EVRAZ ANNOUNCES PRELIMINARY AUDITED FINANCIAL RESULTS FOR 2012

11 April 2013 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) today announces its preliminary audited results for the year ended 31 December 2012 ("the Period").

The financial information contained in this document for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The audited statutory accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's annual general meeting convened for 13 June 2013.

The auditor has reported on the statutory accounts for year ended 31 December 2012. The auditor's report was unqualified.

2012 HIGHLIGHTS

Alexander Frolov, CEO commented on the financial results of EVRAZ: "The year 2012 was characterised by challenging trading conditions for the global steelmaking industry. Although some recovery was seen during the first half of the year, there was a significant deterioration in sentiment towards the year end. As a result, steel and raw material markets remained highly volatile with global steel industry capacity experiencing substantial underutilisation.

"The subdued steel and raw materials pricing environment impacted EVRAZ's financial performance. Although the Company demonstrated respectable operating results, we experienced a 10% decline in revenues to US$14,726 million against 2011, while EBITDA was 31% lower at US$2,012 million."

Full year to 31 December			
(US$ million)	**2012**	2011	Change
Consolidated revenue	**14,726**	16,400	(10.2)%
Consolidated EBITDA	**2,012**	2,898	(30.6)%
Net profit/(Loss)	**(335)**	453	n.a.
Earnings/(loss) per share, (US$)	**(0.23)**	0.36	n.a.
Operating cash flow	**2,143**	2,647	(19.0)%
CAPEX	**1,261**	1,281	(1.6)%
	31 December 2012	31 December 2011	
Net debt[1]	**6,184**	6,442	(4.0)%
Total assets	**17,777**	16,975	4.7%

Steel:

- Crude steel production 15.9 million tonnes (-5% vs. 2011)
- Total external sales of steel products 15.3 million tonnes (-1%)
- Steel segment revenue US$13,543 million (-8%)

Mining:

- Production of saleable iron ore products 20.8 million tonnes (-2%)
- Raw coking coal production 8.5 million tonnes (+35%)
- Raw steam coal production 2.3 million tonnes (-23%)

[1] Hereinafter debt and cash balances include the amounts held at operations that were classified as assets/liabilities held for sale, which were separately presented in the statement of financial position as of 31 December 2012, and include US$70 million of cash and cash equivalents and US$79 million of debt.

Vanadium:

- Primary vanadium production (vanadium in slag) 21,060 tonnes (+2%)
- External vanadium product sales volumes 21,100 tonnes (-21%)
- Vanadium segment revenue US$520 million (-22%)

Investments:

- Capital expenditure of US$1,261 million (vs. US$1,281 million in 2011)
- Rail mill modernisation at EVRAZ ZSMK completed
- PCI project at EVRAZ NTMK completed while construction works on PCI at EVRAZ ZSMK continued
- Capacity and product mix expansion in the North American tubular and rail sectors
- Yerunakovskaya VIII coking coal mine launched in February 2013

M&A developments:

- Acquisition of a controlling interest in Raspadskaya coal mining company in January 2013 for US$964 million, satisfied through equity and cash consideration, bringing effective interest to 82%
- Sale of EvrazTrans for US$306 million cash consideration while securing long-term railway transportation needs of Russian operations
- Executed non-binding term sheet for potential sale of EVRAZ Highveld in March 2013
- Acquired 51% stake in Timir iron ore project from Alrosa in April 2013 for ca. US$160 million

Debt and liquidity:

- Net debt US$ 6,184 million vs. US$6,442 million as at 31 December 2011
- Cash and deposits US$2,064 million
- Placed US$600 million 5-year Eurobonds and US$250 million ECP
- Secured project financing of US$195 million for Mezhegey coking coal project
- Deleted maintenance covenant in the 2015 Eurobond issue. No public debt remains with maintenance covenants
- Agreed amendments to financial covenants in banking debt

Corporate developments:

- Adoption of a new Code of Business Conduct and the Group's anticorruption policies and initiatives to ensure compliance with the UK Bribery Act
- Alexander Izosimov appointed as Independent Non-Executive Director
- Enhanced composition of the Audit and Remuneration Committees towards the goal of best corporate governance practice
- Inclusion in MSCI UK and MSCI World Indices in May 2012

Dividends:

- Interim dividend of 11 cents per share
- The Board has recommended not to pay a final dividend for 2012 due to the deterioration in the market environment, and consequently our performance, in H2 2012

CHAIRMAN'S STATEMENT

The year 2012 proved to be another challenging phase for the global steelmaking industry which operated in a highly uncertain and volatile environment. Despite this, EVRAZ delivered creditable operational and financial results which serve to illustrate the intrinsic resilience of the Company.

Corporate Governance

Since our admission to the FTSE 100 in December 2011, we have undertaken a number of initiatives to further strengthen our corporate governance. These include the adoption of a new Code of Business Conduct which is currently being embedded across the Group, together with specific anti-corruption policies and initiatives designed to ensure compliance with the UK Bribery Act, including improved training and the implementation of refined internal procedures for employees.

Furthermore, we have strengthened our Board with the appointment of Alexander Izosimov as an independent non-executive director in February 2012, thereby increasing the ratio of independent directors on the Board to 50%. We have also introduced changes to the composition of the Audit and Remuneration Committees in order to accommodate a better representation of independent non-executive directors.

I have every confidence that the professional experience, leadership skills, integrity and balance of interests reflected in the membership of the current Board and Committees represents the right blend to promote the development of the Company and set ambitious challenges for management.

As the Chairman of the Board I fully recognise the importance of ensuring that my fellow Directors understand and take into account the views of our investors while deliberating Board decisions. In order to facilitate and strengthen the relations and communication between shareholders and the Board, Sir Michael Peat, our Senior Independent Non-Executive Director, began a programme of proactive communications with our major investors. In particular, Sir Michael has held a number of meetings with representatives of large investment funds which have been mandated to vote and/or engage in dialogue on behalf of investment institutions on matters related to corporate governance and sustainability.

Health, Safety and Environment ("HSE")

Regretfully, the number of fatalities increased in the reporting year despite our focus and ongoing investment in safety programmes. Sadly, there have also been some additional fatalities since the beginning of the year. This experience reinforces my view that the Board still has much to do to drive the all-important changes to mindsets and safety culture within our operations. We remain committed to further improvements in the Company's HSE policies alongside increased training for employees and a continuation of our zero-tolerance policy with regard to non-compliance with safety rules. Led by the Board's HSE Committee, we have already drawn up additional programmes to mitigate the risk of such accidents in the future and the Board will continue to provide leadership in this area, monitoring HSE performance and working closely with management.

Furthermore we are fostering and overseeing a programme which will result in a more comprehensive level of non-financial reporting, including the publication of greenhouse gas emissions in anticipation of the introduction of the new UK regulation. Our intention is to create a sound platform designed to ensure responsible and sustainable development on the part of the Company.

Strategy

The Board's priorities in the prevailing business climate remain to preserve the Company's long-term competitive advantages and protect shareholder value in the face of diverse potential macroeconomic scenarios. Having reviewed and refined our strategic development plan we chose to concentrate our efforts on programmes designed to promote operational excellence at existing facilities, while adhering to strict capital disciplines with regard to new projects.

We are approaching the conclusion of a major modernisation programme at our Russian steelmaking facilities and are currently commissioning a number of mining projects.

One of the principal highlights related to the purchase of a controlling interest in the Raspadskaya coking coal company, a transaction that establishes EVRAZ as the largest producer of coking coal in Russia. The approximately US$964 million acquisition, which will yield major benefits through enhanced vertical integration, was primarily funded through equity, thereby avoiding a commensurate cash outflow. The transaction was successfully completed in mid-January 2013. A key objective for the Board during 2013 is to ensure the smooth integration of Raspadskaya into EVRAZ's operating model and to maximise the operational synergies.

We constantly monitor the progress of major investment projects versus initial expectations and external market factors, a process that allows us to maintain flexibility in conjunction with our long term approach of sustaining a balance between financial stability, growth and shareholder returns.

In addition, management continued to focus on streamlining our business model and assessing options designed to increase free cash flow. In line with this, we disposed of EvrazTrans, a transport subsidiary, to a third party for cash consideration of approximately US$306 million. This divestment enabled us to exit from a non-core asset while securing our transportation needs for the foreseeable future on attractive terms. The Board intends to pursue further attractive opportunities to improve return on capital employed. We gave careful consideration to the performance of our assets and the strategic options available and decided to classify certain underperforming assets as assets-held-for-sale, namely EVRAZ Vitkovice Steel and EVRAZ Highveld Steel and Vanadium, thereby paving the way for ongoing options. In March 2013 we made the next step in this process by announcing the execution of a non-binding term sheet on the sale of our stake in EVRAZ Highveld to a consortium of South African investors.

Dividends

In 2012, EVRAZ continued to make dividend payments in line with the Company's stated dividend policy of targeting a long-term average dividend payout ratio of at least 25% of consolidated net profit adjusted for non-recurring items. In July 2012, following shareholder approval at the AGM,

EVRAZ paid a final dividend in respect of 2011 in the amount of 17 cents per share (US$228 million in total). In addition, in August 2012, EVRAZ's Board declared an interim dividend of 11 cents per share (US$147 million in total) based on the results for the first half of 2012. The Board, having reviewed the results in respect of the financial year to 31 December 2012 and after taking into account the substantial deterioration in the respective prices of steel and steel raw materials towards the year-end, has decided to forgo the recommendation of a final dividend in respect of 2012 in order to preserve the financial standing of the Company and provide greater flexibility to manage the current market environment.

EVRAZ's 20th Anniversary

Two decades ago my partners and I set up a small trading house which has evolved into one of the largest global steelmaking companies in the world with operations spanning four continents and seven countries. The scale of growth and the success of the Company would have been inconceivable had it not been for the hard work and dedicated support of our stakeholders – shareholders, employees, clients and trading partners. I would like to take this opportunity to express the Board's sincere appreciation and congratulate you all on this shared anniversary. I am confident that the Company is well placed to continue to deliver value to all stakeholders through the delivery of operational excellence and sound financial results.

Alexander Abramov

Chairman of the Board

EVRAZ plc

CHIEF EXECUTIVE OFFICER'S REPORT

The year 2012 was characterised by challenging trading conditions for the global steelmaking industry. Although some recovery was seen during the first half of the year, there was a significant deterioration in sentiment towards the year end. As a result, steel and raw material markets remained highly volatile with global steel industry capacity experiencing substantial underutilisation.

The subdued steel and raw materials pricing environment impacted EVRAZ's financial performance. Although the Company demonstrated respectable operating results, we experienced a 10% decline in revenues to US$14,726 million against 2011, while EBITDA was 31% lower at US$2,012 million.

Overview of Health, Safety and Environmental performance

Throughout 2012 we brought a strong focus to bear on safety and risk management but, although we have made some progress in this area over recent years, we still have a long way to go.

In order to improve the accuracy of our statistics in respect of lost time incidents we pursued a rigorous policy of zero-tolerance with regard to the concealment and/or misrepresentation of health and safety incidents throughout the year. Although the Lost Time Injury Frequency Rate indicator showed an increase in 2012 compared with 2011, we believe that this partly reflected the consequent increase in reporting activity. However, I am firmly of the opinion that the efforts brought to bear by management on health and safety issues, typified by an intensified focus on the thorough investigation of all incidents prior to the implementation of necessary corrective actions across the Group, will ultimately lead to sustainable improvement in this area.

Tragically, we recorded 25 separate fatal accidents at our operations in 2012 and 6 more since the beginning of 2013. We continue to implement additional training and improve our HSE culture to ensure that relevant issues are addressed in a timely and adequate manner. The underlying causes of any accidents are now evaluated and shortcomings addressed on a more consistent basis, with the ultimate objective of operating a zero harm environment. Our current priority is to appreciably heighten our employees' awareness and understanding of HSE issues at all levels.

2012 market environment and business performance

During 2012 the global macro environment remained highly imbalanced and uncertain in both the emerging and developed markets. Many countries faced deep financial issues, encompassing the sovereign debt crisis and economic difficulties in the Eurozone, uncertainty in relation to the fiscal cliff in the US and a slowdown in the Chinese economy, particularly during the second half of the year, all of which weighed on world markets. As a result, overall world economic growth decelerated in the reporting year.

The negative macro sentiment affected almost all commodity markets, with the steel market proving no exception. The demand outlook for steel products deteriorated substantially during the course of the year. Volatility in steelmaking raw material prices promoted caution and led to destocking on the part of market participants.

As a result of these factors, a promising start to 2012 gave way to a year characterised by challenges and we are therefore cautious about near-term prospects. However, EVRAZ's strong competitive cost base, superior operating efficiency and flexible investment programme enable me to view the Company's long-term outlook with confidence.

Steel segment

Global steel prices continued to soften throughout much of 2012 with steel demand subdued as a result of the uncertain macroeconomic environment. Despite this, we continued to run our Russian and North American steelmaking facilities at high levels of utilisation due to the cost efficient nature of our operations and the resilience of some of our niche products.

EVRAZ derives significant benefits from its ability to adjust production plans and strategically adapt output to meet market conditions. The location of key steelmaking facilities allows the Company to efficiently deliver steel products to Russia, CIS, Asia and Middle East regions, thus taking full advantage of a favourable situation in a particular geographical market. In Russia we decreased the ratio of export sales during 2012 in order to take advantage of the ongoing momentum in steel demand from the domestic construction industry.

Good progress was made in terms of our commercial objectives and management's focus on maintaining our position as a low cost producer was reflected in the ongoing implementation of pulverised coal injection (PCI).

We also undertook a large scale modernisation programme in our railway product group which necessitated the suspension of operations at the EVRAZ ZSMK rail mill from April 2012 to January 2013. The rail mill is now fully operational and, as a result, EVRAZ has increased its overall rail capacity in Russia to 1.5 million tonnes per annum and improved the quality and other characteristics of the rails produced. In addition, we established a separate division for railway products in order to concentrate the operational and sales effort, as well as to focus on product development in this important market.

We derive considerable benefits from the favourable locations of our steel facilities in the Western US and Canada which allow us to offer customers shorter lead times than competitors and save on transportation costs. This proved particularly important during 2012 when demand in North America remained strong, especially for rails, while regional prices for tubular products also held firm. We have successfully implemented our expansion into high value added steel products (such as head hardened rails, premium connection OCTG tubes and heat treated seamless pipe) and we also succeeded in increasing the internal supply of steel slabs in Russia to serve our operations in Europe and North America.

Poor end-user sentiment continued to dominate European markets as the weak economic outlook and financial uncertainty persisted amid attempts to find a solution to the Eurozone debt crisis.

Our performance in South Africa during 2012 was negatively impacted by industrial action, which interrupted production in mid-year before giving way to a prolonged ramp up period. Overall demand for steel in the African region proved sluggish. As part of our continued effort to improve allocation of capital, we decided to dispose of our South African steel operation – EVRAZ Highveld and signed a non-binding term sheet in March 2013.

Mining segment

During the year we completed a number of significant initiatives which, we believe, will secure cost efficient long-term supplies of iron ore and coking coal for our core Russian steelmaking facilities.

We achieved a solid performance in iron ore, reflected in relatively flat production year-on-year, together with the continuation of a high self-coverage ratio. The principal highlight was the successful ramp up of EVRAZ KGOK to 56 million tonnes of iron ore per annum (9.7 million tonnes of saleable products) -- the lowest cost asset in the Company's iron ore mining portfolio. This was accompanied by a number of initiatives designed to reduce costs and optimise iron ore mining operations.

Coking coal production increased with our Yuzhkuzbassugol coal mining subsidiary producing 8.5 million tonnes of raw coking coal in 2012 compared with 6.3 million tonnes in 2011. This is the result of continued management focus on operational improvements at all of our coal mining operations.

Construction of the new Yerunakovskaya VIII coking coal mine, which enjoys a nameplate capacity of 2.5 million tonnes of raw coal per annum, was completed in 2012. We expect the mine, which was commissioned in February 2013, to ramp up to full production in 2014.

We have also secured project financing for the development of Phase I of the Mezhegey coal deposit which will serve to increase EVRAZ's production of hard coking coal by a further 1.5 million tonnes per annum. Mezhegey will produce superior quality hard coking coal which is in short supply in the Kuzbass region of Russia. In addition, Mezhegey benefits from a relatively low methane content resulting in improved safety and cost performance.

One of the major developments of 2012 was the agreement to purchase a controlling interest in Raspadskaya, one of Russia's largest independent coking coal companies, a transaction which closed in January 2013. The consideration largely comprised EVRAZ equity, a factor that served to lower cash outflow. I have every confidence that the purchase of Raspadskaya will secure the long-run low cost position of EVRAZ's coking coal business while, at the same time, providing us with a strategic option to increase volumes with relative ease. Consequent to the acquisition of Raspadskya, EVRAZ's self-coverage in coking coal surpassed 100% and our intention is to deliver excess coking coal production to the market, while securing those grades of coal which are in deficit for our operations.

Vanadium segment

In 2012 we continued to be the only major producer of vanadium in Russia with an important share of the global market. Overall, EVRAZ's vanadium business experienced a mixed year, with labour issues in South Africa and shortages of third party feedstock in the United States impacting negatively, while Russian operations ran at full utilisation rates to meet demand.

Embedding a new culture throughout EVRAZ

We began the critical process of changing the Company's culture through the introduction of the EVRAZ Business System ("EBS") in 2011. EBS represents a radical transformation of the way EVRAZ conducts its business and I am delighted to report that we made good progress in embedding this new methodology across our operations in 2012.

By way of example, I would like to cite two pilot areas at EVRAZ ZSMK which were chosen for the implementation of a new maintenance system – a section in both the long product rolling mill and the blooming mill – where more efficient organisation of work processes resulted in enhanced productivity and savings on spare parts and the optimisation of stocks which amounted, in total, to more than RUB121 million (US$4 million).

Another successful example is EVRAZ KGOK, where the repair times in certain shops were drastically reduced and productivity improvement projects have led to savings of approximately RUB37 million (US$1.2 million).

Capital expenditure, debt position and liquidity

In 2012, capital expenditure totalled US$1.3 billion with development capex mainly channelled to the development of the Yerunakovskaya VIII mine (US$135 million), PCI projects at Russian steelmaking facilities (US$109 million), the major rail mill modernisation programme at EVRAZ ZSMK (US$143 million) and the construction of mini-mills in the south of Russia and in Kazakhstan (US$72 million).

As at the year end, our total debt amounted to US$8.2 billion with cash of US$2.1 billion (including short-term deposits). This allows us to comfortably fulfil scheduled redemptions of US$1.1 billion in 2013. The current liquidity position underpins the manageable debt structure of the Company with the next major debt maturities scheduled for Q4 2014.

Nevertheless, we continued to consider new funding options during the year, including the US$195 million project finance loan obtained for the development of the Mezhegey coal project Phase I. The structure of this loan provides for proper risk mitigation in respect of the enterprise, while enhancing the overall investment profile of the Company.

During the year we also continued to streamline the structure of our public debt covenants through the removal of a net leverage ratio maintenance covenant under a Eurobond issue, which served to align this issue with other Eurobond issues.

2013 Outlook

Despite a positive start to 2013 in certain international steel markets we remain cautious with regard to the outlook for steel. Notwithstanding some recent signs of stabilisation, global prospects remain fragile, with strong downside risks and volatility likely to persist throughout the year. As a result, both producers and customers are waiting for clearer indications of sustainable trends.

Due to our attractive position on the global cost curve, we anticipate that our steelmaking facilities will continue to operate at high utilisation rates and, as a result, we expect our steel production volumes in 2013 to be broadly in line with the 2012 performance. Steel prices have been volatile since the beginning of the year while iron ore price has grown moderately, coking coal price stagnated. We are anticipating an uptick in the demand of steel construction products in the Russian market as the new construction season approaches.

Stock levels are well managed across our business. Export sales volumes are currently booked for over one month's production and inventories at traders and at our mills and ports remain low.

In 2013, we expect to reduce capex spending by ca. 10% vs. 2012, as we approach the completion of key investment projects. The Company maintains sufficient flexibility in its investment plans to be able to respond adequately to a potential worsening of the macro environment.

While we expect 2013 to continue to provide challenging short-term risks, we are committed to investing in our future growth by increasing mining volumes, improving our product mix and reducing costs. Although the full benefit of these investments will be realised in the medium to long-term, we anticipate some positive impact in 2013.

EVRAZ's leaders were ambitious in their plans for the Company when they founded the enterprise 20 years ago. Although the scale of the Company's operations has grown considerably since then, we retain the same ambitions to develop EVRAZ into one of the most prominent steel producers in the world. EVRAZ enjoys a strong array of inter-aligned assets which leaves us well positioned to achieve our long-term objective of maximising shareholder value through a balance of investment, financial stability and dividend distributions. I would like to congratulate all our stakeholders on this anniversary and thank each of you for your ongoing support for the Company's management's efforts and development plans.

Alexander Frolov

Chief Executive Officer

EVRAZ plc

FINANCIAL REVIEW

Giacomo Baizini, CFO commented: "The financial results for 2012 reflect the subdued steel pricing environment, however we have managed to retain balance sheet flexibility and preserve our solid liquidity position. While the business outlook for 2013 remains challenging we continue to focus on efficiency improvements and the optimisation of our asset portfolio."

Overview

As a result of a general weakness in the market for steel and steelmaking raw materials, the Company recorded a net loss of US$335 million for 2012, compared to a net profit of US$453 million in 2011. Gross profit deteriorated as falling prices affected revenue and we were also impacted by an impairment of US$413 million. Our EBITDA decreased 31% to US$2,012 million in 2012.

Cash flow generation was utilised in the continuing investment to upgrade and maintain our operations, as well as to declare a final dividend for 2011 and an interim dividend for the first half of 2012. Free cash flow for the year was positive, and we increased borrowings to prepare for the repayment of Rouble bonds and Eurobonds due in 2013. As of 31 December 2012, the Company held cash and short-term deposits for a total of US$2,064 million, compared to short-term debt of US$1,862 million[2].

As part of a strategic alignment of our asset base at the end of 2012, the Group decided to dispose of EVRAZ Highveld Steel and Vanadium and the EVRAZ Vitkovice Steel operations. Accordingly these assets are accounted for as assets held for sale as at the year-end. In March 2013 we announced the execution of a non-binding term sheet on sale of EVRAZ Highveld.

In January 2013 we completed the acquisition of a controlling interest in Raspadskaya coal company, which was mostly financed by equity, and via a US$202 million cash component payable in equal quarterly instalments ending on 15 January 2014.

In addition, in April 2013 we announced the acquisition of a 51% stake in Timir, a joint-venture with Alrosa, created for the development of large iron ore deposits in Yakutia, Russia for RUB4,950 million (ca. US$160 million).

[2] Hereinafter debt and cash balances include the amounts held at operations that were classified as assets/liabilities held for sale, which were separately presented in the statement of financial position as of 31 December 2012, and include US$70 million of cash and cash equivalents and US$79 million of debt.

Revenues (US$ million)				
Segment	**Revenue 2012**	**Revenue 2011**	**Change**	**Relative change**
Steel	13,543	14,717	(1,174)	(8.0)%
Mining	2,650	3,784	(1,134)	(30.0)%
Vanadium	520	665	(145)	(21.8)%
Other operations	1,046	966	80	8.3%
Eliminations	(3,033)	(3,732)	699	(18.7)%
Total	**14,726**	**16,400**	**(1,674)**	(10.2)%

Group revenues for 2012 decreased by 10.2% to US$14,726 million of which steel products' revenues (excluding intersegment sales) amounted to US$12,137 million or 82%. Steel sales volumes decreased only marginally from 15.5 million tonnes in 2011 to 15.3 million tonnes. The reduction in revenues was due largely to a decrease in sales prices, in line with the general trend in steel pricing.

EVRAZ was also impacted by a poorer product mix during the year as steel from EVRAZ ZSMK was used for the production of lower margin billets because the rail mill modernisation programme halted rail production in April 2012. As the EVRAZ ZSMK rail mill has been operational from 12 January 2013, and the ramp-up will be completed in the fourth quarter of 2013, we expect an improved product mix during 2013. In addition adverse market conditions impacted sales volumes of the Group's flat-rolled products in Europe.

EBITDA (US$ million)				
Segment	**EBITDA 2012**	**EBITDA 2011**	**Change**	**Relative change**
Steel	1,326	1,262	64	5.1%
Mining	622	1,628	(1,006)	(61.8)%
Vanadium	(19)	22	(41)	(186.4)%
Other operations	189	197	(8)	(4.1)%
Unallocated	(199)	(243)	44	(18.1)%
Eliminations	93	32	61	190.6%
Total	**2,012**	**2,898**	(886)	(30.6)%

EBITDA for 2012 was US$2,012 million, compared to US$2,898 million in 2011, largely reflecting the fall in revenues. The fall in prices and volumes of iron ore and coking coal had an adverse impact on EBITDA of the Mining segment.

Cost of revenues, expenses and results (US$ million)				
Item	**2012**	**2011**	**Change**	**Relative change**
Cost of revenue	**(11,797)**	**(12,473)**	**676**	**(5.4)%**
Gross profit	**2,929**	**3,927**	**(998)**	**(25.4)%**
Selling and distribution costs	(1,211)	(1,154)	(57)	4.9%
General and administrative expenses	(860)	(921)	61	(6.6)%
Impairment of assets	(413)	(104)	(309)	297.1%
Foreign exchange gains/(losses), net	(41)	269	(310)	(115.2)%
Other operating income and expenses	(161)	(157)	(4)	2.5%
Profit from operations	**243**	**1,860**	**(1,617)**	**(86.9)%**
Interest expense	(645)	(708)	63	(8.9)%
Gain/(loss) on financial assets and liabilities, net	164	(355)	519	146.2%
Gain on disposal group classified as held for sale, net	114	8	106	1,325.0%
Other non-operating gains/(losses), net	18	68	(50)	(73.5)%
Profit/(loss) before tax	**(106)**	**873**	**(979)**	**(112.1)%**
Income tax benefit/(expense)	(229)	(420)	191	(45.5)%
Net profit/(loss)	**(335)**	**453**	**(788)**	**(174.0)%**

Cost of revenue decreased by 5.4% to US$ 11,797 million in 2012 compared to 2011 as a result of a number of factors. Raw material costs decreased by 20% largely due to lower purchase prices for iron ore, coking coal and scrap. The costs for semi-finished products fell by 39%, as more slabs were procured internally, for further re-rolling, as opposed to being purchased from third parties. Expenditure on services decreased by US$9 million, as inflationary pressure was balanced by a 5% devaluation of the Rouble and through cost savings at many of our operations. Goods for resale increased by 55% as EVRAZ Metal Inprom increased the purchase of third party products to satisfy customer demand. Transportation costs increased by 7% following an increase in Russian railway tariffs and higher volumes of intragroup shipments of semi-products. The 2012 labour cost increase is partially attributed to carryover effects of 2011 salary increases that were negotiated based on more favourable 2011 market conditions, however these were somewhat offset, at least in Russia, by the Rouble devaluation.

Total depreciation, depletion and amortisation amounted to US$1,259 million for 2012, compared to US$1,153 million for 2011. The increase is due mainly to a larger depletion expense at Yuzhkuzbassugol following a revaluation of reserves in July 2011. While higher reserves were recognised, the future development costs per tonne of coal are higher than previously estimated. In 2012, management revised its mining plans to exclude some reserves that are not expected to be developed earlier than 2040-2070 and updated the reserves valuation accordingly. This led to a minor reduction of reserve base and a significant decline in estimated future development costs used in the calculation of the depletion charge. The amount of depreciation in cost of revenue was US$1,100 million for 2012.

We achieved a reduction in electricity costs of US$49 million through increased proprietary generation at EVRAZ ZSMK and lower consumption at our European operations due to reduced activity. Natural gas expenditure was also slightly reduced as increases in prices were offset by devaluation of the local currencies, and reduced consumption volume as a result of lower level activity in Europe.

The large increase in other costs is mostly due to changes in finished goods inventory and work in progress, which increased by US$192 million in 2011, but decreased by US$53 million in 2012 due to destocking at the end of the year.

A detailed breakdown of the cost of revenue can be seen in the following table:

(US$ million)				
Item	**2012**	**2011**	**Change**	**Relative change**
Cost of revenue	**(11,797)**	**(12,473)**	**676**	**(5)%**
Raw materials, incl.	(4,091)	(5,137)	1,046	(20)%
Iron ore	(681)	(873)	192	(22)%
Coking coal	(1,050)	(1,389)	339	(24)%
Scrap	(1,570)	(1,943)	373	(19)%
Other raw materials	(790)	(932)	142	(15)%
Semi-finished products	(483)	(788)	305	(39)%
Auxiliary materials	(1,006)	(947)	(59)	6%
Services	(665)	(674)	9	(1)%
Goods for resale	(632)	(407)	(225)	55%
Transportation	(740)	(694)	(46)	7%
Staff costs	(1,765)	(1,628)	(137)	8%
Depreciation	(1,100)	(1,015)	(85)	8%
Electricity	(551)	(600)	49	(8)%
Natural gas	(416)	(427)	11	(3)%
Other costs	(348)	(156)	(192)	123%

Selling and distribution expenses were 4.9% higher than in 2011 mainly due to the carryover effect of a change to CPT sales terms in Russia, which was introduced in the first half of 2011, and a minor increase in volumes shipped. This was slightly offset by a reduction in bad debt expense due to better cash collection from municipalities that are using heat and electricity produced by the Group’s subsidiaries at respective locations.

General and administrative expenses declined in 2012 by 6.6% mainly due to a lower staff bonuses accrual, the one off effect of expenses related to the premium listing that were incurred in 2011 and significant cost saving initiatives implemented at EVRAZ Highveld Steel and Vanadium during the year.

In 2012, we had a significantly higher impairment charge of US$413 million than in the previous year. US$356 million of this is attributed to the non-current assets of Evrazruda. For more details please refer to Note 6 of the Financial Statements.

Foreign exchange gains/(losses) moved from a US$269 million gain in 2011 to a US$41 million loss in 2012. This is in large part due to currency fluctuations on intragroup debt where the entities involved have different functional currencies. IFRS does not have a notion of a Group’s functional currency, therefore gains/(losses) of one subsidiary do not have corresponding counterparts in another subsidiary and thus cannot be eliminated on consolidation. For example this is the case between Russian subsidiaries with rouble functional currency and our non-Russian entities with other respective functional currencies.

Interest expense incurred by the Group has fallen steadily over the last two years as we have refinanced debt at lower interest rates. Interest expense was US$645 million for 2012, compared to US$708 million for 2011.

Gains on financial assets and liabilities for 2012 were US$164 million, and dominated by a gain of US$177 million on the change in fair value of derivatives – currency and interest rate swaps for rouble bonds. This is a significant reversal of the position in 2011 where a loss of US$110 million was incurred on the swaps alone In 2011 the loss on financial assets and liabilities also included the effect of a loss on early settlement of debt (US$71 million) and incentivised conversion of convertible bonds (US$161 million), as described in more details in Notes 7 and 21 of the financial statements.

The Group recognised a US$83 million loss on reclassification of EVRAZ Highveld Steel and Vanadium and EVRAZ Vitkovice Steel to assets held for sale. This was more than offset by a gain realised by the sale of EvrazTrans, and together with the effect of other minor disposals, led to a US$114 million gain on assets classified as held for sale.

In 2012, the Company accrued an income tax expense of US$229 million, notwithstanding a loss before tax of US$106 million. This was mostly due to losses at certain subsidiaries that could not be offset against profits of other subsidiaries, as well as the fact that some expenses are not deductible for tax purposes.

In 2012, the Company reported a US$335 million net loss, compared to a net profit of US$453 million in 2011.

Cash Flow (US$ million)				
Item	**2012**	**2011**	**Change**	**Relative change**
Cash flows from operating activities before change in working capital	1,733	2,528	(795)	(31.4)%
Changes in working capital	410	119	291	244.5%
Net cash flows from operating activities	**2,143**	**2,647**	**(504)**	**(19.0)%**
Short-term deposits at banks, including interest	(656)	5	(661)	(13,220.0)%
Purchases of property, plant and equipment and intangible assets	(1,261)	(1,281)	20	(1.6)%
Proceeds from sale of disposal groups	311	5	306	6,120%
Dividends received and return of capital by joint venture	126	54	72	133.3%
Other investing activities	(64)	29	(93)	(320.7)%
Net cash flows used in investing activities	**(1,544)**	**(1,188)**	**(356)**	**(30.0)%**
Dividends paid by the parent entity to its shareholders	(375)	(491)	116	(23.6)%
Net proceeds from/(repayment of) bank loans and notes, overdrafts and credit lines, including interest	282	(591)	873	(147.7)%
Gain on derivatives not designated as hedging instruments	81	66	15	22.7%
Other financing activities	(30)	(266)	236	(88.7)
Net cash flows used in financing activities	**(42)**	**(1,282)**	**1,240**	**(96.7)%**
Effect of foreign exchange rate changes on cash and cash equivalents	32	(59)	91	(154.2)%
Net increase in cash and cash equivalents	**589**	**118**	**471**	**399.2%**

Cash flows from operating activities before changes in working capital fell by 31% in 2012 to US$1,733 million reflecting the lower prices for our products in 2012 compared to 2011.

In 2012, US$410 million of working capital was released as a result of lower average prices, but also as part of the continued focus on managing the Group’s working capital. In order to pre-finance the 2013 maturities of the put options on our 2013 rouble bonds, and of other bonds and notes, we deposited US$674 million at large Russian banks.

Capital expenditure was sustained at virtually the same level as in the previous year (US$1,261 million in 2012 compared to US$1,281 million in 2011). In 2012 made significant progress on many of the priority projects that we launched in 2010/2011, including the modernisation of the two rail mills in Russia, construction of Yerunakovskaya VIII coking coal mine, PCI for our Russian blast furnaces and construction of rolling mills at the south of Russia and in Kazakhstan. Whilst many projects neared completion during the year investment started on new projects such as Mezhegey Phase I.

A summary of our capital expenditure for 2012 in millions of USD is as follows:

EVRAZ ZSMK rail mill modernisation	143	Launched after modernisation programme in January 2013, ramp-up to be completed by Q1 2014
Construction of Yerunakovskaya VIII mine	135	Production of 2.5 million tonnes of raw coking coal per annum. Ramp-up to be completed by Q1 2014
PCI at EVRAZ NTMK	58	Reduction of coke and natural gas consumption in blast furnaces. Construction completed in 2012, launched in Q1 2013
PCI at EVRAZ ZSMK	51	Reduction of coke and natural gas consumption in blast furnaces. To be launched in Q1 2014
Vostochniy mill (Kazakhstan)	41	Long products' capacity addition. Hot tests to start in Q3 2013.
Yuzhniy mill (Southern Russia)	31	Long products' capacity addition. Hot tests to start in H2 2014.
Mezhegey (Phase I)	15	Additional 1.5 million, ramp-up to be completed in H2 2014
Other investment projects	130	
Maintenance	657	
Total	1,261	

In December 2012 we completed the sale of EvrazTrans for a consideration of US$306 million. This, in addition to smaller disposals, resulted in a net positive contribution to our cash flow of US$311 million.

During the course of 2012 we also received US$88 million of dividends and US$38 million of capital returned by Corber, the Group's joint venture, and in turn paid US$375 million to our shareholders in dividends.

We also continued to benefit from realised gains on the swaps for the rouble bonds that generated another US$81 million of cash. We do not have any other significant hedging instruments.

The free cash flow for the Group was US$780 million in 2012.

Financing and liquidity

We started 2012 with a total debt of US$7,245 million. Due to the favourable situation in capital markets in the first half of 2012, we decided to pre-finance our large bond maturities coming due in March and April 2013, in order to pro-actively manage the liquidity risk. To this end, in April 2012 we issued US$600 million of 5-year Eurobonds, and in December 2012 we issued US$250 million of ECP. As a result of these actions, our total debt increased to US$8,248 million as at 31 December 2012, while net debt decreased by US$258 million from US$6,442 million at 31 December 2011 to US$6,184 million at 31 December 2012. Interest expense accrued in respect of loans, bonds and notes was US$588 million for 2012, compared to US$649 million for 2011.

Given the uncertainty in our key ratios in the near term, we decided to approach our bank lenders to adjust some of our covenants. In June 2012 we agreed with the lenders to amend the levels on the two key maintenance covenants in most of our bank debt, namely the covenants to maintain (i) maximum net leverage ratio (ratio of net debt to 12-month consolidated EBITDA) and (ii) minimum EBITDA interest cover ratio (ratio of 12-month consolidated EBITDA to 12-month consolidated interest expense). Both ratios are based on Evraz Group S. A.'s, and not the whole Group's, consolidated financial statements. The new levels were set at 3.5x and 3.0x respectively, at the same time the definition of interest expense was adjusted to take account of cash gains on hedging arrangements related to rouble bond issues. On 31 December 2012, the net leverage ratio was 3.1x, and the EBITDA interest cover ratio was 4.0x. In December 2012, we also successfully obtained the consent of the holders of our 2015 Eurobonds to remove the maintenance covenant from these bonds. As a result, we do not have any maintenance test on any of our public debt, giving us added flexibility in case of market downturns negatively affecting our leverage.

Our Eurobond covenants currently limit our ability to incur new debt at Evraz Group S.A. and its subsidiaries, but do not limit our ability to refinance the debt of Evraz Group S.A. or to raise new debt at

EVRAZ plc. In order to increase our financial flexibility, we have set up project financing in relation to the Mezhegey project Phase I. The project entity is a subsidiary of EVRAZ plc, but not a subsidiary of Evraz Group S.A., so any utilisation of this financing is not subject to the restriction of the incurrence covenants of the Evraz Group S.A. Eurobonds. As of 31 December 2012, we had US$5 million drawn under this facility.

Part of our bank loans continue to include covenants to maintain certain financial metrics related to profitability and leverage. As of 31 December 2012 the outstanding amount of such loans was US$1,424 million. Given the high volatility in the global steelmaking industry, we continue to closely monitor and proactively address any potential issues of future compliance with covenants associated with Company's financial indebtedness.

Our cash and deposits on 31 December 2012 of US$2,064 million compared to a short-term debt of US$1,862 million gives us confidence in our financial position.

Dividends

Based on the results of the first half of 2012, we declared an interim dividend of 11 cents per share. Due to the deterioration in the market environment, and consequently our performance, in the second half of 2012, the directors have recommended to pay no final dividend for 2012.

Giacomo Baizini

Chief Financial Officer

EVRAZ plc

REVIEW OF OPERATIONS BY SEGMENT

REVENUES

Steel Segment Revenues

	Year ended 31 December		
	2012	2011	Change
To third parties	**13,333**	**14,524**	(8.2)%
To mining segment	**129**	**164**	(21.3)%
To vanadium segment	**2**	**2**	0%
To other operations	**79**	**27**	192.6%
Total Steel segment	**13,543**	**14,717**	(8.0)%

Steel Segment Revenues by Products

	Year ended 31 December				
	2012		**2011**		**2012 v 2011**
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**% change**
Steel products, external sales	**12,136**	**89.6%**	**13,257**	**90.0%**	**(8.5)%**
Semi-finished products[1]	2,066	15.3%	2,235	15.2%	(7.6)%
Construction products[2]	4,321	31.9%	4,423	30.0%	(2.3)%
Railway products[3]	1,737	12.8%	1,964	13.3%	(11.6)%
Flat-rolled products[4]	2,265	16.7%	2,760	18.7%	(17.9)%
Tubular products[5]	1,288	9.5%	1,321	9.0%	(2.5)%
Other steel products[6]	459	3.4%	554	3.8%	(17.1)%
Steel products, intersegment sales	**51**	**0.4%**	**54**	**0.4%**	(5.6)%
Other revenues[7]	**1,356**	**10.0%**	**1,406**	**9.6%**	(3.6)%
Total	**13,543**	**100.0%**	**14,717**	**100.0%**	(8.0)%

[1] Includes billets, slabs, pig iron, pipe blanks and other semi-finished products
[2] Includes rebars, wire rods, wire, beams, channels and angles
[3] Includes rail, wheels, tyres and other railway products
[4] Includes commodity plate, specialty plate and other flat-rolled products
[5] Includes large diameter line pipes, ERW pipes and casing, seamless pipes, casing and tubing, other tubular products
[6] Includes rounds, grinding balls, mine uprights and strips
[7] Includes coke and coking products, refractory products, ferroalloys, scrap, energy, services, iron ore fines produced at EVRAZ Highveld's Mapochs mine

Sales Volumes of Steel Segment ('000 tonnes)			
Full year to 31 December	**2012**	**2011**	**Change**
Steel products, external sales	**15,292**	**15,492**	(1.3)%
Semi-finished products	3,636	3,479	4.5%
Construction products	5,658	5,505	2.8%
Railway products	1,843	2,093	(11.9)%
Flat-rolled products	2,725	2,868	(5.0)%
Tubular products	879	912	(3.6)%
Other steel products	552	636	(13.2)%
Intersegment sales	**115**	**58**	98.3%
Total	**15,407**	**15,550**	(0.9)%

Geographic Breakdown of External Steel Products' Sales

	US$ million			**000 t**		
	2012	2011	Change, %	**2012**	2011	Change, %
Russia	5,126	5,443	(5.8)%	6,570	6,722	(2.3)%
Americas	3,093	3,276	(5.6)%	2,746	2,766	(0.7)%
Asia	1,909	1,988	(4.0)%	3,249	3,020	(7.6)%
Europe	1,006	1,348	(25.4)%	1,450	1,562	(7.2)%
CIS	645	716	(9.9)%	802	849	(5.5)%
Africa & RoW	357	486	(26.5)%	475	573	(17.1)%
Total	**12,136**	**13,257**	(8.5)%	**15,292**	**15,492**	(1.3)%

Steel segment revenues decreased by 8.0% to US$13,543 million in 2012 compared with US$14,717 million in 2011 mostly as a result of lower prices for steel products during the Period.

In 2012 and 2011, steel segment sales to the mining segment totalled US$129 million and US$164 million respectively. The decrease was mostly attributable to decline in sales prices.

Revenues attributable to sales of semi-finished products decreased by 7.6% primarily due to a decline in export sales prices of Russian semi-finished products despite a 4.5% increase in sales volumes.

Sales volumes of construction products increased due to improving construction market in Russia despite revenues still being down as a result of lower prices.

Revenues from the sales of railway products fell by 12% due to lower volumes of sales as a result of suspension of the EVRAZ ZSMK's rail mill for a major modernisation project, while prices for railway products remained resilient in 2012.

Revenue from sales of flat-rolled products (primarily plates) decreased due to a significant decline in prices, in particular in Europe.

Growth of prices of tubular products partially offset lower volumes with tubular product sales slightly decreasing in 2012.

Revenues from steel product sales in Russia amounted to 44% of steel segment revenues in 2012, compared with approximately 42% in 2011. The higher share of revenues from sales in Russia was attributable to the relatively stable sales volumes on the Russian market (in particular for construction products) and more resilient prices in this core market compared to other markets.

Mining Segment Revenues

	Year ended 31 December		
	2012	**2011**	**Change**
To third parties	635	1,037	(38.8)%
To steel segment	1,973	2,706	(27.1)%
To other operations	42	41	2.4%
Total Mining segment	**2,650**	**3,784**	(30.0)%

Mining Segment Revenues by Products

	Year ended 31 December				
	2012		**2011**		**2012 v 2011**
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**% change**
External sales					
Iron ore products*	**347**	**13.1%**	**586**	**15.5%**	**(40.8)%**
Iron ore concentrate	2	0.0%	128	3.4%	(98.4)%
Sinter	13	0.5%	21	0.5%	(38.1)%
Pellets	137	5.2%	154	4.1%	(11.0)%
Other**	195	7.4%	283	7.5%	(31.1)%
Coal products	**211**	**8.0%**	**392**	**10.4%**	**(46.2)%**
Raw coking coal	8	0.3%	2	0.1%	300.0%
Coking coal concentrate	96	3.6%	226	6.0%	(57.5)%
Raw steam coal	36	1.4%	9	0.2%	300.0%
Steam coal concentrate	71	2.7%	155	4.1%	(54.2)%
Intersegment sales					
Iron ore products	**1,377**	**52.0%**	**1,852**	**48.9%**	**(25.6)%**
Iron ore concentrate	492	18.6%	595	15.7%	(17.3)%
Sinter	392	14.8%	554	14.6%	(29.2)%
Pellets	492	18.6%	700	18.5%	(29.7)%
Other**	1	0.0%	3	0.1%	(66.7)%
Coal products	**580**	**21.8%**	**855**	**22.6%**	**(32.2)%**
Raw coking coal	102	3.8%	155	4.1%	(34.2)%
Coking coal concentrate	457	17.2%	636	16.8%	(28.1)%
Raw steam coal	21	0.8%	43	1.1%	51.2%
Steam coal concentrate	0	0%	21	0.6%	n/a
Other revenues* **	**135**	**5.1%**	**99**	**2.6%**	**36.4%**
Total	**2,650**	**100.0%**	**3,784**	**100.0%**	**(30.0)%**

**External sales of iron ore produced at the Mapochs mine, part of EVRAZ Highveld, are accounted for in the Steel segment*
*** Includes primarily Sukha Balka's sintering ore*
**** Includes crushed stone*

Sales Volumes of Mining Segment ('000 tonnes)			
Full year to 31 December	**2012**	**2011**	**Change**
External sales			
Iron ore products	**3,900**	**5,259**	**(25.8)%**
Iron ore concentrate	22	1,072	(97.9)%
Sinter	111	134	(17.2)%
Pellets	1,201	1,060	(13.3)%
Other	2,565	2,993	(14.3)%
Coal products	**2,189**	**2,454**	**(10.8)%**
Raw coking coal	162	36	350.0%
Coking coal concentrate	702	987	(28.9)%
Raw steam coal	729	222	228.4%
Steam coal concentrate	597	1,209	(50.6)%
Intersegment sales			
Iron ore products*	**14,737**	**14,692**	**0.3%**
Iron ore concentrate	5,566	5,361	3.8%
Sinter	4,295	4,289	0.1%
Pellets	4,872	5,004	(2.6)%
Other	5	37	(86.5)%
Coal products	**5,376**	**6,141**	**(12.5)%**
Raw coking coal	1,439	1,560	(7.8)%
Coking coal concentrate	3,285	3,163	3.9%
Raw steam coal	652	1,215	(46.3)%
Steam coal concentrate	0	203	n/a
Total, iron ore products*	**18,637**	**19,951**	**(6.6)%**
Total, coal products	**7,565**	**8,595**	**(12.0)%**

Overall mining segment revenues decreased by 30.0% to US$2,650 million in 2012 compared to US$3,784 million in 2011, reflecting decreased iron ore and coking coal prices, as well as lower sales volumes of steam coal concentrate and iron ore concentrate.

External sales volumes of iron ore products decreased by 25.8% in 2012 compared to 2011, in particular due to termination of supplies of iron ore concentrate to Mechel, which accounted for 1 million tonnes in 2011, while intersegment sales remained largely flat.

External sales volumes of coal products decreased by 10.8% driven by lower sales volumes of coking coal concentrate and steam coal concentrate which were partially compensated by higher sales of raw coking and steam coal. Overall sales volumes of coking coal and coking coal concentrate remained largely flat. Overall sales volumes of steam coal and steam coal concentrate decreased by 30.6% due to lower volumes of raw steam coal mined in 2012 as a result of a longwall repositioning and a mine shutdown due to an accident in Q4 2012.

In 2012 mining segment sales to the steel segment amounted to US$1,973 million, or 74.5% of mining segment sales, compared with US$2,706 million, or 72.0% of mining segment sales, in 2011.

In 2012, approximately 74% of EVRAZ's iron ore requirements were met by the Group's own operations compared with 78% in 2011. The consumption of Group's own coking coal was 56% in 2012 of all Group's needs compared with 52% in 2011.

Approximately 32% and 44% of third party sales by the mining segment were to customers in Russia in 2012 and 2011 respectively. The increase in the percentage of third party sales outside Russia is primarily attributable to a significant reduction of iron ore and steam coal sales volumes to third parties in Russia.

Vanadium Segment Revenues			
	Year ended 31 December		
	2012	**2011**	**Change**
To third parties	**505**	**640**	(21.1)%
To steel segment	**15**	**25**	(40.0)%
Total Vanadium segment	**520**	**665**	(21.8)%

Vanadium Segment Revenues by Products					
	Year ended 31 December				
	2012		**2011**		**2012 v 2011**
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**% change**
External sales					
Vanadium products	**496**	**95.4%**	**633**	**95.2%**	**(21.6)%**
Vanadium in slag	31	6.0%	76	11.4%	(59.2)%
Vanadium in alloys and chemicals	465	89.2%	557	83.8%	(16.7)%
Intersegment sales	**15**	**2.9%**	**25**	**3.8%**	**(40.0)%**
Other revenues	**9**	**1.7%**	**7**	**1.0%**	**(28.6)%**
Total	**520**	**100.0%**	**665**	**100.0%**	**(21.8)%**

Sales volumes of vanadium segment (tonnes of pure Vanadium)			
Full year to 31 December	**2012**	2011	Change
External sales			
Vanadium products	**21,100**	**26,632**	(20.8)%
Vanadium in slag	3,253	6,723	(51.6)%
Vanadium in alloys and chemicals	17,847	19,909	(10.4)%
Intersegment sales	**438**	**762**	**(42.5)%**
Total	**21,538**	**27,394**	**(21.4)%**

Vanadium segment revenues decreased by 21.8% to US$520 million in 2012, compared with US$665 million in 2011, reflecting decreased sales volumes of vanadium products. Sales volumes of the vanadium segment decreased from 27.4 thousand tonnes of pure vanadium in 2011 to 21.5 thousand tonnes of pure vanadium in 2012 as the production was adversely affected by an industrial action at EVRAZ Highveld Steel and Vanadium and problems with the primary feedstock availability in the United States.

Other operations segment revenues

EVRAZ's other operations include logistics, port services, power and heat generation and supporting activities.

	Year ended 31 December		
	2012	2011	Change
To third parties	**253**	**199**	27.1%
To steel segment	**568**	**554**	2.5%
To mining segment	**225**	**213**	5.6%
Total Other operations segment	**1,046**	**966**	8.3%

EVRAZ's revenue in respect of its other operations segment increased by 8.3% to US$1,046 million in 2012 as compared to US$966 million in 2011. This growth was driven by increases in energy operations, Evraztrans Ukraine and Nakhodka Trade Sea Port activities. Revenue in respect of EVRAZ's other operations segment was largely derived from the following operations (sales figures shown below include sales within the same segment):

- Evraztrans (until its disposal by EVRAZ on 12 December 2012) acted as a railway transport provider for EVRAZ's steel segment. Sales at EvrazTrans (including Russian and Ukrainian operations) amounted to US$202 million in 2012 as compared to US$189 million in 2011. EvrazTrans derived the majority of its revenue from inter-segment sales, which accounted for 74% of revenue in 2012 and 2011. EVRAZ retained a smaller part of the business related to transportation of pellets from EVRAZ KGOK to EVRAZ NTMK.

- Sales at EVRAZ Nakhodka Trade Sea Port, which provides various sea port services to the Company, totaled US$92 million in 2012 as compared to US$79 million in 2011. Intersegment sales accounted for 34% and 52% of the revenue in 2012 and 2011 respectively.

- Metallenergofinance ("MEF") supplies electricity to EVRAZ's steel and mining segments and to third parties. MEF's sales amounted to US$381 million in 2012 as compared to US$444 million in 2011. Intersegment sales accounted for 87% and 84% of MEF's revenue in 2012 and 2011 respectively.

- Sinano Ship Management ("Sinano") provides sea freight services to EVRAZ's steel segment. Sinano's sales totaled US$120 million in 2012 and US$106 million in 2011, with intersegment sales accounting for almost 100% of its revenue.

- ZapSib Power Plant is an energy-generating branch of EVRAZ ZSMK which supplies electricity and heat to EVRAZ ZSMK and external customers. Its revenue amounted to US$187 million in 2012 compared with US$122 million in 2011. Intragroup sales account for 76-77% of the power plant's revenue.

COST OF REVENUE AND GROSS PROFIT

Cost of Revenue and Gross Profit by Segments					
	Year ended 31 December				
	2012		2011		2012 v 2011
	US$ million	**% of segment revenues**	**US$ million**	**% of segment revenues**	**% change**
Steel segment					
Cost of revenue	(11,154)	82.4%	(12,375)	84.1%	(9.9)%
Gross profit	2,389	17.6%	2,342	15.9%	2.0%
Mining segment					
Cost of revenue	(2,306)	87.0%	(2,363)	62.4%	(2.4)%
Gross profit	344	13.0%	1,421	37.6%	(75.8)%
Vanadium segment					
Cost of revenue	(494)	95.0%	(610)	91.7%	(19.0)%
Gross profit	26	5.0%	55	8.3%	(52.7)%
Other operations segment					
Cost of revenue	(779)	74.5%	(716)	74.1%	8.8%
Gross profit	267	25.5%	250	25.9%	6.8%
Unallocated					
Cost of revenue	(10)		5		(300.0)%
Gross profit	(10)		5		(300.0)%
Eliminations – cost of revenue	*2,946*		*3,586*		*(17.8)%*
Eliminations – gross profit	*(87)*		*(146)*		*(40.4)%*
Consolidated cost of revenue	**(11,797)**	**80.1%**	**(12,473)**	**76.1%**	**(5.4)%**
Consolidated gross profit	**2,929**	**19.9%**	**3,927**	**23.9%**	**(25.4)%**

EVRAZ's consolidated cost of revenue amounted to US$11,797 million, representing 80.1% of the Company's consolidated revenue, in 2012 compared to US$12,473 million, or 76.1% of consolidated revenue in 2011. The decrease in the gross profit margin in 2012 compared to 2011 was primarily due to a decrease in volumes and prices of mining products, while a decrease in steel prices was offset by a similar decrease in prices of raw materials.

Steel Segment Cost of Revenue					
	Year ended 31 December				
	2012		**2011**		**2012 v 2011**
	US$ million	**% of total**	**US$ million**	**% of total**	**% change**
Cost of revenue	**11,154**		**12,375**		**(9.9)%**
Raw materials	5,804	52.0%	7,355	59.4%	(21.1)%
Iron ore	1,992	17.9%	2,568	20.8%	(22.4)%
Coking coal	1,539	13.8%	1,985	16.0%	(22.5)%
Scrap	1,569	14.1%	1,942	15.7%	(19.2)%
Other raw materials	704	6.2%	860	6.9%	(18.1)%
Semi-finished products	476	4.3%	781	6.3%	(39.1)%
Transportation	541	4.9%	499	4.0%	8.4%
Staff costs	1,068	9.6%	981	7.9%	8.9%
Depreciation	451	4.0%	436	3.5%	3.4%
Energy	954	8.6%	985	8.0%	(3.1)%
Other*	1,860	16.7%	1,338	10.8%	39.0%

* Includes purchase of goods from market for subsequent resale by EVRAZ Metall Inprom and destocking of goods in ports

EVRAZ's steel segment cost of revenue decreased to 82.4% of steel segment revenue, or US$11,154 million in 2012 from 84.1% of steel segment revenue, or US$12,375 million in 2011.

The principal factors affecting the change in the steel segment cost of revenue in absolute terms in 2012 compared to 2011 were as follows:

- Raw material costs decreased by 21.1%, primarily due to a significant decline in prices for all main raw materials (in particular prices for coking coal and iron ore) accompanied by a decrease in production volumes of steel products (net of re-rolled volumes within the Group).

- Costs of semi-finished products decreased by 39.1% due to a lower share of external purchases of semi-finished products by EVRAZ's North American and European operations, as well as lower market prices for those semi-finished products.

- Transportation costs increased by 8.4%. Railway charges in relation to the transportation of EVRAZ's steel products to the relevant ports, which represent a major component of these costs, increased as a result of higher railway tariffs. Increased share of internal supplies of semi-finished products from Russian operations to North American operations resulted in a higher ocean freight in the cost of revenues. When semi-finished products are sold to external customers, ocean freight is allocated to selling costs.

- Staff costs increased by 8.9% in accordance with the trade union agreements.

- Depreciation and depletion costs increased by 3.4% due to capitalisation of expenses after completion of major investment projects at EVRAZ NTMK and EVRAZ ZSMK during 2011 and 2012.

- Energy costs decreased by 3.1% due to depreciation of local currencies against the US dollar.

- Other costs increased by 39.0% due to significant increase in purchase of goods from market for subsequent resale by EVRAZ Metall Inprom and destocking of goods in ports.

Steel segment gross profit increased to US$2,389 million in 2012 from US$2,342 million in 2011. Gross profit margin amounted to 17.6% of steel segment revenue in 2012 compared with 15.9% in 2011, reflecting the lower cost of raw materials.

Mining Segment Cost of Revenue and Gross Profit					
	Year ended 31 December				
	2012		2011		2012 v 2011
	US$ million	% of total	US$ million	% of total	% change
Cost of revenue	**2,306**		**2,363**		**(2.4)%**
Raw materials	137	5.9%	277	11.7%	(50.5)%
Transportation	267	11.6%	275	11.6%	(2.9)%
Staff costs	556	24.1%	523	22.1%	6.3%
Depreciation	593	25.7%	516	21.8%	14.9%
Energy	260	11.3%	266	11.3%	(2.3)%
Other*	493	21.4%	506	21.5%	(2.6)%

* In 2012, consisted primarily of contractor services and materials for maintenance and repairs and certain taxes

The mining segment cost of revenue increased to 87.0% of mining segment revenue, or US$2,306 million, in 2012 compared with 62.4% of mining segment revenue, or US$2,363 million, in 2011.

The principal factors affecting the change in mining segment cost of revenue in absolute terms in 2012 compared to 2011 were:

- Raw material costs decreased by 50.5% as a result of lower purchased volumes of external ore for processing and depreciation of the average rate of the Russian rouble against the US dollar.

- Staff costs increased by 6.3%. The increase was largely attributable to the increase in wages and salaries in accordance with trade union agreements at Russian and Ukrainian mills.

- Depreciation of the average rate of the Russian rouble against the US dollar resulted in lower transportation, energy and other costs in 2012 vs. 2011. Other costs consisted primarily of contractor services and materials for maintenance and repairs and certain taxes.

Mining segment gross profit decreased from US$1,421 million in 2011 to US$344 million in 2012. The decrease in the gross profit margin in 2012 compared to 2011 was primarily attributable to a higher depletion base and lower prices for mining products.

Vanadium Segment Cost of Revenue and Gross Profit					
	Year ended 31 December				
	2012		2011		2012 v 2011
	US$ million	% of total	US$ million	% of total	% change
Cost of revenue	**494**		**610**		**(19.0)%**
Raw materials	198	40.1%	317	52.0%	(37.5)%
Transportation	1	0.2%	2	0.3%	(50.0)%
Staff costs	65	13.2%	71	11.6%	(8.5)%
Depreciation	23	4.7%	28	4.6%	(17.9)%
Energy	68	13.8%	71	11.6%	(4.2)%
Other	139	28.0%	121	19.9%	14.9%

The vanadium segment cost of revenue decreased by 19.0% to US$494 million, or 95.0% of vanadium segment revenue, in 2012 from US$610 million, or 91.7% of vanadium segment revenue, in 2011. The decrease in EVRAZ's vanadium segment's cost of revenue in 2012 as compared to 2011, in absolute terms, was attributable to a decrease in sales volumes and the depreciation of local currencies against the US dollar.

Gross profit of EVRAZ's vanadium segment decreased to US$26 million in 2012 from US$55 million in 2011.

Other operations segment cost of revenue and gross profit

The other operations segment's cost of revenue increased to 74.5% of other operations revenue, or US$779 million, in 2012 compared to 74.1%, or US$716 million, in 2011.

The major components of cost of revenue at EVRAZ Nakhodka Trade Sea Port are staff and inventory costs. The major component of EvrazTrans' cost of revenue were rental and maintenance of railway cars. The major component of MEF's cost of revenue is the purchase of electricity from power generating companies. The major components of ZapSib Power Plant's cost of revenue are steam coal for power generation, depreciation and staff costs; while the major component of Sinano's cost of revenue is ship hire fees.

PRINCIPAL RISKS AND UNCERTAINTIES

1. Impact of Global Macroeconomics and Industry Cyclicality

Risk

EVRAZ's sales, profits, balance sheet and potentially the economic viability of projects and investments could be adversely impacted by macroeconomic factors such as:

- The cyclical nature of the steel, mining and vanadium industries with prices strongly influenced by economic conditions;
- Potential disparities between global steel and raw material production capacity which could influence pricing; and
- Adverse fluctuations in RUB/USD exchange rates and other foreign currencies.

Mitigation

EVRAZ's operations are diversified across a number of geographic markets thereby providing some protection from adverse economic conditions. Production is focused primarily on the infrastructure segment of the steel markets where the Company commands leading market shares and benefits from high barriers to entry.

EVRAZ's vertically integrated business model serves to protect the Company from higher raw material input prices and various pricing formulas are utilised in respect of contracts. In addition, products are sold under a range of contracts, some of which are linked to raw material prices. A proportion of products are supplied on long-term contracts.

EVRAZ's operations are generally low cost in comparison with much of the Company's peer group, a factor which provides some mitigation against economic fluctuations.

EVRAZ's main foreign exchange risk is the potential impact on the asset value of the Group's Russian operations; this risk is mitigated in that all products are priced in US dollars or on a USD related price.

2. Safety

Risk

Safety risks are inherent to the Company's principal business activities of steelmaking and mining.

EVRAZ employees face a range of risks including the potential dangers of fire, explosions and electrocution. Additional risks, specific to individual mines, include methane levels, rock falls caused by geological conditions, and accidents involving equipment and/or vehicles. EVRAZ faces risks including regulatory fines, penalties and adverse impacts on reputation and, in the extreme, the withdrawal of mining or plant environmental licences thereby curtailing operations for an indefinite period.

Mitigation

EVRAZ has instigated a programme to improve the management of safety risks across all business units and embed a new culture at all levels within the Company, supported by operational manuals and detailed procedures. This system is subject to oversight at Group and site level in order to ensure all HSE systems are aligned and that response to safety risks is co-ordinated, consistent and complete.

EVRAZ has reviewed the Group's training activities in order to ensure that all employees can provide strong and professional leadership with regard to safety issues.

EVRAZ reviews the performance of all contractors against Group policies and contractual safety requirements. In the event of non-compliance by contractors the Group takes appropriate action, including contract termination.

An operational safety assessment represents a primary aspect of all new projects, particularly new mines where measures to contain methane levels are a priority.

3. Capital Projects and Expenditures

Risk

The advancement of EVRAZ's strategic objectives is, in large part, dependent upon the completion of a number of important projects designed to enhance the Company's key product delivery, reduce production costs and increase the vertical production of our raw material inputs.

The economic viability of capital projects could be impacted by increases in capital costs due to delays and other factors, unforeseen changes to future metal and metallic coal prices and the acquisition and retention of relevant operating licences. In addition, the profitability of new projects could be impacted by higher than expected operating and Life of Mine (LOM) costs due to variables such as lower than expected coal and iron ore quality, coal seam economics and technical processing and engineering factors.

In addition, the cost to EVRAZ of maintaining current mines is subject to various factors which are outside the Company's control, including the price of consumables.

Mitigation

EVRAZ reviews all proposed capital projects on a risk return basis. The Group sets expected internal rates of return (IRR) for each project as thresholds for approving the allocation of capital based on the net present value (NPV) of expected cash flows from invested capital. The IRR and NPV are also reviewed based on sensitised cash flows using variables for commodity prices, inputs and sales, and volumes (mines).

Before undertaking the development of a mine, EVRAZ takes into account a range of considerations and utilises independent experts to review various factors such as: resource estimates; studies of ore quality in relation to market demand and value; mine development costs; mining techniques (open pit or underground) and associated investments; logistic options, including transport and power; environmental impacts; and labour availability. Cash costs and full sustainable cash costs over LOM are also reviewed compared to local and open market metrics.

Each project is presented for approval against the Group's risk matrix to assess the downside in respect of each project and any potential mitigating actions.

Project delivery is closely monitored against project plans to ensure that investments are on time and on budget and to assess any changes in project and capital expenditure against the approved NPV.

4. Environmental Incidents

Risk

Mining and steel production carry an inherent risk of environmental impacts and incidents, relating to issues as diverse as water usage and quality of water discharged, air emissions, metallurgical waste recycling, tailings management and community discontent. Consequentially, EVRAZ faces risks including regulatory fines, penalties and adverse impacts on reputation and, in the extreme, the withdrawal of mining or plant environmental licences thereby curtailing operations for an indefinite period.

Mitigation

EVRAZ has put strong environmental systems, procedures and controls into place. Environmental risks are the responsibility of the regional business units with oversight from the Group's HSE team, HSE Committee and, ultimately, the EVRAZ's Board.

The majority of EVRAZ's operations are certified under ISO 14001 and the Company continues to work towards bringing the remaining plants to certification. EVRAZ is currently compliant with REACH requirements.

5. Human Resources

Risk

EVRAZ's employees represent a key resource and are critical to the delivery of the Company's objectives.

Principal risks involve the selection, recruitment, training and retention of employees, together with securing appropriately qualified executives with regard to current and new operations. Succession planning in respect of EVRAZ's senior management is under constant review although this does not preclude issues in relation to key roles.

Whereas the aforementioned issues are applicable throughout the Group's global operations, the on-going expansion of mining operations in Russia has led to a particular shortage of experienced and skilled mining professionals. This risk is exacerbated by the climatic conditions and/or remote locations pertaining to certain of the Company's current and potential mines. Certain regulatory and cultural factors can also prove disincentives in terms of recruitment from outside Russia.

There is a risk of employee union action, as witnessed at the Group's South African operations during 2012, although such action is not indicative of the overall state of labour relations at EVRAZ which are largely favourable. However, this cannot preclude the risk of future industrial disputes.

Mitigation

EVRAZ continually assesses its human resources requirements and seeks to meet its leadership and skills needs through the retention of employees and internal promotion. EVRAZ maintains structured and professional internal mentoring and external development programmes including

EVRAZ's New Leaders programme, focused on high potential employees, and Talent management supervision conducted by the Company's Talent Committee.

The Company has instigated clearly assigned responsibilities and programmes designed to maintain close relationships with employee unions throughout its operations. EVRAZ seeks to be proactive and timely in response to the needs and concerns of trade unions

6. Business Interruption

Risk

Steel making and mining operations are subject to a number of operational risks which have the potential to cause prolonged production delays or shut-downs.

These include equipment failure, regulatory requirements in respect of safety concerns, geological and technical challenges, climatic conditions, interruptions to power supplies and disruptions to transportation services.

Additionally, long-term business interruption may result in loss of customers and damage to the Company's reputation.

Mitigation

EVRAZ has established protocols and procedures across all of its activities to mitigate the effects of business interruption. The Company has initiated planned maintenance programmes at the majority of its plants and records of minor interruptions are reviewed for the purpose of identifying prospective problems of greater magnitude. KPIs are utilised at each of the Group's plants, units and mines, encompassing all significant interruptions.

All of the Company's operations possess disaster recovery plans which are reviewed regularly by Internal Audit. The Group also carries business interruption insurance, excluding mining operations.

7. Potential Actions by Governments

Risk

EVRAZ operates in a number of countries and there is a risk that governments or government agencies could adopt new laws, regulations or other requirements which could have an adverse impact on the Group's operations and business. Such developments could also have the effect of limiting the Group's ability to obtain financing in international markets.

Mitigation

EVRAZ and its executive teams are members of various national industry bodies and, as a result, contribute to the thinking of such bodies and, when appropriate, participate in relevant discussions with political and regulatory authorities.

EVRAZ also has programmes in place across the Group's operations to support the Company's "good corporate citizen" credentials.

8. Treasury Risk

Risk

As with many other large multinational companies, EVRAZ faces various treasury risks including liquidity, credit, and interest rate risks.

Adverse events in global financial markets could affect the Group's ability to raise new debt, refinance existing debt and/or lead to higher debt service costs.

The Group's current debt facilities include certain covenants in relation to equity, net debt and interest expense. A breach of these covenants could result in certain of the Group's borrowing facilities becoming repayable immediately.

EVRAZ is subject to significant counter-party risk via receivables from commercial and financial institutions.

Mitigation

EVRAZ manages liquidity risk by maintaining adequate cash and borrowing facilities, as well as through cash management procedures that continually monitor forecast and actual cash flows and by matching funding with the Group's cash needs and re-financing obligations.

Covenant compliance is managed by close monitoring of the overall Group's business performance and, again, with the continual review of forecast and actual cash flow. Free cash flow, net of capital expenditure, total funding, maturity profile and covenants are considered at each EVRAZ Board meeting.

With regard to risk management of funding cost, the majority of the Company's funding has been secured on a fixed interest basis.

The Group manages counter-party risk with commercial customers through a combination of letters of credit and, where creditworthiness is uncertain, by pre-payments. In the event that credit terms are longer than the Group's standard payment terms, collateral is sought. There is no significant concentration of credit risk within EVRAZ's customer base.

The credit worthiness of all financial institutions with which EVRAZ has cash balances or places deposits is kept under regular review.

The majority of the Group’s funding is denominated in US dollars. Major funding in other currencies, primarily the Russian rouble, is substantially dollar hedged with financial institutions.

9. Cost Competiveness

Risk

Most product groups in the steel industry are highly cost competitive and this is particularly relevant to the Groups’ key markets in Russia and North America. Although EVRAZ is active in the manufacture and sale of niche products, the Group is able to focus on specific geographic regions and enjoys certain cost advantages linked to customer proximity, volume and quality, the majority of the Group’s steel production remains cost and price sensitive.

Steel making is a high capital cost industry and the impact of lower plant utilisation increases the underlying cost per tonne of crude and rolled steel, reducing any profit margin.

At the Group’s Russian plants, employees tend to represent the majority of the local community’s active workforce. Changing production requirements can, therefore, lead to local political and social challenges.

Mitigation

The majority of the Group’s recent investments have been designed to significantly reduce costs, as illustrated by the Company’s utilisation of PCI technology within its steelmaking operations in order to reduce energy costs and enable the use of cheaper, lower quality carbon (coal/coke) inputs; the focus on the development of the Group’s key cost competitive rail and beam production for both domestic and export markets; investment in the production of high quality slab which can be further processed by the Group’s international plants, particularly for the North American market; and the expansion and control of the Company’s Russian domestic steel distribution network.

The Group continues to develop a number of new greenfield and brownfield mining operations which will produce higher quality coal and iron ore at a lower cash cost, thereby benefiting the Company’s overall steel making cost per tonne.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

Each of the directors listed on pages 70 to 71 of the Annual report confirm that to the best of their knowledge:

- the consolidated financial statements of EVRAZ plc, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole (the ‘Group’);

- the Directors’ Report and the Financial Review on pages 92 to 95 and 62 to 67 of the Annual Report include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Alexander Frolov

Chief Executive Officer

EVRAZ plc

Appendix 1

EBITDA

EBITDA represents profit from operations plus depreciation, depletion and amortisation, impairment of assets, loss (gain) on disposal of property, plant and equipment, and foreign exchange loss (gain). EVRAZ presents an EBITDA because it considers EBITDA to be an important supplemental measure of its operating performance and believes that EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the same industry. EBITDA is not a measure of financial performance under IFRS and it should not be considered as an alternative to net profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EVRAZ's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. EBITDA has limitations as an analytical tool and potential investors should not consider it in isolation, or as a substitute for an analysis of our operating results as reported under IFRS. Some of these limitations include:

- EBITDA does not reflect the impact of financing or financing costs on EVRAZ's operating performance, which can be significant and could further increase if EVRAZ were to incur more debt.

- EBITDA does not reflect the impact of income taxes on EVRAZ's operating performance.

- EBITDA does not reflect the impact of depreciation and amortisation on EVRAZ's operating performance. The assets of EVRAZ's businesses which are being depreciated and/or amortised will have to be replaced in the future and such depreciation and amortisation expense may approximate the cost of replacement of these assets in the future. EBITDA, due to the exclusion of these costs, does not reflect EVRAZ's future cash requirements for these replacements. EBITDA also does not reflect the impact of a loss on disposal of property, plant and equipment.

Reconciliation of profit (loss) from operations to EBITDA is as follows:

	Year ended 31 December	
	2012	**2011**
	(US$ million)	
Consolidated EBITDA reconciliation		
Profit from operations	243	1,860
Add:		
Depreciation, depletion and amortisation	1,259	1,153
Impairment of assets	413	104
Loss on disposal of property, plant & equipment	56	50
Foreign exchange loss/(gain)	41	(269)
Consolidated EBITDA	**2,012**	**2,898**
Steel segment EBITDA reconciliation		
Profit from operations	845	580
Add:		
Depreciation and amortisation	556	546
Impairment of assets	58	78
Loss on disposal of property, plant & equipment	38	29
Foreign exchange loss/(gain)	(171)	29
Steel segment EBITDA	**1,326**	**1,262**
Mining segment EBITDA reconciliation		
(Loss)/profit from operations	(455)	1,150
Add:		
Depreciation, depletion and amortisation	611	530
Impairment of assets	354	31
Loss on disposal of property, plant & equipment	17	20
Foreign exchange loss/(gain)	95	(103)

	Year ended 31 December	
	2012	2011
	(US$ million)	
Mining segment EBITDA	**622**	**1,628**
Vanadium segment EBITDA reconciliation		
Loss from operations	(67)	(13)
Add:		
Depreciation and amortisation	47	34
Impairment of assets	0	0
Loss on disposal of property, plant & equipment	1	0
Foreign exchange loss	0	1
Vanadium segment EBITDA	**(19)**	**22**
Other operations EBITDA reconciliation		
Profit from operations	150	162
Add:		
Depreciation and amortisation	38	40
Impairment of assets	1	(5)
Loss on disposal of property, plant & equipment	0	1
Foreign exchange gain	0	(1)
Other operations EBITDA	**189**	**197**
Unallocated EBITDA reconciliation		
Loss from operations	(323)	(51)
Add:		
Depreciation and amortisation	7	3
Foreign exchange (gain)/loss	117	(195)
Unallocated EBITDA	**(199)**	**(243)**
Intersegment eliminations		
Profit from operations	93	32
Eliminations EBITDA	**93**	**32**

Appendix 2

Liquidity

Liquidity is not a measure under IFRS and it should not be considered as an alternative to other measures of financial position. EVRAZ's calculation of Liquidity may be different from the calculation used by other companies and therefore comparability may be limited.

	31 December 2012	31 December 2011
	(US$ million)	
Liquidity Calculation		
Cash and cash equivalents	1,320	801
Amounts available under credit facilities	1,146	1,322
Short-term bank deposits	674	2
Total estimated liquidity	3,140	2,125

Appendix 3

Net Debt

Net Debt represents long-term loans, net of current portion, plus short-term loans and current portion of long-term loans, plus finance lease liabilities, including current portion of finance lease liabilities, less cash and cash equivalents (excluding restricted deposits). Net Debt is not a measure under IFRS and it should not be considered as an alternative to other measures of financial position. EVRAZ's calculation of Net Debt may be different from the calculation used by other companies and therefore comparability may be limited.

Net Debt has been calculated as follows:

	31 December 2012	31 December 2011
	(US$ million)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	6,373	6,593
Short-term loans and current portion of long-term loans	1,783	613
Finance lease liabilities, including current portion	13	39
Loans of disposal groups classified as held for sale	79	-
Less:		
Short-term bank deposits	(674)	(2)
Cash and cash equivalents	(1,320)	(801)
Cash of disposal groups classified as held for sale	(70)	-
Net Debt	**6,184**	**6,442**

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The 2012 Annual Report will shortly be available to view or download in a pdf format from the Company's website at www.evraz.com. A copy of the 2012 Annual Report will be submitted to the National Storage Mechanism and will shortly be available for inspection at http://www.morningstar.co.uk/uk/NSM.

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The financial statements of EVRAZ plc (registered number 7784342) on pages 100-165 of the Annual report were approved by the Board of Directors on 10 April 2013 and signed on its behalf by Alexander Frolov, Chief Executive Officer.

EVRAZ plc

Consolidated Statement of Operations

(in millions of US dollars, except for per share information)

		Year ended 31 December		
	Notes	**2012**	**2011**	**2010**
Revenue				
Sale of goods	**3**	**$ 14,367**	$ 16,077	$ 13,144
Rendering of services	**3**	**359**	323	250
		14,726	16,400	13,394
Cost of revenue	**7**	**(11,797)**	(12,473)	(10,319)
Gross profit		**2,929**	3,927	3,075
Selling and distribution costs	**7**	**(1,211)**	(1,154)	(807)
General and administrative expenses	**7**	**(860)**	(921)	(732)
Social and social infrastructure maintenance expenses		**(51)**	(61)	(64)
Loss on disposal of property, plant and equipment		**(56)**	(50)	(52)
Impairment of assets	**6**	**(413)**	(104)	(147)
Foreign exchange gains/(losses), net		**(41)**	269	104
Other operating income		**75**	50	63
Other operating expenses	**7**	**(129)**	(96)	(110)
Profit from operations		**243**	1,860	1,330
Interest income	**7**	**23**	17	13
Interest expense	**7**	**(645)**	(708)	(728)
Share of profits/(losses) of joint ventures and associates	**11**	**1**	55	21
Gain/(loss) on financial assets and liabilities, net	**7**	**164**	(355)	8
Gain/(loss) on disposal groups classified as held for sale, net	**12**	**114**	8	(14)
Gain on bargain purchases	**4**	**–**	–	4
Other non-operating gains/(losses), net		**(6)**	(4)	(1)
Profit/(loss) before tax		**(106)**	873	633
Income tax benefit/(expense)	**8**	**(229)**	(420)	(163)
Net profit/(loss)		**$ (335)**	$ 453	$ 470
Attributable to:				
Equity holders of the parent entity		**$ (308)**	$ 461	$ 486
Non-controlling interests		**(27)**	(8)	(16)
		$ (335)	$ 453	$ 470
Earnings/(losses) per share:				
basic, for profit/(loss) attributable to equity holders of the parent entity, US dollars	**20**	**$ (0.23)**	$ 0.36	$ 0.39

Consolidated Statement of Operations							
(in millions of US dollars, except for per share information)							
diluted, for profit/(loss) attributable to equity holders of the parent entity, US dollars	**20**	**$**	**(0.23)**	$	0.36	$	0.39

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in millions of US dollars)

			Year ended 31 December				
	Notes		**2012**		**2011**		**2010**
Net profit/(loss)		**$**	**(335)**	$	453	$	470
Other comprehensive income/(loss)							
Effect of translation to presentation currency			**286**		(620)		64
Net gains/(losses) on available-for-sale financial assets	**13**		**4**		(20)		(8)
Net (gains)/losses on available-for-sale financial assets reclassified to profit or loss	**13**		**–**		20		4
Income tax effect			**–**		–		–
			4		–		(4)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**9**		**–**		(1)		(7)
Income tax effect	**8**		**–**		–		1
			–		(1)		(6)
Net gains/(losses) on available-for-sale financial assets of the Group's joint ventures and associates	**11**		**1**		–		–
Effect of translation to presentation currency of the Group's joint ventures and associates	**11**		**44**		(35)		(9)
Share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method			**45**		(35)		(9)
Total other comprehensive income/(loss)			**335**		(656)		45
Total comprehensive income/(loss), net of tax		**$**	**–**	$	(203)	$	515
Attributable to:							
Equity holders of the parent entity		**$**	**28**	$	(177)	$	522
Non-controlling interests			**(28)**		(26)		(7)
		$	**–**	$	(203)	$	515

The accompanying notes form an integral part of these consolidated financial statements.

EVRAZ plc

Consolidated Statement of Financial Position
(in millions of US dollars)

	Notes	31 December 2012	2011	2010
ASSETS				
Non-current assets				
Property, plant and equipment	**9**	**$ 7,792**	$ 8,306	$ 8,607
Intangible assets other than goodwill	**10**	**586**	838	1,004
Goodwill	**5**	**2,180**	2,180	2,219
Investments in joint ventures and associates	**11**	**561**	663	688
Deferred income tax assets	**8**	**66**	79	100
Other non-current financial assets	**13**	**92**	53	118
Other non-current assets	**13**	**103**	107	103
		11,380	12,226	12,839
Current assets				
Inventories	**14**	**1,978**	2,188	2,070
Trade and other receivables	**15**	**895**	971	1,213
Prepayments		**143**	176	192
Loans receivable		**19**	44	1
Receivables from related parties	**16**	**12**	8	80
Income tax receivable		**59**	83	54
Other taxes recoverable	**17**	**329**	412	353
Other current financial assets	**18**	**712**	57	52
Cash and cash equivalents	**19**	**1,320**	801	683
		5,467	4,740	4,698
Assets of disposal groups classified as held for sale	**12**	**930**	9	2
		6,397	4,749	4,700
Total assets		**$ 17,777**	$ 16,975	$ 17,539
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	**20**	**$ 1,340**	$ 1,338	$ 375
Treasury shares	**20**	**(1)**	(8)	–
Additional paid-in capital	**20**	**1,820**	2,289	1,742
Revaluation surplus		**173**	171	180
Legal reserve	**20**	**–**	–	36
Unrealised gains and losses	**11,13**	**5**	–	–
Accumulated profits		**3,356**	3,606	4,570
Translation difference		**(1,520)**	(1,851)	(1,214)
		5,173	5,545	5,689
Non-controlling interests		**200**	236	247
		5,373	5,781	5,936
Non-current liabilities				
Long-term loans	**21**	**6,373**	6,593	7,097
Deferred income tax liabilities	**8**	**927**	1,020	1,072
Finance lease liabilities	**22**	**11**	26	38
Employee benefits	**23**	**294**	296	315
Provisions	**25**	**257**	285	279
Other long-term liabilities	**26**	**170**	285	143
		8,032	8,505	8,944
Current liabilities				
Trade and other payables	**27**	**1,412**	1,460	1,173
Advances from customers		**157**	154	205
Short-term loans and current portion of long-term loans	**21**	**1,783**	613	714
Payables to related parties	**16**	**257**	98	217
Income tax payable		**48**	92	78
Other taxes payable	**28**	**195**	188	180
Current portion of finance lease liabilities	**22**	**2**	13	19
Provisions	**25**	**32**	53	54
Amounts payable under put options for shares of subsidiaries		**–**	9	6
Dividends payable by the Group's subsidiaries to non-controlling shareholders		**8**	9	13
		3,894	2,689	2,659
Liabilities directly associated with disposal groups classified as held for sale	**12**	**478**	–	–
		4,372	2,689	2,659
Total equity and liabilities		**$ 17,777**	$ 16,975	$ 17,539

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(in millions of US dollars)

	Year ended 31 December		
	2012	**2011**	**2010**
Cash flows from operating activities			
Net profit/(loss)	**$ (335)**	$ 453	$ 470
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(38)**	12	(186)
Depreciation, depletion and amortisation *(Note 7)*	**1,259**	1,153	925
Loss on disposal of property, plant and equipment	**56**	50	52
Impairment of assets	**413**	104	147
Foreign exchange (gains)/losses, net	**41**	(269)	(104)
Interest income	**(23)**	(17)	(13)
Interest expense	**645**	708	728
Share of (profits)/losses of associates and joint ventures	**(1)**	(55)	(21)
(Gain)/loss on financial assets and liabilities, net	**(164)**	355	(8)
(Gain)/loss on disposal groups classified as held for sale, net	**(114)**	(8)	14
Gain on bargain purchases	**–**	–	(4)
Other non-operating (gains)/losses, net	**6**	4	1
Bad debt expense	**12**	49	48
Changes in provisions, employee benefits and other long-term assets and liabilities	**(40)**	(29)	(15)
Expense arising from equity-settled awards (*Note 24)*	**22**	23	2
Share-based payments under cash-settled awards *(Note 24)*	**–**	(1)	(3)
Other	**(6)**	(4)	(3)
	1,733	2,528	2,030
Changes in working capital:			
Inventories	**121**	(204)	(191)
Trade and other receivables	**(78)**	167	(239)
Prepayments	**37**	(2)	(44)
Receivables from/payables to related parties	**141**	(61)	(34)
Taxes recoverable	**120**	(123)	(91)
Other assets	**18**	(3)	38
Trade and other payables	**96**	367	107
Advances from customers	**(1)**	(44)	80
Taxes payable	**(43)**	44	5
Other liabillities	**(1)**	(22)	1
Net cash flows from operating activities	**2,143**	2,647	1,662

Cash flows from investing activities			
Issuance of loans receivable to related parties	**(5)**	(3)	(46)
Proceeds from repayment of loans issued to related parties, including interest	**1**	46	5
Issuance of loans receivable	**–**	(4)	(1)
Proceeds from repayment of loans receivable, including interest	**4**	4	2
Return of capital by a joint venture *(Note 11)*	**38**	–	–
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**(12)**	(36)	(27)
Purchases of interest in associates/joint ventures	**–**	–	(9)
Restricted deposits at banks in respect of investing activities	**–**	(1)	17
Short-term deposits at banks, including interest	**(656)**	5	29
Purchases of property, plant and equipment and intangible assets	**(1,261)**	(1,281)	(832)
Proceeds from disposal of property, plant and equipment	**9**	23	21

Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**311**	5	42
Dividends received	**88**	54	1
Other investing activities, net	**(61)**	–	54
Net cash flows used in investing activities	**(1,544)**	(1,188)	(744)

Consolidated Statement of Cash Flows (continued)

(in millions of US dollars)

	Year ended 31 December		
	2012	**2011**	**2010**
Cash flows from financing activities			
Purchase of treasury shares in the course of the Group's reorganisation *(Note 20)*	**$ (4)**	$ –	$ –
Purchase of treasury shares *(Note 20)*	**–**	(22)	–
Sale of treasury shares *(Note 20)*	**–**	3	–
Payments relating to conversion of bonds into shares *(Note 21)*	**–**	(161)	–
Proceeds from issue of shares by a subsidiary to non-controlling shareholders	**–**	1	–
Purchases of non-controlling interests *(Note 4)*	**(1)**	(51)	(13)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**(375)**	(491)	–
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**(1)**	(1)	(1)
Proceeds from bank loans and notes	**2,706**	3,507	3,172
Repayment of bank loans and notes, including interest	**(2,716)**	(3,815)	(4,142)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**292**	(283)	106
Payments under covenants reset *(Note 21)*	**(7)**	–	(29)
Gain on derivatives not designated as hedging instruments *(Note 26)*	**81**	66	31
Collateral under swap contracts *(Note 18)*	**10**	(10)	–
Restricted deposits at banks in respect of financing activities	**2**	(1)	–
Payments under finance leases, including interest	**(29)**	(24)	(23)
Net cash flows used in financing activities	**(42)**	(1,282)	(899)
Effect of foreign exchange rate changes on cash and cash equivalents	**32**	(59)	(7)
Net increase in cash and cash equivalents	**589**	118	12
Cash and cash equivalents at the beginning of the year	**801**	683	671
Cash of disposal groups classified as assets held for sale *(Note 12)*	**(70)**	–	–
Cash and cash equivalents at the end of the year	**$ 1,320**	$ 801	$ 683
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (559)**	$ (586)	$ (594)
Interest received	**7**	8	11
Income taxes paid by the Group	**(298)**	(443)	(341)

The accompanying notes form an integral part of these consolidated financial statements