EVRAZ plc

EVRAZ PUBLISHES 2015 ANNUAL REPORT AND REPORTS FULL YEAR 2015 RESULTS

15 March 2016 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2015 ("2015 Annual Report") on its website: http://www.evraz.com/investors/annual_reports/; and
- submitted to the UK National Storage Mechanism a copy of its 2015 Annual Report in accordance with LR 9.6.1 R.

The 2015 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2015 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 16 June 2016 in London, will be posted to shareholders in mid-May 2016.

The Appendix to this announcement contains additional information which has been extracted from the 2015 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 2015 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2015 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The financial information contained in this document for the year ended 31 December 2015 does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The audited statutory accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies and those for 2015 will be delivered following the Company's annual general meeting convened for 16 June 2016.

The auditor has reported on the statutory accounts for the year ended 31 December 2015. The auditor's report was unqualified.

FY 2015 HIGHLIGHTS

- Strong free cash flow of US$799 million (FY 2014: US$1,012 million)
- Continued reduction in net debt: US$5.3 billion (FY 2014: US$5.8 billion)
- Cost saving of US$374 million due to ongoing productivity improvements and cost-cutting initiatives
- Consolidated EBITDA of US$1,438 million (FY 2014: US$2,355 million). Down 38.9% due to weaker commodity prices partly offset by lower expenses in US dollar terms due to rouble depreciation
- EBITDA margin of 16.4% (FY 2014: 18.0%): 1.6 percentage points lower than in FY 2014 as a result of the cost-efficiency programme and market initiatives
- Net loss was US$719 million vs. US$1,278 million in 2014 mostly due to impairment of assets (US$441 million) and foreign exchange loss (US$367 million)
- Secure position as one of the lowest-cost producers of steel and raw materials in Russia:
  - cash cost of slabs decreased to US$193/t from US$266/t in FY 2014
  - cash costs of washed coking coal of US$31/t (FY 2014: US$46/t)

- cash costs of iron ore products (58% Fe content) of US$30/t (FY 2014: US$47/t)

FINANCIAL HIGHLIGHTS

(US$ million)	**FY 2015**	FY 2014	Change,%
Consolidated revenue	**8,767**	13,061	(32.9)%
Profit/loss from operations	**(24)**	(101)	(76.2)%
Consolidated EBITDA[1]	**1,438**	2,355	(38.9)%
Net profit/loss	**(719)**	(1,278)	(43.7)%
Earnings per share, basic (US$)	**(0.45)**	(0.78)	
Net cash flows from operating activities	**1,622**	1,957	(17.1)%
CAPEX[2]	**428**	654	(34.6)%

	31 December 2015	31 December 2014	
Net debt[3]	**5,349**	5,814	
Total assets	**9,119**	11,630	

[1] See p.254 of EVRAZ plc Annual Report 2015 for the definition of EBITDA
[2] Including payments on deferred terms recognised in financing activities
[3] See p.255 of EVRAZ plc Annual Report for the calculation of net debt

EVRAZ Chief Executive Officer, Alexander Frolov, commented

"In 2015, EVRAZ maintained a strong focus on its competitive advantages to meet the challenges of the current market, extending its leadership in infrastructure steel products worldwide and in the Russian coking coal market.

In response to the challenging environment, EVRAZ introduced a programme of countermeasures delivering continuous revenue and cost improvements. In 2015 they contributed US$374 million to 2015 EBITDA, which together with working capital release and investment discipline resulted in a strong year-end free cash flow of US$799 million allowing EVRAZ to reduce debt by US$465 million."

CONFERENCE CALL AND WEBCAST

A conference call to discuss the results hosted by Alexander Frolov, CEO, and Pavel Tatyanin, CFO, will commence on Tuesday, 15 March 2016, at:

2 pm (London Time)
5 pm (Moscow Time)
10 am (New York Time)

To join the call please dial:

+44 20 7330 7700	London
+7 495 937 6770	Russia
+1 212 617 1960	New York

Conference ID 497388

To avoid any technical inconveniences it is recommended that participants dial in 10 minutes before the event start time.

The FY 2015 results presentation will be available on the Company's website www.evraz.com on Tuesday, 15 March 2016 at the following link:

http://www.evraz.com/investors/financial_results/presentations/

MP3 recording will be available on Wednesday, 16 March 2016 at the following link:

http://www.evraz.com/investors/financial_results/conference_calls/

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FINANCIAL REVIEW

STATEMENT OF OPERATIONS

The Group's consolidated revenues decreased by 32.9% to US$8,767 million compared to US$13,061million in 2014 primarily as a result of falling prices and depressed demand in 2015. However, we managed to cushion the effect of market challenging conditions by implementing the cost-efficiency programme and market initiatives, consequently EBITDA margin is just 1.6 percentage points lower than in 2014 (16.4% in 2015 compared to 18.0% in 2014).

Consolidated EBITDA decreased by 38.5% to US$1,438 million compared to US$2,355 million in 2014.

In 2015, revenues from the Steel segment (including inter-segment) decreased and amounted to 68.3% of the Group total. The decrease was mainly attributable to lower revenues from sales of steel products, which declined by 36.8% year-on-year, largely due to a drop in average sales prices (down 31.6%), in line with global benchmarks. Revenue from the sale of steel products was also impacted by changes in the Group's sales volumes which declined from 13.5 million tonnes in 2014 to 12.8 million tonnes in 2015, due to deconsolidation of EVRAZ Highveld Steel and Vanadium (less 0.4 million tonnes) and worsening conditions in key markets.

Revenues from the Steel, North America segment fell by 28.2% year-on-year. Revenue from the sale of steel products dropped by 29.1%, driven by declining prices (down 12.2%), lower sales volumes (down 14.8%) and changes in the product mix (down 2.1%). The key drivers of these were, in turn, significant reductions in EVRAZ North America's seamless pipe and oil country tubular goods (OCTG) sales resulting from the slump in oil prices, subdued demand for flat products and price decreases for rod and bar products.

Revenues from the Coal segment fell due to lower sales prices and volumes. In 2015, production was impacted by both planned work (the scheduled longwall moves at Yuzhkuzbassugol) and unplanned events such as the suspension of operations at Raspadskaya's MUK-96 mine due to market conditions.

In 2015, the Steel segment's EBITDA declined amid depressed demand in Russia and generally negative steel price trends globally, partly offset by lower expenses in US dollar terms due to rouble depreciation. Lower prices of iron ore, coking coal and scrap, the deconsolidation of EVRAZ Highveld Steel and Vanadium and the disposal of EVRAZ Vitkovice Steel all positively affected the segment's results.

The Steel, North America segment's EBITDA was impacted by lower sales volumes stemming from a downturn in the OCTG and flat product markets.

The Coal segment's EBITDA decreased slightly year-on-year as Yuzhkuzbassugol implemented an efficiency improvement programme and optimised assets, and coal product sales prices decreased; this was offset by the positive impact of rouble devaluation on the cost base.

Eliminations line in the table below mostly reflects the unrealised profits or losses which relate to the inventories on the balance sheet of Steel, North America segment produced by Steel segment.

Revenues

(US$ million)

Segment	2015	2014	Change	Change, %
Steel	5,987	9,519	(3,532)	(37.1)%
Steel, North America	2,270	3,160	(890)	(28.2)%
Coal	1,068	1,318	(250)	(19.0)%
Other operations	433	648	(215)	(33.2)%
Eliminations	(991)	(1,584)	593	(37.4)%
Total	**8,767**	**13,061**	**(4,294)**	**(32.9)%**

Revenue by region

(US$ million)

Region	2015	2014	Change	Change, %
Russia	3,104	5,279	(2,175)	(41.2)%
Americas	2,566	3,529	(963)	(27.3)%
Asia	1,354	1,954	(600)	(30.7)%
CIS (excl. Russia)	664	926	(262)	(28.3)%
Europe	815	916	(101)	(11.0)%
Africa and the rest of the world	264	457	(193)	(42.2)%
Total	**8,767**	**13,061**	**(4,294)**	**(32.9)%**

EBITDA*

(US$ million)

Segment	2015	2014	Change	Relative change
Steel	1,081	1,933	(852)	(44.1)%
Steel, North America	55	280	(225)	(80.4)%
Coal	351	376	(25)	(6.6)%
Other operations	14	37	(23)	(62.2)%
Unallocated	(130)	(220)	90	40.9%
Eliminations	67	(51)	118	231.4%
Total	**1,438**	**2,355**	**(917)**	**(38.9)%**

**In 2015, management changed the definition of segment expense and EBITDA to make these indicators more comparable with Russian steel peers. Segment expense and EBITDA have now been adjusted to not include social and social infrastructure maintenance expenses. As a result, the Group restated EBITDA for both financial reporting and management accounts purposes for the years ended 31 December 2014 and 2013.*

Revenues, cost of sales and gross profit of segments (US$ million)	**2015**	**2014**	**Change, %**
Steel segment			
Revenues	5,987	9,519	(37.1)%
Cost of sales	(4,527)	(6,940)	(34.8)%
Gross profit	*1,460*	*2,579*	*(43.4)%*
Steel, North America segment			
Revenues	2,270	3,160	(28.2)%
Cost of sales	(1,980)	(2,623)	(24.5)%
Gross profit	*290*	*537*	*(46.0)%*
Coal segment			
Revenues	1,068	1,318	(19.0)%
Cost of sales	(749)	(1,040)	(28.0)%
Gross profit	*319*	*278*	*14.7%*
Other operations – *gross profit*	*111*	*129*	*(14.0)%*
Unallocated – *gross profit*	*5*	*7*	*(28.6)%*
Eliminations – *gross profit*	*(13)*	*(203)*	*(93.6)%*
Total	**2,172**	**3,327**	**(34.7)%**

The following table details the effect of the Group's cost-cutting initiatives.

Effect of Group's cost-cutting initiatives in 2015 (US$ million)	
Cost-cutting improvements, including	
Cost-cutting initiatives and productivity improvements, including	**169**
Improving yields and raw material costs of steel assets	68
Improving yields and raw material costs of mining assets	39
Productivity improvement	35
Energy efficiency and optimisation of maintenance costs	21
Other cost optimisations	6
Optimisation of asset portfolio	**76**
Highveld deconsolidation	39
EVRAZ North America: shutdown of Claymont	19
EVRAZ ZSMK portfolio asset optimisation: shutdown of coke battery no. 2 and disposal of non-core assets	11
Production suspension and disposal of high-cost and inefficient assets at Raspadskaya and Evrazruda	6
Evrazruda: shutdown of high-cost and inefficient asset	1
Reduction of general and administrative (G&A) costs and non-G&A headcount	**76**
Total	**321**

Selling and distribution expenses decreased by 21.2% in 2015 mostly due to the rouble weakening and lower third party sales volumes. This was accompanied by the impact of the deconsolidation of Highveld Steel and Vanadium Limited following the loss of control.

General and administrative expenses declined by 36.2% in 2015. This reflected the reduced staff costs following headcount optimisation at EVRAZ North America, the Russian steel mills and coal companies, and the weakening of the rouble and hryvnia.

Impairment losses during the reporting period included the write-off of goodwill at subsidiaries in the US and Canada totalling US$251 million, impairment of the cash-generating units of EVRAZ Palini e Bertoli by US$37 million and EVRAZ Yuzhny Stan by US$30 million, and a US$77 million loss relating to one of Raspadskaya's coal fields that was damaged by fire.

Foreign exchange losses arose as a result of the devaluation of the rouble, hryvnia, tenge and Canadian dollar. The subsidiaries in respective countries have US dollar-denominated debts, such as bonds and bank loans. In addition, there are some intra-group debts between subsidiaries with different functional currencies and, consequently, gains/(losses) of one subsidiary recognised in the Statement of Operations are not offset by the exchange differences of another subsidiary with a different functional currency.

Interest expenses incurred by the Group decreased due to a reduction of gross debt. The interest expense for bank loans, bonds and notes amounted to US$430 million in 2015 and US$503 million in 2014. It was also impacted by a decrease in the interest expense of rouble bonds due to the rouble weakening.

Gain on disposals classified as held for sale in 2015 amounted to US$21 million. The amount includes US$20 million of a gain recognized in relation to disposal of assets of Portland Structural Tubing. In 2014 gain on disposal classified as held for sale amounted to US$136 million, including US$90 million in relation to disposal of EVRAZ Vitkovice Steel and US$25 million from disposal of iron ore mine and heat and power plant located in the Krasnoyarsk and Kemerovo regions of Russia.

Losses on financial assets and liabilities amounted to US$48 million and included, among other things, US$459 million of realised losses and US$439 million of unrealised gains on changes in the fair value of derivatives - cross-currency swaps for rouble-denominated bonds. Also the losses include US$15 million of loss on extinguishment of debts which predominantly is a premium of repurchase of US Dollar denominated bonds and US$11 million of impairment relating to the decline in quotations of available-for-sale financial assets (shares of Delong Holdings Limited, a flat steel producer headquartered in Beijing, China).

Loss of control over EVRAZ Highveld Steel and Vanadium starting 14 April 2015 resulted in recognition of a loss on disposal of a subsidiary in the amount of $167 million, including $142 million of translation loss recycled to the statement of operations. Please, refer to the Note 4 of Financial statements (page 187) for further details.

In the reporting period, the Group’s income tax expense fell to US$12 million compared to US$194 million expense in 2014 as a result of the decline in operating results.

Gross profit, expenses and results
(US$ million)

Item	2015	2014	Change	Change, %
Gross profit	**2,172**	**3,327**	**(1,155)**	**(34.7)%**
Selling and distribution costs	(795)	(1,009)	214	(21.2)%
General and administrative expenses	(474)	(743)	269	(36.2)%
Impairment of assets	(441)	(540)	99	(18.3)%
Foreign exchange gains/(losses), net	(367)	(1,005)	638	(63.5)%
Other operating income and expenses, net	(119)	(131)	12	(9.2)%
Profit from operations	**(24)**	**(101)**	**77**	**(76.2)%**
Interest expense, net	(466)	(546)	80	(14.7)%
Gain/(loss) on financial assets and liabilities, net	(48)	(583)	535	(91.8)%
Gain on disposals classified as held for sale, net	21	136	(115)	(84.6)%
Loss of control over a subsidiary	(167)	-	(167)	n/a
Other non-operating gains/(losses), net	(23)	10	(33)	n/a
Profit before tax	**(707)**	**(1,084)**	**377**	**(34.8)%**
Income tax benefit/(expense)	(12)	(194)	182	(93.8)%
Net loss	**(719)**	**(1,278)**	**559**	**(43.7)%**

Cash flow
(US$ million)

Item	2015	2014	Change	Change, %
Cash flows from operating activities before change in working capital	1,293	1,976	(683)	(35)%
Changes in working capital	329	(19)	348	n/a
Net cash flows from operating activities	**1,622**	**1,957**	**(335)**	**(17)%**
Short-term deposits at banks, including interest	4	8	(4)	(50)%
Purchases of property, plant and equipment and intangible assets	(423)	(612)	189	(31)%
Purchase of subsidiaries, net of cash acquired	-	(102)	102	n/a
Proceeds from sale of disposal classified as held for sale, net of transaction costs	44	311	(267)	(86)%
Other investing activities	16	6	10	167%
Net cash flows used in investing activities	**(359)**	**(389)**	**30**	**(8)%**
Net cash flows used in financing activities	**(962)**	**(1,811)**	**849**	**(47)%**
Effect of foreign-exchange rate changes on cash and cash equivalents	(12)	(282)	270	(96)%
Net increase/(decrease) in cash and cash equivalents	**289**	**(525)**	**814**	**n/a**

Net cash flows from operating activities contracted only by 17% from US$1,957 in 2014 to US$1,622 in 2015, US$329 were attributed to the release of net working capital. Free cash flow for the period was US$799 million.

Calculation of free cash flow*
(US$ million)

Item	**2015**	**2014**	**Change**
EBITDA	1,438	2,355	(917)
EBITDA excluding non-cash items	**1,420**	**2,363**	**(943)**
Changes in working capital	329	(19)	348
Income tax accrued	(99)	(357)	258
Social and social infrastructure maintenance expenses	(28)	(30)	2
Net cash flows from operating activities	**1,622**	**1,957**	**(335)**
Interest and similar payments	(452)	(493)	41
Capital expenditures, including recorded in financing activities	(428)	(654)	226
Purchases of subsidiaries (net of cash acquired) and interests in associates/joint ventures	-	(131)	131
Proceeds from sale of disposal classified as held for sale, net of transaction costs	44	311	(267)
Other cash flows from investing activities	16	35	(19)
Equity transactions	(3)	(13)	10
Free cash flow	**799**	**1,012**	**(213)**

** For the definition of free cash flow, please refer to p.254 of the Annual Report 2015*

CAPEX AND KEY PROJECTS

In 2015, EVRAZ reduced its total capital expenditure to US$428 million, compared with US$654 million in 2014, primarily due to currency fluctuations and the completion of capital-intensive projects.

In Q4 2015, the Group launched the continuous casting machine at EVRAZ ZSMK and the plan is to reach full capacity in H2 2016.

The Mezhegey coal project is in the final stage of development (launch of the mine is scheduled for 2016).

Two projects began at EVRAZ Regina in Canada with a total investment of over US$200 million. These are aimed at improving quality and widening the range of flat steel products and increasing LDP production capacity. EVRAZ NTMK has started a project to build a new grinding ball mill to make sophisticated grades of that product which are currently not manufactured in Russia.

Capital expenditure (including that recognised in financing activities) for 2015 in millions of US dollars is summarised in the table below.

Capital expenditures in 2015 (US$ million)		
Construction of an LDP mill	51	Construction of a new mill at EVRAZ Regina has been in progress since Q2 2015 and is due to be completed in Q3 2016. Expected to add 150kt of tubular product capacity.
Coal deposit development	27	Mezhegey (phase 1). To be launched in 2016. Capacity of 1.5 mtpa.
Continuous casting machine (CCM) reconstruction	24	Reconstruction of the CCM at EVRAZ ZSMK was launched in Q4 2015. Capacity to increase to 2.2 mtpa.
Steel mill upgrade	18	Upgrade of EVRAZ Regina steel mill. In progress since Q2 2015. The aim is to improve steel quality, increase capacity for casting by 110kt and rolling by 250kt, and result in a crown yield saving from 0.75% to 1.1%
Iron ore capacity expansion	8	The Sheregesh mine's output is due to reach 4.8 mtpa of raw ore.
Grinding ball mill construction	1	Construction of a new grinding ball mill at EVRAZ NTMK has been in progress since Q2 2015 and is due to be completed in Q2 2018. Expected to increase ball production to 300kt by 2018.
Other development projects	42	
Maintenance	257	
Total	**428**	

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 2015, EVRAZ had approximately US$4 billion net asset exposure in Russian roubles (RUB (the functional currency of Russian subsidiaries)) and Ukrainian hryvnia (UAH (the functional currency of the Ukrainian subsidiaries)). These net assets mostly represented the historical cost of property, plant and equipment of the RUB and UAH functional currency subsidiaries less related rouble and hryvnia 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.

During 2015, there was a 23% depreciation of the Russian rouble and a 34% depreciation of the Ukrainian hryvnia against the US dollar. This depreciation led to a decline of approximately c. US$1.0 billion 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.

Management believes that the market value of the respective property, plant and equipment measured in US dollars is significantly higher than its carrying value.. This is also the case for their US dollar-measured cash-generating capacity, as determined by IAS 36 discounted cash flows value-in-use methodology (VIU). The change in the value-in-use in 2015 was largely due to the shift in the product mix, stemming from lower domestic demand caused by sanctions and associated economic instability in the local markets of the assets involved. Other contributors included a decrease in the weighted average cost of capital and adjustments to long-term forecasts for global steel, 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:

Value in use of property, plant and equipment of the major Russian and Ukrainian subsidiaries, and their carrying values
(US$ million)

Company	Country	Carrying value* of PP&E as of 31 December 2014	Value in use** of PP&E as of 31 December 2014	Carrying value* of PP&E as of 31 December 2015	Value in use** of PP&E as of 31 December 2015	Hypothetical net of tax increase in carrying value of equity as of 31 December 2015 if VIU were used to value PP&E
NTMK	Russia	632	3,023	470	1,333	690
ZSMK	Russia	824	3,127	633	1,336	562
Raspadskaya	Russia	1,316	1,588	883	1,511	502
Yuzh-kuzbassugol	Russia	704	965	502	1,637	908
KGOK	Russia	175	348	148	1,337	951
DMZ	Ukraine	115	157	73	113	32
Sukha Balka	Ukraine	145	179	91	96	4
Total		**3,911**	**9,387**	**2,800**	**7,363**	**3,649**

* *as reported in the Group's consolidated financial statements under IFRS*

** *calculated in accordance with IAS 36 for the impairment test at 31 December 2015. 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

At the beginning of 2015, total debt was US$6,907 million.

In 2015, EVRAZ carried out numerous refinancing transactions aimed at improving the Group's debt profile and reaching a comfortable liquidity position for upcoming maturities.

In March 2015, the Group settled the 8.75% rouble notes due in 2015 in full and the related liabilities under swap contracts. The total cash outflow amounted to US$123 million.

In April 2015, EVRAZ partly repurchased below-par 9.95% Rouble notes due in October 2015 with a principal of RUB4,150 million and terminated the respective swap contracts; the total cash outflow amounted to US$141 million. In October 2015, EVRAZ fully settled 9.95% rouble-denominated bonds due in 2015 with a principal amount of RUB15,000 million, out of which bonds with a principal amount of RUB10,850 million (c.US$175 million at the exchange rate as of the repayment date) were held by various investors, as the remainder had been previously repurchased (pls, see Note 22 on p.211 of EVRAZ plc Annual Report 2015 for more detail).

In April 2015, the Group completed a share buyback via a tender offer of 108,458,508 ordinary shares for US$3.10 per share. The total cash used amounted to US$339 million.

In April 2015, EVRAZ signed a new €475 million loan agreement with Gazprombank and simultaneously repaid an existing US$500 million loan due to mature in December 2016 from the same bank. The new loan is repayable in two instalments: 30% of the principal in June 2018 and 70% in June 2019. In December 2015, this loan was partly converted into roubles, and as of the year-end, it comprised a rouble part of RUB18 billion and a euro part of €240 million.

In July 2015, the Group issued a RUB15 billion (c.US$270 million at the exchange rate as of the date of the transaction) bond with a four-year put/call option at a coupon rate of 12.95% per annum payable semi-annually. Proceeds from the issue were used to refinance existing indebtedness, thus not increasing total debt.

Later in July 2015, EVRAZ partly repurchased 8.40% rouble-denominated bonds due in 2016 with a principal of RUB4,792 million (US$84 million at the exchange rate as of the date of the transaction) for a cash consideration of RUB4,696 million ($82.5 million at the exchange rate as of the date of the transaction). The Group has also terminated related cross-currency swaps with a total notional amount of US$169 million for a cash consideration of US$90 million.

In July 2015, EVRAZ NTMK borrowed a US$200 million term loan from Alfa Bank with a guarantee from EVRAZ plc. The loan is repayable in a single bullet instalment on 12 July 2019. The proceeds were used for refinancing current indebtedness.

In August 2015, EVRAZ NTMK signed a five-year US$125 million term loan facility agreement with UniCredit Bank, Moscow, with a guarantee from EVRAZ KGOK. The loan was fully drawn on 24 September and will be amortising in quarterly instalments starting November 2017 and ending August 2020. The proceeds were used for refinancing current indebtedness.

In August 2015, EVRAZ NTMK signed a five-year US$100 million term loan facility agreement with Nordea Bank, Moscow, guaranteed by EVRAZ plc. The loan was fully drawn on 20 October and will be amortising in quarterly instalments starting September 2017 and ending August 2020. The proceeds were used for refinancing current indebtedness.

In September 2015, EVRAZ partly repurchased an additional portion of its 8.40% rouble bonds due 2016 with a principal of RUB3,159 million (c.US$48 million) at par value and terminated related cross-currency swaps with a total notional amount of US$111 million for a cash consideration of US$66 million.

In October 2015, EVRAZ NTMK entered into a framework multicurrency facility agreement with VTB Bank governing the general terms and conditions of loans of up to five years with a total borrowing limit of RUB30 billion equivalent. Any and all debt outstanding under the agreement is guaranteed by EVRAZ plc. In November 2015, EVRAZ NTMK borrowed a US$200 million term loan under this framework facility. The loan will be amortising in quarterly instalments starting November 2018 and ending October 2020. The proceeds were used for general corporate purposes and refinancing of the current debt. In December 2015, EVRAZ NTMK borrowed an additional US$145 million term loan under this framework facility. The loan will be amortising in quarterly instalments starting December 2018 and ending October 2020. The proceeds were used for refinancing current debt.

As a result of a tender offer and other transactions carried out in October and November 2015, EVRAZ Group S.A., a direct wholly owned subsidiary of EVRAZ plc, became the holder of US$214 million of aggregate principal amount of the 7.75% loan participation notes due 2017 issued by Raspadskaya. As of the year-end, US$186 million of these notes remained held by third parties.

In December 2015, EVRAZ prepaid the Mezhegey project finance facility totalling US$144 million and terminated the facility agreement.

In December 2015, the Group issued 8.25% notes due 2021 totalling US$750 million. The proceeds were used to finance the purchase of 7.40% notes due 2017, 9.50% notes due 2018and 6.75% notes due 2018 at the tender offer settled on 18 December 2015, and to refinance other current debt. As a result of this tender offer, EVRAZ has repurchased US$314 million of aggregate principal amount of 7.40% notes due 2017, US$156 million of aggregate principal amount of 9.50% notes due 2018 and US$54 million of aggregate principal amount of 6.75% notes due 2018. The total cash consideration used for the tender amounted to US$556 million.

As a result of these actions, as well as scheduled drawings and repayments of bank loans, total debt decreased by US$183 million to US$6,724 million as at 31 December 2015, while net debt decreased by US$465 million to US$5,349 million, compared with US$5,814 million as at 31 December 2014.

Due to the lower total debt and refinancing initiatives in 2015, interest expenses accrued in respect of loans, bonds and notes were US$430 million in 2015, compared with US$503 million in 2014.

Net debt to EBITDA stood at 3.7 times, compared with 2.5 times as at 31 December 2014.

As at 31 December 2015, debt with maintenance financial covenants tested at EVRAZ plc level amounted to around US$1,938 million. Such debt comprised a €475 million facility from Gazprombank signed in April 2015 which contains a restriction on the maximum ratio for the consolidated net indebtedness to 12-month consolidated EBITDA and a syndicated facility totalling US$500 million and various bilateral facilities totalling around US$929 million where maintenance covenants include two key ratios calculated on the basis of EVRAZ plc’s consolidated financials: a maximum net leverage (Net debt to EBITDA) and a minimum EBITDA interest cover. These two ratios are tested two times a year on a 12-month basis and the strictest levels are 4.5x and 2.5x, respectively.

As at 31 December 2015, EVRAZ was in full compliance with its financial covenants.

As at 31 December 2015, cash amounted to US$1,375 million and short-term loans and the current portion of long-term loans stood at US$762 million. They are mainly represented by capital market instruments, particularly rouble-denominated notes adjusted for respective hedging exposure.

Cash-on-hand and committed credit facilities are sufficient to cover all of the Group's refinancing needs in 2016.

KEY RECENT DEVELOPMENTS

In a series of transactions in the first quarter of 2016, the Group repurchased and cancelled US$19 million of aggregate principal amount of 7.40% notes due in 2017 on the open market for a cash consideration of US$20 million. Following these transactions, the current outstanding amount on the notes totals US$267 million.

In the same period, EVRAZ Group S.A., a wholly owned subsidiary of EVRAZ plc, has similarly repurchased US$78 million of aggregate principal amount of the 7.75% loan participation notes due in 2017 issued by Raspadskaya for a cash consideration of US$79 million. Following these transactions, EVRAZ Group S.A. has increased its holding in these notes to US$292 million of aggregate principal amount, with a remaining US$108 million being owned by third-party investors.

In the first quarter of 2016, EVRAZ NTMK and EVRAZ ZSMK have voluntary prepaid several of their term loans from international banks which totaled US$130 million as of 31 December 2015.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, NA		Coal		Other	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenues	**5,987**	9,519	**2,270**	3,160	**1,068**	1,318	**433**	648
EBITDA	**1,081**	1,933	**55**	280	**351**	376	**14**	37
EBITDA margin	**18.1%**	20.3%	**2.4%**	8.9%	**32.9%**	28.5%	**3.2%**	5.7%
CAPEX	**183**	317	**137**	84	**101**	232	**7**	21

Steel segment

The Steel segment includes production of steel and related products at all mills except for those in North America. The 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.

Sales review

The Steel segment's revenues fell, mainly due to lower revenues from sales of steel products as well at to deconsolidation of EVRAZ Highveld Steel and Vanadium. The main drivers were lower average sales price (down 31.6%) and lower sales volumes (down 5.2%).

Revenues from external sales of semi-finished products fell by 20.9% due to lower average prices (down 39.1%), partly offset by greater sales volumes (up 18.2%). External sales of billets, slabs and other steel products increased year-on-year, mainly due to demand for certain finished products, particularly those used in construction, in the CIS. Export sales of semi-finished products to non-CIS countries grew strongly as these markets replaced weak domestic demand for finished steel goods due to the economic downturn.

Steel segment revenues by products

	2015		2014		
	US$ million	**% of total segment revenues**	**US$ million**	**% of total segment revenues**	**Relative change**
Steel products, external sales	**4,852**	**81.0%**	**7,510**	**78.9%**	**(35.4)%**
Semi-finished products*	1,867	31.2%	2,359	24.8%	(20.9)%
Construction products**	1,999	33.4%	3,286	34.5%	(39.2)%
Railway products***	550	9.2%	1,022	10.7%	(46.2)%
Flat-rolled products****	179	3.0%	487	5.1%	(63.2)%
Other steel products*****	257	4.3%	356	3.7%	(27.8)%
Steel products, intersegment sales	**238**	**4.0%**	**543**	**5.7%**	**(56.2)%**
Including sales to Steel, North America	232	3.9%	531	5.6%	(56.3)%
Iron ore products	**167**	**2.8%**	**278**	**2.9%**	**(39.9)%**
Vanadium products	**305**	**5.1%**	**484**	**5.1%**	**(37.0)%**
Other revenues	**425**	**7.1%**	**704**	**7.4%**	**(39.6)%**
Total	**5,987**	100.0%	**9,519**	100.0%	**(37.1)%**

** Includes billets, slabs, pig iron, pipe blanks and other semi-finished products*
*** Includes rebars, wire rods, wire, beams, channels and angles*
**** Includes rails, wheels, tyres and other railway products*
***** Includes commodity plate and other flat-rolled products*
****** Includes rounds, grinding balls, mine uprights and strips, tubular products*

Geographic breakdown of external steel product sales
(US$ million)

	2015	**2014**	**Change, %**
Russia	2,342	4,088	(42.7)%
Asia	1,047	1,621	(35.4)%
Europe	578	523	10.5%
CIS	437	671	(34.9)%
Africa, America and rest of the world	448	607	(26.2)%
Total	**4,852**	**7,510**	**(35.4)%**

Revenue from the sale of construction products to third parties dropped, mostly due to lower average prices (down 28.4%) and weaker demand in Russia as well as deconsolidation of EVRAZ Highveld Steel and Vanadium. Given the latter, domestic prices did not increase to reflect the rouble's steep fall in 2015.

Revenues from external sales of railway products decreased due to changes in average prices (down 22.2%). Sales volumes of railway products in 2015 also fell due to lower demand in the CIS, caused by a decline in new railway infrastructure construction and maintenance projects, and a slump in demand from railcar producers and repair shops. Sales to Russian Railways, however, remained flat year-on-year reaching 632 thousand tonnes.

External revenues from flat-rolled products dropped. This was mostly due to lower sales volumes (down 51.5%) and average prices (down 11.7%) following the deconsolidation of EVRAZ Vitkovice Steel and EVRAZ Highveld Steel and Vanadium, as well as lower sales of third-party producers' flat-rolled goods by EVRAZ Metall Inprom amid reduced demand.

Revenues from external sales of steel products to Russia decreased by 42.7% year-on-year, mainly due to lower prices, while sales volumes fell by 15.8%. The share of Russia in external sales of steel products also declined, from 54.4% in 2014 to 48.3% in 2015, as shifting sales from the domestic to export markets helped to stabilise production volumes and increased profitability amid the weaker rouble.

Steel segment revenues from sales of iron ore products fell by 39.9%. This was due to lower iron ore prices (down 37.2%) and sales volumes (down 2.7%) resulting from the deconsolidation of EVRAZ Highveld Steel and Vanadium. Prices for iron ore products generally declined in 2015, in line with global benchmarks.

Steel segment revenues from sales of vanadium products declined by 37.0% due to lower sales prices (down 19.2%) and sales volumes (down 13.1%). This stemmed from the deconsolidation of EVRAZ Highveld Steel and Vanadium, while average selling prices mirrored the downward trends in the global steel market.

Steel segment cost of revenue

The Steel segment's cost of revenue decreased by 34.8% year-on-year in 2015. The main reasons for the decline were as follows:

- The cost of raw materials fell by 32.3% mainly due to decline in prices, lower iron ore and scrap consumption as a result of changes in the mix of raw material consumption, steel production decreases and a reduction in volumes of iron ore purchased from third parties as own production volumes increased.
- The decline in raw material costs is also attributable to deconsolidation of EVRAZ Highveld Steel and Vanadium, and cost-cutting initiatives, which reduced consumption.
- Auxiliary material costs decreased by 26.3%, primarily due to the rouble's weakness and deconsolidation of EVRAZ Highveld Steel and Vanadium (down US$45 million), partly offset by higher prices in local currencies and an increase in consumption of refractories, mainly for repairs at EVRAZ NTMK.
- Lower service costs were driven by the weakness of the rouble and hryvnia, as well as the deconsolidation of EVRAZ Highveld Steel and Vanadium (down US$105 million) .
- Transportation costs decreased by 17.9%, primary due to the rouble's weakness.
- Staff costs fell by 39.7%, largely due to the rouble and hryvnia weakness and headcount optimisation. Additional contributor was the deconsolidation of EVRAZ Highveld Steel and Vanadium partly offset by wage inflation at Russian sites.
- Depreciation and depletion costs dropped, driven mainly by local currency depreciation and the deconsolidation of EVRAZ Highveld Steel and Vanadium (down US$13 million).
- Lower energy costs were driven by the rouble and hryvnia devaluation; reduced consumption of electricity and natural gas due to asset optimisations and lower production volumes at Russian steelmaking sites; the use of pulverised coal injection (PCI) technology at ZSMK, which was commissioned in Q2 2014; an increase in own generation at ZabSib Heat and Power plant. Lower energy costs were partially offset by an increase in tariffs in local currencies.

- Other costs decreased, primarily due to changes in goods for resale costs (down US$227 million) and lower consumption of semi-finished products mainly due to disposal of EVRAZ Vitkovice Steel (down US$51 million).

Steel segment gross profit

The Steel segment's gross profit decreased by 43.4% year-on- year, driven primarily by lower revenues from sales of steel products.

Steel segment cost of revenue

	2015		2014		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**4,527**	**75.6%**	**6,940**	**72.9%**	**(34.8)%**
Raw materials	1,783	29.8%	2,633	27.7%	(32.3)%
Iron ore	349	5.8%	702	7.4%	(50.3)%
Coking coal	749	12.5%	892	9.4%	(16.0)%
Scrap	295	4.9%	495	5.2%	(40.4)%
Other raw materials	390	6.6%	544	5.7%	(28.3)%
Auxiliary materials	342	5.7%	464	4.9%	(26.3)%
Services	284	4.7%	500	5.3%	(43.2)%
Transportation	384	6.4%	468	4.9%	(17.9)%
Staff costs	573	9.6%	950	10.0%	(39.7)%
Depreciation	229	3.8%	337	3.5%	(32.0)%
Energy	448	7.5%	823	8.6%	(45.6)%
Other*	484	8.1%	765	8.0%	(36.7)%

** Includes goods for resale, taxes in cost of revenue.*

Steel, North America segment

Sales review

Revenue from steel product sales decreased due to lower sales prices (down 14.2%) and the impact of changes in sales volumes (down 14.9%).

Revenues from tubular product sales decreased by 32.2%, primarily due to lower sales volumes (down 22.3%) and price change (down 9.9%). The drop in sales volumes was driven by weaker demand for OCTG and small-diameter line pipe, caused by a slowdown in drilling activities due to the slump in oil prices. Sales of large-diameter pipes (LDP) remained strong due to demand from midstream infrastructure companies.

Railway product revenues declined by 15.2%, driven by a 11.9% drop in average prices, in line with the general price trend in the US steel market. The lower volume related to operational issues in Q3 2015, while demand from railway customers was stable.

Revenues from sales of construction products decreased by 35.9%, primarily due to lower sales volumes (down 21.6%), sales price (down 14.3%).The fall in sales volumes was attributable to the disposal of a structural tubing facility in Portland in March 2015. Prices for construction products were under pressure from high import volumes in North America.

Revenue from flat-rolled products fell, mainly due to lower prices (down 21.6%) and sales volumes (down 7.6%) caused by higher imports.

Steel, North America segment revenues by product

	2015		2014		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
Steel products	**2,106**	**92.7%**	**2,968**	**93.9%**	**(29.1)%**
Construction products*	216	9.5%	337	10.7%	(35.9)%
Railway products**	435	19.2%	513	16.2%	(15.2)%
Flat-rolled products***	438	19.3%	619	19.6%	(29.2)%
Tubular products****	1,016	44.7%	1,499	47.4%	(32.2)%
Other revenues***	**165**	**7.3%**	**192**	**6.1%**	**(14.1)%**
Total	**2,270**	**100.0%**	**3,160**	**100.0%**	**(28.2)%**

** Includes beams, rebars and structural tubing*
*** Includes rails and wheels*
**** Includes commodity plate, specialty plate and other flat-rolled products*
***** Includes large-diameter line pipes, ERW pipes and casing, seamless pipes, casing and tubing*
****** Includes scrap and services*

Steel, North America segment cost of revenue

Cost of revenue decreased by 24.5% year-on-year in 2015. The main drivers were as follows:

- Raw material costs decreased by 32.2%, primarily due to lower consumption of raw materials (scrap, coke, ferroalloys and other). The main reasons for this were lower volumes of crude steel and finished products, such as OCTG, flat and wire rod, cost-cutting initiatives that reduced consumption, and declining raw material prices.
- Costs of semi-finished products fell by 39.9%, amid prices for slab purchased and lower production volumes of tubular products.
- Auxiliary materials dropped by 19.8%, as a cost-cutting plan was implemented and production volumes of crude steel and finished products dropped compared with 2014.
- Service costs declined by 5.3%, as production volumes in 2015 fell year-on-year.
- Energy costs fell, driven by decreased production volumes, a decline in energy consumption, and lower tariffs for energy and natural gas.

Steel North America segment cost of revenue

	2015		2014		
	US$ million	% of segment revenue	US$ million	% of segment revenue	Change, %
Cost of revenue	**1,980**	**87.2%**	**2,623**	**83.0%**	**(24.5)%**
Raw materials	643	28.3%	962	30.4%	(33.2)%
Semi-finished products	354	15.6%	589	18.6%	(39.9)%
Auxiliary materials	162	7.1%	202	6.4%	(19.8)%
Services	160	7.0%	169	5.3%	(5.3)%
Staff costs	265	11.7%	301	9.5%	(12.0)%
Depreciation	107	4.7%	114	3.6%	(6.1)%
Energy	106	4.7%	154	4.9%	(31.2)%
Other*	183	8.1%	132	4.3%	(38.6)%

**Includes primarily goods for resale, certain taxes and allowances for inventories, transportation*

Steel, North America segment gross profit

Gross profit totalled US$290 million in 2015, down from US$537 million in 2014. The decline was due to lower sales revenues amid the downturn on the OCTG and flat product markets.

Coal segment

Sales review

Overall revenues decreased amid a reduction in sales prices, reflecting decreased global demand and greater output in other coal-exporting countries. Sales volumes also decreased, as the Group mined less raw coal in accordance with the annual schedule of longwall moves. Non-core steam coal production was suspended in 2014. And decommissioning of the only remaining steam coal mine among EVRAZ's Russian coal assets started.

In 2015, prices in rouble terms increased year-on-year due to higher prices in Russia and a shift in shipments in favour of more expensive grades. However, due to the sharp rouble depreciation, when re-calculated in US dollars, prices in 2015 were lower than those in 2014.

Revenues from internal sales of coal products decreased due to lower average sales prices (down 12.7%) and sales volumes (down 8.0%). The decrease in coal consumption in 2015 compared with 2014 resulted from reduced coal consumption at EVRAZ ZSMK after the shutdown of two coke batteries and launch of the PCI plant.

Revenues from external sales of coal products decreased, mainly due to lower prices (down 16.3%) and sales volumes (down 3.4%).

In 2015, Coal segment sales to the Steel segment amounted to US$419 million and 39.2% of sales, compared with US$528 million and 40.1% in 2014.

During the reporting period, c.53% of EVRAZ's coking coal consumption in steelmaking came from the Group's own operations, compared with 54% in 2014.

The decline in Russian sales of coking coal products from 6.2mt in 2014 to 5.2mt in 2015 is mainly attributable to the decreased demand for coking coal from Russian steelmaking companies who have started to use more of their own captive coal supply. The decreased demand from Russian steelmakers is also driven by the decline in steel production volumes in Russia and introduction of PCI.

Coal segment revenues by product

	2015		2014		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
External sales					
Coal products	**601**	**56.2%**	**722**	**54.8%**	**(16.8)%**
Coking coal	58	5.4%	78	5.9%	(25.6)%
Coal concentrate	543	50.8%	605	45.9%	(10.2)%
Steam coal	-	-	39	3.0%	(100.0)%
Inter-segment sales					
Coal products	391	36.6%	493	37.4%	(20.7)%
Coking coal	47	4.4%	85	6.4%	(44.7)%
Coal concentrate	344	32.2%	408	31.0%	(15.7)%
Other revenues	76	7.2%	103	7.8%	(26.2)%
Total	**1,068**	**100%**	**1,318**	**100%**	**(19.0)%**

Coal segment cost of revenue

The main factors affecting the decrease in the segment's cost of revenues compared with 2014 were as follows:

- The cost of auxiliary materials and services decreased in 2015, primarily due to the rouble weakness (down US$10 million and US$25 million respectively), as well as the effect of asset optimisations and cost-cutting initiatives.
- Transportation costs declined due to lower sales volumes and transportation costs from Russian entities as a result of the rouble devaluation.
- Staff costs decreased due to the rouble weakness (down US$114 million).
- Depreciation and depletion costs decreased, mostly due to lower depreciation and depletion expenses at Yuzhkuzbassugol caused by the revision and detailing of future mining plans and lower depletion of mineral deposits (down US$17 million). This was also accompanied by a fall in depreciation in US dollar terms due to the rouble weakness (down US$89 million).
- Energy costs fell due to the effect of currency movements (down US$21 million), partly offset by higher electricity prices in local currencies (up US$8 million).
- Other costs increased, primarily due to changes in taxes, work-in-progress and stocks of finished goods and the effect of the rouble weakness.

Coal segment cost of revenue

	2015		2014		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**749**	**70.1%**	**1,040**	**78.9%**	**(28.0)%**
Auxiliary materials	106	9.9%	152	11.5%	(30.3)%
Services	74	6.9%	103	7.8%	(28.2)%
Transportation	146	13.7%	154	11.7%	(5.2)%
Staff costs	194	18.2%	305	23.1%	(36.4)%
Depreciation	156	14.6%	259	19.7%	(39.8)%
Energy	38	3.5%	51	3.9%	(25.5)%
Other*	35	3.3%	16	1.2%	118.8%

Includes primarily goods for resale and certain taxes, allowance for inventory and raw materials

Coal segment gross profit

The Coal segment's gross profit amounted to US$319 million in 2015, up from US$278 million in 2014. The gross profit margin rose, primarily due to the rouble depreciation's influence on costs, lower depreciation and depletion, and cost-cutting initiative.

APPENDIX

KEY RISKS AND UNCERTAINTIES

EVRAZ is exposed to numerous risks and uncertainties that exist in its business that may affect its ability to execute its strategy effectively in 2016 and could cause the actual results to differ materially from expected and historical results.

Despite the ongoing market volatility described in the Market Outlook section, the Directors consider that the principal risks and uncertainties as summarised below and detailed in the EVRAZ plc 2015 Annual Report on pages 28 to 31, copies of which are available at http://www.evraz.com/investors/annual_reports/, are relevant in 2016 and the mitigating actions described are appropriate.

Key risks:

Risk	**Definition**
Global economic factors, industry conditions	EVRAZ' operations are dependent on the global macroeconomic environment and economic and industry conditions, e.g. the global supply and demand balance for steel and particularly for iron ore and coking coal, which can affect both product prices and volumes across all markets. As EVRAZ' operations involve substantial fixed costs, global economic and industry conditions can impact the Group's operational performance.
Competition	Excessive supply in global market and greater competition. Increasing competition in the rail product segment from Mechel and a new rail producer in Kazakhstan.
Cost effectiveness	The majority of the Group's steel production remains sensitive to costs and prices. Maintaining a low-cost position is one of EVRAZ' key business objectives in steelmaking and the iron ore and coking coal mining businesses. Key steel and coking coal assets are in the first quartile of the cost curve, which helps to maintain profitability even during market downturns
Treasury: availability of finance	Impact from the possible introduction of limitations on repatriation of foreign-currency export revenues, as well as additional regulations or limitations on cross-border capital flows. Potential government action, including economic sanctions impacting Russian entities, might increase the Group's capital market risk regarding additional funding.
Functional currency devaluation	Any significant fluctuation in subsidiaries' functional currencies relative to the US dollar could have a significant effect on the Group's financial accounts, which might impact its ability to borrow
HSE: environmental	Steel and mining production carry an inherent risk of environmental impact and incidents relating to issues as diverse as water usage, quality of water discharged, air emissions, waste recycling, tailing management, air emissions (including greenhouse gases), and community satisfaction.

Risk	Definition
	Consequently, EVRAZ faces risks including regulatory fines, penalties, adverse impact on reputation and, in the extreme, the withdrawal of plant environmental licences, which would curtail operations indefinitely
HSE: health, safety	Potential danger of fire, explosions and electrocution, as well as risks specific to individual mines: methane levels, rock falls and other accidents could lead to outage or production delays, loss of qualified personnel, loss of material, equipment or product, or extensive damage compensation. Breach of any HSE laws, regulations and standards may result in fines, penalties, suspension of production, or other sanctions. Prolonged outages or production delays, especially in coal mining, could have a material adverse effect on the Group's operating performance.
Potential actions by governments	New laws, regulations or other requirements could limit the Group's ability to obtain financing in international markets, sell its products and purchase equipment. Risk of capital controls that affect the Group in terms of free flow of capital. EVRAZ may also be adversely affected by government sanctions against Russian business or otherwise reducing its ability to conduct business with counterparties. Risk of adverse geopolitical situation in countries of operation.
Business interruption	Prolonged outages or production delays, especially in coal mining, could have a material adverse effect on the Group's operating performance, production, financial condition and future prospects. In addition, long term business interruption may result in a loss of customers and competitive advantage, and damage to the Group's reputation.

EVRAZ monitors these risks and actively pursues strategies to mitigate them on an ongoing basis.

DIRECTOR’S RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 104-107 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 management report required by DTR 4.1.8R includes 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

14 March 2016

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

	Year ended 31 December 2015	2014	2013
Continuing operations			
Revenue			
Sale of goods	**$ 8,552**	$ 12,745	$ 14,071
Rendering of services	**215**	316	340
	8,767	13,061	14,411
Cost of revenue	**(6,595)**	(9,734)	(11,501)
Gross profit	**2,172**	3,327	2,910
Selling and distribution costs	**(795)**	(1,009)	(1,213)
General and administrative expenses	**(474)**	(743)	(877)
Social and social infrastructure maintenance expenses	**(28)**	(30)	(50)
Loss on disposal of property, plant and equipment	**(41)**	(48)	(47)
Impairment of assets	**(441)**	(540)	(563)
Foreign exchange gains/(losses), net	**(367)**	(1,005)	(258)
Other operating income	**28**	35	53
Other operating expenses	**(78)**	(88)	(116)
Loss from operations	**(24)**	(101)	(161)
Interest income	**9**	17	23
Interest expense	**(475)**	(563)	(699)
Share of profits/(losses) of joint ventures and associates	**(20)**	10	8
Gain/(loss) on derecognition of equity investments, net	**–**	–	89
Gain/(loss) on financial assets and liabilities, net	**(48)**	(583)	(43)
Gain/(loss) on disposal groups classified as held for sale, net	**21**	136	131
Loss of control over a subsidiary	**(167)**	–	–
Other non-operating gains/(losses), net	**(3)**	–	15
Loss before tax	**(707)**	(1,084)	(637)
Income tax benefit/(expense)	**(12)**	(194)	86
Net loss	**$ (719)**	$ (1,278)	$ (551)
Attributable to:			
Equity holders of the parent entity	**$ (644)**	$ (1,175)	$ (504)
Non-controlling interests	**(75)**	(103)	(47)
	$ (719)	$ (1,278)	$ (551)
Earnings/(losses) per share: for profit/(loss) attributable to equity holders of the parent entity, basic and diluted, US dollars	**$ (0.45)**	$ (0.78)	$ (0.34)

EVRAZ plc

Consolidated Statement of Comprehensive Income

(In millions of US dollars)

	Year ended 31 December 2015	2014	2013
Net loss	**$ (719)**	$ (1,278)	$ (551)
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	**(820)**	(1,918)	(375)
Exchange differences recycled to profit or loss	**142**	(66)	90
Net gains/(losses) on available-for-sale financial assets	**–**	(12)	7
	(678)	(1,996)	(278)
Effect of translation to presentation currency of the Group's joint ventures and associates	**(27)**	(79)	(11)
	(27)	(79)	(11)
Items not to be reclassified to profit or loss in subsequent periods			
Gains/(losses) on re-measurement of net defined benefit liability	**1**	(33)	119
Income tax effect	**(5)**	15	(30)
	(4)	(18)	89
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**(1)**	–	(9)
Income tax effect	**–**	–	2
	(1)	–	(7)
Total other comprehensive loss	**(710)**	(2,093)	(207)
Total comprehensive loss, net of tax	**$ (1,429)**	$ (3,371)	$ (758)
Attributable to:			
Equity holders of the parent entity	**$ (1,340)**	$ (3,164)	$ (677)
Non-controlling interests	**(89)**	(207)	(81)
	$ (1,429)	$ (3,371)	$ (758)

EVRAZ plc
Consolidated Statement of Financial Position
(In millions of US dollars)

.

	31 December 2015	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	**$ 4,302**	$ 5,796	$ 9,490
Intangible assets other than goodwill	**324**	441	588
Goodwill	**1,176**	1,541	1,988
Investments in joint ventures and associates	**74**	121	191
Deferred income tax assets	**119**	97	86
Other non-current financial assets	**79**	98	144
Other non-current assets	**56**	40	62
	6,130	8,134	12,549
Current assets			
Inventories	**899**	1,372	1,744
Trade and other receivables	**447**	654	915
Prepayments	**50**	82	124
Loans receivable	**5**	24	21
Receivables from related parties	**6**	53	13
Income tax receivable	**44**	23	59
Other taxes recoverable	**127**	158	283
Other current financial assets	**35**	40	71
Cash and cash equivalents	**1,375**	1,086	1,604
	2,988	3,492	4,834
Assets of disposal groups classified as held for sale	**1**	4	302
	2,989	3,496	5,136
Total assets	**$ 9,119**	$ 11,630	$ 17,685
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	**$ 1,507**	$ 1,507	$ 1,473
Treasury shares	**(305)**	–	(1)
Additional paid-in capital	**2,501**	2,481	2,326
Revaluation surplus	**124**	155	162
Other reserves	**–**	–	156
Unrealised gains and losses	**–**	–	12
Accumulated profits	**644**	1,299	2,589
Translation difference	**(4,335)**	(3,644)	(1,685)
	136	1,798	5,032
Non-controlling interests	**133**	218	431
	269	2,016	5,463
Non-current liabilities			
Long-term loans	**5,850**	5,470	6,041
Deferred income tax liabilities	**352**	471	841
Employee benefits	**301**	364	492
Provisions	**146**	173	254
Other long-term liabilities	**116**	442	230
	6,765	6,920	7,858
Current liabilities			
Trade and other payables	**1,070**	1,379	1,488
Advances from customers	**228**	155	180
Short-term loans and current portion of long-term loans	**497**	761	1,816
Payables to related parties	**143**	108	458
Income tax payable	**17**	86	57
Other taxes payable	**107**	151	203
Provisions	**23**	41	45
Dividends payable by the Group's subsidiaries to non-controlling shareholders	**–**	–	5
	2,085	2,681	4,252
Liabilities directly associated with disposal groups classified as held for sale	–	13	112
	2,085	2,694	4,364
Total equity and liabilities	**$ 9,119**	$ 11,630	$ 17,685

EVRAZ plc

Consolidated Statement of Cash Flows

(In millions of US dollars)

	Year ended 31 December		
	2015	**2014**	**2013**
Cash flows from operating activities			
Net loss	**$ (719)**	$ (1,278)	$ (551)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(87)**	(163)	(335)
Depreciation, depletion and amortisation *(Note 7)*	**585**	833	1,114
Loss on disposal of property, plant and equipment	**41**	48	47
Impairment of assets	**441**	540	563
Foreign exchange (gains)/losses, net	**367**	1,005	258
Interest income	**(9)**	(17)	(23)
Interest expense	**475**	563	699
Share of (profits)/losses of associates and joint ventures	**20**	(10)	(8)
(Gain)/loss on derecognition of equity investments, net	**–**	–	(89)
(Gain)/loss on financial assets and liabilities, net	**48**	583	43
(Gain)/loss on disposal groups classified as held for sale, net	**(21)**	(136)	(131)
Loss of control over a subsidiary	**167**	–	–
Other non-operating (gains)/losses, net	**3**	–	(15)
Bad debt expense	**18**	41	8
Changes in provisions, employee benefits and other long-term assets and liabilities	**(56)**	(62)	(68)
Expense arising from equity-settled awards *(Note 21)*	**20**	30	25
Other	**–**	(1)	(2)
	1,293	1,976	1,535
Changes in working capital:			
Inventories	**204**	(87)	229
Trade and other receivables	**55**	(1)	65
Prepayments	**9**	(2)	15
Receivables from/payables to related parties	**66**	(246)	131
Taxes recoverable	**(34)**	33	48
Other assets	**(3)**	11	(17)
Trade and other payables	**3**	150	(135)
Advances from customers	**100**	27	30
Taxes payable	**(72)**	100	4
Other liabilities	**1**	(4)	(5)
Net cash flows from operating activities	**1,622**	1,957	1,900
Cash flows from investing activities			
Issuance of loans receivable to related parties	**(2)**	(4)	(2)
Issuance of loans receivable	**(2)**	–	(2)
Proceeds from repayment of loans receivable, including interest	**7**	3	3
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**–**	(102)	31
Purchases of interest in associates/joint ventures *(Note 11)*	**–**	(29)	(61)
Restricted deposits at banks in respect of investing activities	**(3)**	1	(2)
Short-term deposits at banks, including interest	**4**	8	677
Purchases of property, plant and equipment and intangible assets	**(423)**	(612)	(902)
Proceeds from disposal of property, plant and equipment	**10**	14	7
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**44**	311	1
Dividends received	**–**	2	1
Other investing activities, net	**6**	19	(15)
Net cash flows used in investing activities	**(359)**	(389)	(264)

EVRAZ plc
Consolidated Statement of Cash Flows
(continued)

(In millions of US dollars)

	Year ended 31 December		
	2015	**2014**	**2013**
Cash flows from financing activities			
Purchase of treasury shares *(Note 20)*	**$ (339)**	$ (13)	$ (6)
Proceeds from issue of shares by a subsidiary to non-controlling shareholders	**6**	–	–
Proceeds from loans provided by related parties	**–**	267	–
Repayment of loans provided by related parties	**–**	(251)	–
Dividends paid by the parent entity to its shareholders *(Note 20)*	**–**	(90)	–
Dividends paid by the Group's subsidiaries to non-controlling shareholders	**–**	(3)	(1)
Sale of non-controlling interests *(Note 4)*	**1**	–	–
Proceeds from bank loans and notes	**3,801**	2,579	1,976
Repayment of bank loans and notes, including interest	**(3,961)**	(3,223)	(3,978)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(9)**	(942)	621
Payments for purchase of property, plant and equipment on deferred terms	**(5)**	(42)	–
Gain/(loss) on derivatives not designated as hedging instruments *(Note 25)*	**(464)**	(94)	51
Gain/(loss) on hedging instruments *(Note 25)*	**5**	–	–
Collateral under swap contracts *(Note 18)*	**7**	14	(21)
Payments under finance leases, including interest	**(1)**	(1)	(8)
Other financing activities	**(3)**	(12)	(1)
Net cash flows used in financing activities	**(962)**	(1,811)	(1,367)
Effect of foreign exchange rate changes on cash and cash equivalents	**(12)**	(282)	(48)
Net increase/(decrease) in cash and cash equivalents	**289**	(525)	221
Cash and cash equivalents at the beginning of the year	**1,086**	1,604	1,382
Add back: decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	–	7	1
Cash and cash equivalents at the end of the year	**$ 1,375**	$ 1,086	$ 1,604
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (443)**	$ (517)	$ (586)
Interest received	**4**	10	23
Income taxes paid by the Group	**(204)**	(263)	(249)

EVRAZ plc
Condensed Consolidated Statement of Changes in Equity

(In millions of US dollars)

	Attributable to equity holders of the parent entity										
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Other reserves**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2014	**$1,507**	**$-**	**$2,481**	**$155**	**$-**	**$-**	**$1,299**	**$(3,644)**	**$1,798**	**$218**	**$2,016**
Net loss	–	–	–	–	–	–	(644)	–	(644)	(75)	(719)
Other comprehensive income/(loss)	–	–	–	(1)	–	–	(4)	(691)	(696)	(14)	(710)
Reclassification of revaluation surplus to accumulated profits in respect of the disposed subsidiaries	–	–	–	(28)	–	–	28	–	–	–	–
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(2)	–	–	2	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(31)	–	–	(618)	(691)	(1,340)	(89)	(1,429)
Derecognition of non-controlling interests in connection with the loss of control over a subsidiary *(Note 4)*	–	–	–	–	–	–	–	–	–	(4)	(4)
Non-controlling interests arising on sale of ownership interests in subsidiaries *(Note 4)*	–	–	–	–	–	–	(3)	–	(3)	2	(1)
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	–	–	–	–	–	–	–	–	–	6	6
Purchase of treasury shares *(Note 20)*	–	(336)	–	–	–	–	(3)	–	(339)	–	(339)
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	31	–	–	–	–	(31)	–	–	–	–
Share-based payments *(Note 21)*	–	–	20	–	–	–	–	–	20	–	20
At 31 December 2015	**$1,507**	**$(305)**	**$2,501**	**$124**	**$-**	**$-**	**$644**	**$(4,335)**	**$136**	**$133**	**$269**

EVRAZ plc Consolidated Statement of Changes in Equity (continued)

(In millions of US dollars)

	Attributable to equity holders of the parent entity										
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Other reserves**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2013	$1,473	$(1)	$2,326	$162	$156	$12	$2,589	$(1,685)	$5,032	$431	$5,463
Net loss	–	–	–	–	–	–	(1,175)	–	(1,175)	(103)	(1,278)
Other comprehensive income/(loss)	–	–	–	–	–	(12)	(18)	(1,959)	(1,989)	(104)	(2,093)
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(7)	–	–	7	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(7)	–	(12)	(1,186)	(1,959)	(3,164)	(207)	(3,371)
Issue of shares *(Note 20)*	34	–	122	–	(156)	–	–	–	–	–	–
Acquisition of non-controlling interests in subsidiaries *(Note 4)*	–	–	3	–	–	–	–	–	3	(3)	–
Purchase of treasury shares *(Note 20)*	–	(13)	–	–	–	–	–	–	(13)	–	(13)
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	14	–	–	–	–	(14)	–	–	–	–
Share-based payments *(Note 21)*	–	–	30	–	–	–	–	–	30	–	30
Dividends declared by the parent entity to its shareholders *(Note 20)*	–	–	–	–	–	–	(90)	–	(90)	–	(90)
Dividends declared by the Group's subsidiaries to non-controlling shareholders *(Note 20)*	–	–	–	–	–	–	–	–	–	(3)	(3)
At 31 December 2014	$1,507	$-	$2,481	$155	$-	$-	$1,299	$(3,644)	$1,798	$218	$2,016

EVRAZ plc
Consolidated Statement of Changes in Equity (continued)
(in millions of US dollars)

	Attributable to equity holders of the parent entity										
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**Other reserves**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2012	$1,340	$(1	$1,820	$173	$-	$5	$3,009	$(1,424	$4,922	$200	$5,122
Net loss	–	–	–	–	–	–	(504)	–	(504)	(47)	(551)
Other comprehensive income/(loss)	–	–	–	(7)	–	7	88	(261)	(173)	(34)	(207)
Reclassification of additional paid-in capital to accumulated profits in respect of the disposed subsidiaries	–	–	2	–	–	–	(2)	–	–	–	–
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(4)	–	–	4	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	2	(11)	–	7	(414)	(261)	(677)	(81)	(758)
Issue of shares *(Note 20)*	133	–	478	–	156	–	–	–	767	–	767
Acquisition of non-controlling interests in subsidiaries *(Note 4)*	–	–	1	–	–	–	–	–	1	(3)	(2)
Non-controlling interests arising on acquisition of subsidiaries *(Note 4)*	–	–	–	–	–	–	–	–	–	314	314
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary *(Note 20)*	–	–	–	–	–	–	–	–	–	2	2
Purchase of treasury shares *(Note 20)*	–	(6)	–	–	–	–	–	–	(6)	–	(6)
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	6	–	–	–	–	(6)	–	–	–	–
Share-based payments *(Note 21)*	–	–	25	–	–	–	–	–	25	–	25
Dividends declared by the Group's subsidiaries to non-controlling shareholders *(Note 20)*	–	–	–	–	–	–	–	–	–	(1)	(1)
At 31 December 2013	$1,473	$(1	$2,326	$162	$156	$12	$2,589	$(1,685	$5,032	$431	$5,463