

Capital Markets Day

📅 10 November 2021



TODAY'S SPEAKERS



Sir Michael Peat

Senior Independent
Non-Executive Director



Aleksey Ivanov

Chief Executive Officer



Ilya Shirokobrod

Vice President,
Sales and Logistics



Nikolay Ivanov

Chief Financial Officer

TODAY'S AGENDA



11:00 am  **Opening remarks**
Sir Michael Peat,
Senior Independent Non-Executive Director

11:05 am  **Key themes**
Aleksey Ivanov,
Chief Executive Officer

11:10 am  **Potential Coal Demerger**
Aleksey Ivanov,
Chief Executive Officer

11:15 am  **ESG**
Aleksey Ivanov,
Chief Executive Officer

11:25 am  **EVRAZ strategy**
Aleksey Ivanov,
Chief Executive Officer

11:30 am  **Markets and sales strategy**
Ilya Shirokobrod,
Vice President, Sales and Logistics

11:50 am  **Financial overview**
Nikolay Ivanov,
Chief Financial Officer

11:55 am  **Takeaways**
Aleksey Ivanov,
Chief Executive Officer

12:00 pm  **Q&A session**

HOW TO ASK A QUESTION DURING THE EVENT

Please, go
to the link or QR-code:



<https://goo.su/974P>



Written question

- 1 Enter your name using **"log in"**
- 2 Type your question in **"Comments"**
- 3 Press **"Send"**

Audio question

- 1 Enter your name using **"log in"**
- 2 Type the word **"Audio"** in **"Comments"**
- 3 Press **"Send"**
- 4 You will receive a link in the chat to connect with the live stream

Opening remarks

Sir Michael Peat

Senior Independent Non-executive Director

HIGH STANDARDS OF CORPORATE GOVERNANCE



Adherence to UK Corporate Governance Code and the Listing rules of the UK FCA



London
Stock Exchange

Premium listing on London Stock Exchange



Constituent of FTSE 100 and MSCI UK indices, included into FTSE4Good index



Shares carry equal voting and distribution rights

Board of directors overview



Independent directors chair all Board Committees

56%

of the Board is independent



Board with diverse experience and expertise

22%

of the Board members are female¹



Annual evaluation of Board performance



“EVRAZ' governance practices, particularly ownership structure, remain stronger than those of global peers”

Notes: ¹ Excluding Sir Michael Peat and Mr. Karl Gruber from total number of Board members as they will remain on the Board for a few months to support a smooth transition process following appointment of new directors in June 2021

BOARD OF DIRECTORS DRIVES SUSTAINABLE DEVELOPMENT AGENDA



UN Global Compact participant

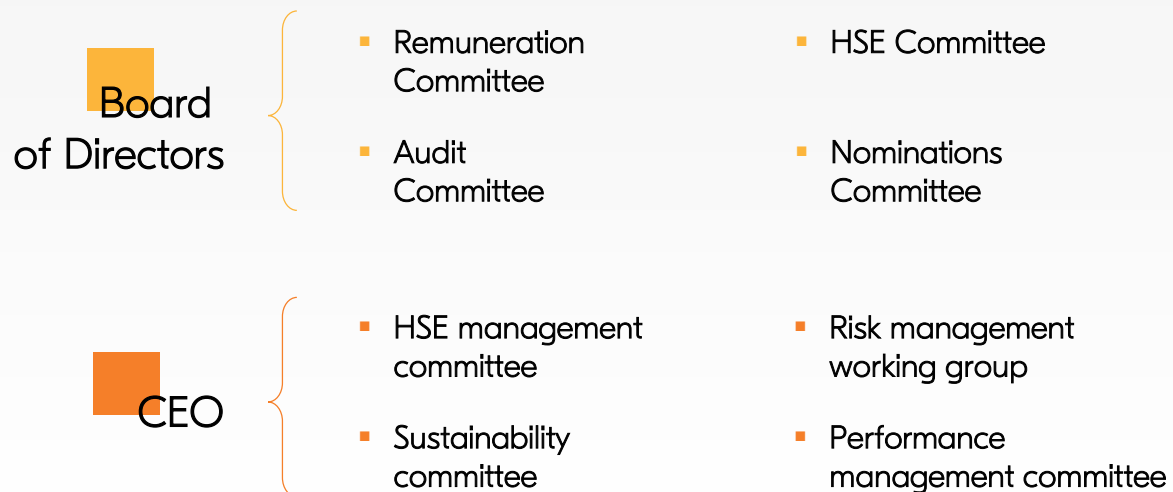


Supporting United Nations Sustainable Development Goals (UN SDGs)



Environmental and social impact assessments integrated into operations and new projects

Corporate oversight of ESG matters



UN SDG in focus



Key themes

A solid yellow horizontal bar is positioned behind the word "themes" in the title.

Aleksey Ivanov

Chief Executive Officer



KEY THEMES OF THE PRESENTATION

Coal



Status on the Potential
Demerger of coal assets

ESG



EVRAZ Steel update on
ESG targets and initiatives

Growth



EVRAZ Steel growth
strategy update

Potential Coal Demerger

Aleksey Ivanov

Chief Executive Officer

IMPACT OF THE POTENTIAL DEMERGER

Key Financial Metrics

■ Coal segment¹ ■ EVRAZ (excl. coal)



EVRAZ Footprint



Sources: Company information, FactSet. Notes: ¹ Excluding intersegment sales

EVRAZ Capital markets day 2021

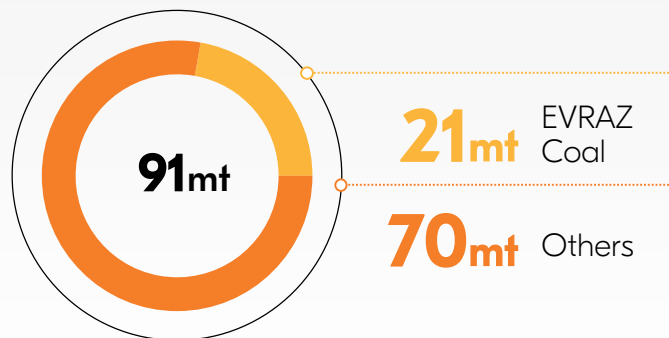
RASPADSKAYA IS A LEADER IN THE RUSSIAN COKING COAL MARKET

Russian market leader

#1

Met coal
producer
in Russia
In 2020

Coking coal mined volumes
in Russia in 2020

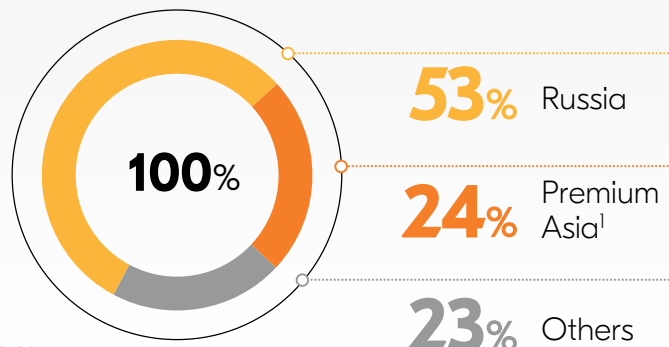


Diversified coal sales mix and a large client base

19.3mt

Total coal
product sales
in 2020

Notes: ¹ Contract sales to Far East: South Korea,
Japan, Vietnam, Indonesia



High-quality coking coal portfolio

33%

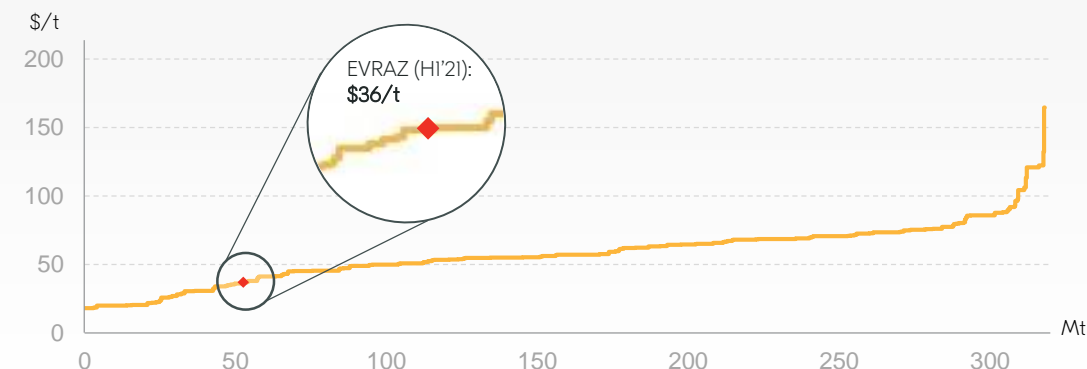
Hard coking
coal grades in
portfolio

~12%

of portfolio are premium K and OS grades,
not widely available in Russia and are in high demand
both in Russia and abroad due to their lower volatility
and high coking ability

Cost leader globally (1st quartile of global coal cost curve)




2021 Coking coal cash costs, EXW



POSSIBLE DEMERGER HAS THE POTENTIAL TO CREATE VALUE FOR BOTH EVRAZ AND RASPADSKAYA

Different strategic priorities >

 **EVRAZ**

	 Steel assets priorities	 Raspadszkaya priorities
ESG 	<ul style="list-style-type: none">Decarbonisation of production	<ul style="list-style-type: none">Methane utilisationLong-term answer to stagnating demand due to steel industry decarbonisation effort
Business development 	<ul style="list-style-type: none">Grow share of finished and premium productsCustomer focus initiatives	<ul style="list-style-type: none">Increase sales outside EVRAZ Steel leveraging leadership in Russian and premium export markets
	Steel assets strategy to be covered in this presentation	Separate communication upon transaction announcement



Possible benefits from the Potential Demerger



Differentiated value proposition



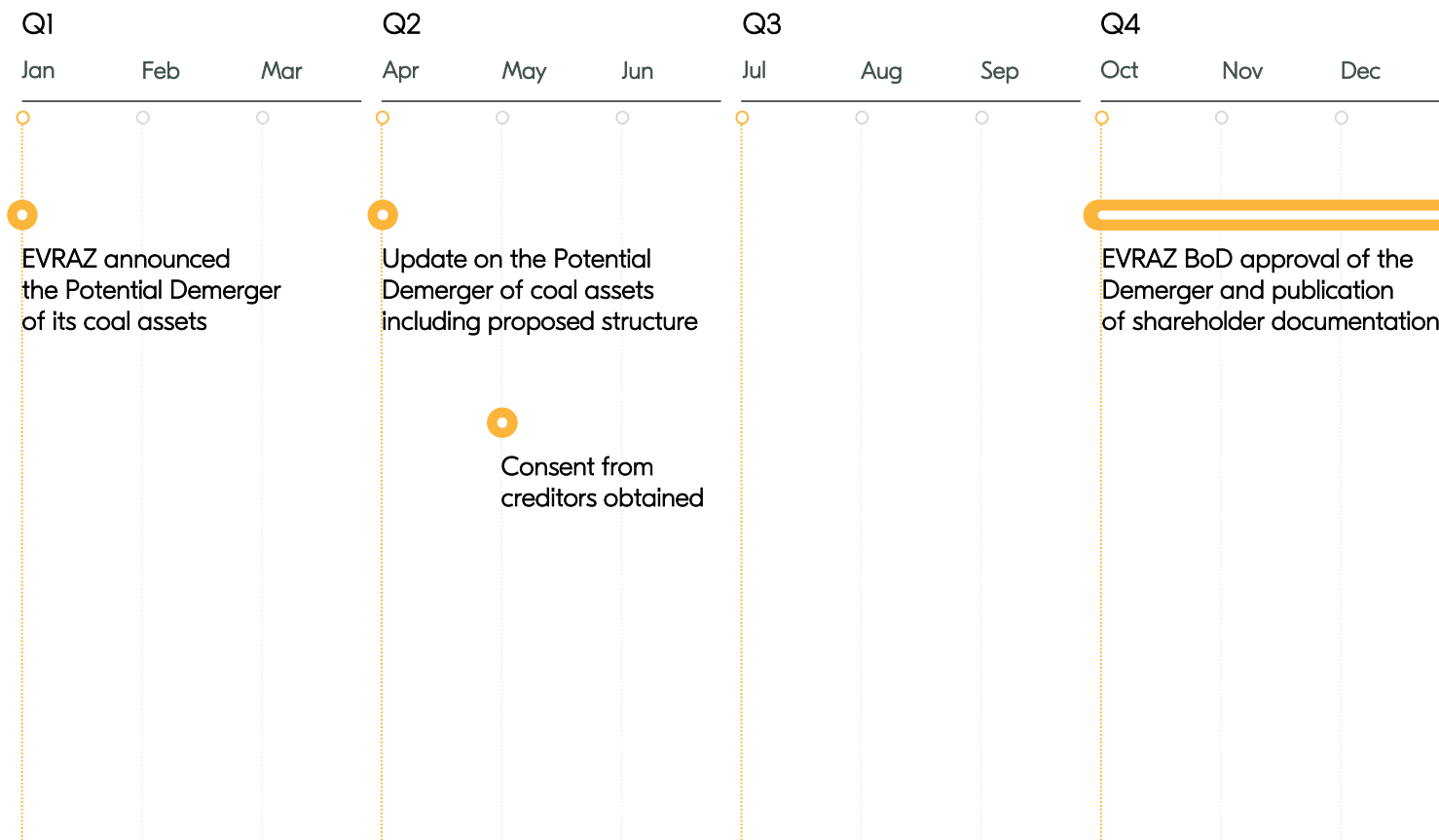
Increased transparency over sustainability performance and goals



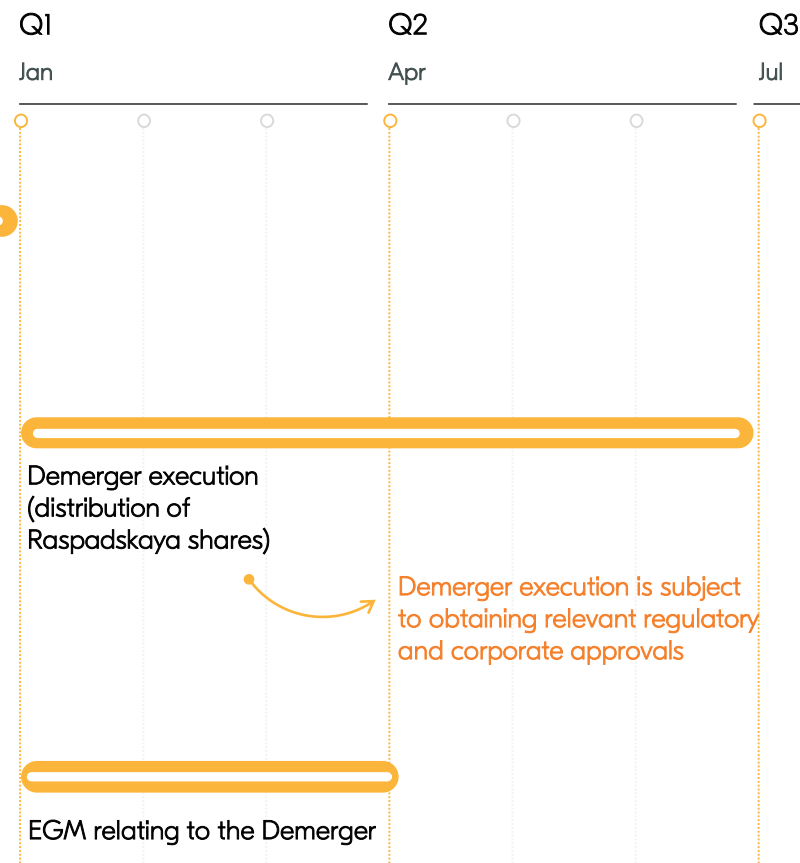
Greater flexibility to execute dedicated strategy for each company

POTENTIAL DEMERGER OF COAL ASSETS: ANTICIPATED TIMELINE

2021



2022





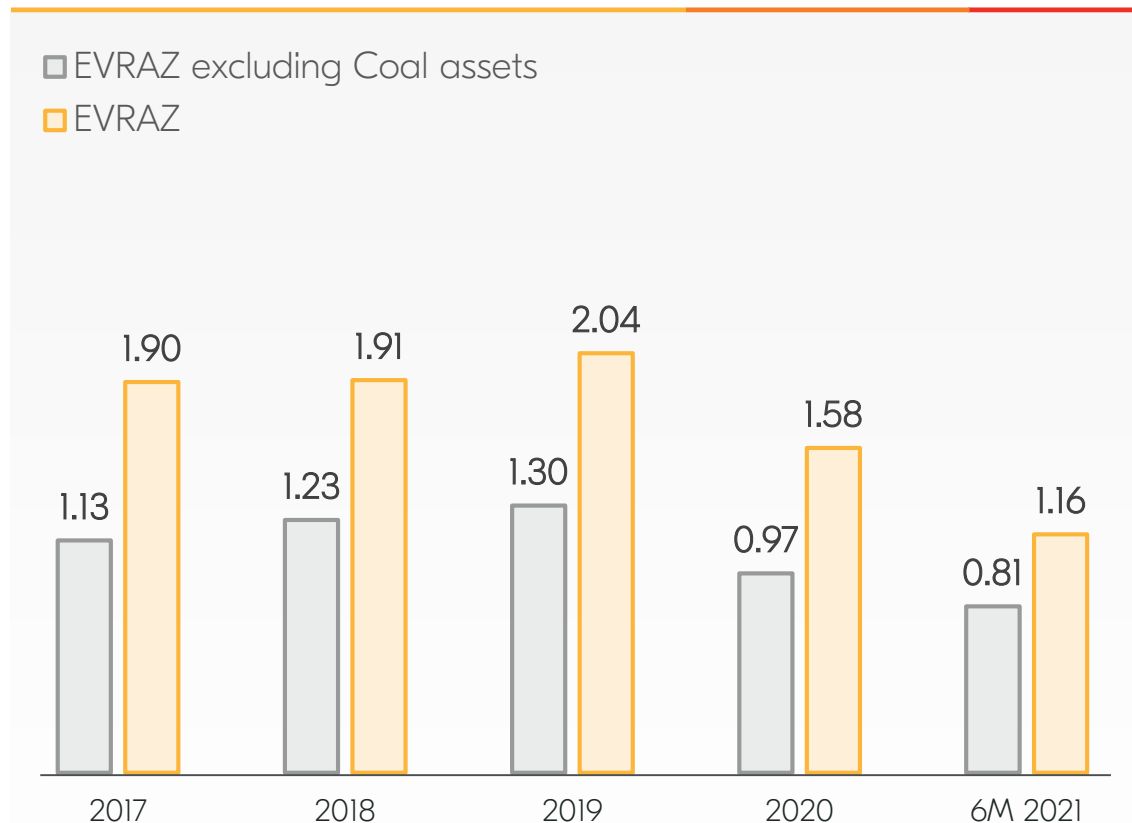
ESG

Aleksey Ivanov

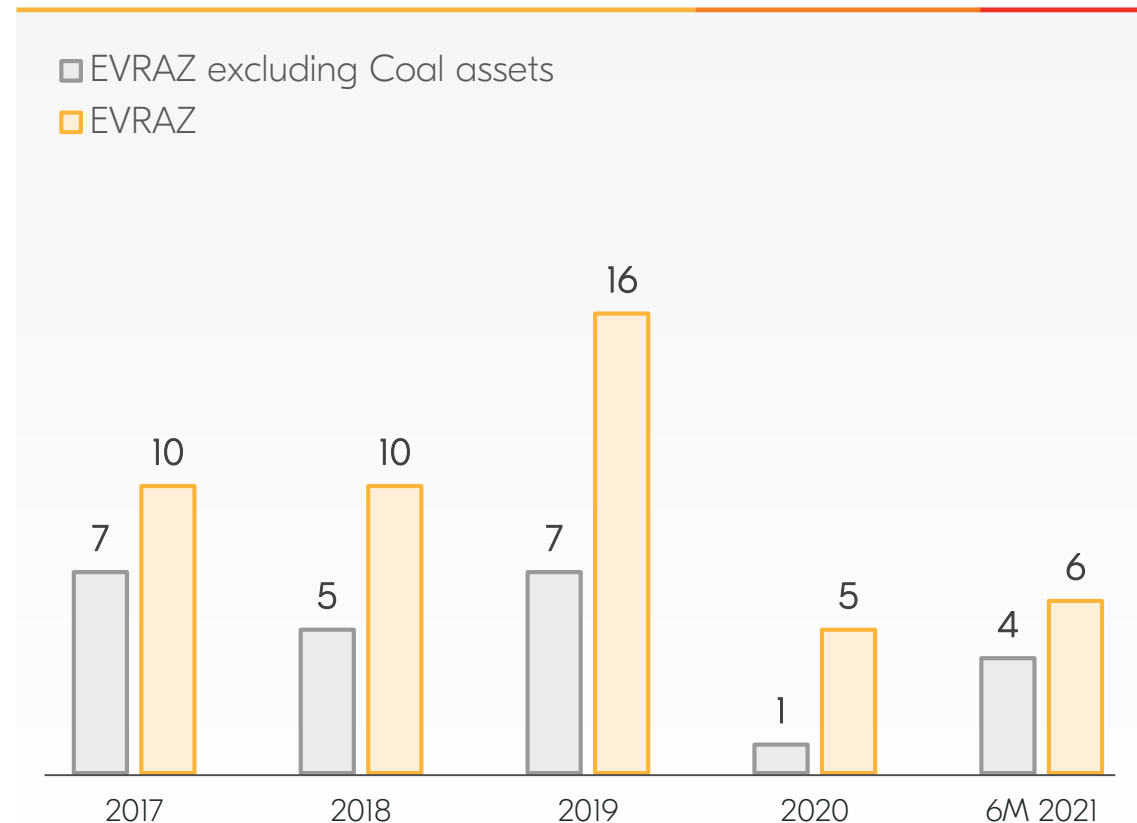
Chief Executive Officer

NO HARM PHILOSOPHY

LTIFR¹



Number of fatalities²



Notes: ¹ Excluding data on contractors in 2017-2020. ² Including contractors

REDUCING OUR ENVIRONMENTAL IMPACT

Targets for 2022 achieved already in 2020

GHG¹ intensity ratio, tCO₂e/tcs

1.97 vs **2.00**

Water consumption reduction, m m³

206 vs **207**

Non-mining waste recycling, %

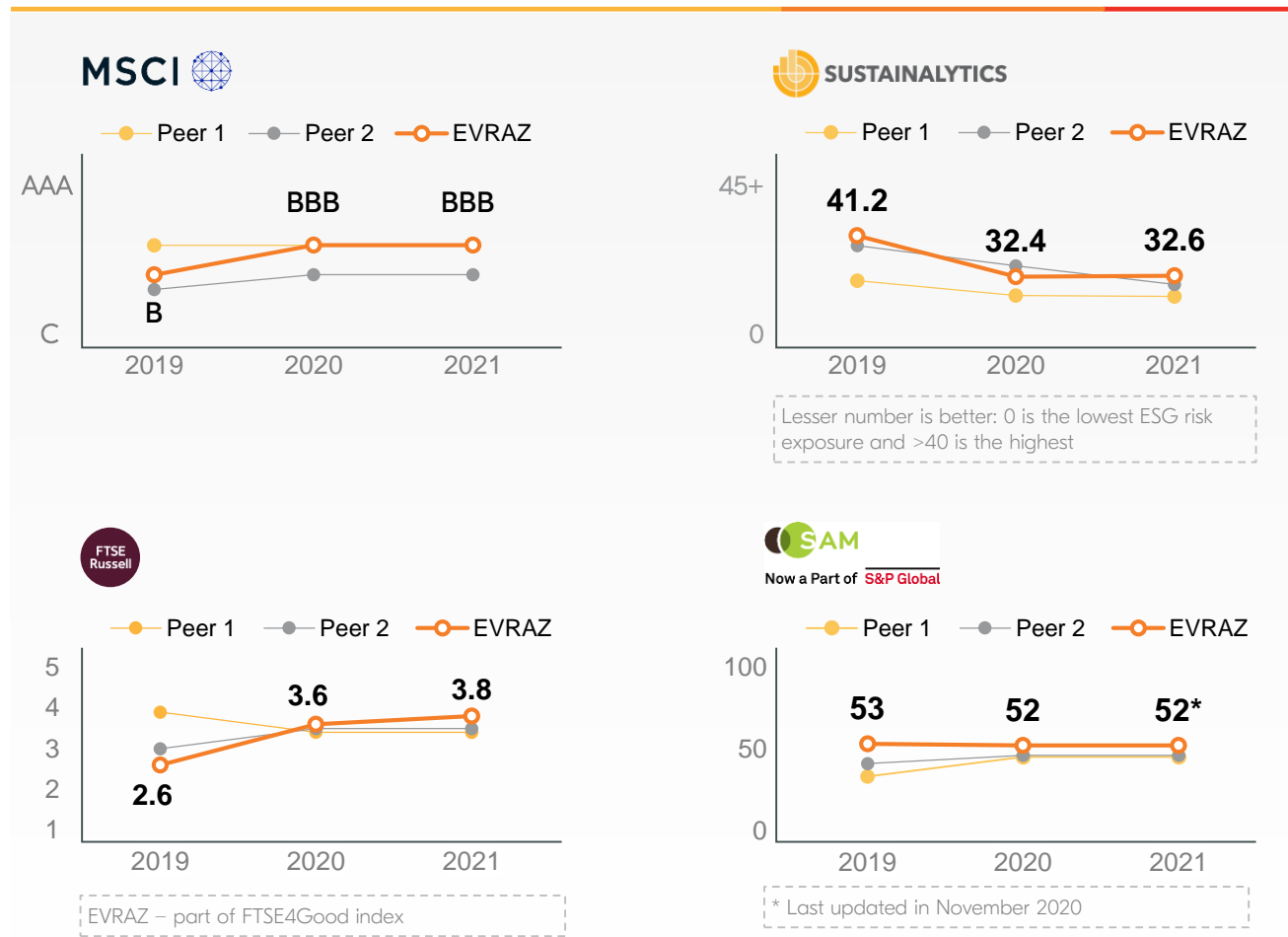
103 vs **95**

Achieved vs Target

Notes: ¹ Scope 1+2 GHG emissions

HIGH RANKINGS ACROSS ESG INDICES

Improving ESG Ratings



Supporting global best practices

- UN Global Compact participant
- Disclosure under GRI standard and TCFD recommendation frameworks
- Transparent approach to climate change – highlighted in the Climate Change Report 2020
- Environmental Strategy with climate-related goals

AMBITIOUS ENVIRONMENTAL GOALS FOR 2030



New climate-related targets set up to 2030 with 2019 as a baseline year¹

GHG

20%

reduction²
to 1.58 tCO₂/t
in compliance with the Paris Agreement

Air emission

33%

reduction in total
atmospheric emissions

Water

0 m m³

wastewater
discharges

Waste

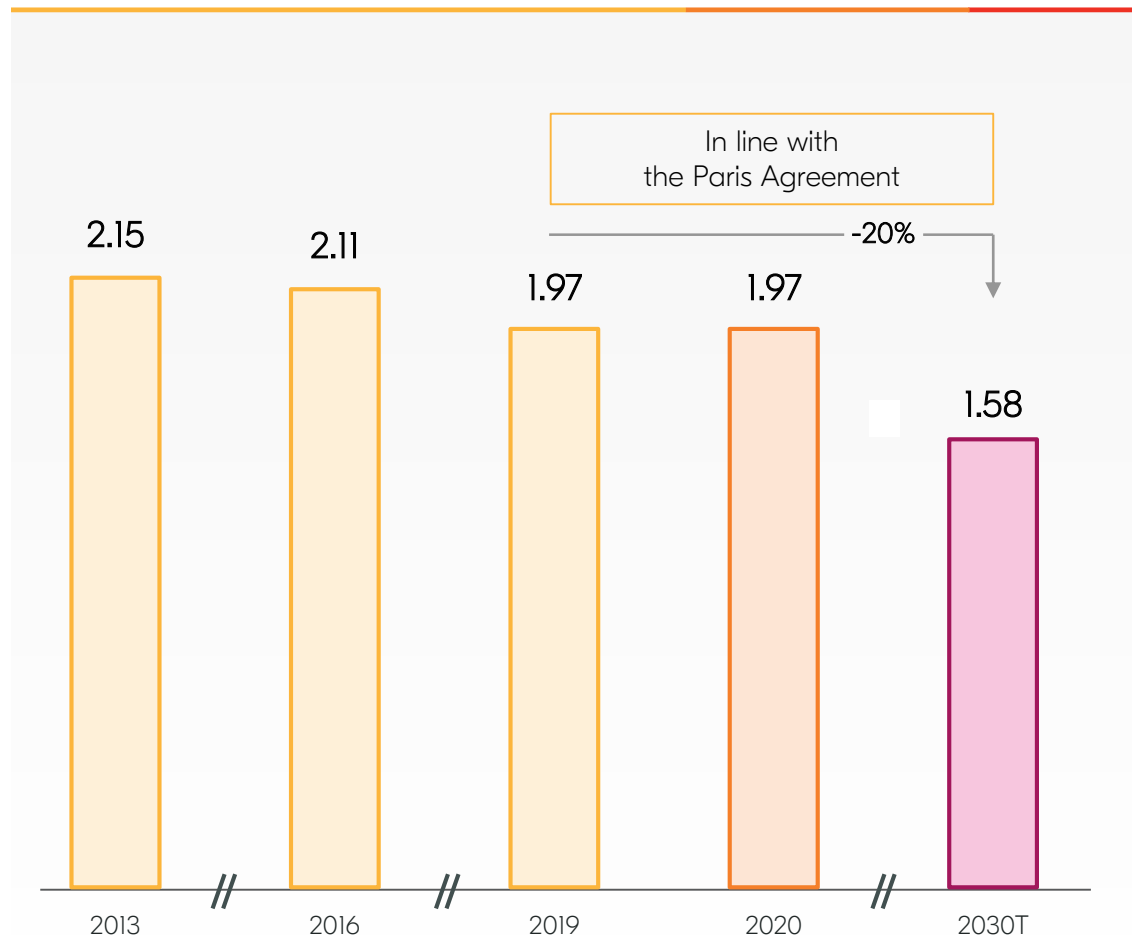
95%

Non-mining waste
recycling

Notes: ¹ Excluding Coal assets. ² Scope 1+2 GHG

OUR DECARBONISATION PATHWAY

Scope 1+2 GHG emissions, tCO₂e/t of crude steel



Decarbonisation pathway

- In 2021-2025 focus on
 - Energy efficiency – 18% improvement by 2025¹
 - Use waste as coal and coke substitutes
 - Use of renewable energy
- 2025-2035 possible upgrade of production facilities
 - Increase share of scrap and EAF
 - Examine possibility of DRI construction
 - Consider usage of alternative energy
- After 2035 usage of new technologies
 - CCUS²
 - Hydrogen in BF-BOF route and DRI

Notes: ¹ With 2018 as baseline year. ² Carbon capture and utilisation / storage

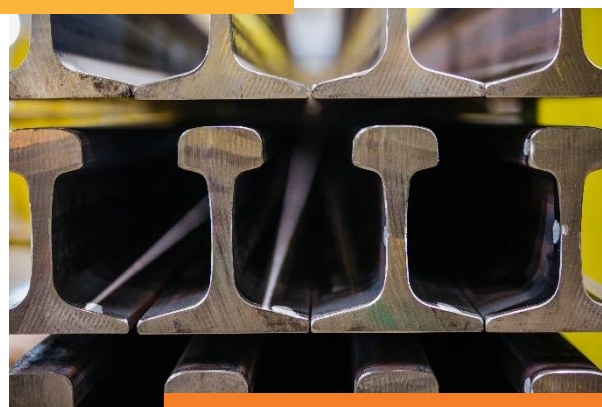
DECARBONISATION EFFORTS

EVRAZ has already started several initiatives to deliver against its 2030 decarbonisation aims, as well as research on long-term possibilities



Switching EVRAZ Pueblo to renewable energy

- Solar field construction complete by 2022



Carbon-free rails at EVRAZ ZSMK

- Rails made from scrap steel and renewable energy
- Market research in progress



CCUS¹

- Signed statement of cooperation with Gazpromneft
- Feasibility study in progress

Notes: ¹ Carbon capture utilisation and storage

INVESTMENTS IN ENVIRONMENTAL PROJECTS

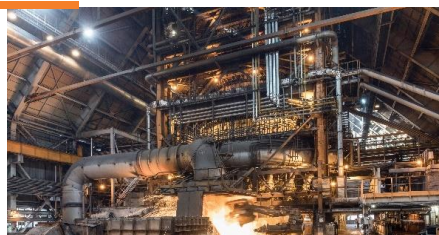
EVRAZ is executing a number of projects to meet its goals in air emission reductions and better water and waste management

EVRAZ investment in environmental projects during **2018-2021**

\$170_m (incl. **\$54_m** in 2021)

Investment in environmental projects in **2022-2025** is estimated to be above

\$200_m



Gas cleaning equipment at Blast furnaces #6 and #7

- EVRAZ NTMK
- Dust emissions reduction by 600 tpa
- Launched in 2018 and 2020

 CAPEX¹: **\$22_m**

Notes: ¹ Total amount for the project



Upgrade of coke production facilities

- EVRAZ NTMK, EVRAZ ZSMK
- Reduction of specific coke production emissions by 68%
- Under construction, launch in 2021-22

 CAPEX¹: **\$43_m**



SO₂ capture at the sinter plant

- EVRAZ ZSMK
- SO₂ emission reduction by c.70%
- Feasibility study in progress

 CAPEX¹: **\$36_m**



Closed loop water system

- EVRAZ NTMK, EVRAZ ZSMK
- 0 water discharge
- Under construction, launch in 2030

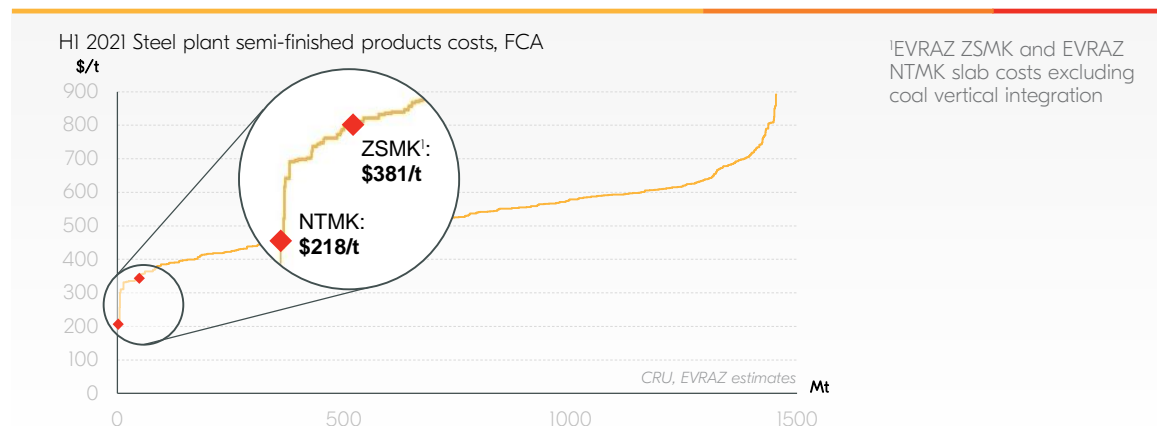
 CAPEX¹: **\$130_m**

EVRAZ strategy

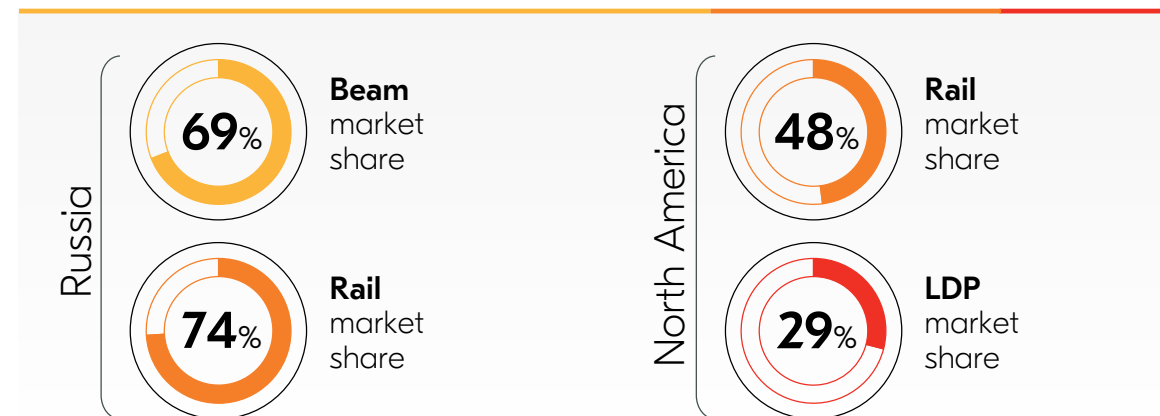
Aleksey Ivanov

Chief Executive Officer

Cost leader globally



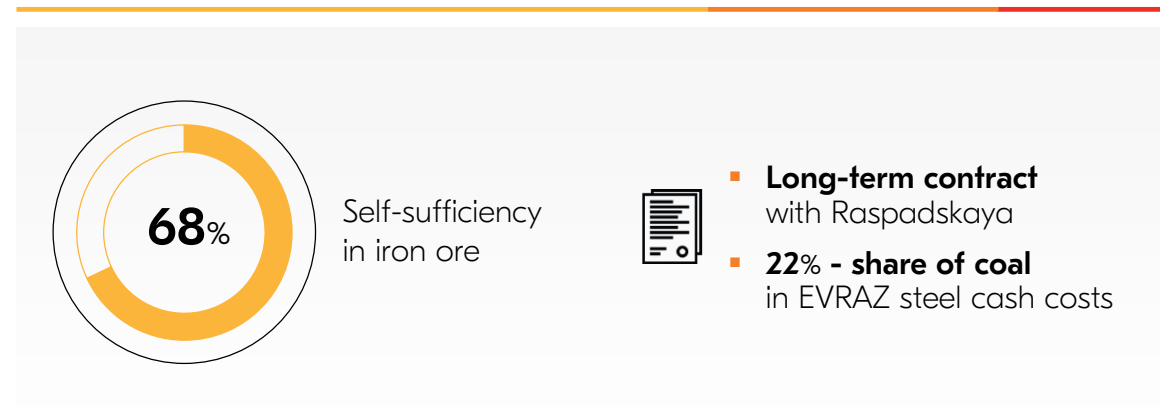
Long and rails products market leader



Leading global producer of Vanadium



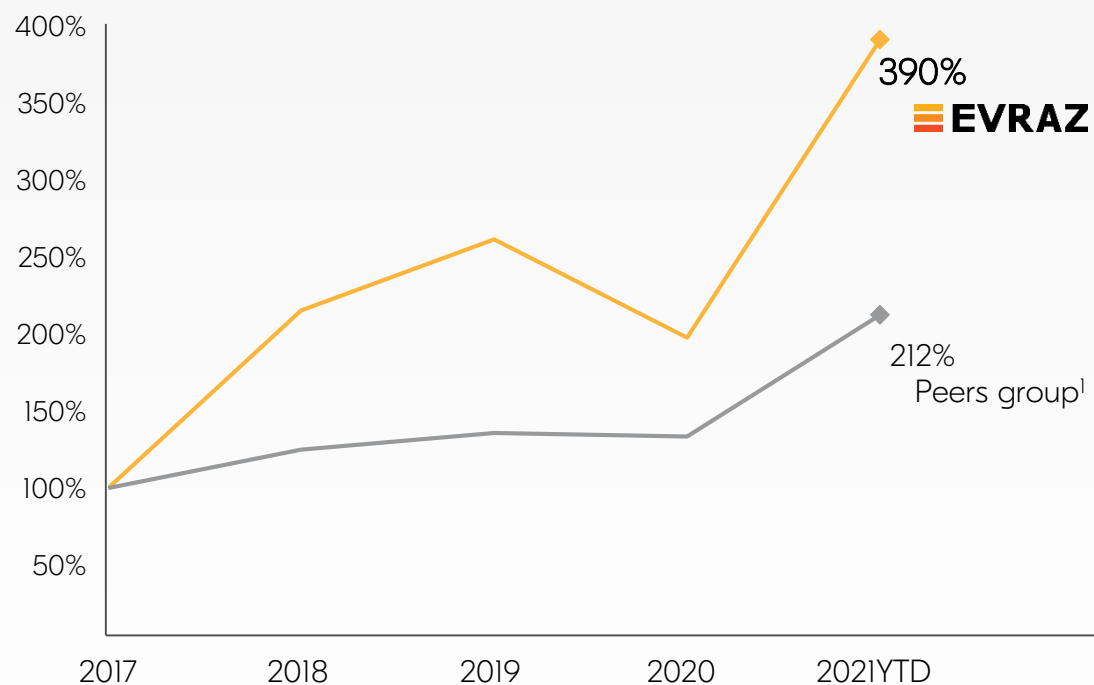
Strong integrated model with development options



EVRAZ DELIVERS LEADING SHAREHOLDER RETURNS



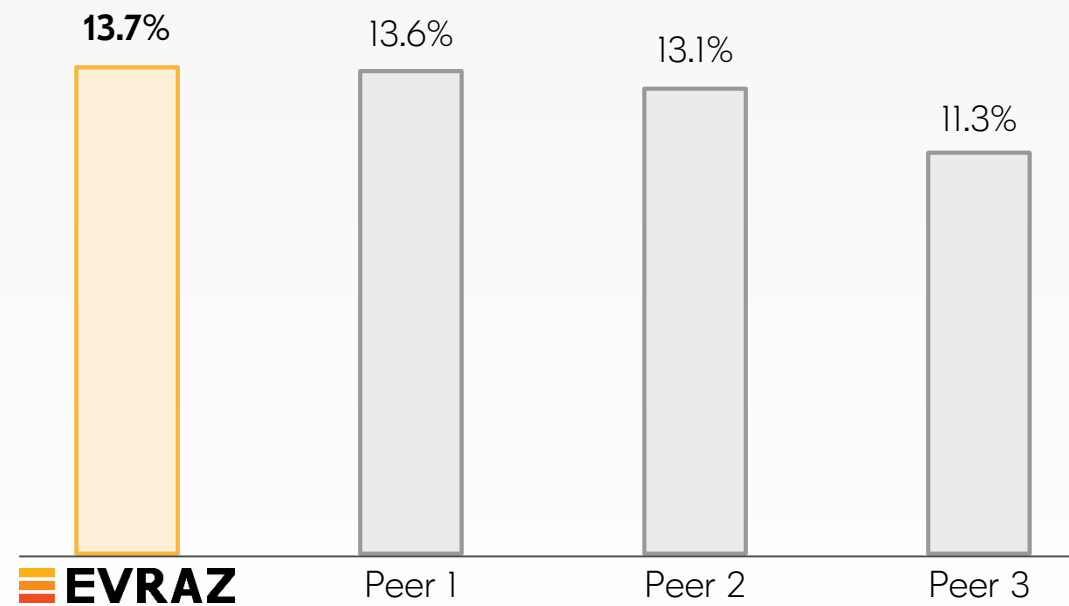
Total shareholder return (TSR) in 2017-2021YTD, %



Source: EVRAZ estimates, Bloomberg
Notes: ¹ Russian peers

EVRAZ Capital markets day 2021

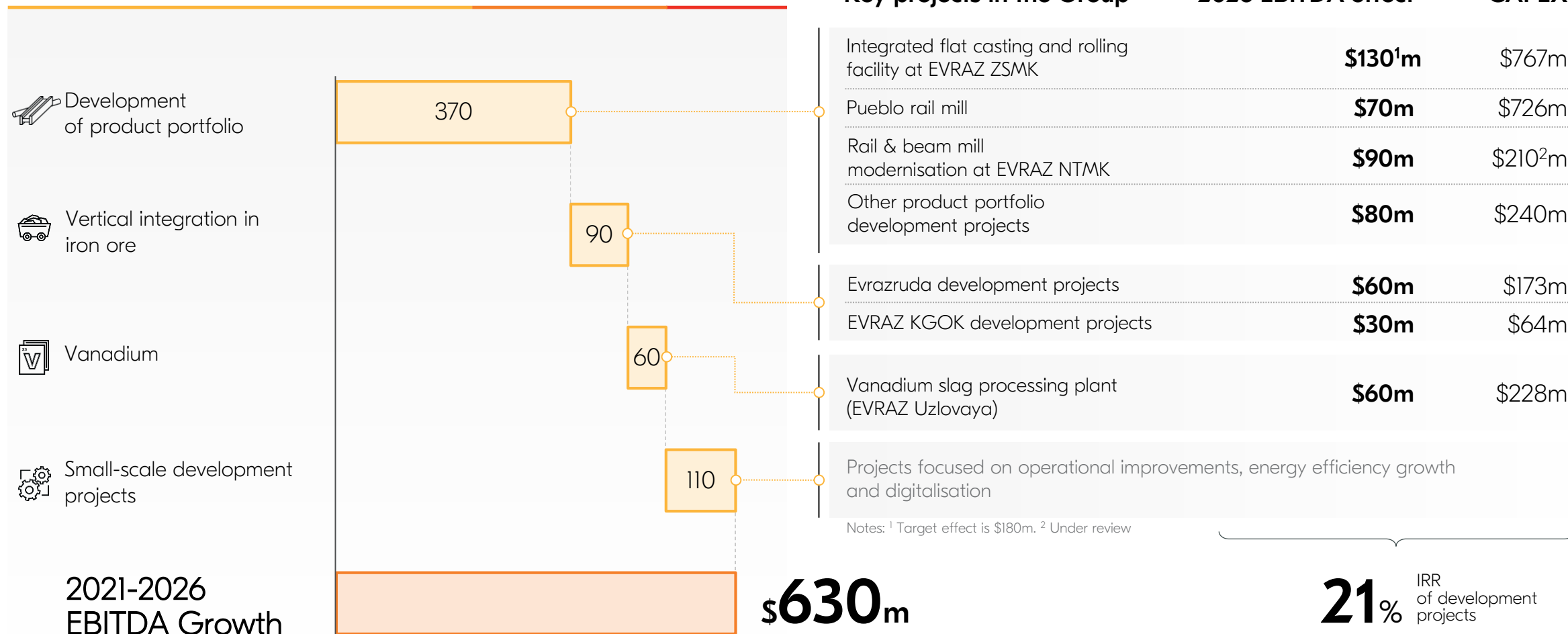
Average dividend yield in 2017-2021², %



Source: Bloomberg
Notes: ² 2021 dividend yield calculation based on annualised 9m'2021 data

AMBITIOUS EBITDA GROWTH

EBITDA bridge, \$m



EXAMPLES OF SUCCESSFUL EXECUTION OF INVESTMENT PROJECTS

Launch date: 2014



Reconstruction of rail mill at EVRAZ ZSMK

- + 200ktpa of rails capacity to 950ktpa
- + Production of 100 metre rails

EBITDA effect¹: \$140m

 CAPEX: \$503m

 IRR: 19%

 Division: Siberia

Launch date: 2018



Blast Furnace #7 construction at EVRAZ NTMK

Capacity: 2.5 mtpa of pig iron

EBITDA effect¹: \$19m

 CAPEX: \$204m

 IRR: 25%

 Division: Urals

Launch date: 2020



Blast Furnace #6 major overhaul at EVRAZ NTMK

Capacity: 2.5mtpa of pig iron

EBITDA effect¹: \$13m

 CAPEX: \$176m

 IRR: 37%

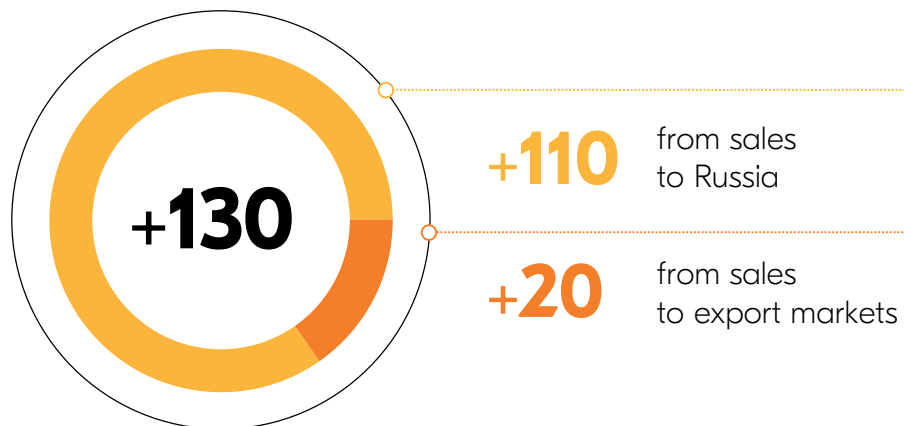
 Division: Urals

Notes: ¹ Incremental effect

FLAT CASTING AND ROLLING CAPACITY AT EVRAZ ZSMK



EBITDA 2026 effect¹, \$m



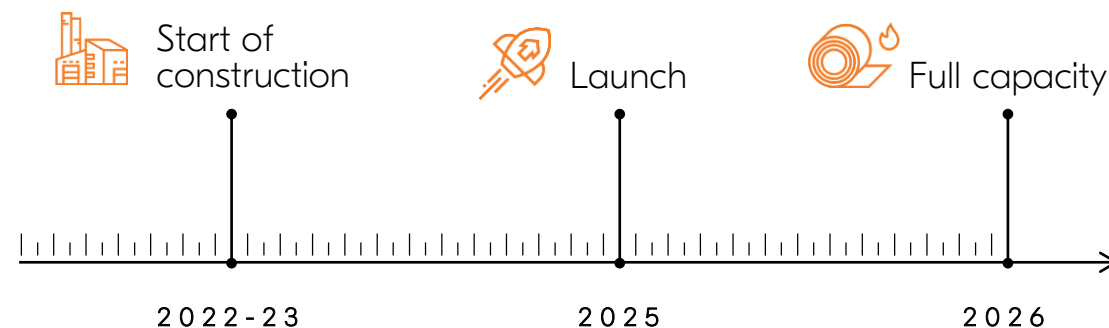
Notes: ¹Target effect is \$180m

EVRAZ Capital markets day 2021

Key figures

Description	Construction of a 2.5mtpa integrated flat casting and rolling facility at EVRAZ ZSMK	\$767 m CAPEX
Key deliverables since 2019	<ul style="list-style-type: none">Project was delayed by 1 year during pandemicEquipment supply contract signedStart of project documentation development	2025 Launch

Major milestones



EVRAZ PUEBLO LONG RAIL MILL



EBITDA 2026 effect, \$m



Key figures

Description

Construction of new 100-m rail mill in Pueblo to maintain technical leadership and continue shifting to a higher value product mix

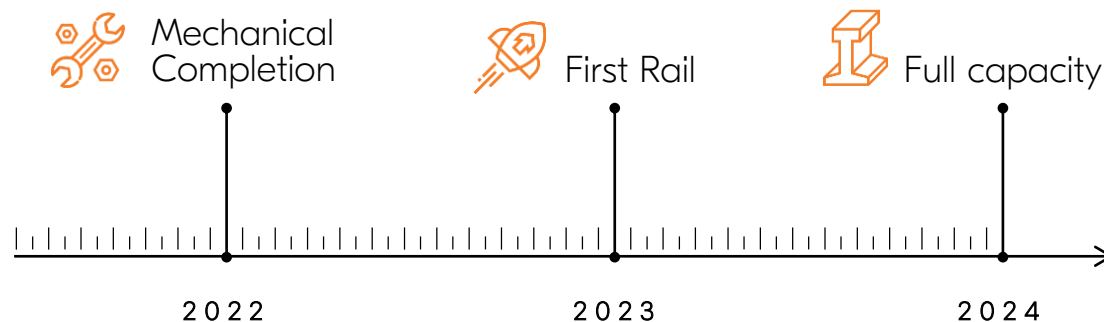
\$726m
CAPEX

Key deliverables since 2019

- Equipment purchased
- Detailed engineering completed
- Construction started

2023
Launch

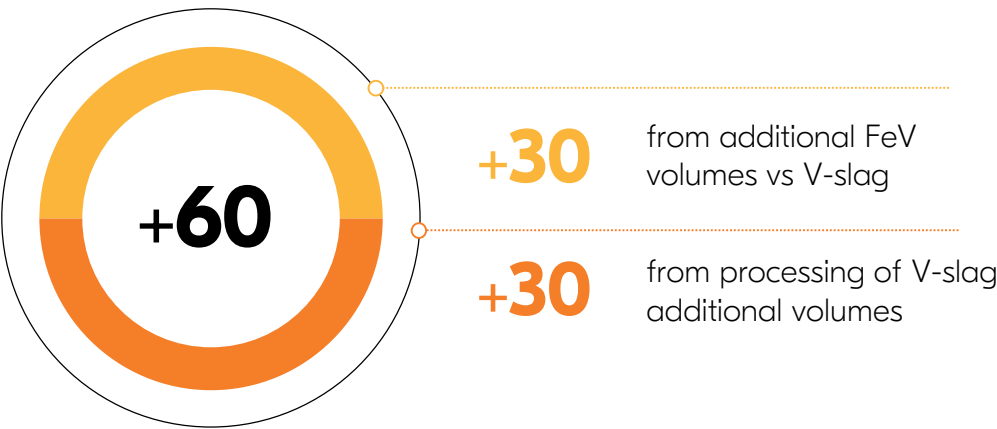
Major milestones



VANADIUM PROCESSING PROJECT



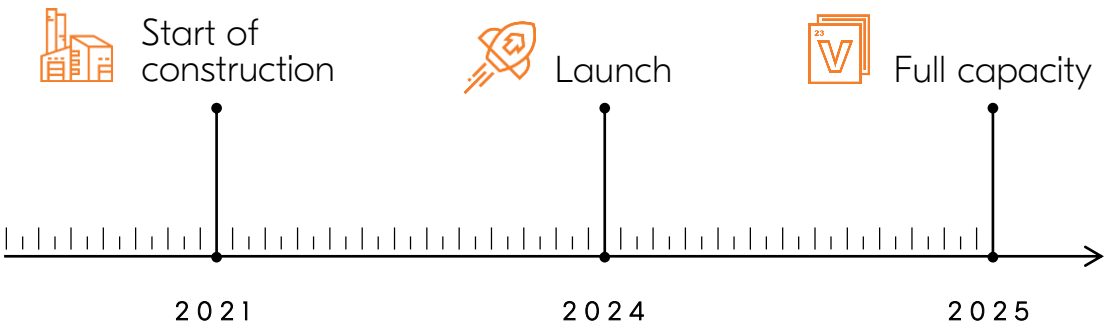
EBITDA 2026 effect, \$m



Key figures

Description	Processing of additional 8.6mtpa V-slag within EVRAZ, instead of tolling parties	\$228m CAPEX
Key deliverables since 2019	<ul style="list-style-type: none">Feasibility study initiatedDesign and survey works completedConstruction and installation works have begun	2024 Launch

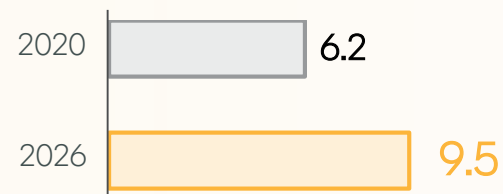
Major milestones



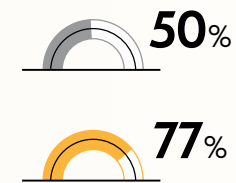
TARGET STATE AFTER PROPOSED PROJECTS

EVRAZ will diversify its product portfolio and increase share of finished products

Steel Segment finished products sales, mt



Share of finished products¹



Product portfolio premium², \$/t

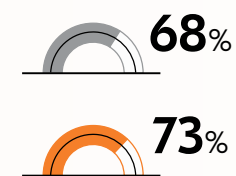


EVRAZ is expected to maintain iron ore vertical integration and to decrease iron ore cash costs

Iron ore products output, mt



Vertical integration

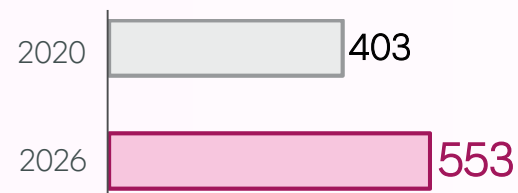


Production costs, \$/t
In real terms

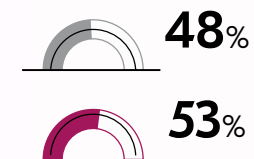


ENA will strengthen core market position

ENA rail sales, kt



Rails market share



Notes: ¹ Steel Segment sales. ² Weighted average spread to billet price

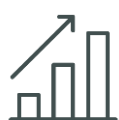
EVRAZ Capital markets day 2021

Markets and sales strategy

Ilya Shirokobod

Vice President, Sales and Logistics

STRONG DYNAMICS OF GLOBAL STEEL DEMAND IS EXPECTED TO CONTINUE IN 2022

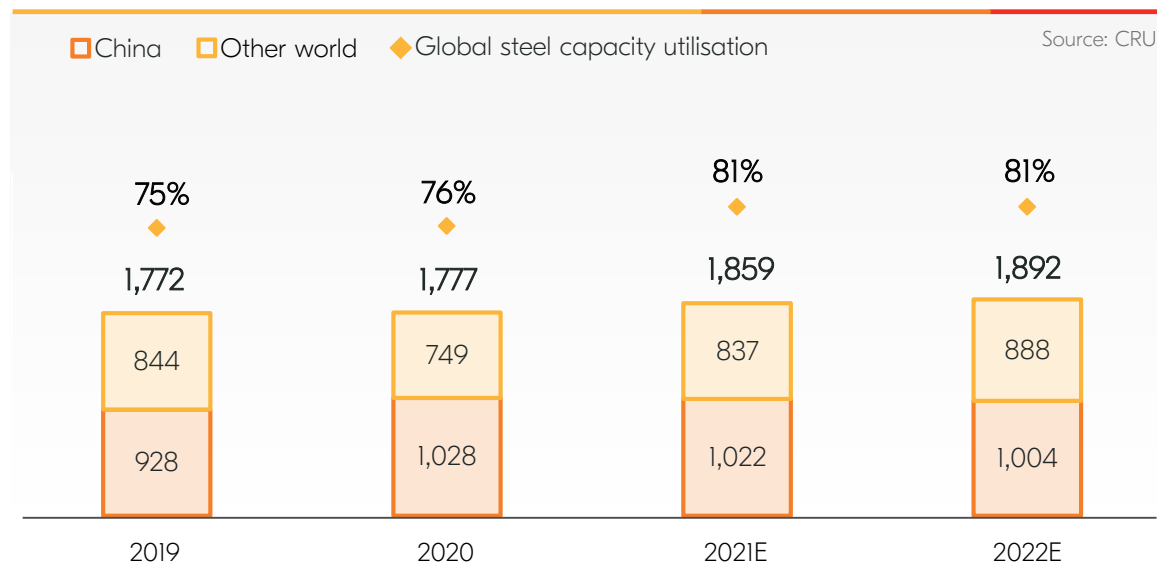


- Global finished steel demand is expected to grow by 4.6% y/y in 2021
- World demand recovery after COVID-19 pandemic

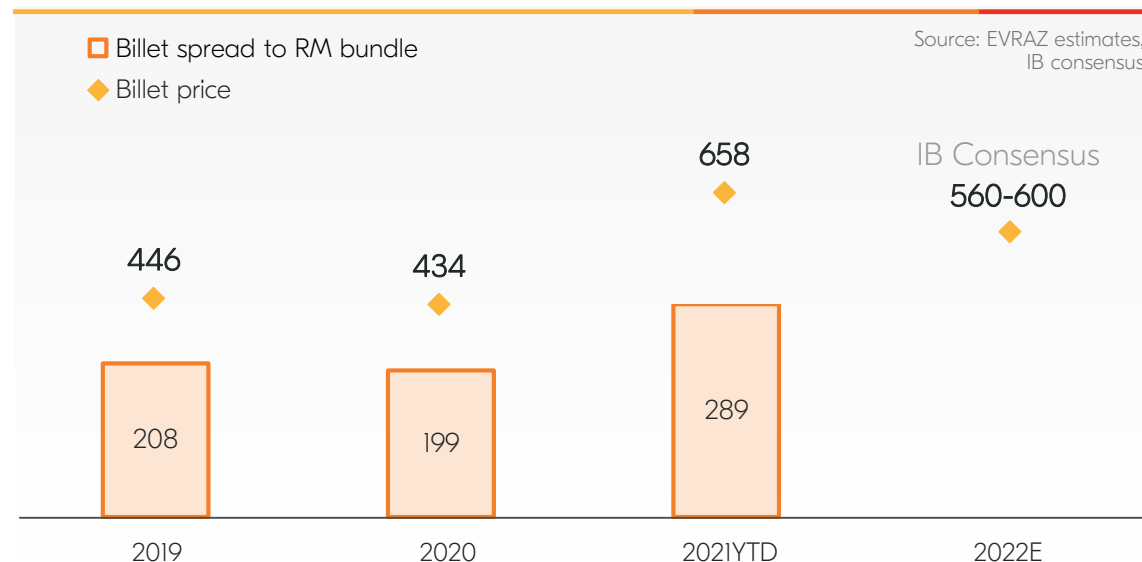


- Steel prices are forecasted to adjust downwards in 2022
- However, price upside is possibly driven by strong steel demand and decarbonisation efforts (especially in China)

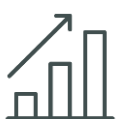
World steel consumption and capacity utilisation, mt



Billet price CFR, FE&SEA, \$/t



RUSSIAN STEEL MARKET IS EXPECTED TO DEMONSTRATE SOLID GROWTH

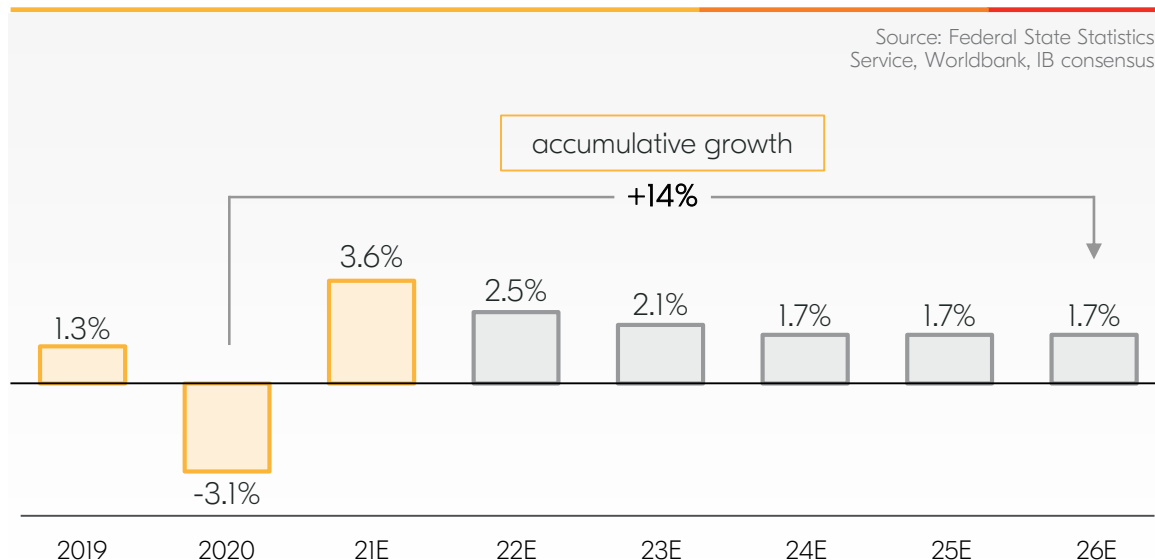


- Russia GDP growth is forecasted to recover to ~4% and to moderate to +2% in 2022-26

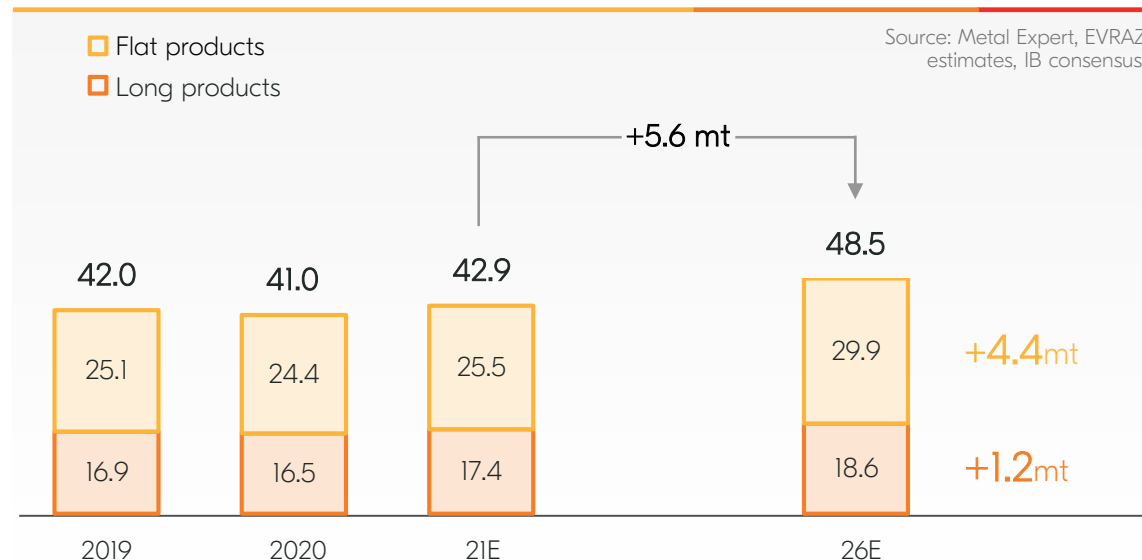


- Russian long products consumption is expected to rise by 1.2mt (+11.4%) in 2021-2026 on the back of GDP growth recovery and high construction activity
- Flat products consumption growth by 4.4mt (+18.7%) in 2021-2026 will be ensured by the demand increase in thin-sheet rolled steel and coated steel segments

Russia GDP recovery, %



Russia steel consumption, mt

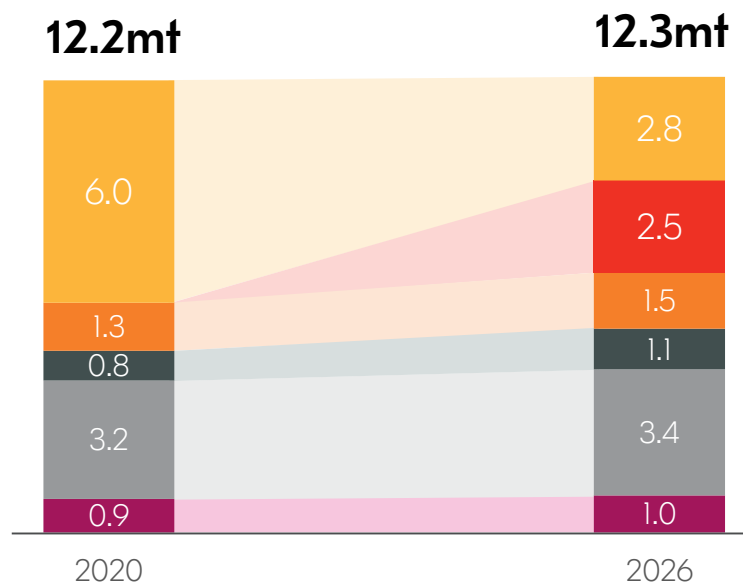


SALES STRATEGY IS TARGETED TO INCREASE DOMESTIC MARKET VOLUMES AND SHARE OF FINISHED PRODUCTS IN PORTFOLIO

Share of finished goods¹:



Share of domestic sales:



2026 outlook:

+\$300m
Total EBITDA effect

-3.2mt
Export semis sales

+3.4mt
Finished steel products sales

+2.2mt
Finished steel products sales to Russia

STRATEGY FOR ENTERING FLAT SEGMENT MARKET



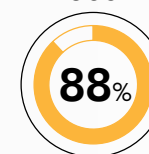
Key initiatives:

Market share of EVRAZ in Siberia

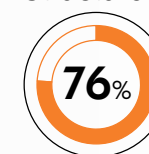
1

Maintain regional leadership in Siberian local market

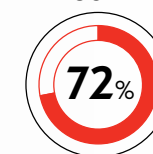
Rebar



Structurals



Beam



2

Leverage retail network in Russia

> **1.5**mt

2020 trading volumes

40 regions

EVRAZ retail coverage

3

Unique technology for thin hot-rolled coil production
vs cold-rolled coil sales by competitors

\$15/t

Cost difference between
thin CRC vs thin HRC

4

Expertise in traditional export markets

> **72**mt

Global non-captive HRC market

RAILWAY PRODUCTS STRATEGY

Key initiatives:

Rails



1 Increasing sales volumes from Rail & beam mill modernisation at EVRAZ NTMK

+200kt
Rails volume increase

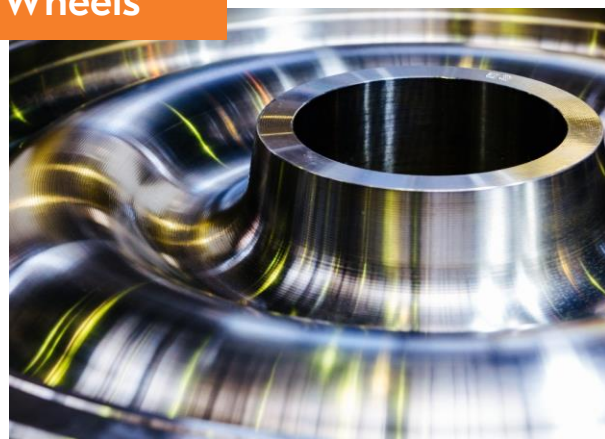
2 New product development: special rails type for specific use conditions

+150kt
Sales of rail profile DT400IK instead of DT370IK with an additional surcharge

3 New R&D rails centre in Novokuznetsk and rail welding laboratory

2023/24
Launch date

Wheels



1 50/50 participation in JV with wheels production capacity up to 300k units per year

+200k units
Wheels volume increase

Up to 300k units
Wheels volume increase potential


2 New product development: next generation cargo wheel

+25%
more efficient than the current wheel

3 New R&D centre in Nizhny Tagil

2023/24
launch date

Key initiatives:

- 
- 1** Increasing sales volumes from Rail & beam mill modernisation at EVRAZ NTMK
+300kt
Beam volume increase
 - 2** New product development to master 80-100 beam production
+60kt
Beam volume increase
 - 3** Development of service centres (existing in Noginsk, in Nizhny Tagil in progress)
100kt
Planned¹ annual capacity of service centres
 - 4** Implementation of hub system for immediate client access to products incl. search engine SteelRadar
30kt
Storage capacity
 - 5** Project sales, engineering centre, downstream development
30%
Share of project sales in total beam sales in 2021E

Notes: ¹ After 2023

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ECOSYSTEM DEVELOPMENT FOR CONSTRUCTION INDUSTRY: END-TO-END SOLUTIONS

EVRAZ STEEL BUILDING

DESCRIPTION

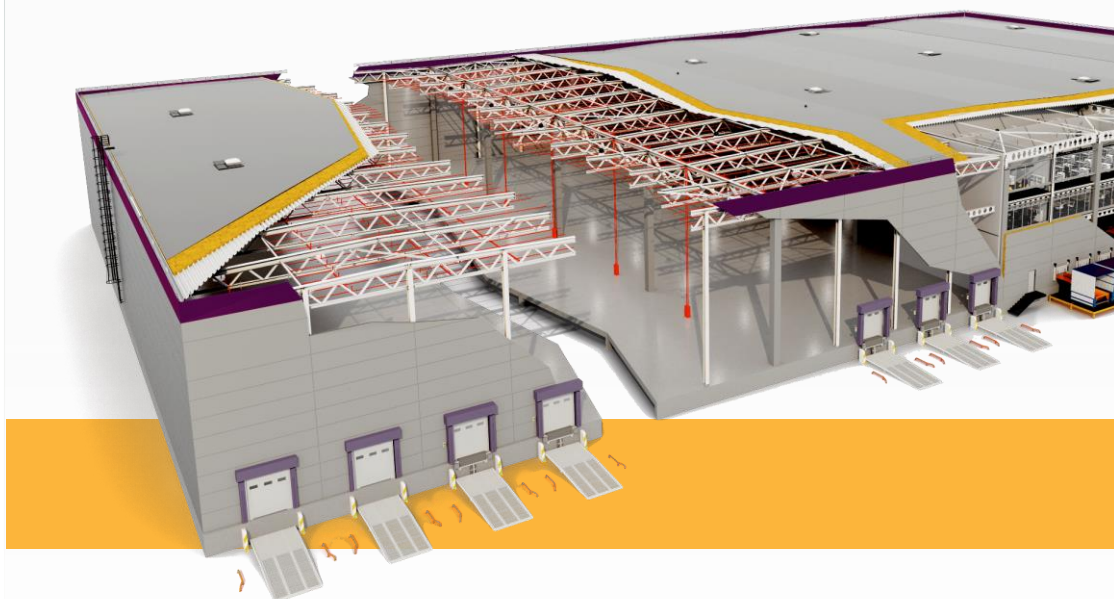
Pre-engineered beam-based steel building solutions

TARGET SEGMENT

Medium size industrial, social, commercial segments

PARTNERS

Partner network of engineers and builders



EVRAZ STEEL BOX

DESCRIPTION

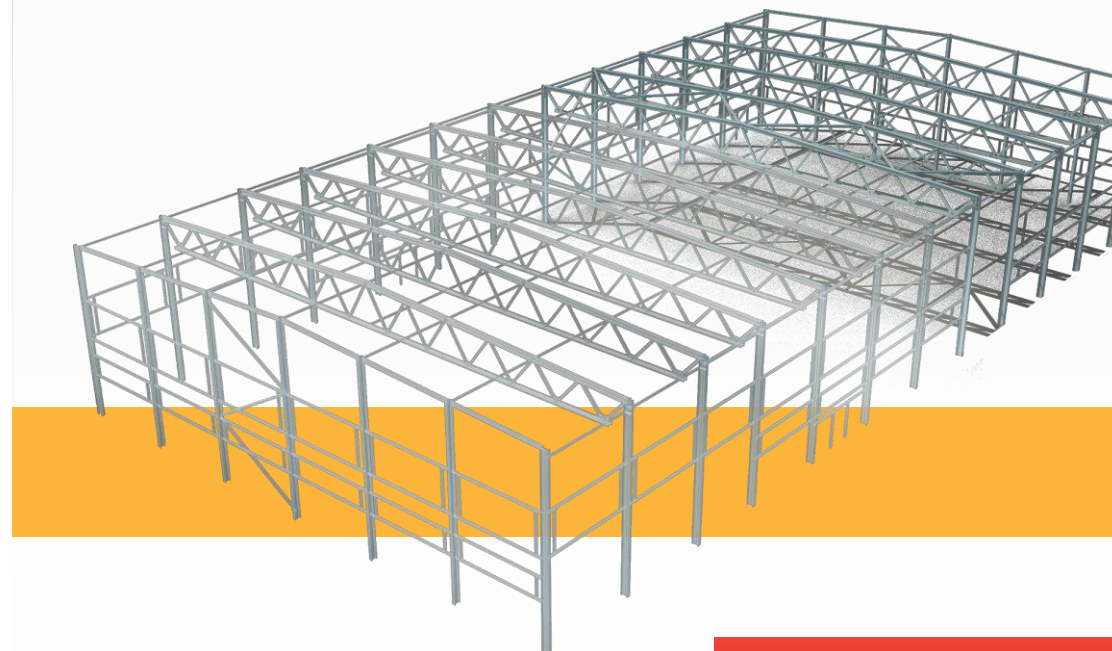
Purchase of building with one click

TARGET SEGMENT

Small size buildings (e.g. warehouses)

PARTNERS

Affiliate network of reliable and trained builders



ECOSYSTEM DEVELOPMENT FOR CONSTRUCTION INDUSTRY: EFFECTIVE ENGINEERING

Sberbank

Client

Beam volume 2019-21

8kt

Gazprom

Client

Beam volume 2017-21

51kt

Tailored engineering for large projects

Variable design for complex industrial and civilian projects

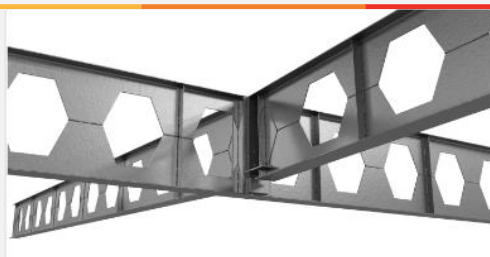
Technopark at Skolkovo

Amur Gas Processing Plant

< Key projects

**EVRAZ
STEEL
ENGINEERING**

- Design any building from pre-engineered elements



- Plugins for digital environments (Tekla, REVIT) with our solutions



ECOSYSTEM DEVELOPMENT FOR CONSTRUCTION INDUSTRY: ONLINE SALES

EVRAZ Market

Best in class online client experience

с.50k per month

Current online traffic

2020

Launch year



Steelradar.ru

**STEEL
RADAR**

Online actual stock availability

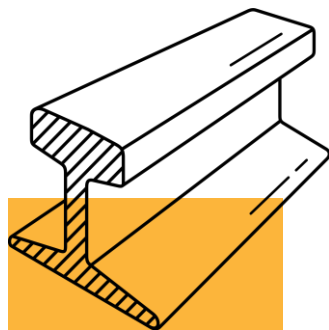
12 traders

Across the whole country

9/10

Client's satisfaction rating

TAKEAWAYS



Products

+3.4mt of finished steel products sales



Ecosystem

Engineering solutions and sales enhancements



Effect

+\$300m of EBITDA

Financial overview

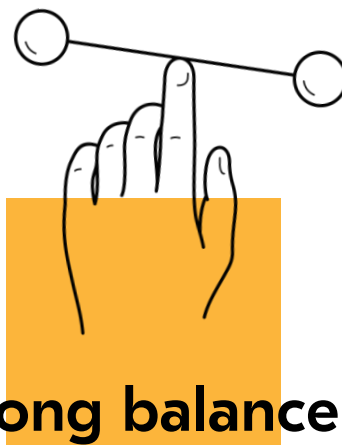
Nikolay Ivanov

Chief Financial Officer



Prudent CAPEX

- Average annual CAPEX ~\$1bn
- IRR threshold 20%



Strong balance sheet

- Net debt/EBITDA <2.0x through the cycle
- Net debt level below \$4bn

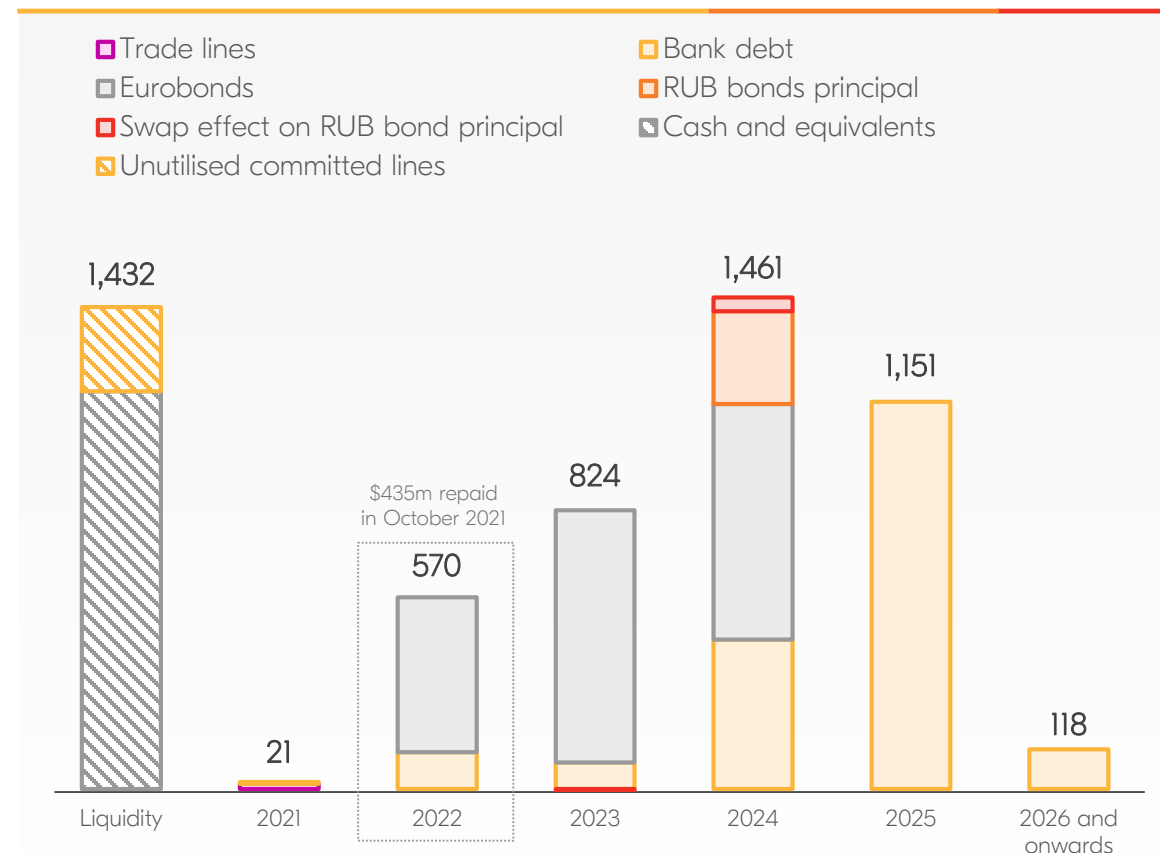


Dividend policy

- Unchanged post the potential coal demerger
- Minimum \$300m per annum, upside based on financial performance and outlook

STRONG BALANCE SHEET AND ROBUST LIQUIDITY

EVRAZ debt maturity profile, as of 30.06.2021¹, \$m



Notes: ¹ Principal of loans and borrowings (incl. hedging exposure and excl. interest payments) , excl. Raspadskaya

EVRAZ Net debt to LTM² EBITDA ratio as of 30.06.2021

Leverage is comfortably below our internal target of 2.0x

1.0x

as reported

1.1x

excluding Coal

Source: Company information. Notes: ² Last twelve months

Credit ratings³ and outlook

FitchRatings

BB+ (positive)

MOODY'S

Ba1 (stable)

STANDARD & POOR'S

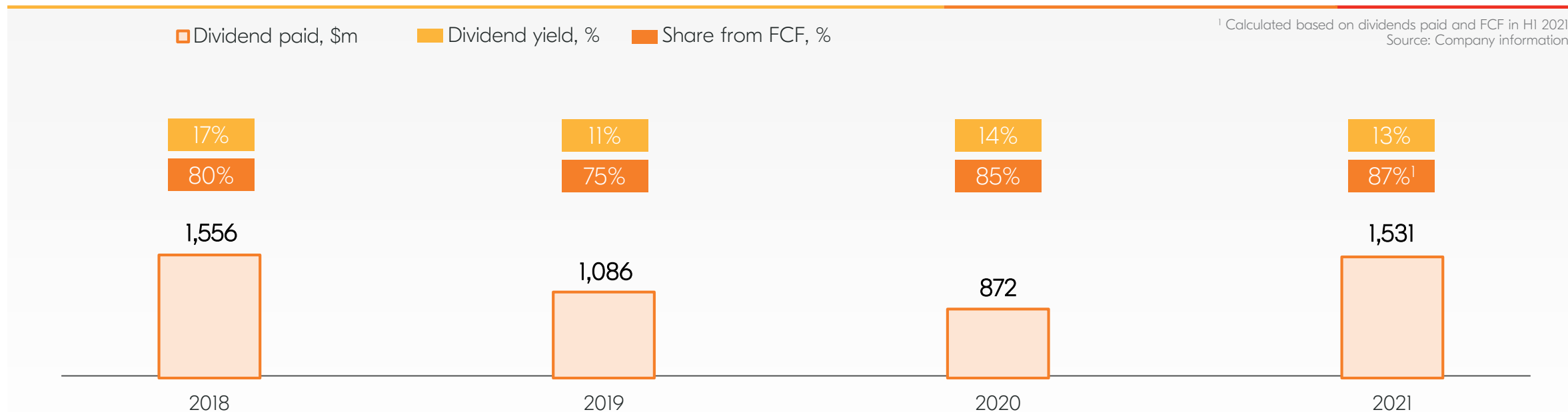
BB+ (stable)

Source: Company information Notes: ³ Senior unsecured notes rating

EVRAZ DIVIDENDS



EVRAZ dividend payments, \$m



Dividends

min \$300m Per annum in semi-annual installments
if Net leverage remains below 3.0x

81% Average FCF
payout ratio in 2018-2021

OPERATIONAL IMPROVEMENTS

Continuous efficiency improvements

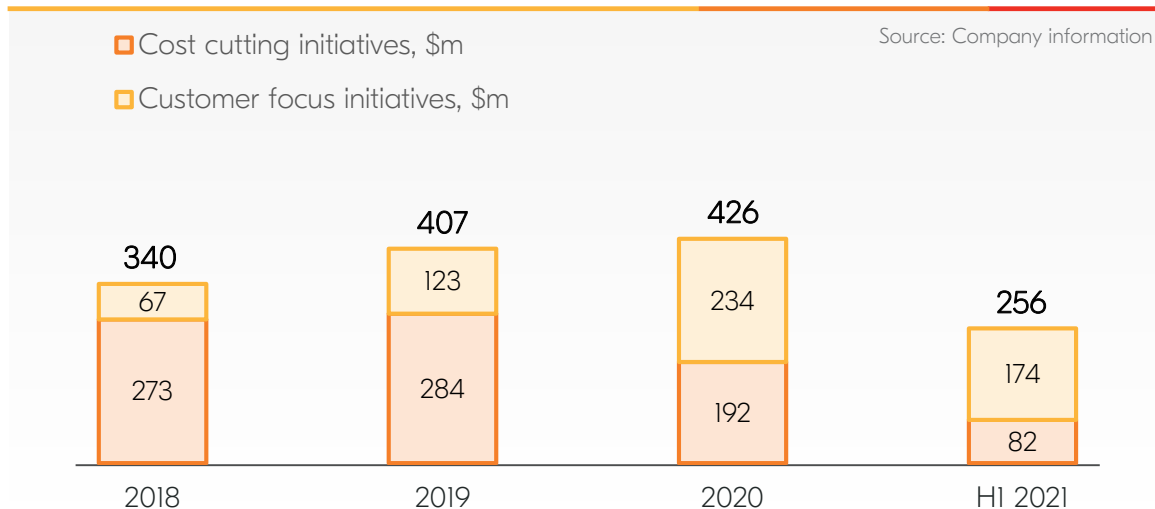
Average annual effect in 2018-2021YTD
from cost-cutting initiatives

c. \$ **208** m
Steel \$147m/Coal \$61m

Average annual effect in 2018-2021YTD
from customer focus initiatives

c. \$ **150** m
Steel \$147m/Coal \$3m

Efficiency improvements effect, \$m



Digital transformation

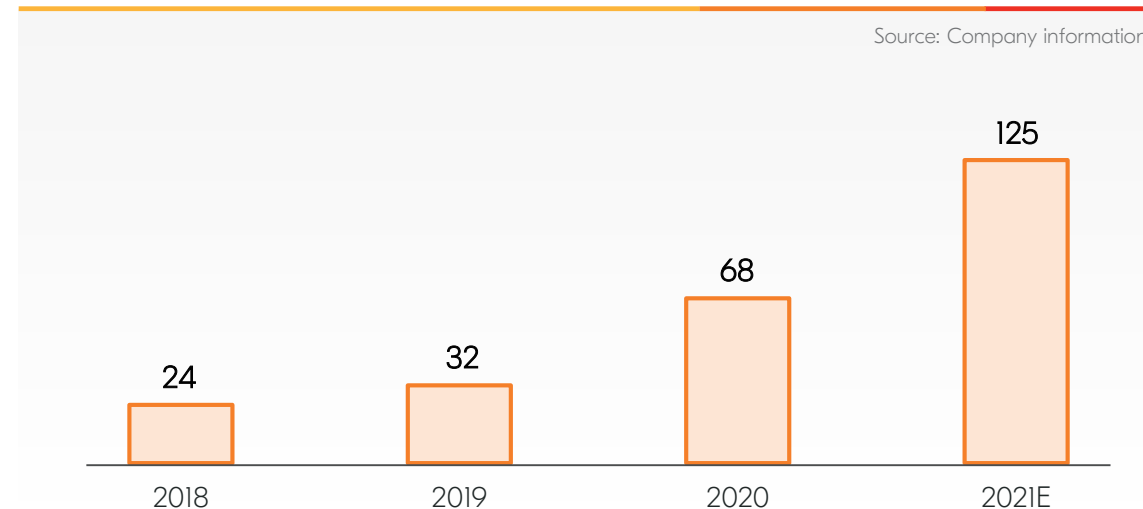
Estimated annual effect
from projects finished in 2021

c. \$ **140** m
Steel \$102m/Coal \$38m

Expected effect from projects finished
in 2021 per tonne of crude steel produced¹

\$10 /t

Number of digital transformation projects



Notes: ¹ According to McKinsey, world-leading steel producers achieved a result of 3-4\$/t of steel after the first year of digital transformation and 10-13\$/t of steel by the second year

Takeaways

Aleksey Ivanov

Chief Executive Officer

TAKEAWAYS

ESG



A better way
for the environment

Growth



Sustained growth

Culture



Culture of continuous
improvements

Q&A

The text "Q&A" is in a large, bold, black, sans-serif font. A solid orange horizontal bar is positioned directly beneath the text.

HOW TO ASK A QUESTION DURING THE EVENT

Please go
to the link or QR-code:



<https://goo.su/974P>



Written question

- 1 Enter your name using **"log in"**
- 2 Type your question in **"Comments"**
- 3 Press **"Send"**

Audio question

- 1 Enter your name using **"log in"**
- 2 Type the word **"Audio"** in **"Comments"**
- 3 Press **"Send"**
- 4 You will receive a link in the chat to connect with the live stream