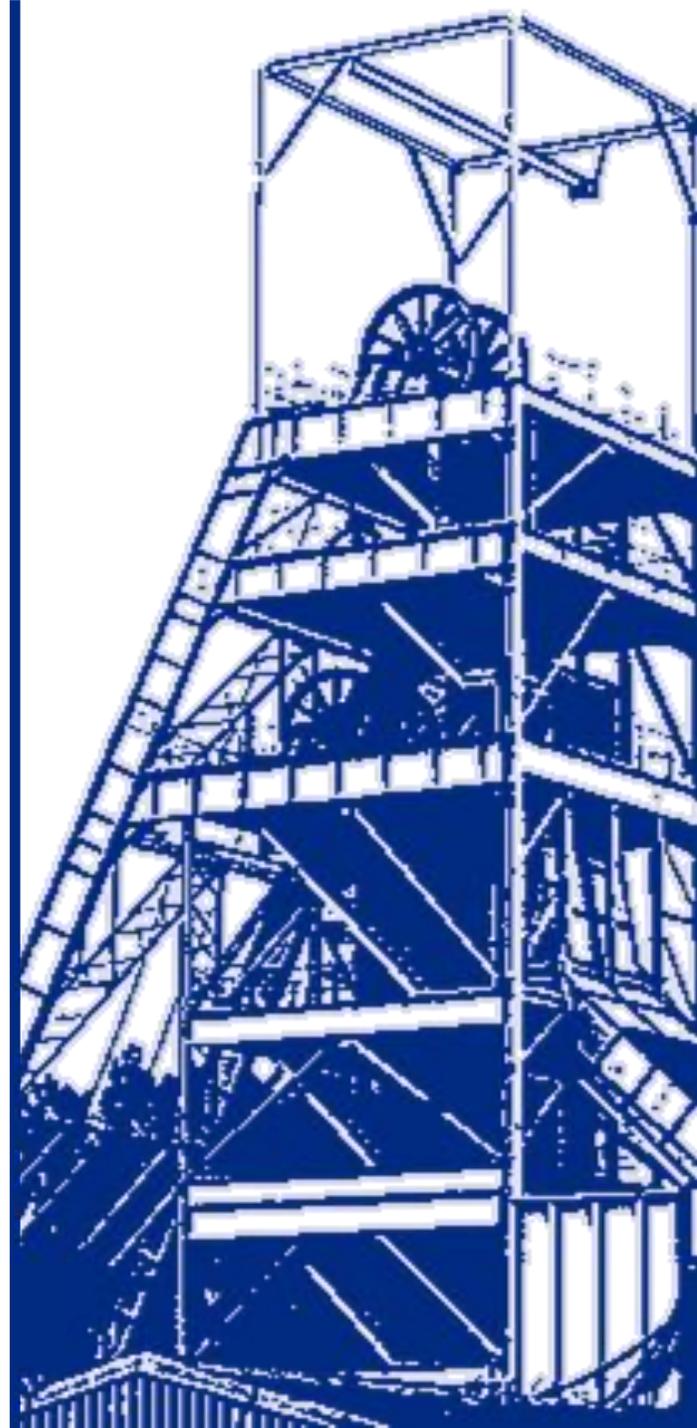


FY 2016 Financial Results

24 March 2017



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Highlights

Financials

- EBITDA up 92%YoY to reach \$204m (2015: \$106m)
- EBITDA margin reached 40.6% vs 25.3% in 2015
- Cash cost of concentrate to reach \$26/t, down 4% YoY
- Net profit amounted to \$185m in 2016 (2015: net loss \$126m)
- On 23 March 2017, the Board of Directors decided not to recommend dividend payments for 2016

Sales

- Price-formula mechanism added to long-term contracts with major of customers in Russia
- Significantly increased sales to Vietnam (+67% YoY) and Japan (+55% YoY)
- Increased export sales on term-contract basis, by 37% YoY
- Improved price-formula with a number of export customers

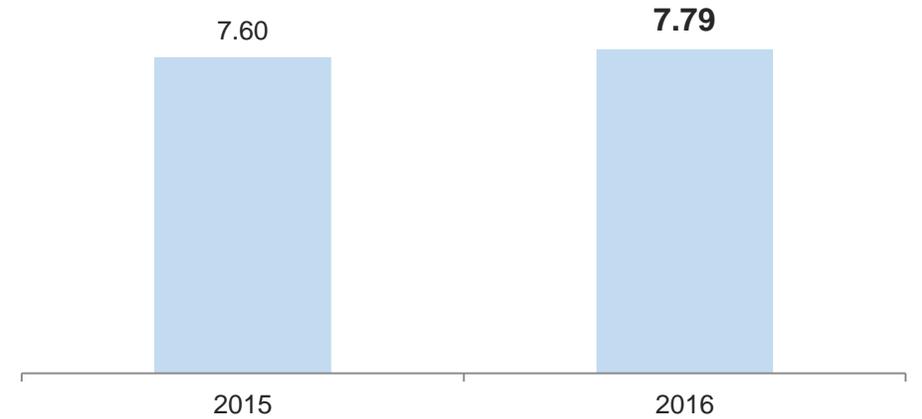
Production

- Overall production of raw coking coal amounted to 10.5mt (+2% YoY)
- Production at Raspadskaya underground mine reached 5.7mt (+3% YoY) of raw coking coal mined
- Razrez Rapsadsky production increased by 25% YoY to 4.4mt in 2016
- Two new longwalls were launched at Raspadskaya to replace depleted volumes

Health and Safety

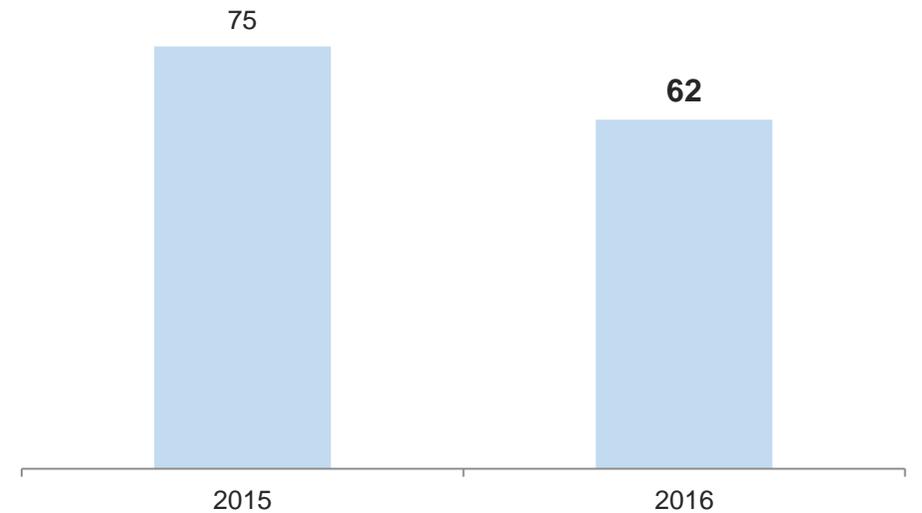
- Safety remains our key priority
- 1 fatal incident in 2016
- LTIFR 7.79x in 2016 vs 7.60x in 2015 mainly due to:
 - Enhanced transparency in reporting
 - Reduction of total man-hours worked due staff reductions

LTIFR



Source: Company data

Injuries



Source: Company data

Operational performance

- Overall production of raw coking coal amounted to 10.5mt (+2% YoY)
- Stable production at Raspadskaya underground mine reached 5.7mt (+3% YoY) of raw coking coal mined
- Razrez Raspadsky production increased by 25% YoY to 4.4mt
- Two new longwalls were launched at Raspadskaya to replace depleted volumes: 5a-7-30 in June 2016, with c.2.8mt of Gzh coal reserves and 4-10-29 in October 2016 with c.2.4mt of GZh coal reserves
- Suspension of mining at Field No 1 of Raspadskaya-Koksovaya mine due to CO detection (old endogenous fire) in 2015 resulted in lower production volumes in 2016

Production volumes of raw coking coal by mine, kt

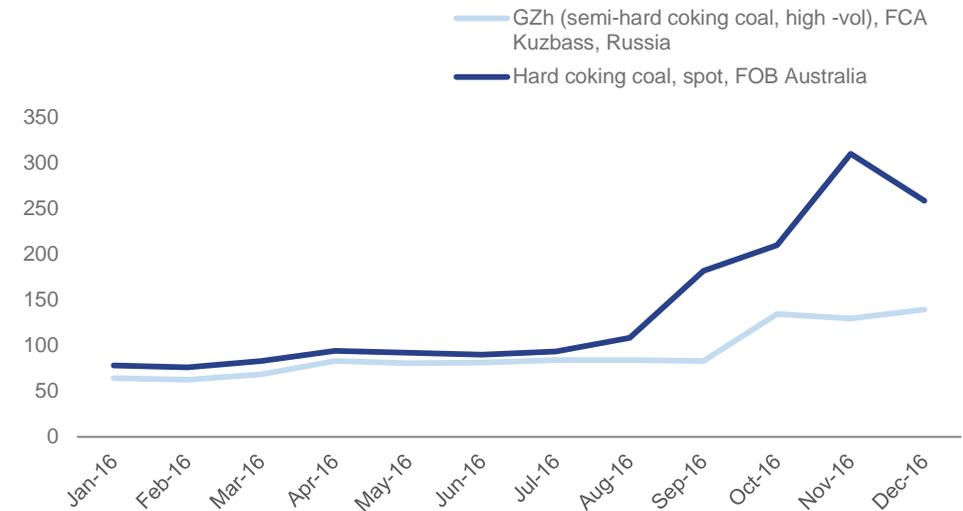
Mine	Coal grade	2015	2016	Change, %
Raspadskaya	GZh	5,504	5,683	3%
Razrez Raspadsky	GZh/GZhO	3,500	4,367	25%
Raspadskaya-Koksovaya	K	1,001	462	(54)%
MUK-96 (idled in 2015)	GZhO	348	-	-
Total		10,353	10,512	2%

Source: Company data

Prices

- Domestic coking coal prices improved in 2016, driven by global benchmark trends
- Price for hard coking coal (FOB Australia, spot) averaged \$140 per tonne, compared with \$90 per tonne in 2015
- Price for semi-soft coking coal (GZh grade, FCA Kuzbass) averaged \$69 per tonne, up by 18% YoY
- A customer focused initiative to switch to formula-based contracts with domestic clients underpinned the benefit from the surge in global coking prices during the year

Local coking coal price vs export benchmark, \$/t

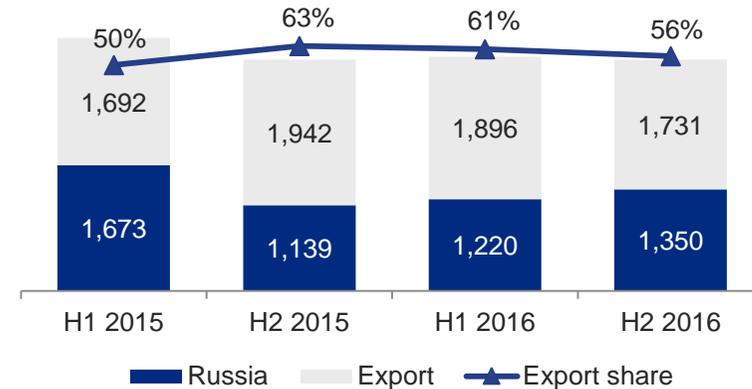


Source: Metal Expert, CRU

Sales volumes

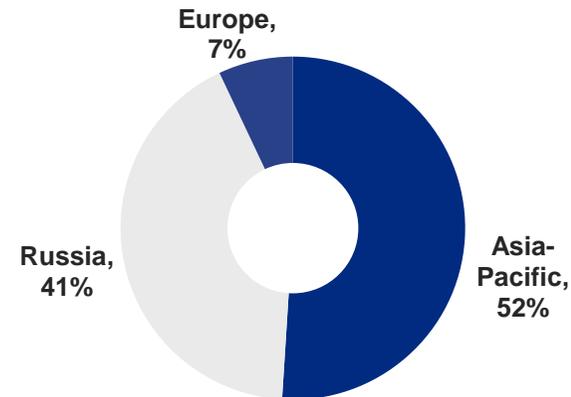
- Sales volumes decreased to 6.4mt (-13% YoY), mainly due to lower sales volumes to Russia
- Sales to Russia decreased to 2.6mt (-9% YoY) due to a lower raw KO grade coal production as a result of suspension of mining at Field No 1 at Rapsadskaya-Koksovaya in 2015
- Major Russian consumers of Rapsadskaya coal products include EVRAZ, MMK, Ural Steel, Mechel
- Share of exports in coal concentrate sales volumes increased to 59% due to lower domestic sales
- Export sales volumes maintained at the level of 3.6mt
- 2017 focus on sales structure improvement by diversifying geographically and maintaining balance between long-term contracts and spot deliveries

Coal concentrate sales, kt



Source: Company data

Coal concentrate sales by region in 2016

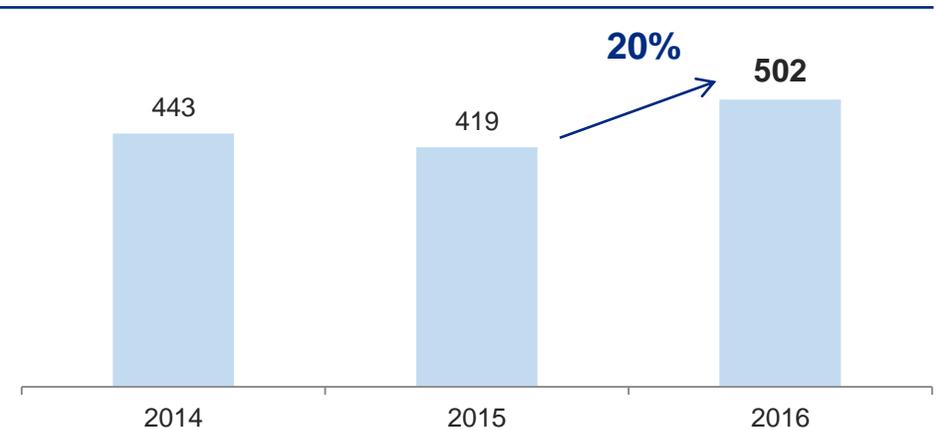


Source: Company data

Financial performance

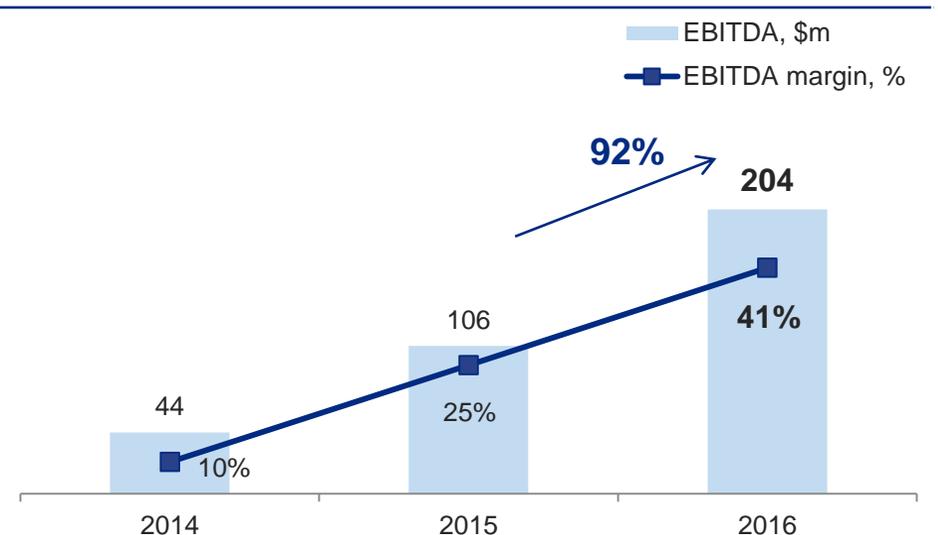
- Revenues increased by 20% YoY amid growth of sales prices due to the recovery of global demand
- EBITDA increased by 92% YoY on the back of higher sales prices, accompanied by the effects of rouble depreciation on costs
- EBITDA margin up to 41% (2015: 25%)
- Net profit reached \$185m in 2016 (2015: net loss of \$126m)

Revenues, \$m



Source: Company data

EBITDA and EBITDA margin



Source: Company data

Cash-cost and cost of production

□ Cash-cost per tonne of coal concentrate declined by 4% YoY mainly due to FX effect:

- In rouble terms cash-cost increased YoY due lower coal concentrate yield as a result of higher ash content in the coal processed

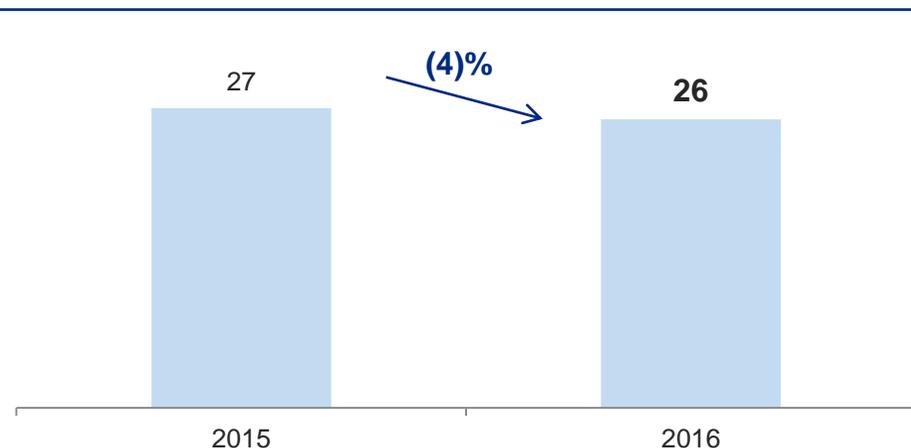
□ Cost of production declined by 19% YoY mostly due to FX effect:

- Materials down 37% YoY (ex. FX) due to the conservation of MUK-96 and suspension of mining at Field No 1 at Raspadskaya-Koksovaya in 2015 and lower 3rd party coal purchases

- Payroll including payroll taxes down by 7% YoY (ex. FX) due to optimisation of personel

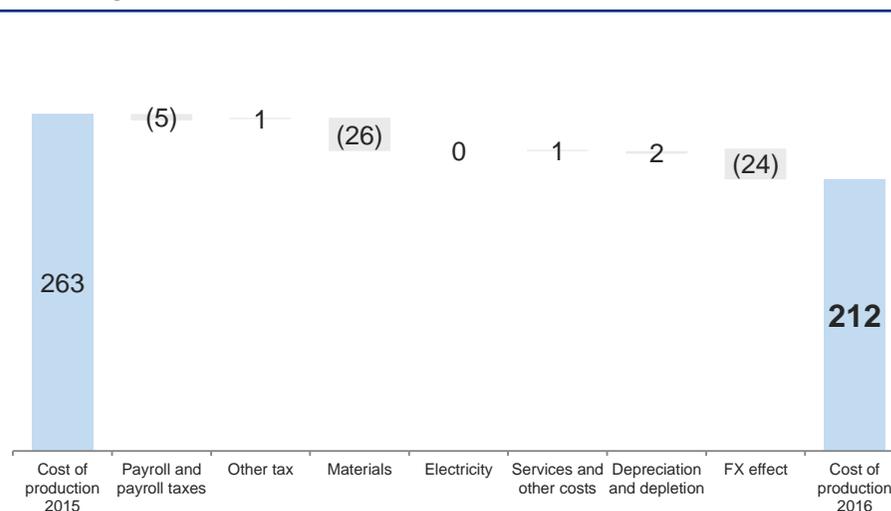
- Depreciation and depletion rose YoY due to increased CAPEX at the Raspadskaya mine

Cash-cost of concentrate, \$/t



Source: Company data

Cost of production, \$m

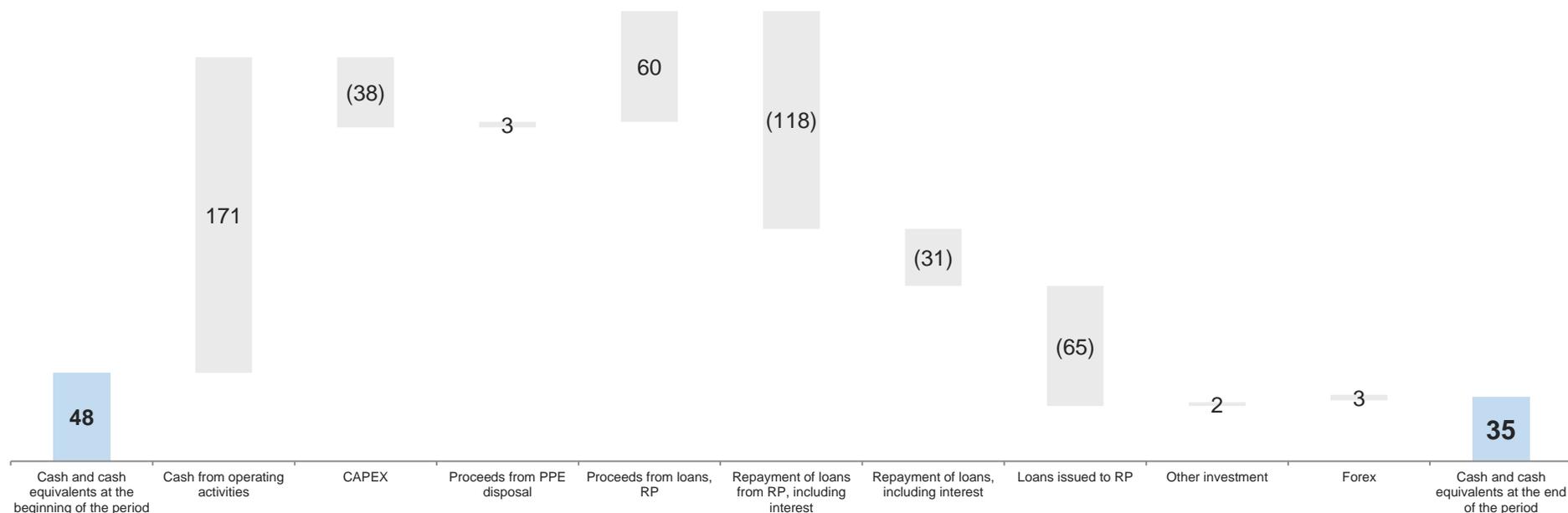


Source: Company data

Cash flow

- In 2016 the cash from operating activities was generally used for:
 - Repayments of loans from related parties (Evraz Group S.A., EVRAZ KGOK) - \$118m
 - Loans issued to related parties (Evraz Group S.A.) - \$65m
 - CAPEX - \$38m
 - Repayments of loans (coupon payments on Eurobonds) - \$31m

Cash flow in 2016, \$m



Source: Company data

Total Debt

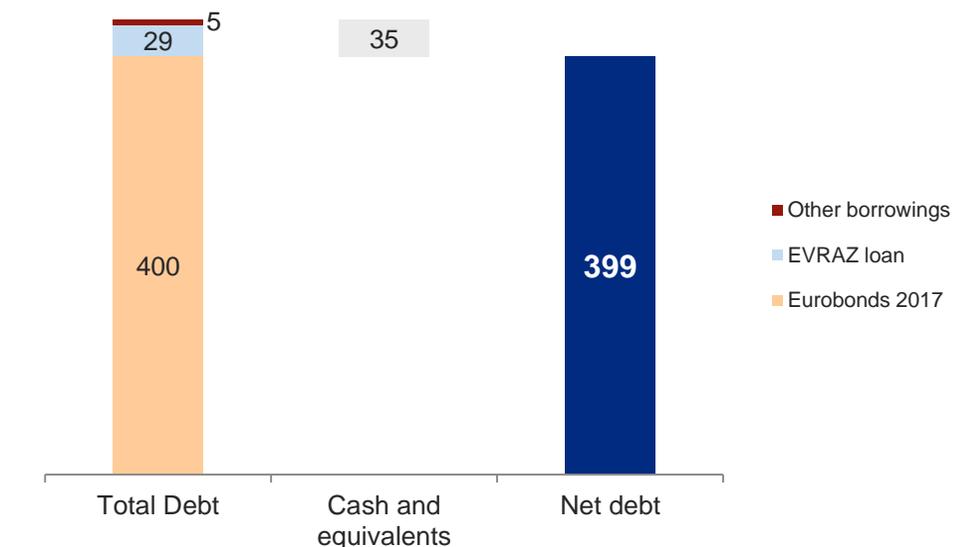
- As of 31 December 2016, our long-term debt included:
 - \$29m intra-group loan from EVRAZ

- As of 31 December 2016, our short-term debt included:
 - 7.75% Eurobonds of \$400m due in April 2017

- Evraz Group S.A. became the holder of \$374m of aggregate principal amount of the 7.75% Eurobonds due April 2017 as a result of series of bilateral transactions and two buy-back offers carried out in 2016

- \$400m of 7.75% Eurobonds due April 2017 will be repaid using accumulated cash of Raspadskaya and its subsidiaries and funds from Evraz

Total debt and net debt as of 31 December 2016, \$m



Source: Company data

Governance

- At the upcoming AGM to be held in 18 May 2017:
 - Pavel Tatyandin will step down from the Board of Directors
 - The following new nominations to the Board of Directors will be subject to AGM approval:
 - Nikolay Ivanov – CFO of EVRAZ
 - Aleksey Ivanov – Senior Vice President of EVRAZ
 - Alexander Kuznetsov – Vice President of EVRAZ
 - The following Directors were re-nominated, will be subject to AGM approval:
 - Alexander Frolov – CEO of EVRAZ
 - Sergey Stepanov – CEO of RUK
 - Ilya Lifshits – Partner at EDAS Law Bureau
 - Olga Pokrovskaya – Director at Highland Gold Mining, Adviser to General Director at Millhouse LLC
 - Terry Robinson – Deputy Chairman at Katanga Mining Ltd (Canada)
 - Hugh Stoyell - Independent Non-Executive Chairman of Katanga Mining Ltd (Canada)

Investor Relations

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