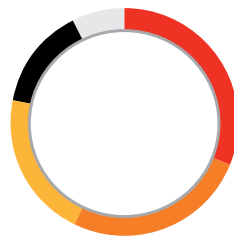


# RETENTION OF LOW-COST POSITION

Efficiency and cost-cutting remain a primary focus for the Group. EVRAZ is on pace to generate improvements with an annual EBITDA effect of 3% of the cost of goods sold.

In 2020, the EBITDA effect from cost-cutting initiatives totalled US\$192 million.

**Breakdown of cost-cutting programme effect in 2020, US\$ million**



- Various improvements at coal washing plants and mines 60
- General and administrative costs and non-G&A headcount 50
- Increasing productivity and cost effectiveness 40
- Improving auxiliary materials and service costs of Urals and Siberia divisions 28
- Improving auxiliary materials and service costs of EVRAZ North America and Vanadium divisions 14

## Steel segment

### 2020 key initiatives and results

- EVRAZ NTMK successfully completed the reconstruction of blast furnace no. 6.
- EVRAZ ZSMK increased its pig iron production to 6.2 million tonnes, its largest volume in 30 years.
- Implementation of Repair function transformation projects in six pilot facilities.
- EVRAZ KGOK continued to develop the Sobstvenno-Kachkanarskoe deposit, which is due to partly replace output from the Gusevogorskoe deposit.

### 2021 key initiatives

- Re-equip EVRAZ NTMK's ladle shop and improve the output of its blast furnaces.
- Implement digital transformation projects for predictive analytics, digital BOF efficiency management and ferroalloy consumption optimisation.
- Improve the efficiency of expert systems, developing predictive and advanced analytics.

- Implement initiatives aimed at costs reduction of manufactured products.
- Improve energy efficiency of the main shops.

## Coal segment

### 2020 key initiatives and results

- Launched production at the Uskovskaya mine's new seam No. 48 and the Esaulskaya mine's seam No. 29a.
- Procured replacement of mining equipment for the Osinnikovskaya and Alardinskaya mines.

- Acquired licence to develop the Kumzass open pit.
- Continued to roll out EBS transformation projects on schedule.
- Launched 11 digital transformation initiatives.

### 2021 key initiatives

- Increase raw coal production volumes to around 25 million tonnes.
- Develop K and Zh grades (HCC) production which are in high demand.

## Steel, North America segment

### 2020 key initiatives and results

- Improved operating efficiency of EVRAZ Regina's pipe mills and steelmaking operations.
- Optimised conversion costs across all production facilities.
- Reduced general and administrative expenses as well as fixed costs.
- Completed the upgrade of EVRAZ Regina's reheat furnace, after which the mill was certified as meeting the new nitrogen oxide emissions requirements.

- Continued the project to modernise equipment and expand production capacity at EVRAZ Regina in Saskatchewan and EVRAZ Red Deer in Alberta.
- Launched EBS at EVRAZ Pueblo steelmaking operations.

### 2021 key initiatives

- Continue EVRAZ Pueblo's long rail mill project.
- Complete the ongoing projects at EVRAZ Red Deer and EVRAZ Regina.
- Continue the roll-out of EBS at the rest of the Pueblo site.