



Raspadskaya Announces Preliminary Operational Results For Q2 and H1 2018

Moscow, 26 July 2018 – PAO Raspadskaya (MICEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q2 and H1 2018.

		Q2 2018	Q1 2018	Q2 2018/ Q1 2018, change	Q2 2017	Q2 2018/ Q2 2017, change	H1 2018	H1 2017	H1 2018/ H1 2017, change
Total raw coal production	kt	2,430	3,008	-19%	3,071	-21%	5,438	5,957	-9%
Sales									
Concentrate – Russia	kt	476	545	-13%	555	-14%	1,021	1,233	-17%
Concentrate – export	kt	1,159	1,349	-14%	1,118	4%	2,508	2,137	17%
Total sales of concentrate	kt	1,635	1,894	-14%	1,673	-2%	3,529	3,370	5%
Total sales of raw coal¹	kt	694	79	n/a	273	154%	772	364	112%
Weighted average price of concentrate²	RUB/t	6,746	6,502	4%	5,024	34%	6,615	6,167	7%
Exchange rate	RUB/US\$	61.81	56.88		57.15		59.34	57.99	

¹ Hard coking coal

² FCA Mezhdurechensk, the prices for Q2 and H1 2018 are preliminary and may differ immaterially from the final ones

Q2 2018 highlights

In line with the production plan, raw coal mining at the Raspadskaya mine was transitioned from three to two longwalls during the reporting period. In May 2018, the mine also had a temporary shutdown of one longwall to improve production safety at the developed longwall space.

These events led to a reduction in the Company’s total raw coal production of 19% QoQ, while mining volumes increased during the period at Razrez Raspadsky and the Raspadskaya-Koksovaya mine (including open-pit operations).

In H2 2018, mining will begin on a new longwall at the Raspadskaya mine’s horizon no. 10, which will return operations to three longwalls and improve raw coal production volumes.

During the reporting period, clients requested that part of the domestic concentrate sales come from EVRAZ’ Yuzhkuzbassugol coal washing plants, leading to a change in the Company’s sales mix: while concentrate sales fell by 14% QoQ, raw coal sales surged by 780% QoQ.

Concentrate exports were down 14% QoQ, returning to the levels seen before the peak in export shipments in Q1 2018.

The weighted average price of concentrate grew by 4% QoQ amid rising export sales prices, which were up 40% QoQ because most exports use formula-based pricing indexed to global benchmarks for the previous quarter, as well as due to the weaker ruble exchange rate during the reporting period. In Q2 2018, domestic concentrate sales prices dropped by 19% QoQ, in line with global benchmarks.

H1 2018 highlights

In H1 2018, the Company's total raw coal production decreased by 9% YoY to 5.4 million tonnes. The reduction in output was due to the planned transition to operating two longwalls at the Rospadskaya mine and was partly offset by higher production volumes at the remaining assets.

During the period, concentrate sales volumes climbed by 5% YoY to 3.5 million tonnes. The improvement was largely due to the Company's efforts to maximise export shipments.

Raw coal sales surged by 112% YoY amid higher shipments to EVRAZ' facilities for washing and sale on Russia's domestic market.

In H1 2018, the share of concentrate exports in the sales mix was 71%, or 2.5 million tonnes, of which 76% was shipped to countries in the Asia-Pacific region and 24% to Europe. The increase in concentrate exports was due to greater sales to the premium Asia-Pacific markets, as well as to Ukraine and other countries in Europe.

During the period, the weighted average price of concentrate was down 13% YoY on the domestic market and up 44% YoY on export markets, in line with the global benchmark trends seen in 2017 and H1 2018.

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About the Company

PAO Rospadskaya is an integrated group of coal mining and enrichment facilities located in the Kemerovo region of Russia. It comprises three underground mines, two open-pit operations, a coal preparation plant, and several coal transportation and production infrastructure enterprises. Rospadskaya is a subsidiary of EVRAZ, a major vertically integrated metals and mining company.

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The information in this press release represents the expected results of PAO Rospadskaya operations for the given period. It was compiled based on the latest preliminary unaudited operational and financial data. The information represents a preliminary assessment only, which might be further adjusted based on financial, fiscal and business reporting once it becomes available. The information regarding the Company's operational results in this press release depends on many external factors and therefore, provided all permanent obligations and best practices under international listing rules are unconditionally observed, cannot qualify for accuracy and completeness and should not be regarded as a basis for investing in PAO Rospadskaya. As such, the actual results and indicators may significantly differ from any declared or forecast operational results. PAO Rospadskaya assumes no obligation and expressly declares that it has no such obligation to update or change any declarations concerning any future results due to new information obtained, any future events or for any other reasons.