that business sustainability is ultimately connected with the prosperity of the regions of our operations and the satisfaction of the local communities, which we support through social and improvement programmes.

State bodies. EVRAZ contributes value to the government by providing construction and railway products for the development of infrastructure, and is also one of the largest taxpayers and employers in Russia.