

Coal segment

EVRAZ sales volumes

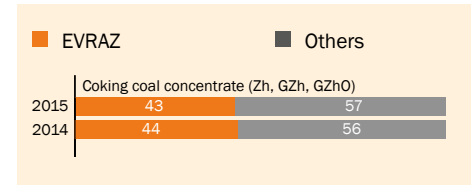
EVRAZ coking coal product sales totalled 15.2 million tonnes in 2015, compared with 16 million tonnes in 2014. The decline was mainly driven by the suspension of non-core steam coal production.

Internal coking coal product sales were 5.7 million tonnes, an 8% decrease compared to 6.2 million tonnes year before, due to reduced coal consumption at EVRAZ ZSMK after the shutdown of two coke batteries and the launch of the PCI plant. External coking coal product sales rose by 5.7% year-on-year and reached 9.5 million tonnes from 9.0 million tonnes in 2014 due to international exposure upside and better product mix offerings.

The Group's coal products export shipments increased by 29% in 2015 with 4.3 million tonnes, compared to 3.6 million tonnes year before. EVRAZ was able to increase sales to more profitable markets of Ukraine, Europe, South Korea and Japan from 1.9 million tonnes in 2014 to 2.7 million tonnes in 2015 and maintain stable sales to China at 1 million tonnes.

In 2015, the Group maintained its leading position in the domestic coking coal market, with 43% market share in high-vol grades: Zh, GZh, GZhO.

EVRAZ share of Russia's high-vol coking coal grades (Zh, GZh, GZhO), volumes, %



Source: Metal Expert

Sales volumes of Coal segment, kt

	2015	2014	Change, %
External sales			
Coal products	9,474	9,809	(3.4%)
Coking coal	1,905	1,697	12.3%
Coal concentrate and other products	7,569	7,267	4.2%
Steam coal	-	845	(100.0%)
Intersegment sales			
Coal products	5,736	6,232	(8.0%)
Coking coal	1,348	1,782	(24.4%)
Coal concentrate	4,388	4,450	(1.4%)
TOTAL, COAL PRODUCTS	15,210	16,041	(5.2)%

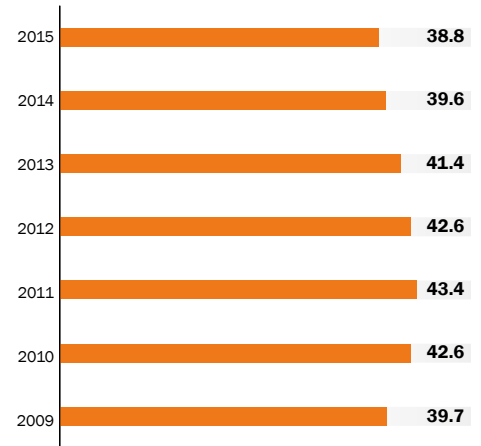
Trends in Russian coking coal market

During 2015, domestic coking coal consumption was stable at 39 million tonnes, down 2% from 2014, due to sustainable steel and coke production volumes. 75 million tonnes of raw coking coal was mined in Russia this year, 2% higher than in 2014. Export volumes declined by 13% to 18 million tonnes in 2015 from 21 million tonnes year before. Coking coal imports to Russia, mostly from Kazakhstan, decreased by 45% during the year from 1.4 million tonnes to 0.8 million tonnes.

Premium coking coal (Zh grade) averaged US\$84 per tonne FCA Kuzbass, down by 17% from US\$101 per tonne in 2014. Semi-soft coking coal (GZh grade) decreased in price slightly more, by 18%, from US\$72 per tonne in 2014 to US\$59 per tonne in 2015.

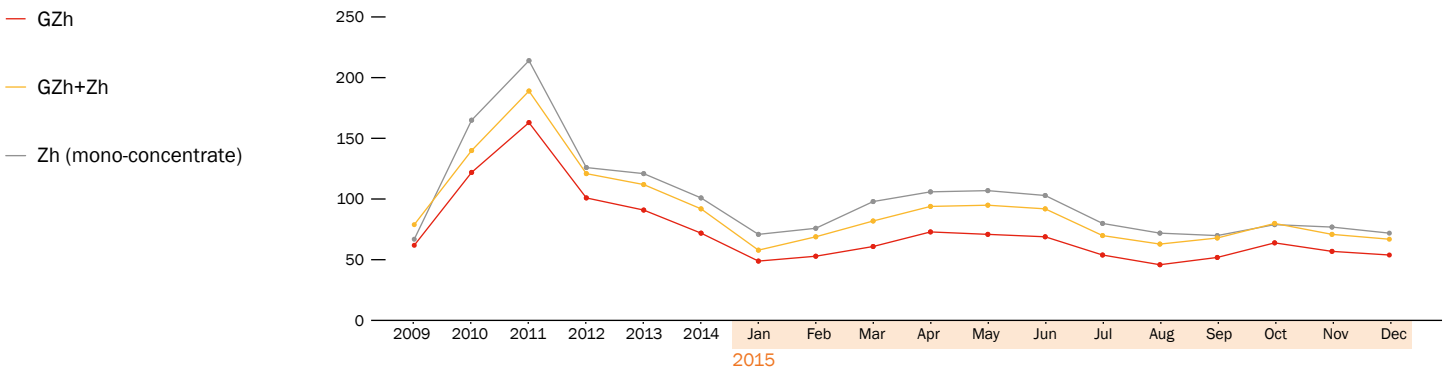
In 2016, EVRAZ expects coking coal sales volumes and prices to remain at 2015 levels due to stable domestic steel production and the export contract pipeline. However, local competition may increase in certain coal grades, as peers launch new projects.

Domestic coking coal concentrate consumption, mt



Source: Metal Expert

Coal prices, US\$/t



Source: Metal Expert