



Raspadskaya Announces Preliminary Operational Results For Q3 and 9M 2018

Moscow, 25 October 2018 – PAO Raspadskaya (MICEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q3 and 9M 2018.

		Q3 2018	Q2 2018	Q3 2018/ Q2 2018, change	Q3 2017	Q3 2018/ Q3 2017, change	9M 2018	9M 2017	9M 2018/ 9M 2017, change
Total raw coal production	kt	2,926	2,430	20%	2,602	12%	8,363	8,559	-2%
Sales									
Concentrate – Russia	kt	615	476	29%	556	11%	1,636	1,789	-9%
Concentrate – export	kt	1,200	1,159	3%	1,183	1%	3,708	3,320	12%
Total sales of concentrate	kt	1,815	1,635	11%	1,739	4%	5,344	5,109	5%
Total sales of raw coal¹	kt	324	694	-53%	153	111%	1,096	518	112%
Weighted average price of concentrate²	RUB/t	6,910	6,746	2%	4,851	42%	6,715	5,719	17%
Exchange rate	RUB/US\$	65.53	61.81		59.07		61.41	58.35	

¹ Hard coking coal

² FCA Mezhdurechensk, the prices for Q3 and 9M 2018 are preliminary and may differ immaterially from the final ones

Q3 2018 highlights

In Q3 2018, the Company’s total raw coal production rose by 20% QoQ to 2.9 million tonnes.

In line with the production plan, the Raspadskaya mine resumed operating on three longwalls during in Q3 2018 after launching a new longwall at horizon 10. This made it possible to increase raw coal production volumes at the mine in the reporting period.

The quarter also saw an intensification in open-pit mining at Razrez Raspadsky to compensate for the reduced production at the Raspadskaya mine in Q2 2018. Razrez Raspadsky’s production climbed by more than 400 thousand tonnes, or 46% QoQ.

During the reporting period, the Company continued to improve the efficiency of open-pit mining for the deficit OS coking coal grade at the site of the Raspadskaya-Koksovaya mine, leading to a 10% QoQ increase in production.

Total sales of concentrate climbed by 11% QoQ, with sales volume growth seen on both domestic and export markets.

Total sales of raw coal dropped by 53% QoQ due to changes in the share of Raspadskaya coal used in the product mix at EVRAZ’ Yuzhkuzbassugol coal preparation plants.

Weighted average coal concentrate prices were down slightly QoQ on the Russian market due to the increased share of GZh grade coal in the sales mix following the resumption of operations at the Raspadskaya mine and Razrez Raspadsky, which in turn lowered the shares of the more valuable OS and K grade coal. Coal concentrate export prices rose by 5% QoQ, in line with global benchmarks. Overall, weighted average coal concentrate sales prices grew by 2% QoQ.

9M 2018 highlights

In 9M 2018, the Company's total raw coal output was 8.4 million tonnes despite the Raspadskaya mine working just two longwalls and halting operations briefly during Q2 2018 to improve safety.

The gap behind 2017 production levels decreased by 2% YoY to 200 thousand tonnes according to the Company's results for 9M 2018, down from 500 thousand tonnes as of H1 2018.

In September 2018, mining began on a third longwall the Raspadskaya mine, which is expected to reach maximum capacity for operations at three longwalls in Q4 2018.

Razrez Raspadsky increased its output by 100 thousand tonnes, or 4% YoY, despite part of its equipment having been transferred in 2018 to the open-pit site at the Raspadskaya-Koksovaya mine, where production is gradually ramping up.

During the period, coal concentrate sales volumes grew by 5% YoY to 5.3 million tonnes. The primary growth drivers were a favourable global export environment, as well as the Company's efforts to maximise shipments by structuring work with shipping companies, searching for internal reserves at warehouses and processing plants, and diversifying the sales geography.

Domestic concentrate and raw coal sales volumes are largely intertwined. Their correlation is determined by current demand from customers and production capacity. Total domestic coal concentrate sales volumes climbed by 5% YoY.

In 9M 2018, the export share in coal concentrate sales was 69%, or 3.7 million tonnes, of which 76% was shipped to countries in the Asia-Pacific region and 24% to other destinations, including Ukraine and elsewhere in Europe.

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About the Company

PAO Raspadskaya 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. Raspadskaya is a subsidiary of EVRAZ, a major vertically integrated metals and mining company.

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For more information, visit www.raspadskaya.com or contact:

Media Relations

Maria Starovoit

London +44 207 832 8998

Moscow +7 495 937 6871

media@evraz.com

Investor Relations

Kirill Vinokurov

London +44 207 832 8990

Moscow +7 495 232 1370

ir@evraz.com

The information in this press release represents the expected results of PAO Raspadskaya 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 Raspadskaya. As such, the actual results and indicators may significantly differ from any declared or forecast operational results. PAO Raspadskaya 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.