EVRAZ plc

EVRAZ PUBLISHES 2017 ANNUAL REPORT AND REPORTS FULL YEAR 2017 RESULTS

1 March 2018 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2017 ("2017 Annual Report") on its website: http://www.evraz.com/investors/annual_reports/; and
- submitted to the UK National Storage Mechanism a copy of its 2017 Annual Report in accordance with LR 9.6.1 R.

The 2017 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2017 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 19 June 2018 in London, will be posted to shareholders in mid-May 2018.

The Appendix to this announcement contains additional information which has been extracted from the 2017 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 2017 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2017 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The financial information contained in this document does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Financial information for 2016 has been extracted from the audited statutory accounts for the year ended 31 December 2016 which were prepared in accordance with IFRS as adopted by the European Union and have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified with no reference to matters to which the auditor drew attention by way of emphasis and no statement under s498(2) or s498(3) of the Companies Act 2006. The financial information for the year ended 31 December 2017 will be delivered to the Registrar of Companies following the Company's annual general meeting convened for 19 June 2018. The auditor has reported on the statutory accounts for the year ended 31 December 2017. The auditor's report was unqualified.

FY 2017 HIGHLIGHTS

- Strong free cash flow of US$1,322 million (FY2016: US$659 million)
- Continued reduction in net debt: US$4.0 billion (FY2016: US$4.8 billion)
- Total EBITDA effect from cost-cutting and customer focus initiatives was US$267 million in 2017
- Consolidated EBITDA of $2,624m, up 70.2% from $1,542m in FY2016, driving the EBITDA margin from 20.0% to 24.2%, due to strong market conditions and numerous improvement initiatives
- Net profit of US$759 million vs. net loss of US$188 million in FY2016
- Cash-cost of steel and raw materials in Russia increased mostly as a result of rouble appreciation:
    - cash cost of slabs increased to US$247/t from US$183/t in FY2016

    - cash costs of washed coking coal of US$42/t (FY2016: US$30/t)
    - cash costs of iron ore products (58% Fe content) of US$34/t (FY2016: US$26/t)
- A second interim dividend of US$429.6 million (US$0.30 per share) has been declared, reflecting the Board's confidence in the Group's financial position and outlook.

FINANCIAL HIGHLIGHTS

(US$ million)	**FY2017**	**FY2016**	**Change,%**
Consolidated revenue	10,827	7,713	40.4
Profit/loss from operations	1,986	463	n/a
Consolidated EBITDA[1]	2,624	1,542	70.2
Net profit/(loss)	759	(188)	n/a
Earnings/(loss) per share, basic (US$)	0.49	(0.15)	n/a
Net cash flows from operating activities	1,957	1,503	30.2
CAPEX[2]	603	428	40.9

	31 December 2017	**31 December 2016**	
Net debt[3]	3,966	4,802	(17.4)
Total assets	10,380	9,204	12.8

[1] *See p.267 of EVRAZ plc Annual Report 2017 for the definition of EBITDA.*
[2] *Including payments on deferred terms recognised in financing activities and non-cash transactions.*
[3] *See p.267 of EVRAZ plc Annual Report 2017 for the calculation of net debt.*

EVRAZ Chief Executive Officer, Alexander Frolov, commented

"EVRAZ benefited from an upswing on the global markets, as well as from ongoing strategic initiatives on cost-cutting and product development. These factors helped to generate strong EBITDA of US$2,624 million in 2017. The Group's business model also attained a fundamentally new level of sustainability as the net debt/EBITDA ratio reached 1.5x.

Overall in 2017, our cost-cutting initiatives delivered the EBITDA effect of US$163 million. Combined with a US$104 million gain from customer-focus efforts, EVRAZ' total EBITDA effect from initiatives was US$267 million in 2017. We believe that these improvement processes are vital for our long-term competitiveness.

The strength of the underlying cash flow generation and continuing success with deleveraging have allowed us to announce a formal dividend policy.

As we progress in 2018, we remain committed to our vision and believe that our pipeline of investment projects and operational efforts, combined with favourable market conditions will enable us to generate strong financial results and benefit all our stakeholders."

CONFERENCE CALL

A conference call to discuss the results hosted by Alexander Frolov, CEO, and Nikolay Ivanov, CFO, will commence on Thursday, 1 March 2018, at:

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

To join the call please dial:

+44 1452 55 5566 London
+7 499 677 1036 Russia
+1 631 510 7498 New York
Conference ID 6199752

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

The FY2017 results presentation will be available on the Company's website www.evraz.com on Thursday, 1 March 2018, at the following link:

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

MP3 recording will be available on Friday, 2 March 2018, at the following link:

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

FORWARD-LOOKING STATEMENTS

THIS DOCUMENT CONTAINS "FORWARD-LOOKING STATEMENTS", WHICH INCLUDE ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS, INCLUDING, WITHOUT LIMITATION, ANY STATEMENTS PRECEDED BY, FOLLOWED BY OR THAT INCLUDE THE WORDS "TARGETS", "BELIEVES", "EXPECTS", "AIMS", "INTENDS", "WILL", "MAY", "ANTICIPATES", "WOULD", "COULD" OR SIMILAR EXPRESSIONS OR THE NEGATIVE THEREOF. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS BEYOND THE GROUP'S CONTROL THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING, INCLUDING, AMONG OTHERS, THE ACHIEVEMENT OF ANTICIPATED LEVELS OF PROFITABILITY, GROWTH, COST AND SYNERGY OF RECENT ACQUISITIONS, THE IMPACT OF COMPETITIVE PRICING, THE ABILITY TO OBTAIN NECESSARY REGULATORY APPROVALS AND LICENSES, THE IMPACT OF DEVELOPMENTS IN THE RUSSIAN ECONOMIC, POLITICAL AND LEGAL ENVIRONMENT, VOLATILITY IN STOCK MARKETS OR IN THE PRICE OF THE GROUP'S SHARES OR GDRS, FINANCIAL RISK MANAGEMENT AND THE IMPACT OF GENERAL BUSINESS AND GLOBAL ECONOMIC CONDITIONS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING THE GROUP'S PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE GROUP WILL OPERATE IN THE FUTURE. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES BECAUSE THEY RELATE TO EVENTS AND DEPEND ON CIRCUMSTANCES THAT MAY OR MAY NOT OCCUR IN THE FUTURE. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS AT THE DATE AS OF WHICH THEY ARE MADE, AND EACH OF EVRAZ AND THE GROUP EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGE IN EVRAZ'S OR THE GROUP'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENTS ARE BASED. NEITHER THE GROUP, NOR ANY OF ITS AGENTS, EMPLOYEES OR ADVISORS INTENDS OR HAS ANY DUTY OR OBLIGATION TO SUPPLEMENT, AMEND, UPDATE OR REVISE ANY OF THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT.

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FINANCIAL REVIEW

STATEMENT OF OPERATIONS

In its full-year financial results for 2017, EVRAZ reported an increase of 40.4% year-on-year in consolidated revenues, which were US$10,827 million compared with US$7,713 million in 2016. This performance was driven partially by higher volumes but mostly by an upswing in prices for steel and coal products amid more favourable market trends.

In 2017 EBITDA increased significantly mainly driven by improved market conditions in steel and coal markets as well as efficiency initiatives. In 2017 EBITDA reached US$2,624 million, up 70.2% from US$1,542 million in 2016, boosting the EBITDA margin from 20.0% to 24.2% and increasing free cash flow to US$1,322 million.

The Steel segment's revenues (including intersegment) increased by 40.9% year-on-year to US$7,743 million, or 63.0% of the Group's total before elimination. The growth was mainly attributable to higher revenues from sales of steel products, which rose by 39.8% year-on-year, largely due to an upturn in average sales prices of 38.6% that was underpinned by favourable market conditions. Steel product sales volumes remained strong in 2017 (+1.2% y-o-y).

The Steel, North America segment's revenues grew by 27.3% year-on-year. Prices rose by 18.7% and volumes climbed by 12.7%, boosting the segment's revenues from sales of steel products by 31.4%. The key drivers of this growth were an improved demand for oil country tubular goods (OCTG) following a recovery in oil prices and a stronger demand for railway products.

The Coal segment's revenues surged by 67.5% year-on-year, supported largely by higher sales prices, which grew by 62.9% amid an upward trend in global benchmarks. Volumes rose by 4.6% due to the stable demand and the improved productivity at mines.

The Steel segment's EBITDA improved, reflecting higher steel and vanadium prices and the effects of cost-cutting initiatives implemented in 2017. This was partially offset by an increase in expenses in US dollar terms as a result of the rouble's strengthening impact on costs, as well as by rising prices for raw materials such as coal, iron ore and scrap.

The Steel, North America segment's EBITDA increased year-on-year, supported by greater revenues from sales of tubular, railway and flat-rolled products as well as higher expenses in prior year connected with suspension of production. This was partly offset by higher prices for scrap and purchased semi-finished products.

The Coal segment's EBITDA grew year-on-year, mainly because sales prices rose in line with global benchmarks.

Eliminations mostly reflect unrealised profits or losses that relate to the inventories produced by the Steel segment on the Steel, North America segment's balance sheet, and coal inventories produced by the Coal segment on the Steel segment's balance sheet.

Revenues (US$ million)				
Segment	**2017**	**2016**	**Change**	**Change, %**
Steel	7,743	5,497	2,246	40.9
Steel, North America	1,864	1,464	400	27.3
Coal	2,214	1,322	892	67.5
Other operations	462	363	99	27.3
Eliminations	(1,456)	(933)	(523)	56.0
Total	**10,827**	**7,713**	**3,114**	**40.4**

Revenue by region (US$ million)				
Region	**2017**	**2016**	**Change**	**Change, %**
Russia	4,255	3,080	1,175	38.1
Americas	2,201	1,722	479	27.8
Asia	2,162	1,372	790	57.6
CIS (excl. Russia)	812	630	182	28.9
Europe	1,128	640	488	76.3
Africa and the rest of the world	269	269	-	-
Total	**10,827**	**7,713**	**3,114**	**40.4**

EBITDA* (US$ million)				
Segment	**2017**	**2016**	**Change**	**Change, %**
Steel	1,483	1,004	479	47.7
Steel, North America	58	28	30	107.1
Coal	1,226	644	582	90.4
Other operations	21	17	4	23.5
Unallocated	(131)	(109)	(22)	20.2
Eliminations	(33)	(42)	9	(21.4)
Total	**2,624**	**1,542**	**1,082**	**70.2**

** For the definition of EBITDA, please refer to p.267 of the Annual Report 2017*

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

Effect of Group's cost-cutting initiatives in 2017 (US$ million)	
Improving yields and raw material costs, including	**104**
Improving yields and raw material costs of Urals and Siberia divisions	61
Various improvements at coal beneficiating plants and mines	30
Improving yields and raw material costs of North American assets and vanadium operations	13
Increasing productivity and cost effectiveness	**37**
Others, including	**22**
Reduction of general and administrative (G&A) costs and non-G&A headcount	16
Optimisation of asset portfolio	6
Total	**163**

Revenues, cost of revenue and gross profit of segments

(US$ million)

	2017	**2016**	**Change, %**
Steel segment			
Revenues	7,743	5,497	40.9
Cost of revenue	(5,795)	(4,068)	42.5
Gross profit	*1,948*	*1,429*	*36.3*
Steel, North America segment			
Revenues	1,864	1,464	27.3
Cost of revenue	(1,656)	(1,243)	33.2
Gross profit	*208*	*221*	*(5.9)*
Coal segment			
Revenues	2,214	1,322	67.5
Cost of revenue	(973)	(701)	38.8
Gross profit	*1,241*	*621*	*99.8*
Other operations – *gross profit*	*104*	*85*	*22.4*
Unallocated – *gross profit*	*(8)*	*(7)*	*14.3*
Eliminations – *gross profit*	*(151)*	*(157)*	*(3.8)*
Total	**3,342**	**2,192**	**52.5**

Gross profit, expenses and results (US$ million)				
Item	**2017**	**2016**	**Change**	**Change, %**
Gross profit	**3,342**	**2,192**	**1,150**	**52.5**
Selling and distribution costs	(717)	(623)	(94)	15.1
General and administrative expenses	(540)	(469)	(71)	15.1
Impairment of assets	12	(465)	477	n/a
Foreign exchange gains/(losses), net	(54)	(48)	(6)	12.5
Other operating income and expenses, net	(57)	(124)	67	(54.0)
Profit/(loss) from operations	**1,986**	**463**	**1,523**	**n/a**
Interest expense, net	(423)	(471)	48	(10.2)
Share of profits/(losses) of joint ventures and associates	11	(23)	34	n/a
Loss on financial assets and liabilities, net	(57)	(9)	(48)	n/a
Loss on disposal groups classified as held for sale, net	(360)	-	(360)	n/a
Other non-operating losses, net	(2)	(52)	50	(96.2)
Profit/(loss) before tax	**1,155**	**(92)**	**1,247**	**n/a**
Income tax benefit/(expense)	(396)	(96)	(300)	n/a
Net profit/(loss)	**759**	**(188)**	**947**	**n/a**

In 2017, selling and distribution expenses increased by 15.1%, mostly due to the stronger rouble and higher sales volumes. General and administrative expenses rose by 15.1%, primarily because of the effect that the rouble appreciation had on costs.

Foreign exchange losses amounting to US$54 million mainly related to intra-group loans denominated in roubles payable by Evraz Group S.A. to the Russian subsidiaries.

The appreciation of the Russian rouble against the US dollar in 2017 led to exchange losses recognised in income statement of non-Russian subsidiaries, which are not offset with the exchange gains recognised in equity of the Russian subsidiaries.

Interest expenses incurred by the Group decreased, mainly due to the reduction in total debt and the efforts undertaken to refinance existing facilities during the reporting period.

The interest expense for bank loans, bonds and notes dropped to US$394 million in 2017, compared with US$439 million a year earlier.

Losses on financial assets and liabilities amounted to US$57 million and were mostly related to premiums on early repurchases of bonds denominated in US dollars.

The net loss of US$360 million on disposal groups classified as held for sale was caused mostly by a reclassification to the statement of operations of accumulated losses on translation of the net assets of the sold subsidiaries into presentation currency (US dollars) in the amount of US$741 million. Subsidiaries with net assets of US$134 million were sold for consideration of US$515 million net of transaction costs.

For the reporting period, the Group had an income tax expense of US$396 million, compared with US$96 million a year earlier. The change reflects the Group's better operating results and income tax on the sale transaction of EVRAZ Nakhodka Trade Sea Port in the amount of US$60 million.

Cash flow
(US$ million)

Item	2017	2016	Change	Change, %
Cash flows from operating activities before change in working capital	2,111	1,343	768	57.2
Changes in working capital	(154)	160	(314)	n/a
Net cash flows from operating activities	**1,957**	**1,503**	**454**	**30.2**
Short-term deposits at banks, including interest	7	4	3	75.0
Purchases of property, plant and equipment and intangible assets	(595)	(382)	(213)	55.8
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	412	27	385	n/a
Other investing activities	9	11	(2)	(18.2)
Net cash flows used in investing activities	**(167)**	**(340)**	**173**	**(50.9)**
Net cash flows used in financing activities	**(1,479)**	**(1,369)**	**(110)**	**(8.0)**
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(10)	8	(80.0)
Net increase/(decrease) in cash and cash equivalents	**309**	**(216)**	**525**	**n/a**

Calculation of free cash flow*
(US$ million)

Item	2017	2016	Change	Change, %
EBITDA	2,624	1,542	1,082	70.2
EBITDA excluding non-cash items	**2,627**	**1,549**	**1,078**	**69.6**
Changes in working capital	(154)	160	(314)	n/a
Income tax accrued	(485)	(183)	(302)	n/a
Social and social infrastructure maintenance expenses	(31)	(23)	(8)	34.8
Net cash flows from operating activities	**1,957**	**1,503**	**454**	**30.2**
Interest and similar payments	(453)	(454)	1	(0.2)
Capital expenditures, including recorded in financing activities	(603)	(428)	(175)	40.9
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	412	27	385	n/a
Other cash flows from investing activities	9	11	(2)	(18.2)
Free cash flow	**1,322**	**659**	**663**	**100.6**

** For the definition of free cash flow, please refer to p.267 of the Annual Report 2017.*

In 2017, net cash flows from operating activities increased by 30.2% year-on-year. Free cash flow for the period was US$1,322 million.

CAPEX AND KEY PROJECTS

In 2017, EVRAZ' capital expenditure increased to US$603 million, compared with US$428 million a year earlier, due to significant expenses on major projects and the strengthening of the rouble exchange rate against the US dollar. EVRAZ NTMK continued to implement its two main construction projects during 2017, the blast furnace no. 7 and the new grinding ball mill, both of which are scheduled to be launched in Q1 2018. In 2017, the degasser was installed at EVRAZ Regina's steel mill. This was the last important module of the upgrade project, making it possible to achieve the project's full planned effect.

Capital expenditures (including those recognised in financing activities) for 2017 in millions of US dollars can be summarised as follows:

Capital expenditures in 2017 (US$ million)		
Blast furnace no. 7	133	The construction of EVRAZ NTMK's blast furnace no. 7 has been in progress since Q3 2016. It is due to be launched in Q1 2018.
Steel mill upgrade	45	The upgrade of EVRAZ Regina's steel mill has been in progress since Q2 2015. The aim is to improve steel quality, increase the capacity for casting by 110 kt and rolling by 250 kt, and result in a crown yield saving from 0.75% to 1.1%. The project was completed in 2017.
Grinding ball mill construction	8	The construction of EVRAZ NTMK's new grinding ball mill has been in progress since Q2 2015. It is due to be completed in Q1 2018 and is expected to increase ball production to more than 300 kt by 2019.
Boiler modernisation	7	The modernisation of EVRAZ ZSMK's boiler unit no. 9 has been in progress since Q3 2016. It was launched in Q4 2017, making it possible to achieve the project's planned effect.
Other development projects	43	
Maintenance	367	
Total	**603**	

FINANCING AND LIQUIDITY

EVRAZ began 2017 with total debt of US$5,961 million. Throughout the year, the Group prepaid and refinanced several of its bank financing facilities, further reducing its financial leverage and debt service costs.

In two transactions, amounting to US$110 million in January and US$270 million in July, EVRAZ prepaid the remaining outstanding principal of its US$500 million syndicated preexport financing facility. The Group also prepaid its UniCredit Bank and Nordea Bank loans in the amounts of US$44 million and US$13 million, respectively.

In August, the Group partially repaid and refinanced the remainder of its loan from Gazprombank. This transaction reduced the outstanding balance, converted the rouble-denominated part into US dollars, repriced the facility and extended the final maturity to 2022. Upon completion of this transaction, the loan from Gazprombank consists of a tranche denominated in US dollars of US$152 million and a euro-denominated tranche of EUR180 million.

In September, EVRAZ prepaid US$99 million toward one of its outstanding loans from VTB.

To fund the prepayments, the Group raised several new bank loans: a six-year, US$200 million credit from Alfa-Bank, as well as two-, three-, and five-year tranches totalling US$300 million from Sberbank. In November, it also borrowed US$100 million from ING DiBa with final maturity in 2022.

In October, EVRAZ' North American subsidiaries entered into a new US$450 million asset-based lending facility maturing in 2022, which was arranged by JP Morgan Chase Bank

N.A. and a syndicate of banks. This agreement is intended to finance the North American operations' working capital needs and has replaced a similar facility that would have matured in 2019.

During 2017, EVRAZ was also active on capital markets completing several transactions.

In March, Evraz Group S.A. issued a US$750 million Eurobond due in 2023 with a semi-annual coupon of 5.375%, which is the lowest rate in the Group's history. The proceeds were used to fund the tender offer for the Eurobonds due in 2018 and 2020. The Group partially repurchased the 9.50% notes due in 2018 (US$50 million), the 6.75% notes due in 2018 (US$332 million) and the 6.50% bonds due in 2020 (US$300 million). The total cash outflow was US$726 million, including the premium paid over the nominal value.

In October, Evraz Group S.A. completed an early redemption, at the make-whole price, of its 9.5% notes due in 2018 with a principal amount of US$75 million and its 6.75% notes due in 2018 with a principal amount of US$196 million. The total cash outflow was US$285 million, including the premium paid over the nominal value.

In May, Evraz Inc. NA Canada called US$345 million of its 7.50% senior secured notes due in 2019. In September, it called the remaining US$5 million outstanding of these notes in full. These two transactions resulted in a total cash outflow of US$364 million, including the premium paid over the nominal value.

These activities, as well as scheduled drawings and repayments of bank loans, brought the Group's total debt down by US$529 million to US$5,432 million as at 31 December 2017. Net debt dropped by US$836 million to US$3,966 million, compared with US$4,802 million as at 31 December 2016.

Mainly due to decreasing total debt and the Group's efforts to refinance existing facilities during 2017, interest expenses accrued in respect of loans, bonds and notes decreased to US$394 million for the reporting period, compared with US$439 million a year earlier.

Net debt to EBITDA stood at 1.5 times, compared with 3.1 times as at 31 December 2016.

At the year-end, the Group had a total outstanding principal of around US$1,772 million on debt with financial maintenance covenants, comprised of various bilateral facilities. The maintenance covenants under these facilities include the two key ratios that are calculated based on EVRAZ plc's consolidated financial statements: a maximum net leverage and a minimum EBITDA interest coverage ratio. As of the year-end, EVRAZ was in full compliance with its financial covenants.

As at 31 December 2017, the Group had accumulated US$1,466 million of cash and cash equivalents. It had additional liquidity sources available in the form of US$131 million in committed and US$1,251 million in uncommitted credit facilities.

At the year-end, short-term loans and the current portion of long-term loans totalled US$148 million. Cash on hand and committed credit facilities were more than sufficient to cover all of EVRAZ' debt principal maturing in 2018 and 2019.

KEY RECENT DEVELOPMENTS

In February 2018, EVRAZ repaid two US$100 million loans from Alfa Bank due 2019, a US$200 million loan from Alfa Bank due 2023 and a US$100 million loan from Sberbank due 2020. The Group financed these repayments with a combination of its cash balances and a new 5-year US$300 million term loan from Alfa bank. These transactions resulted in an extension of maturity profile and reduction of interest charges.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, NA		Coal		Other	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenues	7,743	5,497	1,864	1,464	2,214	1,322	462	363
EBITDA	1,483	1,004	58	28	1,226	644	21	17
EBITDA margin	19.2%	18.3%	3.1%	1.9%	55.4%	48.7%	4.5%	4.7%
CAPEX	358	163	107	166	126	93	7	6

Steel segment

Sales review

In 2017, revenues from the Steel segment climbed by 40.9% to US$7,743 million, compared with US$5,497 million a year earlier. The segment's revenues were affected by rising steel sales prices, primarily for semi-finished, construction and railway products.

Revenues from external sales of semi-finished products grew by 48.9% due to a 46.5% uptick in average prices. Most of the incremental revenues came from higher prices for billets and slabs and increased export volumes of semi-finished products.

Revenues from sales of construction products to third parties surged by 21.8% due to an upswing of 31.1% in average prices. This was partly offset by a 9.3% reduction in sales volumes, primarily on the Russian market, which was affected by heightened competition.

Revenues from external sales of railway products rose due to a 34.8% increase in prices, which was supported by market upside and growth of 13.0% in sales volumes. Greater sales of railway products during the reporting period were attributable to higher demand for wheels as the Russian market entered a new cycle in railcar production.

External revenues from flat-rolled products jumped by 93.2%, driven by surges of 47.6% in average prices and 45.6% in sales volumes amid an improving market situation. This was in line with global market trends and the increased production volumes at EVRAZ Palini e Bertoli.

The share of sales to the Russian market edged down from 49.7% in 2016 to 48.4% in 2017, mainly due to a shift in sales to Europe and the CIS.

Steel segment revenues from sales of iron ore products climbed by 23.9%. This was due to an upswing of 54.3% in average prices and a drop of 30.4% in sales volumes, which stemmed from the deconsolidation of EVRAZ Sukha Balka in June 2017. In 2017, around

66.5% of EVRAZ' iron ore consumption in steelmaking came from the Group's own operations, compared with 68.4% a year earlier.

Steel segment revenues from sales of vanadium products surged by 81.1% due to increases of 71.8% in average prices and 9.3% in sales volumes, despite the deconsolidation of Strategic Minerals Corporation following its disposal in April 2017. The positive price trend was in line with global benchmarks, which were driven by stronger demand influenced by changes to China's environmental policy and a scarcity of production facilities.

Steel segment revenues by products

	2017		2016		
	US$ million	**% of total segment revenues**	**US$ million**	**% of total segment revenues**	**Change,%**
Steel products, external sales	**6,219**	**80.3**	**4,469**	**81.3**	**39.2**
Semi-finished products*	2,523	32.6	1,694	30.8	48.9
Construction products**	2,171	28.0	1,783	32.4	21.8
Railway products***	863	11.1	584	10.6	47.8
Flat-rolled products****	313	4.0	162	2.9	93.2
Other steel products*****	349	4.6	246	4.6	41.9
Steel products, intersegment sales	**284**	**3.7**	**184**	**3.3**	**54.3**
Including sales to Steel, North America	270	3.5	176	3.2	53.4
Iron ore products	**192**	**2.5**	**155**	**2.8**	**23.9**
Vanadium products	**545**	**7.0**	**301**	**5.5**	**81.1**
Other revenues	**503**	**6.5**	**388**	**7.1**	**29.6**
Total	**7,743**	**100.0**	**5,497**	**100.0**	**40.9**

** 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)

	2017	**2016**	**Change, %**
Russia	3,012	2,222	35.6
Asia	1,492	1,001	49.1
Europe	701	438	60.0
CIS	528	384	37.5
Africa, America and rest of the world	486	424	14.6
Total	**6,219**	**4,469**	**39.2**

Steel segment cost of revenue

In 2017, the Steel segment's cost of revenues increased by 42.5% year-on-year. The main reasons for the growth were:

- The cost of raw materials rose by 59.3%, primarily due to an increase in prices for all key raw materials, (particularly for coking coal, iron ore and scrap) and the stronger rouble. This was accompanied by higher production volumes at EVRAZ ZSMK versus 2016, when planned capital repairs to blast furnaces were performed. The growth in raw material costs was partially offset by cost-cutting initiatives, which reduced consumption.
- Costs for auxiliary materials grew by 6.4% in the view of the rouble strengthening impact on costs, as well as higher prices for electrodes. This was partially offset by a reduction of US$12 million in costs following the disposal of EVRAZ Sukha Balka in June 2017 and Strategic Minerals Corporation in April 2017.
- Higher service costs were mainly driven by the appreciation of the Russian currency.
- Transportation costs increased by 29.4%, primarily due to the stronger rouble and higher export sales volumes of steel products.
- Staff costs increased by 16.2%, largely because of the effect that rouble strengthening had on costs, accompanied by wage inflation at Russian sites. This was partially offset by a reduction of US$14 million in costs following the disposal of EVRAZ Sukha Balka and Strategic Minerals Corporation.
- Depreciation and depletion costs increased by 13.1%, primarily due to the rouble's appreciation.
- Energy costs were higher due to the stronger rouble and increased tariffs in local currencies.
- Other costs increased, primarily due to changes in goods for resale and semi-finished products.

Steel segment cost of revenue

	2017		2016		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**5,795**	**74.8**	**4,068**	**74.0**	**42.5**
Raw materials	2,756	35.6	1,730	31.5	59.3
Iron ore	485	6.3	292	5.3	66.1
Coking coal	1,356	17.5	830	15.1	63.4
Scrap	466	6.0	277	5.0	68.2
Other raw materials	449	5.8	331	6.1	35.6
Auxiliary materials	334	4.3	314	5.7	6.4
Services	269	3.5	221	4.0	21.7
Transportation	449	5.8	347	6.3	29.4
Staff costs	530	6.8	456	8.3	16.2
Depreciation	241	3.1	213	3.9	13.1
Energy	474	6.1	395	7.2	20.0
Other*	742	9.6	392	7.1	89.3

** Includes goods for resale, taxes in cost of revenues, semi-finished products and inter-segment unrealised profit.*

Steel segment gross profit

The Steel segment's gross profit surged by 36.3% year-on-year, driven primarily by higher steel and vanadium prices. This was partially offset by a rise in prices for purchased raw materials and the effect that rouble strengthening had on costs.

Steel, North America segment

Sales review

The segment's revenues from steel product sales increased significantly as a result of improved prices and volumes, by 18.7% and 12.7%, respectively. This was mainly attributable to greater demand on the tubular market, mostly for OCTG and small-diameter line pipe, as well as stronger sales volumes for seamless pipe.

Railway product revenues surged by 33.2%, driven by a 17.1% increase in volumes, accompanied by a 16.1% increase in average selling prices. Demand for rail improved after Class I railroads finished destocking.

Revenues from flat-rolled products increased due to an upswing in prices of 19.3%, which was partially offset by a decline in sales volumes of 4.5%.

Revenues from tubular product sales grew by 48.8% year-on-year due to increases of 40.3% in volumes and 8.5% in prices. The growth in sales volumes was driven by improved demand for OCTG amid a recovery in drilling activities that was led by rising oil prices. The reduced demand for large diameter line pipe products, which was caused by the slow pace of project approvals, partially offset the growth in revenues from tubular products.

Steel, North America segment revenues by product

	2017		2016		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
Steel products	**1,774**	**95.2**	**1,350**	**92.2**	**31.4**
Semi-finished products	4	0.2	-	-	n/a
Construction products*	159	8.5	158	10.8	0.6
Railway products**	309	16.6	232	15.8	33.2
Flat-rolled products***	427	22.9	372	25.4	14.8
Tubular products****	875	47.0	588	40.2	48.8
Other revenues***	**90**	**4.8**	**114**	**7.8**	**(21.1)**
Total	**1,864**	**100.0**	**1,464**	**100.0**	**27.3**

** 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

In 2017, the Steel, North America segment's cost of revenues rose by 33.2% year-on-year. The main drivers were:

- Raw material costs increased by 65.0%, primarily because of higher scrap prices, accompanied by increased consumption of other raw materials due to higher sales of tubular products driven by the market recovery in the reporting period.
- Costs of semi-finished products grew by 61.2% due to higher prices for purchased semi-finished products and increased sales volumes of steel products.
- Auxiliary material costs increased by 42.3%, as production volumes of crude steel and finished products were higher year-on-year.
- Service costs went up 14.8%, as sales volumes increased year-on-year.
- Energy costs grew due to higher rates and greater sales volumes of steel products.
- Other costs were down for the reporting period, primarily due to changes in work in progress and finished goods and allowances for inventories.

Steel North America segment cost of revenue

	2017		2016		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**1,656**	**88.8**	**1,243**	**84.9**	**33.2**
Raw materials	645	34.6	391	26.7	65.0
Semi-finished products	303	16.3	188	12.8	61.2
Auxiliary materials	148	7.9	104	7.1	42.3
Services	124	6.7	108	7.4	14.8
Staff costs	254	13.6	195	13.3	30.3
Depreciation	95	5.1	97	6.6	(2.1)
Energy	111	6.0	85	5.8	30.6
Other*	(24)	(1.4)	75	5.2	(n/a

** Includes primarily allowances for inventories, goods for resale, certain taxes, transportation and inter-segment unrealised profit.*

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$208 million for 2017, down from US$221 million a year earlier. While the decline was primarily caused by higher prices for scrap and purchased semi-finished products, it was partially offset by an increase in revenues due to improved market conditions.

Coal segment

Sales review

The segment's overall revenues increased sharply amid rising sales prices as global market trends remained favourable. This was driven by supply disruptions caused by the ongoing capacity optimisation programme in China and extreme weather conditions in Australia.

Sales volumes rose due to higher annual output at the Raspadskaya and the Raspadskaya-Koksovaya mines, as well as the launch of commercial production at Mezhegeyugol.

Revenues from internal sales of coal products grew, mainly because of a surge in prices of 78.4% and an uptick in volumes of 1.4%. This was in line with the upward trends seen among global benchmarks.

Revenues from external sales of coal products rose due to growth of 61.1% in prices and 6.4% in sales volumes, which was driven by stable, positive demand on the domestic and export markets and higher coal production volumes.

In 2017, the Coal segment's sales to the Steel segment amounted to US$830 million (37.5% of total sales), compared with US$483 million (36.5%) a year earlier.

During the reporting period, roughly 50.0% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 47.5% in 2016.

Coal segment revenues by product

	2017		2016		
	US$ million	% of total segment revenue	US$ million	% of total segment revenue	Change, %
External sales					
Coal products	**1,266**	**57.2**	**756**	**57.2**	**67.5**
Coking coal	174	7.9	66	5.0	163.6
Coal concentrate	1,092	49.3	690	52.2	58.3
Inter-segment sales					
Coal products	**811**	**36.6**	**451**	**34.1**	**79.8**
Coking coal	75	3.4	42	3.2	78.6
Coal concentrate	736	33.2	409	30.9	80.0
Other revenues	137	6.2	115	8.7	19.1
Total	**2,214**	**100.0**	**1,322**	**100.0**	**67.5**

Coal segment cost of revenue

The main drivers of the year-on-year increase in the Coal segment's cost of revenues were as follows:

- The consumption of auxiliary materials rose by 55.0% amid an increase in mine openings and higher drilling meterage. This was accompanied by growth in prices for auxiliary materials and spare parts, as well as by the rouble's appreciation impact on costs. The increase in auxiliary materials costs was partially offset by the effect of cost-cutting initiatives.

- Costs for services climbed due to the stronger rouble, the rescheduled longwall repositioning at Yuzhkuzbassugol's mines, the growth of service costs to drill degassing holes and the increase in open-pit mining works at the Raspadskaya-Koksovaya mine.
- Transportation costs grew in the reporting period, primarily due to the higher share of exports in the sales mix, which had a negative impact on trading companies. This was accompanied by the appreciation of the rouble and an increase in tariffs for the supply of wagons.
- Staff costs were up because of rouble strengthening and wage inflation at Russian sites. This was partially offset by a reduction of US$7 million due to the disposal of EVRAZ Nakhodka Trade Sea Port.
- Depreciation and depletion costs rose, primarily due to the stronger Russian currency.
- The growth in energy costs was attributable to the impact of the stronger rouble on costs and higher electricity prices in local currencies.
- Other costs decreased in the reporting period, mainly due to changes in work in progress and finished goods. This was partially offset by higher taxes after the mineral tax rate was increased, as well as the effect of rouble strengthening.

Coal segment cost of revenue

	2017		**2016**		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenue	**973**	**43.9**	**701**	**53.0**	**38.8**
Auxiliary materials	124	5.6	80	6.1	55.0
Services	114	5.1	85	6.4	34.1
Transportation	259	11.7	136	10.3	90.4
Staff costs	198	8.9	164	12.4	20.7
Depreciation/depletion	162	7.3	134	10.1	20.9
Energy	49	2.2	37	2.8	32.4
Other*	67	3.1	65	4.9	3.1

***** *Includes primarily goods for resale and certain taxes, allowance for inventory, raw materials and inter-segment unrealised profit.*

Coal segment gross profit

The Coal segment's gross profit for 2017 amounted to US$1,241 million, up from US$621 million a year earlier, primarily due to higher sales prices.

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 2018 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 2017 Annual Report on pages 38 to 39, copies of which are available at http://www.evraz.com/investors/annual_reports/, are relevant in 2018 and the mitigating actions described are appropriate.

Principal risks:

Risk	Mitigating/ risk management actions
Global economic factors, industry conditions and cyclicality	This is an external risk that is mostly outside the Group's control; however, it is partly mitigated by exploring new market opportunities, focusing on expanding the share of value-added products, further downscaling inefficient assets, suspending production in low-growth regions, further reducing and managing the cost base with the objective of being among the sector's lowest-cost producers, and balance sheet/gearing improvement.
Product competition	Expand product portfolio and penetrate new geographic and product markets. Develop and improve loyalty and customer focus programmes and initiatives. Quality improvement initiatives. Focus on expanding the share of value-added products.
Cost effectiveness	For both the mining and steelmaking operations, the Group is implementing cost-reduction projects to increase asset competitiveness. Focused investment policy aimed at reducing and managing the cost base. Further expansion and control of the Group's Russian steel distribution network. Development of high value-added products.
Treasury: availability of finance	Action to extend the debt maturity profile and diversify sources of funding, as well as proactively manage the remaining portion of debt subject to maintenance covenants. Liquidity risk is managed by revisiting capital expenditure plans, cost optimisation programmes, and continued asset portfolio rationalisation. Counterparty risk with commercial customers is managed through a combination of letters of credit and, where creditworthiness is uncertain, by prepayments.
Functional currency devaluation	EVRAZ works to reduce the amount of intergroup loans denominated in Russian roubles and Ukrainian hryvnias to limit the possible devaluation effect on its consolidated net income.
HSE: environmental	Environmental risks matrix is monitored on a regular basis. Respective mitigation activity is developed and performed in response to the risks. Implementation of air emissions and water use reduction programmes at plants. Waste management improvement programmes. Most of EVRAZ' operations are certified under ISO 14001 and the Group continues to work towards bringing the remaining plants to

Risk	Mitigating/ risk management actions
	ISO 14001 requirements. EVRAZ is currently compliant with REACH requirements. Participation in development of GHG emissions regulation in Russia. Reduction in GHG emissions as a positive side-effect of energy efficiency projects.
HSE: health, safety	Management KPIs place significant emphasis on safety performance and the standardisation of critical safety programmes. Implementing an energy isolation programme. Further development of a programme of behaviour safety observations which drives a more proactive approach to preventing injuries and incidents. A series of health and safety initiatives related to underground mining. Maintenance and repair modernisation programmes, downtime management system. Development of occupational safety risk assessment methodology. Analysis of effectiveness of corrective measures.
Potential government action	While these risks are mostly outside the Group's control, EVRAZ and its executive teams are members of various national industry bodies. As a result, they contribute to the development of such bodies and, when appropriate, participate in relevant discussions with political and regulatory authorities. Procedures have been implemented and will be further developed to ensure that sanction requirements are complied with across the Group's operations.
Business interruption	The Group has defined and established disaster recovery procedures that 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, and employee safety training. Detailed incident cause analysis is performed in order to develop and implement preventative actions. Records of minor interruptions are reviewed to identify any more significant underlying issues.
Cybersecurity and IT infrastructure failure	Further development of a cybersecurity protection system, focused on: • isolation and protection of industrial networks • antivirus software systems update • upgrade and expansion of backup system • implementation of incident monitoring systems and other measures.

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

DIVIDENDS

Dividend policy

The strength of the underlying cash flow generation and continuing success with deleveraging, have allowed the Company to announce a formal dividend policy.

Going forward, the Company aims to declare dividends of a minimum amount of US$300 million per annum to be paid in semi-annual instalments of minimum US$150 million each following interim and full year results.

Based upon the financial performance of the business, the Board may consider a higher distribution level, taking into account the outlook for our major markets, the Board's view of the long-term growth prospects of the business and future capital investment requirements, as well as the Company's commitment to maintain a strong balance sheet.

In line with our existing capital allocation policy, no dividends will be paid out if Net Debt/EBITDA is above 3.0x.

Second interim dividend

Given the improving performance throughout 2017, EVRAZ has announced a second interim dividend. On 28 February 2018, the Board of Directors voted to disburse a total of US$429.6 million, or US$0.30 per share. The record date is 9 March 2018 and payment date is 29 March 2018.

The move underscores the solid results delivered and free cash flow generated, which allowed the Group to spend US$836 million on reducing net debt as well as pay dividends. By the year-end, the net debt/EBITDA ratio had decreased to 1.5x.

The second interim dividend will be paid in US Dollars, unless a shareholder elects to receive dividends in UK pounds sterling or Euros. The last date for submitting a Currency Election will be 12 March 2018. All conversions will take place on or around 13 March 2018.

DIRECTOR'S RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 108-111 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

28 February 2018

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

	Notes	2017	2016	2015
		Year ended 31 December		
Continuing operations				
Revenue				
Sale of goods	**3**	**$ 10,520**	$ 7,477	$ 8,552
Rendering of services	**3**	**307**	236	215
		10,827	7,713	8,767
Cost of revenue	**7**	**(7,485)**	(5,521)	(6,583)
Gross profit		**3,342**	2,192	2,184
Selling and distribution costs	**7**	**(717)**	(623)	(728)
General and administrative expenses	**7**	**(540)**	(469)	(553)
Social and social infrastructure maintenance expenses		**(31)**	(23)	(28)
Loss on disposal of property, plant and equipment		**(4)**	(22)	(41)
Impairment of assets	**6**	**12**	(465)	(441)
Foreign exchange gains/(losses), net		**(54)**	(48)	(367)
Other operating income		**39**	22	28
Other operating expenses	**7**	**(61)**	(101)	(78)
Profit/(loss) from operations		**1,986**	463	(24)
Interest income	**7**	**14**	10	9
Interest expense	**7**	**(437)**	(481)	(475)
Share of profits/(losses) of joint ventures and associates	**11**	**11**	(23)	(20)
Gain/(loss) on financial assets and liabilities, net	**7**	**(57)**	(9)	(48)
Gain/(loss) on disposal groups classified as held for sale, net	**12**	**(360)**	–	21
Loss of control over a subsidiary	**4**	**–**	–	(167)
Other non-operating gains/(losses), net	**7**	**(2)**	(52)	(3)
Profit/(loss) before tax		**1,155**	(92)	(707)
Income tax benefit/(expense)	**8**	**(396)**	(96)	(12)
Net profit/(loss)		**$ 759**	$ (188)	$ (719)
Attributable to:				
Equity holders of the parent entity		**$ 699**	$ (215)	$ (644)
Non-controlling interests		**60**	27	(75)
		$ 759	$ (188)	$ (719)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the parent entity, US dollars:				
Basic	**20**	**$ 0.49**	$ (0.15)	$ (0.45)
Diluted	**20**	**$ 0.48**	$ (0.15)	$ (0.45)

Here and after in the press-release the note numbers refer to notes in the Annual Report and Accounts.

EVRAZ plc

Consolidated Statement of Comprehensive Income

(in millions of US dollars)

	Notes	Year ended 31 December 2017	2016	2015
Net profit/(loss)		**$ 759**	$ (188)	$ (719)
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		**266**	543	(820)
Exchange differences recycled to profit or loss on disposal of subsidiaries	**4,12**	**747**	–	142
Net gains/(losses) on available-for-sale financial assets	**13**	**30**	–	–
Net gains/(losses) on cash flow hedges	**25**	**9**	–	–
		1,052	543	(678)
Effect of translation to presentation currency of the Group's joint ventures and associates	**11**	**4**	13	(27)
		4	13	(27)
Items not to be reclassified to profit or loss in subsequent periods				
Gains/(losses) on re-measurement of net defined benefit liability	**23**	**26**	11	1
Income tax effect	**8**	**(15)**	–	(5)
		11	11	(4)
Decrease in revaluation surplus in connection with the impairment of property, plant and equipment	**9**	**–**	–	(1)
Income tax effect	**8**	**–**	–	–
		–	–	(1)
Total other comprehensive income/(loss)		**1,067**	567	(710)
Total comprehensive income/(loss), net of tax		**$ 1,826**	$ 379	$ (1,429)
Attributable to:				
Equity holders of the parent entity		**$ 1,762**	$ 341	$ (1,340)
Non-controlling interests		**64**	38	(89)
		$ 1,826	$ 379	$ (1,429)

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

	Notes	31 December 2017	2016	2015
ASSETS				
Non-current assets				
Property, plant and equipment	**9**	**$ 4,933**	$ 4,652	$ 4,302
Intangible assets other than goodwill	**10**	**259**	297	324
Goodwill	**5**	**917**	880	1,176
Investments in joint ventures and associates	**11**	**79**	64	74
Deferred income tax assets	**8**	**173**	156	119
Other non-current financial assets	**13**	**151**	91	79
Other non-current assets	**13**	**39**	45	56
		6,551	6,185	6,130
Current assets				
Inventories	**14**	**1,198**	984	899
Trade and other receivables	**15**	**731**	502	447
Prepayments		**89**	60	50
Loans receivable		**11**	13	5
Receivables from related parties	**16**	**12**	8	6
Income tax receivable		**50**	43	44
Other taxes recoverable	**17**	**225**	192	127
Other current financial assets	**18**	**47**	33	35
Cash and cash equivalents	**19**	**1,466**	1,157	1,375
		3,829	2,992	2,988
Assets of disposal groups classified as held for sale	**12**	**–**	27	1
		3,829	3,019	2,989
Total assets		**$ 10,380**	$ 9,204	$ 9,119
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	**20**	**$ 1,507**	$ 1,507	$ 1,507
Treasury shares	**20**	**(231)**	(270)	(305)
Additional paid-in capital		**2,500**	2,517	2,501
Revaluation surplus		**111**	112	124
Unrealised gains and losses	**13,25**	**39**	–	–
Accumulated profits		**635**	415	644
Translation difference		**(2,777)**	(3,790)	(4,335)
		1,784	491	136
Non-controlling interests	**32**	**242**	186	133
		2,026	677	269
Non-current liabilities				
Long-term loans	**22**	**5,243**	5,502	5,850
Deferred income tax liabilities	**8**	**328**	348	352
Employee benefits	**23**	**284**	317	301
Provisions	**24**	**269**	205	146
Other long-term liabilities	**25**	**54**	94	116
Amounts payable under put options for shares in subsidiaries	**4**	**61**	–	–
		6,239	6,466	6,765
Current liabilities				
Trade and other payables	**26**	**1,128**	935	1,070
Advances from customers		**272**	266	228
Short-term loans and current portion of long-term loans	**22**	**148**	392	497
Payables to related parties	**16**	**256**	226	143
Income tax payable		**67**	39	17
Other taxes payable	**27**	**212**	169	107
Provisions	**24**	**32**	26	23
		2,115	2,053	2,085
Liabilities directly associated with disposal groups classified as held for sale	**12**	–	8	–
		2,115	2,061	2,085
Total equity and liabilities		**$ 10,380**	$ 9,204	$ 9,119

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

	Year ended 31 December		
	2017	**2016**	**2015**
Cash flows from operating activities			
Net profit/(loss)	**$ 759**	$ (188)	$ (719)
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:			
Deferred income tax (benefit)/expense *(Note 8)*	**(89)**	(87)	(87)
Depreciation, depletion and amortisation *(Note 7)*	**561**	521	585
Loss on disposal of property, plant and equipment	**4**	22	41
Impairment of assets	**(12)**	465	441
Foreign exchange (gains)/losses, net	**54**	48	367
Interest income	**(14)**	(10)	(9)
Interest expense	**437**	481	475
Share of (profits)/losses of associates and joint ventures	**(11)**	23	20
(Gain)/loss on financial assets and liabilities, net	**57**	9	48
(Gain)/loss on disposal groups classified as held for sale, net	**360**	–	(21)
Loss of control over a subsidiary	**–**	–	167
Other non-operating (gains)/losses, net	**2**	52	3
Bad debt expense	**10**	1	18
Changes in provisions, employee benefits and other long-term assets and liabilities	**(26)**	(7)	(56)
Expense arising from equity-settled awards (*Note 21)*	**17**	16	20
Other	**2**	(3)	–
	2,111	1,343	1,293
Changes in working capital:			
Inventories	**(199)**	(17)	204
Trade and other receivables	**(201)**	(38)	55
Prepayments	**(27)**	(1)	9
Receivables from/payables to related parties	**24**	136	66
Taxes recoverable	**(32)**	(32)	(34)
Other assets	**(2)**	(3)	(3)
Trade and other payables	**150**	40	3
Advances from customers	**19**	20	100
Taxes payable	**123**	62	(72)
Other liabilities	**(9)**	(7)	1
Net cash flows from operating activities	**1,957**	1,503	1,622
Cash flows from investing activities			
Issuance of loans receivable to related parties	**(2)**	(1)	(2)
Issuance of loans receivable	**(2)**	–	(2)
Proceeds from repayment of loans receivable, including interest	**4**	2	7
Purchases of subsidiaries, net of cash acquired *(Note 4)*	**(5)**	–	–
Restricted deposits at banks in respect of investing activities	**(1)**	1	(3)
Short-term deposits at banks, including interest	**7**	4	4
Purchases of property, plant and equipment and intangible assets	**(595)**	(382)	(423)
Proceeds from disposal of property, plant and equipment	**15**	7	10
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs *(Note 12)*	**412**	27	44
Dividends received	**1**	1	–
Other investing activities, net	**(1)**	1	6
Net cash flows used in investing activities	**(167)**	(340)	(359)

Continued on the next page

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

	Year ended 31 December		
	2017	**2016**	**2015**
Cash flows from financing activities			
Purchase of treasury shares *(Note 20)*	**$ –**	$ –	$ (339)
Contributions of non-controlling shareholders to the Group's subsidiaries	**2**	13	6
Sale of non-controlling interests *(Note 4)*	**–**	–	1
Payments for investments on deferred terms *(Note 11)*	**(11)**	(8)	(2)
Dividends paid by the parent entity to its shareholders *(Note 20)*	**(430)**	–	–
Proceeds from bank loans and notes	**2,441**	1,301	3,801
Repayment of bank loans and notes, including interest	**(3,344)**	(2,428)	(3,961)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(139)**	(5)	(9)
Payments under covenants reset	**–**	(4)	–
Restricted deposits at banks in respect of financing activities	**(13)**	–	–
Payments for purchase of property, plant and equipment on deferred terms	**–**	–	(5)
Gain/(loss) on derivatives not designated as hedging instruments *(Note 25)*	**2**	(250)	(464)
Gain/(loss) on hedging instruments *(Note 25)*	**14**	14	5
Collateral under swap contracts	**–**	–	7
Payments under finance leases, including interest	**(2)**	(1)	(1)
Other financing activities, net	**1**	(1)	(1)
Net cash flows used in financing activities	**(1,479)**	(1,369)	(962)
Effect of foreign exchange rate changes on cash and cash equivalents	**(2)**	(10)	(12)
Net increase/(decrease) in cash and cash equivalents	**309**	(216)	289
Cash and cash equivalents at the beginning of the year	**1,157**	1,375	1,086
Decrease/(increase) in cash of disposal groups classified as assets held for sale *(Note 12)*	**–**	(2)	–
Cash and cash equivalents at the end of the year	**$ 1,466**	$ 1,157	$ 1,375
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	**$ (405)**	$ (413)	$ (443)
Interest received	**8**	6	4
Income taxes paid by the Group	**(427)**	(149)	(204)

EVRAZ plc
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**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2016	**$ 1,507**	**$ (270)**	**$ 2,517**	**$ 112**	**$ –**	**$ 415**	**$ (3,790)**	**$ 491**	**$ 186**	**$ 677**
Net profit	**–**	**–**	**–**	**–**	**–**	**699**	**–**	**699**	**60**	**759**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**39**	**11**	**1,013**	**1,063**	**4**	**1,067**
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	**–**	**–**	**–**	**(1)**	**–**	**1**	**–**	**–**	**–**	**–**
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	**–**	**–**	**(34)**	**–**	**–**	**34**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**–**	**(34)**	**(1)**	**39**	**745**	**1,013**	**1,762**	**64**	**1,826**
Derecognition of non-controlling interests on sale of subsidiaries *(Note 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Derecognition of non-controlling interests under put options *(Note 4)*	**–**	**–**	**–**	**–**	**–**	**(56)**	**–**	**(56)**	**(4)**	**(60)**
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	**–**	**39**	**–**	**–**	**–**	**(39)**	**–**	**–**	**–**	**–**
Share-based payments *(Note 21)*	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**17**	**–**	**17**
Dividends declared by the parent entity to its shareholders *(Note 20)*	**–**	**–**	**–**	**–**	**–**	**(430)**	**–**	**(430)**	**–**	**(430)**
At 31 December 2017	**$ 1,507**	**$ (231)**	**$ 2,500**	**$ 111**	**$ 39**	**$ 635**	**$ (2,777)**	**$ 1,784**	**$ 242**	**$ 2,026**

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**	**Unrealised gains and losses**	**Accumulated profits**	**Translation difference**	**Total**	**Non-controlling interests**	**Total equity**
At 31 December 2015	$ 1,507	$ (305)	$ 2,501	$ 124	$ –	$ 644	$ (4,335)	$ 136	$ 133	$ 269
Net loss	–	–	–	–	–	(215)	–	(215)	27	(188)
Other comprehensive income/(loss)	–	–	–	–	–	11	545	556	11	567
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(12)	–	12	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(12)	–	(192)	545	341	38	379
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	(2)	–	(2)	2	–
Contribution of a non-controlling shareholder to share capital of the Group's subsidiary	–	–	–	–	–	–	–	–	13	13
Transfer of treasury shares to participants of the Incentive Plans *(Notes 20 and 21)*	–	35	–	–	–	(35)	–	–	–	–
Share-based payments *(Note 21)*	–	–	16	–	–	–	–	16	–	16
At 31 December 2016	$ 1,507	$ (270)	$ 2,517	$ 112	$ –	$ 415	$ (3,790)	$ 491	$ 186	$ 677

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**	**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	–	–	–	–	–	(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