EVRAZ

EVRAZ PUBLISHES 2014 ANNUAL REPORT AND REPORTS FULL YEAR 2014 RESULTS

1 April 2015 – EVRAZ plc (“EVRAZ” or “the Company”) (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2014 ("2014 Annual Report") on its website: http://www.evraz.com/investors/annual_reports/ as required by DTR 6.3.5 R (3); and
- submitted to the UK National Storage Mechanism a copy of its 2014 Annual Report in accordance with LR 9.6.1 R.

The 2014 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2014 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 18 June 2015 in London, will be posted to shareholders in mid-May 2015.

The Appendix to this announcement contains additional information which has been extracted from the 2014 Annual Report for the purposes of compliance with DTR 6.3.5 only and should be read in conjunction with this announcement. Together these constitute the material required by DTR 6.3.5 and DTR 4.2.3 to be communicated to the media in unedited full text through a Regulatory Information Service. This announcement should be read in conjunction with and is not a substitute for reading the full 2014 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2014 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014 (“THE PERIOD”).

The financial information contained in this document for the year ended 31 December 2014 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 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's annual general meeting convened for 18 June 2015.

The auditor has reported on the statutory accounts for the year ended 31 December 2014. The auditor’s report was unqualified.

KEY HIGHLIGHTS

- Health and safety performance improved in FY2014 with annual LTIFR decreasing from 1.96x to 1.60x
- Consolidated revenue fell 9% as a result of decline in Steel segment revenues
- Consolidated EBITDA demonstrated excellent growth of 28% to US$2,325 million mostly driven by the Steel segment
- EVRAZ’s capex in 2014 amounted to US$654 million, down from US$902 million in 2013. Most of the capex was spent on sustaining current capacity, while US$211 million was used for projects aimed either at increasing production or decreasing costs.
- Net debt was reduced 11% to US$5.8 billion bringing the net debt to EBITDA ratio to 2.5x
- Net loss was US$1,278 million vs. US$551 million in 2013 mostly due to impairment of assets (US$540 million) and foreign exchange loss (US$1,005 million)
- The translation loss in Other comprehensive Income/(Loss) was approximately US$2 billion. It was caused by translating Russian roubles and Ukrainian hryvnia assets stated at historical cost using current (31 December 2014) exchange rate
- Successful implementation of the pulverised coal injection (PCI) project
- The launch of mass production on EVRAZ Caspian Steel

- Return to pre-accident levels of annualised production on Raspadskaya – over 10mt of coking coal
- EVRAZ North America Investment in EVRAZ Regina Steel upgrade and construction of a spiral pipe mill #5 approved
- Disposal of EVRAZ Vitkovice Steel based on an enterprise value of US$287 million
- In light of the strong financial performance in 2014, the Directors would like to make a return of capital to Shareholders of up to US$375 million by way of Tender Offer

STRATEGIC PROGRESS

The Company has made notable progress on its strategic objectives during 2014, including:

- Sustainability in volatile market environment; EBITDA margin improved from 12.6% to 17.8%
- Operational efficiency plan implemented. Our actions to reduce costs and improve operational performance have had a significant positive impact on overall performance during the year
- Optimisation of asset portfolio; EVRAZ Vitkovice Steel sold
- Strong cash flow sufficient to pay down debt; Net Debt/EBITDA down to 2.5x vs 3.6x YoY
- We are transforming our coal business into a large scale market participant in Russia and globally – revamping of Raspadskaya finalised
- We are committed to investing into selected projects from our wide project portfolio that will achieve a rate of return which will significantly exceed our current cost of capital
- We further extended our portfolio of high value-added products and enhanced the quality of customer service
- The efficacy of our strategy was underlined by the strong operating results achieved by EVRAZ's business units in 2014

FINANCIAL HIGHLIGHTS

Full year to 31 December			
(US$ million)	**2014**	2013	Change
Consolidated revenue	**13,061**	14,411	(9)%
Loss from operations	**(101)**	(161)	(37)%
Consolidated EBITDA	**2,325**	1,821	28%
Net profit/(loss)	**(1,278)**	(551)	132%
Earnings/(loss) per share, basic (US$)	**(0.78)**	(0.34)	129%
Net cash flows from operating activities	**1,957**	1,900	3%
CAPEX	**654**	902	(27)%
	31 December 2014	31 December 2013	
Net debt	**5,814**	6,534	(11)%
Total assets	**11,630**	17,685	(34)%

HEALTH, SAFETY AND ENVIRONMENT

Health and safety of our employees and contractors is our ultimate value and key priority. We prioritise the safety and reliability of our businesses to protect the welfare of our employees and the environment.

Our strategic goal is to have zero fatal accidents at our plants. We believe that we can achieve this goal through extensive employee training and initiatives to create a culture of personal involvement and responsibility.

In 2014, we were focused on the implementation of electricity isolation initiatives and improvement of safety trainings practices. In conjunction with other initiatives this helped us to reduce our LTIFR by 18% in 2014. However, regrettably in 2014 the Company recorded 12 employee and 7 contractor fatalities vs. 18 and 6, incidents in 2013, correspondingly.

In 2015, all initiatives with a focus on safety training and the LOTO (Lockout, Tryout) energy isolation programme implementation will be continued. Compliance with environmental standards is one of the major long-term targets of EVRAZ's HSE policy. EVRAZ is actively assessing its environmental impacts and potential liabilities to improve management of those exposures. EVRAZ recognises the importance of abating climate change and supports the global effort to reduce greenhouse ("GHG") gas emissions into the atmosphere. Total 2014 GHG emissions decreased by 7% compared with the previous year due to implementation of the pulverised coal injection technology at EVRAZ ZSMK and disposals of certain assets.

ANALYSIS OF RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014

Statement of operations

Revenues

(US$ million)

Segment	**2014**	**2013**	**Change**	**Relative change**
Steel	9,519	10,792	(1,273)	(11.8)%
Steel, North America	3,160	3,036	124	4.1%
Coal	1,318	1,486	(168)	(11.3)%
Other operations	648	730	(82)	(11.2)%
Eliminations	(1,584)	(1,633)	49	(3.0)%
Total	**13,061**	**14,411**	**(1,350)**	**(9.4)%**

Group revenues decreased by 9.4% in 2014, mostly as a result of a decline in the Steel segment revenues, which account for 72.9% of the total Group revenue. EVRAZ's steel sales volumes (including those from the Steel North America segment) declined by 1.9% to 15.2 million tonnes in 2014. The decline in the revenue of the Steel segment was largely caused by lower prices of steel products, in line with the general negative trend in steel pricing.

Additionally the timing of adjustments to domestic steel prices in Russia and Ukraine lagged behind the timing of the devaluation of local currencies against the US dollar that occurred in 2014. The selling prices of steel products decreased by 7.3% year on year accompanied by a fall in revenues from sales of steel segment non-core products, including iron ore, vanadium, coke, chemicals and scrap.

The Steel segment revenues were also impacted of changes in the Group's product mix during 2013–2014. Specifically, this related to the suspension of operations of EVRAZ Palini e Bertoli, EVRAZ

Vitkovice Steel disposal and the closure of EVRAZ Claymont Steel and EVRAZ ZSMK plate rolling mill, as well as decline in the production of railway products.

While sales volumes of flat-rolled and railway steel products reduced, part of the production of semi-finished goods was switched from internal consumption to external sales. Changes in the sales mix contributed to a 2.9% decrease in revenues.

Revenues of the Steel, North America segment increased by 4.1% to US$3,160 million, compared to US$3,036 million in 2013, driven by higher sales volumes, particularly of tubular and railway products. The Coal segment revenues dropped by 11.3%, primarily due to reduced selling prices, partially offset by increased volumes.

Revenue by region (US$ million)				
Region	**2014**	**2013**	**Change**	**Relative change**
Russia	5,279	6,136	(857)	(14.0)%
Americas	3,529	3,242	287	8.9%
Asia	1,954	2,062	(108)	(5.2)%
CIS (excl. Russia)	926	1,175	(249)	(21.2)%
Europe	916	1,385	(469)	(33.9)%
Africa	447	404	43	10.6%
Rest of the world	10	7	3	42.9%
Total	**13,061**	**14,411**	**(1,350)**	**(9.4)%**

EBITDA (US$ million)				
Segment	**2014**	**2013**	**Change**	**Relative change**
Steel	1,912	1,656	256	15%
Steel, North America	279	158	121	77%
Coal	373	226	147	65%
Other operations	37	37	-	0%
Unallocated	(225)	(226)	1	(0)%
Eliminations	(51)	(30)	(21)	70%
Total	**2,325**	**1,821**	**504**	**28%**

Steel segment EBITDA in 2014 is higher than in 2013 as a result of asset optimisation and cost reduction activities, as well as the decrease in expenses in US dollar terms at Russian and Ukrainian subsidiaries due to the local currencies devaluation in 2014. Lower prices of coking coal and iron ore also impacted positively the segment results. The economy on the cost side was partially offset by decline in steel products sales prices due to both global weak market environment and lag in price adjustment in Russia and Ukraine after currency devaluation.

Steel North America segment EBITDA was positively impacted by growing sales of tubular and long steel products, accompanied by implemented cost reduction initiatives.

The year on year increase in Coal segment EBITDA was related to the increase in sales volumes of coking coal and coking coal concentrate and a decrease in costs associated with Russian rouble weakening, portfolio optimisation at Yuzhkuzbassugol and operational improvements.

Eliminations mostly reflect the unrealised profits or losses of Steel segment in transactions with the Steel North America segment.

The implementation of the efficiency improvement plan brought about US$420 million of savings, including, as planned, approximately a US$55 million reduction in G&A costs (before the Russian rouble and Ukranian hryvnia devaluation effect) which contributed to the overall G&A contraction.

General and administrative (G&A) expenses declined by 15.3% YoY due to the asset portfolio optimisation, a G&A expense reduction programme implemented in 2014 as well as to a positive effect of the local currency devaluation in Russia and Ukraine. As a result our G&A expenses reduced to 5.7% of our revenues compared to 6.1% a year before.

Our actions to reduce costs and improve operational performance have had a significant positive impact on overall performance during the year. To facilitate assessment of performance our cost saving targets and quantification are based on management accounts adjusted to eliminate macroeconomic impacts (such as exchange rate fluctuations and inflation) and once-off expenditure (such as employee severance payments and other discontinuation costs). On this basis there has been a cost improvement of US$420 million during the year.

The following table provides a description of the cost cutting initiatives:

(US$ million)	
Cost cutting initiatives at ongoing operations, including	**245**
Reduction of headcount and related G&A costs	80
Optimisation of tunneling works, maintenance costs, degassing and ventilation costs in the Coal segment	45
Improving yields and raw material costs at steel mills	92
Other cost optimisation	28
Optimisation of asset portfolio	**100**
Mines shutdowns and disposals at Evrazruda and Yuzhkuzbassugol	56
Suspension of EVRAZ Claymont, disposal of Central heat and Power Plant and shutdown of a plate rolling mill at EVRAZ ZSMK	44
Increase in production	**75**
Volume growth at EVRAZ North America’s ongoing assets	48
Recovery of production at the Raspadskaya mine	27
Total	**420**

Cost of revenues, expenses and results

(US$ million)

Item	2014	2013	Change	Relative change
Cost of revenue	**(9,734)**	**(11,501)**	**1,767**	**(15.4)%**
Gross profit	**3,327**	**2,910**	**417**	**14.3%**
Selling and distribution costs	(1,009)	(1,213)	204	(16.8)%
General and administrative expenses	(743)	(877)	134	(15.3)%
Impairment of assets	(540)	(563)	23	(4.1)%
Foreign exchange gains/(losses), net	(1,005)	(258)	(747)	289.5%
Other operating income and expenses, net	(131)	(160)	29	(18.1)%
Profit from operations	**(101)**	**(161)**	**60**	**(37.3)%**
Interest expense, net	(546)	(676)	130	(19.2)%
Gain/(loss) on financial assets and liabilities, net	(583)	(43)	(540)	n/a
Gain on disposal group classified as held for sale, net	136	131	5	3.8%
Other non-operating gains/(losses), net	10	112	(102)	n/a
Profit before tax	**(1,084)**	**(637)**	**(447)**	**70.2%**
Income tax benefit/(expense)	(194)	86	(280)	n/a
Net profit	**(1,278)**	**(551)**	**(727)**	**131.9%**

The Group's cost of revenue decreased by 15.4% due to reduction in all costs.

A detailed breakdown of the cost of revenue is as follows:

(US$ million)	2014	% of revenue	2013	% of revenue	Change	Relative change
Revenue	**13,061**		**14,411**			
Cost of revenue	**9,734**	**74.5%**	**11,501**	**79.8%**	**(1,767)**	**(15.4%)**
Raw materials, incl.	3,086	23.6%	3,396	23.6%	(310)	(9.1)%
Iron ore	700	5.4%	730	5.1%	(30)	(4.1)%
Coking coal	431	3.3%	563	3.9%	(132)	(23.4)%
Scrap	1,251	9.6%	1,331	9.2%	(80)	(6.0)%
Other raw materials	704	5.4%	772	5.4%	(68)	(8.8)%
Semi-finished products	187	1.4%	489	3.4%	(302)	(61.8)%
Auxiliary materials	823	6.3%	1,025	7.1%	(202)	(19.7)%
Services	753	5.8%	813	5.6%	(60)	(7.4)%
Goods for resale	843	6.5%	828	5.7%	15	1.8%
Transportation	660	5.1%	826	5.7%	(166)	(20.1)%
Staff costs	1,577	12.1%	1,951	13.5%	(374)	(19.2)%
Depreciation	714	5.5%	951	6.6%	(237)	(24.9)%
Electricity	568	4.3%	642	4.5%	(74)	(11.5)%
Natural gas	294	2.3%	398	2.8%	(104)	(26.1)%
Other costs	229	1.8%	182	1.3%	47	25.8%

The cost of raw materials decreased by 9.1% in 2014 driven mostly by lower coking coal and scrap costs which fell by US$132 million and US$80 million respectively. The decrease was accompanied by lower coal and scrap consumption, mainly as a result of mothballing one of EVRAZ ZSMK's coking plants, the shutdown of EVRAZ Claymont and the EVRAZ Vitkovice Steel disposal. The implementation of operational improvements resulted in optimised yields at the Russian steel mills which was another factor which led to the decrease in raw material costs.

The costs of purchased semi-finished products fell by 61.8% primarily due to the lower consumption of slab purchased from third parties by EVRAZ North America's assets which were substituted by shipments from EVRAZ NTMK. The EVRAZ Vitkovice Steel disposal also helped to reduce the semi-finished cost profile overall.

The 19.7% reduction in costs of auxiliary materials resulted from the disposal and suspension of subsidiaries as well as from cost optimisation programmes, in particular in the Coal segment, and the weakening of the Russian rouble and Ukrainian hryvnia.

The decrease in transportation costs was related to the Russian rouble weakening, the disposal of EVRAZ VGOK and Evrazruda's asset optimisation.

Staff costs decreased by US$374 million, or by 19.2%, which reflects the effect of the asset and personnel optimisation programmes, and impact on costs in Russia and Ukraine of local currency devaluation.

Total depreciation, depletion and amortisation in the cost of goods sold amounted to US$714 million in 2014 compared to US$951 million in 2013. The depletion charge was significantly reduced in the Coal segment driven by a lower depreciation and depletion expense at Yuzhkuzbassugol following the revision and detailing of future mine plans. In addition, the remaining useful lives of plant and equipment were reassessed and extended at EVRAZ NTMK, EVRAZ ZSMK and EVRAZ DMZ. This was also accompanied by a decrease of the US dollar amount of depreciation at our Russian and Ukrainian sites due to weakening of the local currencies.

Electricity costs decreased by 11.5%, due to lower consumption volumes, predominantly because of asset optimisation and disposals, and as a result of continued operational improvements. Natural gas expenditure was down by 26.1% due to a number of factors, including the disposal of Central Heat and Power Plant in H2 2013 which consumed significant volumes of natural gas, operational improvements at EVRAZ DMZ, the introduction of PCI technology at EVRAZ ZSMK, the disposal of EVRAZ Vitkovice Steel and the suspension of operations at EVRAZ Palini e Bertoli. Electricity and natural gas prices were generally stable in US dollar terms, while in Russia and Ukraine higher nominal prices were offset by the impact of currency movements.

Other costs include taxes, change in work in progress (“WIP”) and finished goods, and certain energy costs. The increase in other costs in 2014 is mostly driven by a decrease in stock of WIP and finished goods.

The key drivers of lower selling and distribution expenses were reduced sales volumes to third parties and the Russian rouble weakening. This was accompanied by the impact of the EVRAZ Vitkovice Steel disposal closure of EVRAZ Claymont and suspension of operations at and EVRAZ Palini e Bertoli.

Impairment losses during the reporting period include US$(261) million related to impairments of several cash generating units at EVRAZ North America, US$(112) million related to idled EVRAZ Palini e Bertoli assets, and a US$(58) million impairment for EVRAZ Highveld Steel and Vanadium resulting from the decrease in prices for steel and steel products and the changes in forecast production volumes and the increase in the discount rates, as well as US$(71) million relating to several Yuzhkuzbassugol mines which were idled (Kusheyakovskaya and Abashevskaya).

Foreign exchange losses of US$(1,005) million arose, in particular, due to the US dollar-denominated amounts payable by subsidiaries in Russia and Ukraine, where the national currencies, which are also functional currencies of these subsidiaries, depreciated by 42% and 49%, respectively. In addition, there are debts between subsidiaries with different functional currencies and, consequently, gains/(losses) of one subsidiary recognised in the Statement of Operations cannot be not offset with the exchange gains/(losses) of another subsidiary with a different functional currency. The net amount of foreign exchange losses relating to intra-group debt included in foreign exchange losses was US$(265) million.

Interest expenses incurred by the Group have fallen over recent years as a result of the decrease in the level of debt and the refinancing of debt at lower interest rates. The interest expense for bank loans, bonds and notes amounted to US$503 million in 2014, down from US$617 million in 2013. It was also impacted by a decrease in the interest expense of the rouble-denominated bonds due to the rouble weakening.

As described in detail in Notes 22 and 25 of the consolidated financial statements, during 2010-2012 the Group issued rouble-denominated bonds that at issuance were economically swapped into fixed rate US dollar borrowings. Losses on financial assets and liabilities amounted to US$(583) million and included, inter alia, $(94) million of realised losses and US$(494) million of unrealised losses on the change in the fair value of these currency and interest rate swaps. As the Group does not apply hedge accounting to these swaps and the related economically hedged rouble-denominated borrowings, the offsetting reduction in the US dollar value of the rouble-denominated bonds was credited directly to the exchange differences on translation of foreign operations into the presentation currency in Other Comprehensive Income/(Loss).

In the reporting period the Group had an income tax expense of US$(194) million in comparison with a US$86 million benefit for 2013. The change reflects better operating results of the Group as well as an increase in the amount of non-deductible expenses and unrecognised temporary differences, mostly caused by the forex exchange losses and losses on derivatives, which either cannot be utilised or cannot be deductible for tax purposes in the respective subsidiaries.

Cash flow

(US$ million)

Item	2014	2013	Change	Relative change
Cash flows from operating activities before change in working capital	1,976	1,535	441	28.7%
Changes in working capital	(19)	365	(384)	n/a
Net cash flows from operating activities	**1,957**	**1,900**	**57**	**3.0%**
Short-term deposits at banks, including interest	8	677	(669)	(98.8)%
Purchases of property, plant and equipment and intangible assets	(612)	(902)	290	(32.2)%
Purchase of subsidiaries, net of cash acquired	(102)	31	(133)	n/a
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	311	1	310	n/a
Other investing activities	6	(71)	77	n/a
Net cash flows from / (used in) investing activities	**(389)**	**(264)**	**(125)**	**47.3%**
Net cash flows from financing activities	**(1,811)**	**(1,367)**	**(444)**	**32.5%**
Effect of foreign exchange rate changes on cash and cash equivalents	(282)	(48)	(234)	n/a
Net increase/(decrease) in cash and cash equivalents	**(525)**	**221**	**(746)**	**n/a**

Cash flows from operating activities before changes in working capital increased by 28.7% in 2014 to US$1,976 million compared to US$1,535 million in 2013 reflecting better operational results.

Free cash flow before debt repayments and dividends for the period was a positive US$1,012 million.

Calculation of free cash flow

(US$ million)	
Item	**2014**
EBITDA	2,325
EBITDA excluding non-cash items	2,333
Changes in working capital, excluding income tax	(19)
Income tax accrued	(357)
Net Cash flows from operating activities	**1,957**
Interest and similar payments	(493)
Capital expenditure, including recorded in financing activities	(654)
Purchases of subsidiaries (net of cash acquired) and interests in associates/joint ventures	(131)
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	311
Other cash flows from investing activities	35
Equity transactions	(13)
Free cash flow	**1,012**

CAPEX and key projects

In 2014, we continued to reduce our total capital expenditure to US$654 million compared to US$902 million in 2013 as a result of a comprehensive review of the Company's investment programme, as well as the decrease in expenses in US dollar terms at Russian and Ukrainian subsidiaries due to the local currencies devaluation in 2014. The majority of 2014 capex was directed towards maintenance spending.

In 2014, we commenced sales of 100 metre rails from EVRAZ ZSMK and the EVRAZ Caspian Steel (formerly the Vostochny rolling mill) started commercial operations. The Yerunakovskaya VIII coal mine reached planned mining volumes, and our PCI project at EVRAZ ZSMK become fully operational at all blast furnaces. We completed stage one of Sheregesh ore mine output enhancement project, and we continued to develop Mezhegey coal deposit. Also we commenced the execution phase for the continuous casting machines reconstruction Project at EVRAZ ZSMK.

A summary of our capital expenditure (including recognized in financing activities) for 2014 in millions of USD is as follows:

Mezhegey coal mine development (Phase I)	41	Ramp-up to be completed by 2016. Capacity of 2.0 mtpa
Construction of Yerunakovskaya VIII coal mine	35	Ramp-up of long-wall 48-3. Production of ca. 3 million tonnes of raw coking coal.
PCI at EVRAZ ZSMK	24	PCI units launched at all EVRAZ ZSMK's blast furnaces. Ramp-up to be completed in Q1 2015.
Reconstruction of Sheregesh ore mine	19	Stage one completed and mining commenced at a new +115-metre level. The mine's annual output to reach 4.8 million tonnes of raw ore.
EVRAZ ZSMK rail mill modernisation	17	Ramp-up largely completed, equipment adjustment continues. In May 2014, shipments of first 100 metre rails commenced.
Reconstruction of continuous casting machines at EVRAZ ZSMK	11	In progress since Q2 2014, to be completed in Q4 2015. Capacity of 2.0 mtpa
EVRAZ Caspian Steel (Vostochny rolling mill, Kazakhstan)	10	The mill commenced production and shipments of products in H1 2014.
Other development projects	54	
Maintenance	443	
Total	**654**	

Effect of Russian rouble devaluation on book value

Under IAS 21, the financial information of each subsidiary is prepared in its functional currency and then translated into the Group reporting currency – the US dollar – for consolidation and presentation purposes. Changes in the carrying values of each subsidiary's assets and liabilities when translated into US dollars are recognised as a translation difference directly in other comprehensive income/(loss). Thus any significant depreciation or appreciation of the subsidiaries' functional currencies has significant effect on the carrying values of subsidiaries' and the Group's equity.

At the beginning of 2014, EVRAZ had approximately US$7 billion net asset exposure in Russian rouble (RUB, the functional currency of Russian subsidiaries) and Ukrainian hryvnia (UAH, the functional currency of the Ukrainian subsidiaries). These net assets mostly represented historical cost of property, plant and equipment of the RUB and UAH functional currency subsidiaries less related RUB and UAH nominated liabilities.

Rouble-denominated bonds are not a part of these net assets, as at the issuance they were economically swapped into fixed rate US dollar borrowings.

In 2014, there was a 42% depreciation of the Russian rouble and 49% depreciation of the Ukrainian hryvnia against the US dollar. This depreciation led to an approximately US$3 billion decline in the US dollar equivalent of the carrying values of net assets (primarily property, plant and equipment) of these subsidiaries and a corresponding decline in the Group's consolidated equity.

Based on the Group's existing capital structure, including the character and amount of intercompany loans between subsidiaries with different functional currencies, this decline was divided between

- the translation loss in Other Comprehensive Income/(Loss) of approximately US$2 billion, and
- the foreign exchange gains/(losses), net in the Statement of Operations of approximately US $1 billion, including US$0.3 billion of net loss on intercompany loans between subsidiaries with different functional currencies.

Management believes that the market value of the respective property, plant and equipment measured in US dollars declined on average to a significantly lower extent. This was also the case for their US dollar-measured cash-generating capacity, as determined by IAS 36 discounted cash flows value-in-use methodology (VIU). Most of the changes in the value in use during 2014 were caused by the shift in the product mix as a result of the decreasing demand in Russia caused related economic instability in the domestic markets of the related cash generating units, increase in the weighted average cost of capital as well as by the change in the long term forecasts for global iron ore and coal prices.

Even though IAS 16 allows the use of a fair value option for accounting for property, plant and equipment, the fair value accounting is rarely used in metals and mining industries and it is complicated for a capital extensive business. Moreover, the use of fair value model for accounting for property, plant and equipment would decrease the comparability of EVRAZ financial statements.

The schedule below provides the value in use of property, plant and equipment of the major Russian and Ukrainian subsidiaries, and their carrying values:

Company	Country	Carrying value* of PP&E as of 31 December 2013	Value in use** of PP&E as of 31 December 2013	Carrying value* of PP&E as of 31 December 2014	Value in use** of PP&E as of 31 December 2014	Hypothetical net of tax increase in carrying value of equity as of 31 December 2014 if VIU were used to value PP&E
NTMK	Russia	1,145	3,802	632	3,023	1,913
ZSMK	Russia	1,433	1,441	824	3,127	1,842
Raspadskaya	Russia	2,350	3,178	1,316	1,588	218
Yuzhkuzbassugol	Russia	1,318	1,342	704	965	209
KGOK	Russia	337	1,678	175	348	138
DMZ	Ukraine	241	251	115	157	34
Sukha Balka	Ukraine	306	334	145	179	28
Total		**7,130**	**12,026**	**3,911**	**9,387**	**4,382**

* as reported in the Group's consolidated financial statements under IFRS
** calculated in accordance with IAS 36 for the impairment test at 31 December 2014. More details are provided in Note 6 "Impairment of Assets" and Note 2 "Significant Accounting Policies" in the Group's consolidated financial statements under IFRS

Financing and liquidity

In 2014, in line with our financial strategic priorities we focused on effective liquidity management, positive free cash flow generation and debt reduction. 2014 started with total debt of US$8,166 million and during the year a number of refinancing actions and debt repayments have been completed. In January 2014, US$70 million was borrowed under a US Ex-Im guaranteed facility to refinance part of the EVRAZ ZSMK rail mill capex. On 12 August 2014, a US$425 million 5-year syndicated pre-export financing facility was signed, which was subsequently increased to $500 million. The proceeds were mainly used to refinance RUB 20 billion local bonds which matured in October 2014. In November 2014, the North American operations issued $350 million of senior secured notes with maturity in May 2019 as a debut transaction in a US High-yield market and in December 2014 extended the existing asset-based loan facility, originally maturing in 2016, until May 2019.

On 8 December 2014 EVRAZ launched a public tender offer for 8.25% guaranteed notes issued by Evraz Group S.A. maturing in November 2015. As a result of the tender and a series of bilateral purchases we redeemed and cancelled in aggregate $438 million or 76% of the outstanding notes. Further $10 million were repurchased in January and February of 2015, thus leaving US$129 million of the notes outstanding after the described transactions.

As a result of these actions, as well as a number of scheduled drawings and repayments of bank indebtedness, our total debt decreased by US$1,259 million to US$6,907 million as at 31 December 2014, while our net debt decreased by US$720 million to US$5,814 million at 31 December 2014 compared to US$6,534 million as at 31 December 2013. Interest expense accrued in respect of loans, bonds and notes was US$503 million for 2014, compared to US$617 million for 2013. Our net debt to EBITDA stood at 2.5 times compared to 3.6 times as at 31 December 2013.

As at 31 December 2014, debt with maintenance financial covenants comprised the $500 million syndicated facility and a number of bilateral facilities totaling approximately US$341 million. The covenants under the syndicated facility include only two key ratios calculated on the basis of EVRAZ plc's consolidated financials: a maximum net leverage and a minimum EBITDA interest cover. The ratios are tested two times a year on a 12-month basis with the levels of 4.5x and 2.0x respectively. Some of the older bilateral facilities have similar covenant ratios tested on the basis of Evraz Group S.A.'s consolidated figures.

As at 31 December 2014, we were in full compliance with our financial covenants in respect of the level of total debt and of net leverage (net debt to EBITDA not to exceed 4.5 times).

With the improved cash flow and net debt reduction in 2014, the risk of breaching financial covenants in the foreseeable future has reduced. Eurobond covenants currently do not limit the Group's ability to refinance EVRAZ's consolidated indebtedness.

Our cash on 31 December 2014 amounted to US$1,086 million and our short-term loans and current portion of long-term loans mainly represented by maturing capital markets instruments adjusted for hedging exposure under cross-currency swaps related to rouble-denominated bonds stood at US$1,040 million.

ANALYSIS OF SEGMENT OPERATIONS

For management purposes, in 2013 and previous periods the Group was organised into business units based on their products and services, and had four reportable operating segments:

- Steel production segment included production of steel and related products at eleven steel mills.
- Mining segment included iron ore and coal mining and enrichment.
- Vanadium products segment included extraction of vanadium ore and production of vanadium products. Vanadium slag arising in the steel-making process was also allocated to the vanadium segment.
- Other operations included energy-generating companies, seaports, shipping and railway transportation companies.

In 2014, the management reporting used by the chief operating decision maker for making decisions about resource allocation has changed to put more emphasis on analysis of the operating results of the coal segment and operations in North America. As such, new reportable segments were identified and the comparative segment information has been restated accordingly. The new reportable operating segments are:

- **Steel segment** includes production of steel and related products at all mills except for those located in North America. Extraction of vanadium ore and production of vanadium products, iron ore mining and enrichment and certain energy-generating companies are also included in this segment as they are closely related to the main process of steel production.
- **Steel, North America** is a segment, which includes production of steel and related products in the USA and Canada.
- **Coal segment** includes coal mining and enrichment. It also includes operations of Nakhodka Trade Sea Port as it is used to a significant extent for shipping of products of the coal segment to the Asian markets.
- **Other operations** include energy-generating companies, shipping and railway transportation companies.

US$ millions	**Steel**		**Steel, NA**		**Coal**		**Other**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue	**9,519**	10,792	**3,160**	3,036	**1,318**	1,486	**648**	730
EBITDA	**1,912**	1,656	**279**	158	**373**	226	**37**	37
EBITDA margin	**20.1%**	15.3%	**8.8%**	5.2%	**28.3%**	15.2%	**5.7%**	5.1%
CAPEX	**317**	476	**84**	89	**232**	343	**21**	3

DIVIDENDS

On 2 July 2014, EVRAZ paid dividends in the amount of US$90.4 million which represented the approximate cash portion of the proceeds from the sale of EVRAZ Vitkovice Steel.

The dividend policy has been revised to support the financial strategy of deleveraging and envisages that regular dividends will be paid only when the net leverage (net debt to EBITDA) target of below 3.0x is achieved.

KEY RECENT DEVELOPMENTS

Tender offer

On 31 March 2015, the Board resolved to announce a return of capital to be effected by a tender offer to shareholders at $3.10 per share in the amount of up to $375 million.

In the future, the Company may consider returning cash to its shareholders should the net debt to EBITDA ratio continue to be below 3x with net debt reduction on track.

OULOOK AND GUIDANCE

Steel segment

We expect global steel demand to continue to grow. However steel pricing will remain volatile and largely driven by existing underutilization of production capacity in selected markets, and specifically competition from Chinese steel producers in the international steel markets as China's economic growth slowdown persists. Downward price pressure caused by increased Chinese steel exports and growing competition between major steel exporters will offset some of the efficiency and cost reduction gains achieved by EVRAZ in 2014.

The Company expects to run its steel-making capacities in Russia and Ukraine at full fully utilisation. While the Russian steel market remains the priority, EVRAZ will closely monitor the recent changes in the market and Russia's weakening demand caused by the devaluation of the Russian rouble. The Company expects to sell a significantly larger part of its steel in export markets.

The Russian construction steel market is expected to be highly competitive as newly commissioned mini-mills reach their designed capacity. Intensified competition will reduce producers margins and put additional pressure on steel imports into the country.

Steel, North America

Overall steel demand will be driven by the continuous economic recovery in the United States and increasing demand from selected economic sectors (construction, automotive, energy).

We expect to run our steel-making capacities at full utilisation. We remain very positive about our rail and large-diameter businesses in North America.

OCTG demand will face severe headwinds in 2015 resulting from lower oil prices and high inventory levels at the distributors' level. Hence we expect utilization of our OCTG mills in the US and Canada to be significantly lower than in 2014.

Coal segment

In 2015, EVRAZ is planning to expand sales in Russia, whilst maintaining the volumes shipped to premium export markets. In 2015, coke production in Russia is expected to decrease by 2-3%, which will result in a higher competition in the Russian coal market; quality grade coal will be in great demand and the oversupply of soft coal grades is expected to be maintained.

We remain on track to full recovery of coal volumes at Raspadskaya which together with positive effects of the Russian rouble devaluation will further reduce coking coal costs. The Russian coal market will retain its key importance for our business, however as we expect the Russian coal consumption to be stable in volume terms, most of the additional coal production will be shipped to export markets.

APPENDIX

KEY RISKS AND UNCERTAINTIES

Key risks

Like all businesses, EVRAZ is affected by, and must manage, risks and uncertainties that can impact its ability to deliver its strategy. While the risks can be numerous, the principal risks faced by the Group in 2014 and valid as of the date of this report's publication as identified by the Board are described below along with the corresponding mitigating actions and changes in the risk level during the year.

Risk	Risk description	Risk level 2014 vs. 2013 and mitigating actions
Global economic factors, industry conditions and cost effectiveness	EVRAZ operations are dependent on the global macroeconomic environment and economic and industry conditions, e.g. global supply / demand balance for steel and particularly for iron ore and coking coal which has the potential to affect both product prices and volumes across all markets. As EVRAZ operations have a high level of fixed costs, global economic and industry conditions can impact the Company's operational performance. In addition, any reduction in availability of long-term funding puts constraints on the Company's ability to grow its business. Poor availability of long-term funding requires the Company to prioritise debt repayments rather than focus on long-term capital investment projects (see Treasury below).	EVRAZ has a focused investment policy aimed at reducing and managing the cost base with the objective of being among the sector's lowest cost producers. In respect of its mining operations the Company has a focus on divestiture or downscaling of high cost and lower coal quality mining assets and development of efficient low cost mining operations. For both mining and steelmaking operations the Company executes cost reduction projects to reinforce competitiveness of assets. Particularly, conversion and logistics cost optimisation programmes were initiated during the year.
Health, safety and environmental (HSE) issues	Safety and environmental risks are inherent to the Company's principal business activities of steelmaking and mining. Further, EVRAZ operations are subject to a wide range of HSE laws, regulations and standards, the breach of any of which	HSE issues have direct oversight at Board level and HSE procedures and material issues are given top priority at all internal management meetings. Management KPIs place significant emphasis on safety performance. EVRAZ has instigated a programme to improve the management of safety risks across

Risk	Risk description	Risk level 2014 vs. 2013 and mitigating actions
	may result in fines, penalties, suspension of production, or other sanctions. Such actions could have a material adverse effect on the Company's business, financial condition and/or business prospects. The key environmental issues are primarily concerned with air emissions, used water quality and tailings management.	all business units with the objective of embedding a new safety, harm-free culture at all management and operational levels. The Company continues to focus on standardisation of critical safety programmes with a main focus in 2014 on implementing an energy isolation programme, or LOTO (Lock-out Tryout). Further, EVRAZ has introduced a programmes of Behaviour Safety Conversations to drive a more proactive approach to preventing injuries and incidents. Safety training has been reviewed and strengthened and an operational safety assessment is undertaken for all new projects.
Potential actions by governments	EVRAZ operates in a number of countries and there is a risk that governments or government agencies could adopt new laws and regulations, or otherwise impact the Company's operations. New laws, regulations or other requirements could have the effect of limiting the Company's ability to obtain financing in international markets, or sell its products. To date the Company has not been significantly impacted by recent geopolitical developments relating to Ukraine. There is a risk, however, that if these events were to escalate, there could be an impact on EVRAZ's operations in the country (EVRAZ generates approximately 6% of consolidated revenue from its Ukrainian business), including on revenues from the sale of coking coal to third party Ukrainian cus-	Although these risks are mostly not within the Company's control, 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. The Company has diligently taken international legal advice in order to assess the compliance requirements and risks of consequences from sanctions against Russian businesses and develop procedures to ensure that sanction requirements are complied with across the Company's operations.

Risk	Risk description	Risk level 2014 vs. 2013 and mitigating actions
	tomers. EVRAZ may also be adversely affected by government sanctions against Russian business or otherwise reducing its ability to conduct business with potential or existing counterparties. Despite potential negative impact from sanctions EVRAZ does not presently expect them to have long term effects on the Company's business.	
Treasury	EVRAZ, as with many other large and multi-national corporates, faces various treasury risks including liquidity, credit access, currency and interest rate fluctuation, and tax compliance risks. EVRAZ may be impacted by a possible introduction of limitations on repatriation of foreign currency proceeds from exports, as well as additional regulations or limitations on cross-border capital flows. In addition, and as mentioned above, potential actions by governments, including economic sanctions impacting Russian entities may increase the Company's capital market risk in respect of new funding issues.	EVRAZ employs skilled specialists to manage and mitigate such risks and the management of such risks is embedded in internal controls. Oversight of the key risks is reported within the monthly Board reports and compliance with the internal controls is reviewed by the independent internal audit function, which reports to the Audit Committee.In addition, the Company is developing a robust sanctions risk management system. EVRAZ continues to undertake actions in order to extend its debt maturity profile and lower short-term external funding needs, as well as to proactively manage the remaining portion of debt subject to maintenance covenants. Liquidity risk is managed through revisiting capital expenditure plans, cost optimisation programmes and continued asset portfolio rationalisation, and by pro-active liability management and revision of the Company's dividend policy. The EVRAZ treasury management team and the directors regularly review all funding requirements and exposures.
Functional currency devaluation	Group borrowing capacity may be impacted in times of severe devaluation of the subsidiaries' functional	EVRAZ works to reduce the amount of intercompany loans payable from subsidiaries with Russian rouble and Ukrainian hryvnia

Risk	Risk description	Risk level 2014 vs. 2013 and mitigating actions
	currencies relative to the US dollar: while Group EBITDA and cash generating capacity can increase (at least in the medium term) - because a large proportion of sales are priced in dollars - its profit and equity can decrease significantly.	functional currencies, to limit the possible devaluation effect on Group consolidated net income. EVRAZ is also closely monitoring and controlling cost inflation resulting from severe devaluations.
Business interruption	Prolonged outages or production delays, especially in coal mining, could have a material adverse effect on the Company's operating performance, production, financial condition and future prospects. In addition, long term business interruption may result in loss of customers and competitive advantage, and damage to the Company's reputation.	The Company has defined and established disaster recovery procedures which are subject to regular review. Business interruptions in mining mainly relate to production safety. Measures to mitigate these risks include methane monitoring and degassing systems, timely mining equipment maintenance, employee safety training and development of geodynamic monitoring systems. Detailed analysis of causes of incidents is performed in order to develop and implement preventative actions. Records of minor interruptions are reviewed to identify any more significant underlying issues.
Human Resources (HR)	The principal HR risk is the availability of management and employees with the necessary attributes and skills. This is particularly the case for certain regions and business units, e.g. engineers, mining experts and project managers. Associated risks involve selection, recruitment, training and retention of employees and qualified executives.	Succession planning is a key feature of EVRAZ's human resources management. EVRAZ has invested substantial resource in training, internal mentoring, and development of its pool of successors. EVRAZ seeks to meet its leadership and skill needs through retention of its employees, internal promotion, structured professional internal mentoring and external development programmes. This includes internal training, schools of engineers, technical forums, and expertise certification programmes. Additionally, training programmes at the Moscow

Risk	Risk description	Risk level 2014 vs. 2013 and mitigating actions
		Skolkovo business school are used for the key strategic management pool.

Related Party Disclosures

Related parties of the Group include associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel, the Group's ultimate parent or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Amounts owed by/to related parties at 31 December were as follows:

	Amounts due from related parties			Amounts due to related parties		
US$ million	**2014**	2013	2012	**2014**	2013	2012
Kazankovskaya	**$ –**	$ –	$ 23	**$ –**	$ –	$ –
Raspadsky Ugol	**–**	–	2	**–**	–	42
Vtorresource-Pererabotka	**11**	4	3	**5**	13	45
Yuzhny GOK	**37**	5	4	**96**	336	163
Liability to management of Raspadskaya for the acquisition of Corber	**–**	–	–	**–**	102	–
Other entities	**7**	7	14	**7**	7	7
	55	16	46	**108**	458	257
Less: allowance for doubtful accounts	**(2)**	(3)	(34)	**–**	–	–
	$ 53	$ 13	$ 12	**$ 108**	$ 458	$ 257

In 2014, 2013 and 2012, the Group recognised an expense for bad and doubtful debts of related parties in the amount of $Nil, $Nil and $4 million, respectively.

Transactions with related parties were as follows for the years ended 31 December:

	Sales to related parties			Purchases from related parties		
US$ million	**2014**	2013	2012	**2014**	2013	2012
Genalta Recycling Inc.	**$ –**	$ –	$ –	**$ 24**	$ 22	$ 14
Interlock Security Services	**1**	1	1	**39**	51	48
Kazankovskaya	**–**	–	1	**–**	–	1
Raspadsky Ugol	**–**	–	8	**–**	5	127
Vtorresource-Pererabotka	**17**	16	14	**465**	462	485
Yuzhny GOK	**42**	62	66	**125**	150	124
Other entities	**3**	7	9	**24**	38	31
	$ 63	$ 86	$ 99	**$ 677**	$ 728	**$ 830**

Genalta Recycling Inc. is a joint venture of a Canadian subsidiary of the Group. It sells scrap metal to the Group.

Interlock Security Services is a group of entities controlled by a member of the key management personnel, which provide security services to the Russian and Ukrainian subsidiaries of the Group.

Kazankovskaya was an associate of the Group. The Group purchased coal from the entity and sold mining equipment and inventory to Kazankovskaya. In 2012, the Group issued short-term loans to Kazankovskaya bearing an interest rate ranging from 8.1% to 8.5% per annum. At the reporting dates, the Group assessed the recoverability of these loans and recognised a loss, which was included in the other non-operating expenses caption of the consolidated statement of operations (2012: $5 million). In 2013, the Group acquired a controlling interest in Kazankovskaya and subsequently sold the subsidiary to a third party, consequently, this entity ceased to be a related party to the Group.

Lanebrook Limited is a controlling shareholder of the Company. In 2008, the Group acquired from Lanebrook a 1% ownership interest in Yuzhny GOK for a cash consideration of $38 million. As part of the transaction, the Group signed a put option agreement that gives the Group the right to sell these shares back to Lanebrook Limited for the same amount. In January 2014, the Group sold 0.14% of the shares to Lanebrook Limited for $6 million. The put option for the remaining shares expires on 31 December 2015.

In addition, in 2012 the Group sold one of its subsidiaries to Lanebrook.

OOO Raspadsky Ugol ("Raspadsky Ugol"), a subsidiary of Raspadskaya, sold coal to the Group and the Group sold steel products and rendered services to Raspadsky Ugol. In 2013, Raspadsky Ugol ceased to be a related party as the Group obtained control over the entity.

Vtorresource-Pererabotka is a subsidiary of Streamcore, the Group's joint venture, acquired in 2012. It sells scrap metal to the Group and provides scrap processing and other services. In 2014, 2013 and 2012, the purchases of scrap metal from Vtorresource-Pererabotka amounted to $383 million (1,601,041 tonnes), $370 million (1,420,990 tonnes) and $399 million (1,366,423 tonnes), respectively.

Yuzhny GOK, an ore mining and processing plant, is an associate of Lanebrook Limited. The Group sold steel products to Yuzhny GOK and purchased sinter from the entity. In 2014, the volume of purchases was 1,486,415 tonnes. In 2014, the Ukrainian hryvnia has depreciated against the US dollar by 97%. As a result, the Group recognised a $88 million foreign exchange loss on the balances and transactions with Yuzhny GOK.

On 1 April 2014, the Group received a non-interest bearing loan of 2,935 million Ukrainian hryvnias ($267 million at the exchange rate as of the date of disbursement) from Standart IP, an entity under control of one of the major shareholders. The proceeds were used for the purposes of short-term liquidity management for a Ukrainian subsidiary. The loan was fully repaid in several instalments by 10 April 2014.

The transactions with related parties were based on prevailing market terms.

Compensation to Key Management Personnel

Key management personnel include the following positions within the Group:

- directors of the Company,
- vice presidents,
- top managers of major subsidiaries.

In 2014, 2013 and 2012, key management personnel totalled 51, 57 and 55 people, respectively. Total compensation to key management personnel were included in general and administrative expenses in the consolidated statement of operations and consisted of the following:

US$ million	**2014**	**2013**	**2012**
Salary	**$ 20**	$ 24	$ 21
Performance bonuses	**29**	13	14
Social security taxes	**4**	3	3

Share-based payments (Note 21)		**14**		11		10
Termination benefits		**1**		–		–
Other benefits		**1**		1		1
	$	**69**	$	52	$	49

Other disclosures on directors' remuneration required by the Companies Act 2006 and those specified for audit by the Directors' Remuneration Report Regulations 2002 are included in the Directors' Remuneration Report.

RESPONSIBILITY STATEMENT UNDER THE DISCLOSURE AND TRANSPARENCY RULES

Each of the directors whose names and functions are listed on pages 70-71 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 Annual Report and Accounts, including the Strategic 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

Signature
Alexander Frolov
Chief Executive Officer
EVRAZ plc
31 March 2015

EVRAZ plc
Consolidated Statement of Operations
(in millions of US dollars, except for per share information)

	Year ended 31 December 2014	2013 restated*	2012 restated*
Continuing operations			
Revenue			
Sale of goods	**$ 12,745**	$ 14,071	$ 14,367
Rendering of services	**316**	340	359
	13,061	14,411	14,726
Cost of revenue	**(9,734)**	(11,501)	(11,803)
Gross profit	**3,327**	2,910	2,923
Selling and distribution costs	**(1,009)**	(1,213)	(1,211)
General and administrative expenses	**(743)**	(877)	(839)
Social and social infrastructure maintenance expenses	**(30)**	(50)	(51)
Loss on disposal of property, plant and equipment	**(48)**	(47)	(56)
Impairment of assets	**(540)**	(563)	(413)
Foreign exchange gains/(losses), net	**(1,005)**	(258)	(41)
Other operating income	**35**	53	75
Other operating expenses	**(88)**	(116)	(129)
Profit/(loss) from operations	**(101)**	(161)	258
Interest income	**17**	23	23
Interest expense	**(563)**	(699)	(654)
Share of profits/(losses) of joint ventures and associates	**10**	8	1
Gain/(loss) on derecognition of equity investments, net	**–**	89	–
Gain/(loss) on financial assets and liabilities, net	**(583)**	(43)	164
Gain/(loss) on disposal groups classified as held for sale, net	**136**	131	23
Other non-operating gains/(losses), net	**–**	15	(6)
Loss before tax	**(1,084)**	(637)	(191)
Income tax benefit/(expense)	**(194)**	86	(229)
Net loss	**$ (1,278)**	$ (551)	$ (420)
Attributable to:			
Equity holders of the parent entity	**$ (1,175)**	$ (504)	$ (393)
Non-controlling interests	**(103)**	(47)	(27)
	$ (1,278)	$ (551)	$ (420)
Earnings/(losses) per share:			
basic, for profit/(loss) attributable to equity holders of the parent entity, US dollars	**$ (0.78)**	$ (0.34)	$ (0.29)

diluted, for profit/(loss) attributable to equity holders of the parent entity, US dollars	**$**	**(0.78)**	$	(0.34)	$	(0.29)

*The amounts shown here do not correspond to the 2013 and 2012 financial statements and reflect adjustments made in connection with the cessation of classification of subsidiaries as held for sale.

EVRAZ

EVRAZ plc
Consolidated Statement of Comprehensive Income
(in millions of US dollars)

	Year ended 31 December 2014	2013 restated*	2012 restated*
Net loss	**$ (1,278)**	$ (551)	$ (420)
Other comprehensive income/(loss)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations into presentation currency	**(1,918)**	(375)	281
Exchange differences recycled to profit or loss	**(66)**	90	96
Net gains/(losses) on available-for-sale financial assets	**(12)**	7	4
	(1,996)	(278)	381
Effect of translation to presentation currency of the Group's joint ventures and associates	**(79)**	(11)	44
Net gains/(losses) on available-for-sale financial assets of the Group's joint ventures and associates	**–**	–	1
	(79)	(11)	45
Items not to be reclassified to profit or loss in subsequent periods			
Gains/(losses) on re-measurement of net defined benefit liability	**(33)**	119	(74)
Income tax effect	**15**	(30)	14
	(18)	89	(60)
Gains/(losses) on re-measurement of net defined benefit liability recognised by the Group's joint ventures and associates	**–**	–	(2)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**–**	(9)	–
Income tax effect	**–**	2	–
	–	(7)	–
Total other comprehensive income/(loss)	**(2,093)**	(207)	364
Total comprehensive income/(loss), net of tax	**$ (3,371)**	$ (758)	$ (56)
Attributable to:			

Equity holders of the parent entity	**$**	**(3,164)**	$	(677)	$	(28)
Non-controlling interests		**(207)**		(81)		(28)
	$	**(3,371)**	$	(758)	$	(56)

* The amounts shown here do not correspond to the 2013 and 2012 financial statements and reflect adjustments made in connection with the cessation of classification of subsidiaries as held for sale.

EVRAZ plc

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

	31 December 2014	2013 restated*	2012 restated*
ASSETS			
Non-current assets			
Property, plant and equipment	**$ 5,796**	$ 9,490	$ 8,064
Intangible assets other than goodwill	**441**	588	735
Goodwill	**1,541**	1,988	2,203
Investments in joint ventures and associates	**121**	191	551
Deferred income tax assets	**97**	86	70
Other non-current financial assets	**98**	144	92
Other non-current assets	**40**	62	64
	8,134	12,549	11,779
Current assets			
Inventories	**1,372**	1,744	2,080
Trade and other receivables	**654**	915	944
Prepayments	**82**	124	143
Loans receivable	**24**	21	19
Receivables from related parties	**53**	13	12
Income tax receivable	**23**	59	59
Other taxes recoverable	**158**	283	330
Other current financial assets	**40**	71	712
Cash and cash equivalents	**1,086**	1,604	1,382
	3,492	4,834	5,681
Assets of disposal groups classified as held for sale	**4**	302	277
	3,496	5,136	5,958
Total assets	**$ 11,630**	$ 17,685	$ 17,737
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	**$ 1,507**	$ 1,473	$ 1,340
Treasury shares	**–**	(1)	(1)
Additional paid-in capital	**2,481**	2,326	1,820
Revaluation surplus	**155**	162	173
Other reserves	**–**	156	–
Unrealised gains and losses	**–**	12	5
Accumulated profits	**1,299**	2,589	3,009
Translation difference	**(3,644)**	(1,685)	(1,424)
	1,798	5,032	4,922
Non-controlling interests	**218**	431	200
	2,016	5,463	5,122
Non-current liabilities			
Long-term loans	**5,470**	6,041	6,375
Deferred income tax liabilities	**471**	841	928
Employee benefits	**364**	492	593
Provisions	**173**	254	332
Other long-term liabilities	**442**	230	181
	6,920	7,858	8,409
Current liabilities			
Trade and other payables	**1,379**	1,488	1,531
Advances from customers	**155**	180	157
Short-term loans and current portion of long-term loans	**761**	1,816	1,795

Payables to related parties	**108**	458	257
Income tax payable	**86**	57	48
Other taxes payable	**151**	203	195
Provisions	**41**	45	40
Dividends payable by the Group's subsidiaries to non-controlling shareholders	**–**	5	8
	2,681	4,252	4,031
Liabilities directly associated with disposal groups classified as held for sale	**13**	112	175
	2,694	4,364	4,206
Total equity and liabilities	**$ 11,630**	$ 17,685	$ 17,737

EVRAZ plc
Consolidated Statement of Cash Flows
(in millions of US dollars)

	Year ended 31 December 2014	2013 restated*	2012 restated*
Cash flows from operating activities			
Net profit/(loss)	**$ (1,278)**	$ (551)	$ (420)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(163)**	(335)	(38)
Depreciation, depletion and amortisation *(Note 7)*	**833**	1,114	1,259
Loss on disposal of property, plant and equipment	**48**	47	56
Impairment of assets	**540**	563	413
Foreign exchange (gains)/losses, net	**1,005**	258	41
Interest income	**(17)**	(23)	(23)
Interest expense	**563**	699	654
Share of (profits)/losses of associates and joint ventures	**(10)**	(8)	(1)
(Gain)/loss on derecognition of equity investments, net	**–**	(89)	–
(Gain)/loss on financial assets and liabilities, net	**583**	43	(164)
(Gain)/loss on disposal groups classified as held for sale, net	**(136)**	(131)	(23)
Other non-operating (gains)/losses, net	**–**	(15)	6
Bad debt expense	**41**	8	12
Changes in provisions, employee benefits and other long-term assets and liabilities	**(62)**	(68)	(55)
Expense arising from equity-settled awards *(Note 21)*	**30**	25	22
Other	**(1)**	(2)	(6)
	1,976	1,535	1,733
Changes in working capital:			
Inventories	**(87)**	229	121
Trade and other receivables	**(1)**	65	(78)
Prepayments	**(2)**	15	37
Receivables from/payables to related parties	**(246)**	131	141
Taxes recoverable	**33**	48	120
Other assets	**11**	(17)	18
Trade and other payables	**150**	(135)	96
Advances from customers	**27**	30	(1)
Taxes payable	**100**	4	(43)
Other liabilities	**(4)**	(5)	(1)
Net cash flows from operating activities	**1,957**	1,900	2,143

Cash flows from investing activities			
Issuance of loans receivable to related parties	**(4)**	(2)	(5)
Proceeds from repayment of loans issued to related parties, including interest	**–**	–	1
Issuance of loans receivable	**–**	(2)	–
Proceeds from repayment of loans receivable, including interest	**3**	3	4
Return of capital by a joint venture *(Note 11)*	**–**	–	38
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**(102)**	31	(12)

Purchases of interest in associates/joint ventures *(Note 11)*	**(29)**	(61)	–
Restricted deposits at banks in respect of investing activities	**1**	(2)	–
Short-term deposits at banks, including interest	**8**	677	(656)
Purchases of property, plant and equipment and intangible assets	**(612)**	(902)	(1,261)
Proceeds from disposal of property, plant and equipment	**14**	7	9
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**311**	1	311
Dividends received	**2**	1	88
Other investing activities, net	**19**	(15)	(61)
Net cash flows used in investing activities	**(389)**	(264)	(1,544)

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)*	**(13)**	(6)	–
Proceeds from loans provided by related parties	**267**	–	–
Repayment of loans provided by related parties	**(251)**	–	–
Purchases of non-controlling interests *(Note 4)*	**–**	–	(1)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**(90)**	–	(375)
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**(3)**	(1)	(1)
Proceeds from bank loans and notes	**2,579**	1,976	2,706
Repayment of bank loans and notes, including interest	**(3,223)**	(3,978)	(2,716)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(942)**	621	292
Payments for purchase of property, plant and equipment on deferred terms	**(42)**	–	–
Payments under covenants reset *(Note 22)*	**–**	(1)	(7)
Gain/(loss) on derivatives not designated as hedging instruments *(Note 25)*	**(94)**	51	81
Collateral under swap contracts *(Note 18)*	**14**	(21)	10
Restricted deposits at banks in respect of financing activities	**–**	–	2
Payments under finance leases, including interest	**(1)**	(8)	(29)
Other financing activities	**(12)**	–	–
Net cash flows used in financing activities	**(1,811)**	(1,367)	(42)
Effect of foreign exchange rate changes on cash and cash equivalents	**(282)**	(48)	32
Net increase in cash and cash equivalents	**(525)**	221	589
Cash and cash equivalents at the beginning of the year	**1,604**	1,382	801
Add back: decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	**7**	1	(8)
Cash and cash equivalents at the end of the year	**$ 1,086**	$ 1,604	$ 1,382
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (517)**	$ (586)	$ (559)
Interest received	**10**	23	7
Income taxes paid by the Group	**(263)**	(249)	(298)

* The amounts shown here do not correspond to the 2013 and 2012 financial statements and reflect adjustments made in connection with the cessation of classification of subsidiaries as held for sale.

EVRAZ

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EVRAZ is a vertically integrated steel, mining and vanadium business with operations in the Russian Federation, Ukraine, Kazakhstan, USA, Canada, Czech Republic, Italy and South Africa. EVRAZ is among the top steel producers in the world based on crude steel production of 15.5 million tonnes in 2014. A significant portion of the company's internal consumption of iron ore and coking coal is covered by its mining operations. The company's consolidated revenues for the year ended 31 December 2013 were US$14,411 million, and consolidated EBITDA amounted to US$1,821 million. The company's consolidated revenues for the six months ended 30 June 2014 were US$ 6,805 million, and consolidated EBITDA amounted to US$ 1,080 million.