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## Severstal reports Q1 2019 operational results

**Moscow, Russia - 12 April 2019** - PAO Severstal (MICEX-RTS: CHMF; LSE: SVST), one of the world's leading vertically integrated steel and steel-related mining companies, today announces its operational results for Q1 2019.

### Q 1 2 0 1 9 G R O U P H I G H L I G H T S

- Hot metal output increased 6% q/q in Q1 2019 to 2.36 mln tonnes (Q4 2018: 2.23 mln tonnes) following short-term maintenance works at BF#2 in the previous quarter. Crude steel production grew to 3.04 mln tonnes (Q4 2018: 2.94 mln tonnes) reflecting an increase in pig iron production and production growth of EAF billets.
- Consolidated steel product sales increased 3% q/q to 2.83 mln tonnes in Q1 2019 (Q4 2018: 2.76 mln tonnes), following short-term maintenance works at rolling-mill facilities in the previous quarter and an increase in productivity of aggregates. The share of domestic sales rose to 65% due to their increased attractiveness of domestic sales (Q4 2018: 62%).
- The share of high value-added (HVA) products within the sales portfolio remained flat at 44% (Q4 2018: 44%), driven by a decline in sales of semi-finished products, which was offset by higher sales of galvanised, colour coated and hot rolled thick plate.
- Coking coal concentrate sales volumes from Vorkutaugol declined 1% due to long-wall repositionings at Vorkashorskaya, Zapolyarnaya and Komsomolskaya mines, but remained at historically high levels reflecting the high production rate.
- Iron ore pellet sales declined 4% to 2.83 mln tonnes (Q4 2018: 2.94 mln tonnes) as a result of lower production volumes in Q1 2019 and a stock sell-off in the previous quarter.

### S U M M A R Y O F K E Y P R O D U C T I O N , S A L E S

Production, thousands of tonnes	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
<b>Crude Steel (Russian Steel)</b>	<b>3,044</b>	2,941	4%	<b>3,044</b>	3,033	0%
<b>Hot metal (Russian Steel)</b>	<b>2,363</b>	2,233	6%	<b>2,363</b>	2,347	1%

Sales volumes, thousands of tonnes	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
Coking coal concentrate	1,031	1,043	(1%)	1,031	628	64%
Iron ore pellets	2,832	2,943	(4%)	2,832	2,377	19%
Iron ore concentrate	1,301	1,430	(9%)	1,301	1,292	1%
<b>Total steel products (Consolidated)</b>	<b>2,832</b>	2,755	3%	<b>2,832</b>	2,864	(1%)
<b>Total steel products (Russian Steel)</b>	<b>2,843</b>	2,766	3%	<b>2,843</b>	2,874	(1%)

High value added steel products, %	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
Severstal (Consolidated)	44%	44%	(0 ppts)	44%	45%	(1 ppts)
Severstal Russian Steel	44%	44%	(0 ppts)	44%	45%	(1 ppts)

### S E V E R S T A L ' S C O N S O L I D A T E D S A L E S ( N E T O

Sales volumes, thousands of tonnes	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
<b>Coal:</b>	<b>532</b>	544	(2%)	<b>532</b>	404	32%
Coking coal concentrate	157	169	(7%)	157	46	n/a
Steam coal	375	375	0%	375	358	5%
<b>Iron ore:</b>	<b>1,656</b>	2,128	(22%)	<b>1,656</b>	1,441	15%
Iron ore pellets	1,302	1,871	(30%)	1,302	1,188	10%
Iron ore concentrate	354	257	38%	354	253	40%
<b>Semi-finished products</b>	<b>121</b>	157	(23%)	<b>121</b>	256	(53%)
<b>Rolled products:</b>	<b>2,311</b>	2,185	6%	<b>2,311</b>	2,166	7%
Hot-rolled coil	1,102	1,017	8%	1,102	963	14%
Hot-rolled plate	233	210	11%	233	198	18%
Cold-rolled coil	275	296	(7%)	275	389	(29%)
Galvanised and metallic coated coil	237	207	14%	237	198	20%
Colour coated coil	102	97	5%	102	67	52%
Long products	362	358	1%	362	351	3%
<b>Downstream products:</b>	<b>400</b>	413	(3%)	<b>400</b>	442	(10%)
Metalware products	126	136	(7%)	126	128	(2%)
Large diameter pipes	97	107	(9%)	97	119	(18%)
Other tubes, pipes, formed shapes	177	170	4%	177	195	(9%)

### S E V E R S T A L R E S O U R C E S

- Coking coal concentrate sales volumes from Vorkutaugol declined 1% q/q due to long-wall repositionings at the Vorkashorskaya, Zapolyarnaya and

Komsomolskaya mines, but remained at historically high levels as a result of high production rates. Internal coking coal concentrate remained almost flat q/q as the Company maintained high level of sales to third parties due to a favourable pricing environment in the local market.

- Steam coal sales at Vorkutaugol remained almost flat in Q1 2019 vs Q4 2018 but increased by 5% y/y, reflecting production growth.
- Iron ore pellet sales declined 4% to 2.83 mln tonnes (Q4 2018: 2.94 mln tonnes) as a result of lower production volumes and stock sell-off in Q4 2018.
- Iron ore concentrate sales decreased 9% to 1.30 mln tonnes (Q4 2018: 1.43 mln tonnes) due to seasonal factors and short-term maintenance works.

Sales volumes, thousands of tonnes	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
<b>Coal:</b>	<b>1,406</b>	<b>1,417</b>	<b>(1%)</b>	<b>1,406</b>	<b>986</b>	<b>43%</b>
Coking coal concentrate	1,031	1,043	(1%)	1,031	628	64%
Steam coal	375	374	0%	375	358	5%
<b>Iron ore:</b>	<b>4,133</b>	<b>4,373</b>	<b>(5%)</b>	<b>4,133</b>	<b>3,669</b>	<b>13%</b>
Iron ore pellets	2,832	2,943	(4%)	2,832	2,377	19%
Iron ore concentrate	1,301	1,430	(9%)	1,301	1,292	1%

## SEVERSTAL RUSSIAN STEEL ( ' R S D ' )

- RSD steel product sales increased 3% to 2.84 mln tonnes in Q1 2019 compared with the previous quarter (Q4 2018: 2.77 mln tonnes), following short-term maintenance works at rolling-mill facilities in the previous quarter and an increase in the productivity of aggregates. The share of domestic sales rose to 65% due to the increased attractiveness of domestic sales (Q4 2018: 62%).
- The share of high value-added (HVA) products within the sales portfolio remained flat at 44% (Q4 2018: 44%), driven by a decline in sales of semi-finished products and higher sales of galvanised, colour coated and hot rolled thick plate.
- Severstal increased production of colour-coated and galvanised products following the launch of new product lines, which reached their full utilisation rates in Q1 2019.
- LDP sales volumes declined 9% q/q due to specific factors with the product range at the Izhora Pipe Mill (IPM) where the utilisation rate continued to remained high in Q1 2019. In February 2019 IPM has won several tenders to supply PAO Gazprom with over 200,000 tonnes of large diameter pipes. The products will be used in the development of gas transmission capacities for the Unified Gas Supply System in the North-West Region (NEGP), as well as the construction of the Kovykta-Chayanda section of the Power of Siberia gas pipeline. Thick plate sales increased 11% q/q.
- Average selling prices for the majority of steel products declined in Q1 2019 in line with global benchmarks.

Sales volumes, thousands of tonnes	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
<b>Total steel products</b>	<b>2,843</b>	<b>2,766</b>	<b>3%</b>	<b>2,843</b>	<b>2,874</b>	<b>(1%)</b>
Semi-finished products	121	157	(23%)	121	256	(53%)
<b>Rolled products:</b>	<b>2,322</b>	<b>2,194</b>	<b>6%</b>	<b>2,322</b>	<b>2,176</b>	<b>7%</b>
Hot-rolled coil	1,102	1,017	8%	1,102	963	14%
Hot-rolled plate	233	210	11%	233	198	18%
Cold-rolled coil	275	296	(7%)	275	389	(29%)
Galvanised and metallic coated coil	237	207	14%	237	198	20%
Colour coated coil	102	97	5%	102	67	52%
Long products	373	367	2%	373	361	3%
<b>Downstream products:</b>	<b>400</b>	<b>415</b>	<b>(4%)</b>	<b>400</b>	<b>442</b>	<b>(10%)</b>
Metalware products	126	137	(8%)	126	128	(2%)
Large diameter pipes	97	107	(9%)	97	119	(18%)
Other tubes, pipes, formed shapes	177	171	4%	177	195	(9%)

Sales price, \$/tonne	Q1 2019	Q4 2018	Change, %	Q1 2019	Q1 2018	Change, %
Semi-finished products	423	444	(5%)	423	428	(1%)
Hot-rolled coil	494	526	(6%)	494	551	(10%)
Hot-rolled plate	635	683	(7%)	635	741	(14%)
Cold-rolled coil	592	611	(3%)	592	626	(5%)
Galvanised and metallic coated coil	709	735*	(4%)	709	734	(3%)
Colour coated coil	849	899	(6%)	849	899	(6%)
Long products	449	452	(1%)	449	496	(9%)
Metalware products	948	958	(1%)	948	1,013	(6%)
Large diameter pipes	1,008	982	3%	1,008	1,284	(21%)
Other tubes, pipes, formed shapes	568	561	1%	568	602	(6%)

### Notes:

- 1) All production data is reported in thousands of tonnes;
- 2) Sales prices are stated on EXW basis;
- 3) Segmental data includes intercompany sales;
- 4) Semi-finished products include pig iron, slabs, billets, ingots, steel casting and forgings;
- 5) Large diameter pipes include all pipes with a diameter between 820 and 1420 mm.

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PAO Severstal is one of the world's leading vertically-integrated steel and steel related mining companies, with assets in Russia, Latvia and Poland. Severstal is listed on RTS and MICEX and the company's GDRs are traded on the LSE. Severstal reported revenue of \$8,580 million and EBITDA of \$3,142 million in 2018. Severstal's crude steel production in 2018 reached 12.0 million tonnes. [www.severstal.com](http://www.severstal.com)

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