EVRAZ plc

EVRAZ PUBLISHES 2019 ANNUAL REPORT AND REPORTS FULL YEAR 2019 RESULTS

27 February 2020 – EVRAZ plc ("EVRAZ" or "the Company") (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2019 ("2019 Annual Report") on its website: https://www.evraz.com/en/investors/reports-and-results/annual-reports/ and
- submitted to the UK National Storage Mechanism a copy of its 2019 Annual Report in accordance with LR 9.6.1 R.

The 2019 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2019 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 16 June 2020 in London, will be posted to shareholders in mid-May 2020.

The Appendix to this announcement contains additional information which has been extracted from the 2019 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 2019 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2019 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2018 has been extracted from the audited statutory accounts for the year ended 31 December 2018 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 2019 will be delivered to the Registrar of Companies following the Company's annual general meeting convened for 16 June 2020. The auditor has reported on the statutory accounts for the year ended 31 December 2019. The auditor's report was unqualified.

FY 2019 HIGHLIGHTS

- Healthy free cash flow of US$1,456 million (FY2018: US$1,940 million)
- Continued reduction in net debt: US$3.4 billion (FY2018: US$3.6 billion)
- Total EBITDA effect from cost-cutting and customer focus initiatives of US$407 million in 2019
- Consolidated EBITDA of US$2,601 million, down 31.1% from US$3,777 million in FY2018, EBITDA margin declined to 21.8% from 29.4% due to lower vanadium and coal product prices as well combined higher expenses
- Net profit declined to US$365 million vs. US$2,470 million in FY2018

- Cash-costs:
  - cash cost of slabs increased to US$236/t from US$225/t in FY2018 following change in blast furnace charge mix at EVRAZ ZSMK as well as due to the higher prices for raw materials and increased salary expenses
  - cash costs of coal concentrate decreased to US$35/t (FY2018: US$47/t) as a result of increased mining volumes
  - cash costs of iron ore products increased to US$41/t (FY2018: US$37/t) amid higher maintenance CAPEX as well as higher costs
- An interim dividend of US$580.8 million (US$0.40 per share) has been declared, reflecting the Board's confidence in the Group's financial position and outlook.

FINANCIAL HIGHLIGHTS

(US$ million)	FY2019	FY2018	Change,%
Consolidated revenue	11,905	12,836	(7.3)
Profit from operations	1,217	3,528	(65.5)
Consolidated EBITDA[1]	2,601	3,777	(31.1)
Net profit	365	2,470	(85.2)
Earnings per share, basic (US$)	0.23	1.67	(86.2)
Net cash flows from operating activities	2,430	2,633	(7.7)
CAPEX[2]	762	527	44.6
	31 December 2019	**31 December 2018**	
Net debt[3]	3,445	3,571	(3.5)
Total assets	9,847	9,373	5.1

[1] See p.251 of EVRAZ plc Annual Report 2019 for the definition of EBITDA.
[2] Including payments on deferred terms recognised in financing activities and non-cash transactions.
[3] See p.251 of EVRAZ plc Annual Report 2019 for the calculation of net debt.

EVRAZ Chief Executive Officer, Alexander Frolov, commented

"In 2019, global steel and commodity markets were not as favourable as they were in 2018. Steel prices have fallen as a result of excess supply in an environment of limited end-use demand. Global coal and vanadium markets returned to supply-demand equilibrium. Despite the market headwinds, EVRAZ was able to deliver resilient results with EBITDA reaching US$2,601 million and EBITDA margin reached 22% in 2019.

Retention of our low-cost and market leadership positions remain very important for EVRAZ. During the reporting period, the efficiency improvement programme delivered an EBITDA effect of US$407 million from customer focus and cost-cutting initiatives.

In 2020, EVRAZ will continue to make significant efforts to improve safety and other vitally important areas of sustainable development. The Group has also set ambitious production targets for the year that should help it to reach solid results despite potential market headwinds."

CONFERENCE CALL

EVRAZ plc (LSE: EVR) has released its financial results for the year ended 31 December 2019 on Thursday, 27 February 2020.

A conference call to discuss the results, hosted by **Alexander Frolov**, CEO, and **Nikolay Ivanov**, CFO, will be held on Thursday, 27 February 2020, at:

2 pm (London time)

5 pm (Moscow time)

9 am (New York time)

To join the call, please dial:

+44 (0) 330 336 9411	UK
+7 495 646 9190	Russia
+1 929-477-0448	US

Conference ID: 2575792

To avoid any technical inconvenience, it is recommended that participants dial in 10 minutes before the start of the call**.**

The FY2019 results presentation will be available on the Group's website, www.evraz.com, on Thursday, 27 February 2020, at the following link:

https://www.evraz.com/en/investors/reports-and-results/financial-results/

An MP3 recording will be available on Friday, 28 February 2020, at the following link:

https://www.evraz.com/en/investors/reports-and-results/financial-results/

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STATEMENT OF OPERATIONS

In its full-year financial results for 2019, EVRAZ reported a decrease of 7.3% year-on-year in consolidated revenues, which totalled US$11,905 million compared with US$12,836 million in 2018. The reduction mainly resulted from a drop in the sales prices for vanadium and coal products amid less favourable market trends.

EVRAZ' consolidated EBITDA amounted to US$2,601 million in the period, compared with US$3,777 million in 2018, bringing the EBITDA margin down from 29.4% to 21.8%. The decline is primarily attributable to lower vanadium and coal product sales prices, as well as higher expenses for raw materials (mainly increased iron ore prices).

Free cash flow declined by 24.9% year-on-year and amounted to US$1,456 million. The decline was attributable to lower EBITDA and higher capital expenditures in 2019 compared to 2018.

The Steel segment's revenues (including inter-segment) dropped by 8.3% year-on-year to US$8,143 million, or 61.9% of the Group's total before elimination. This was mainly attributable to lower revenues from the sale of vanadium products, which declined by 43.8% year-on-year. 45.1% of the revenue fall resulted from lower vanadium prices. Steel product sales edged up by 0.9% year-on-year due to higher sales prices for railway products, albeit partly offset by lower prices for construction, flat-rolled and other steel products.

The Steel, North America segment's revenues decreased by 3.2% year-on-year. Prices went down by 5.6%, partially offset by a 2.4% uptick in sales volumes. The key drivers were weaker demand across product segments, particularly for construction and flat-rolled products, amid reduced demand for concrete reinforcing bar caused by inclement weather in the beginning of 2019, and softer market demand as customers managed inventory levels.

The Coal segment's revenues fell by 13.5% year-on-year, driven largely by lower sales prices for coal concentrate to third parties, which were down 13.6% due to lower market demand from Russia, CIS and European countries.

In 2019, the Steel segment's EBITDA dropped amid lower steel and vanadium prices, as well as higher expenses due to increased prices for raw and auxiliary materials, including iron ore, scrap and refractories. This was partly offset by lower coking coal prices.

The Steel, North America segment's EBITDA rose, driven mainly by the decline of Section 232 duties on sales to the US, which were included in 2018 expenses. EBITDA remains at low levels due to the weak OCTG market and tariffs on slab consumed by Portland operations in North America.

The Coal segment's EBITDA decreased year-on-year, mainly due to sales prices trending lower in line with global benchmarks.

Eliminations mostly reflect the change in 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	**2019**	**2018**	**Change**	**Change, %**
Steel	8,143	8,879	(736)	(8.3)
Steel, North America	2,500	2,583	(83)	(3.2)
Coal	2,021	2,337	(316)	(13.5)
Other operations	483	472	11	2.3
Eliminations	(1,242)	(1,435)	193	(13.4)
Total	**11,905**	**12,836**	**(931)**	**(7.3)**

Revenues by region (US$ million)				
Region	**2019**	**2018**	**Change**	**Change, %**
Russia	4,373	4,564	(191)	(4.2)
Americas	2,709	3,009	(300)	(10.0)
Asia	2,893	2,716	177	6.5
Europe	956	1,426	(470)	(33.0)
CIS (excl. Russia)	865	936	(71)	(7.6)
Africa and the rest of the world	109	185	(76)	(41.1)
Total	**11,905**	**12,836**	**(931)**	**(7.3)**

EBITDA* (US$ million)				
Segment	**2019**	**2018**	**Change**	**Change, %**
Steel	1,795	2,672	(877)	(32.8)
Steel, North America	38	14	24	171.4
Coal	843	1,218	(375)	(30.8)
Other operations	18	17	1	5.9
Unallocated	(141)	(135)	(6)	4.4
Eliminations	48	(9)	57	n/a
Total	**2,601**	**3,777**	**(1,176)**	**(31.1)**

** For the definition of EBITDA, please refer to p. 251 of the Annual Report 2019*

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

Effect of Group's cost-cutting initiatives in 2019, (US$ million)	
Improving yields and raw material costs, including	**113**
Improving yields and raw material costs of Urals and Siberia divisions	69
Various improvements at coal washing plants and mines	32
Improving yields and raw material costs of North American assets and vanadium operations	12
Increasing productivity and cost effectiveness	**167**
Others	**4**
Total	**284**

Revenues, cost of revenues and gross profit of segments (US$ million)	**2019**	**2018**	**Change**	**Change, %**
Steel segment				
Revenues	8,143	8,879	(736)	(8.3)
Cost of revenues	(5,836)	(5,613)	(223)	4.0
Gross profit	2,307	3,266	*(959)*	(29.4)
Steel, North America segment				
Revenues	2,500	2,583	(83)	(3.2)
Cost of revenues	(2,204)	(2,215)	11	(0.5)
Gross profit	296	368	*(72)*	(19.6)
Coal segment				
Revenues	2,021	2,337	(316)	(13.5)
Cost of revenues	(1,046)	(1,042)	(4)	0.4
Gross profit	975	1,295	*(320)*	(24.7)
Other operations – *gross profit*	116	15	*101*	n/a
Unallocated – *gross profit*	(4)	(8)	*4*	50.0
Eliminations – *gross profit*	(58)	(111)	*53*	47.7
Total	**3,632**	**4,825**	**(1,193)**	**(24.7)**

Gross profit, expenses and results				
(US$ million)				
	2019	**2018**	**Change**	**Change, %**
Gross profit	**3,632**	**4,825**	**(1,193)**	**(24.7)**
Selling and distribution costs	(966)	(1,013)	47	(4.6)
General and administrative expenses	(611)	(546)	(65)	11.9
Impairment of non-financial assets	(442)	(30)	(412)	n/a
Foreign exchange gains/(losses), net	(341)	361	(702)	n/a
Other operating income and expenses, net	(55)	(69)	14	(20.3)
Profit from operations	**1,217**	**3,528**	**(2,311)**	**(65.5)**
Interest expense, net	(328)	(341)	13	(3.8)
Share of profits/(losses) of joint ventures and associates	9	9	-	-
Impairment of non-current financial assets	(56)	-	(56)	n/a
Gain/(loss) on financial assets and liabilities, net	17	13	4	30.8
Gain/(loss) on disposal groups classified as held for sale, net	29	(10)	39	n/a
Other non-operating losses, net	14	2	12	n/a
Profit before tax	**902**	**3,201**	**(2,299)**	**(71.8)**
Income tax expense	(537)	(731)	194	(26.5)
Net profit	**365**	**2,470**	**(2,105)**	**(85.2)**

In 2019, selling and distribution expenses fell by 4.6%, mostly due to the removal of tariffs imposed on steel exports to US customers of EVRAZ North America in 2018, albeit partly offset by increased freight costs and port charges. General and administrative expenses climbed by 11.9% due to implementation of projects for productivity increase (EVRAZ Business System-Transformation, SAP implementation, legal and IT) and consulting services for these projects, a headcount increase which was driven by the above mentioned projects accompanied by wage indexation. This was partly offset by the effect that depreciation of the average rouble exchange rate had on costs.

In 2019, EVRAZ recognised a US$442 million impairment loss. As a result of impairment testing at the level of cash-generating units, EVRAZ recognised an impairment of goodwill of US$300 million attributable to large diameter pipes cash generating unit in the Steel, North America segment. The impairment was caused by a change to a more conservative fair value model of valuation in recognition of an increase in current market volatility. EVRAZ also decided during 2019 to postpone the reopening of the MUK-96 coal mine, a subsidiary of Raspadskaya and, as a result, fully impaired the mining assets of this mine. Additionally, EVRAZ wrote off certain functionally obsolete property, plant and equipment in 2019.

Foreign exchange losses amounted to US$341 million and were primarily related to intra-group loans denominated in roubles payable by EVRAZ plc and Evraz Group S.A., US dollar functional currency companies, to the Russian subsidiaries that have rouble as a functional currency. The year-end appreciation of the Russian rouble against the US dollar led to exchange losses recognised in the income statements of non-Russian subsidiaries, which were not offset by exchange gains recognised in the income statements of Russian subsidiaries.

Net interest expense incurred by the Group fell to US$328 million in 2019, compared with US$341 million in 2018. This was mainly due to the management's efforts to refinance existing indebtedness at more favourable terms during the reporting period.

In the first half of 2019 EVRAZ recognised a partial impairment loss US$56 million in relation to non-current financial assets of steel-rolling mill located in Yartsevo, a town in Smolensk region of Russia.

A net gain on disposal groups classified as held for sale in the amount of US$29 million arose on the disposal of three subsidiaries and the non-current assets of a Yartsevo rolling mill which were held for sale. The total consideration amounted to US$110 million, while net assets disposed of were US$38 million. In addition, US$42 million of cumulative exchange losses were recycled from other comprehensive income in equity to the consolidated statement of operations on disposal of foreign operations and transaction costs amounted to US$1 million. *For more details please read Note 12 of the consolidated financial statements in the Annual Report 2019 at page 198.*

During the reporting period, the Group had a current income tax expense of US$540 million, compared with US$679 million in 2018. This expense included taxes withheld on dividends distributed within the Group, which were US$178 million in 2019 and US$53 million in 2018. The decrease in the current income tax expense reflects the lower operating results as compared with the previous year.

Cash flow
(US$ million)

	2019	2018	Change	Change, %
Cash flows from operating activities before changes in working capital	2,057	3,063	(1,006)	(32.8)
Changes in working capital	373	(430)	803	n/a
Net cash flows from operating activities	**2,430**	**2,633**	**(203)**	**(7.7)**
Short-term deposits at banks, including interest	7	11	(4)	(36.4)
Purchases of property, plant and equipment and intangible assets	(762)	(521)	(241)	46.3
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	44	52	(8)	(15.4)
Other investing activities	46	80	(34)	(42.5)
Net cash flows used in investing activities	**(665)**	**(378)**	**(287)**	**75.9**
Net cash flows used in financing activities	**(1,415)**	**(2,606)**	**1,191**	**(45.7)**
including dividends paid	(1,086)	(1,556)	470	(30.2)
Effect of foreign exchange rate changes on cash and cash equivalents	6	(48)	54	n/a
Net increase/(decrease) in cash and cash equivalents	**356**	**(399)**	**755**	n/a

Calculation of free cash flow*
(US$ million)

	2019	2018	Change	Change, %
EBITDA	2,601	3,777	(1,176)	(31.1)
EBITDA excluding non-cash items	**2,615**	**3,773**	**(1,158)**	**(30.7)**
Changes in working capital	373	(430)	803	n/a
Income tax accrued	(532)	(683)	151	(22.1)
Social and social infrastructure maintenance expenses	(26)	(27)	1	(3.7)
Net cash flows from operating activities	**2,430**	**2,633**	**(203)**	**(7.7)**
Interest and similar payments	(302)	(298)	(4)	1.3
Capital expenditures, including recorded in financing activities	(762)	(527)	(235)	44.6
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	44	52	(8)	(15.4)
Other cash flows from investing activities	46	80	(34)	(42.5)
Free cash flow	**1,456**	**1,940**	**(484)**	**(24.9)**

** For the definition of free cash flow, please refer to p.251 of the Annual Report 2019.*

In 2019, net cash flows from operating activities decreased by 7.7% year-on-year. Free cash flow for the period was US$1,456 million.

Increase of interest and similar payments by 1.3% is mainly driven by premium on early repurchase of bonds in 2019, partly offset by decrease of interest paid on loans year-on-year.

CAPEX AND KEY PROJECTS

In 2019, EVRAZ' capital expenditure increased to US$762 million, compared with US$527 million a year earlier. Capital expenditures for 2019 in millions of US dollars can be summarised as follows.

Capital expenditures in 2019

(US$ million)

DEVELOPMENT PROJECTS	
Steel segment	
Tashtagol iron ore mine upgrade at EVRAZ ZSMK mining site The project aim is to increase annual ore production of Tashtakolsky deposit with partial switch to sublevel caving using mobile equipment	21
Sobstvenno-Kachkanarsky deposit greenfield project The project aim is to maintain raw ore production	2
Integrated flat casting and rolling facility at EVRAZ ZSMK The project aim is to improve the profitability of EVRAZ' product portfolio by replacing semi-finished products with hot-rolled sheets and coils a year	0.6
Rail and beam mill modernisation at EVRAZ NTMK The project aim is to increase production of beams and of sheet piles	0.5
Steel, North America segment	
Long rail mill at EVRAZ Pueblo The project aim is to replace the existing rail facility and meet customers' interest in long rail	19
Electric arc furnace (EAF) repowering at EVRAZ Regina The project aim is to increase EVRAZ Regina's prime coil and plate production and reduce electrode consumption.	15
Seamless threading at EVRAZ Pueblo The project aim is to in-source seamless threading and coupling process from third-party providers to improve cost competitiveness.	2
Heat treatment at EVRAZ Red Deer The project aim is to develop heat treatment capability to access a higher margin market.	6
Coal segment	
Access and development of reserves in the Uskovskaya mine's seam no. 48 The project aim is to prepare the reserves in seam no. 48 for mining.	30
Access and development of reserves in the Esaulskaya mine's seam no. 29a The project aim is to relocate mining operations from seam no. 26 to seam no. 29a.	10
Other development projects	75
MAINTENANCE PROJECTS	
Steel segment	
Blast furnace no. 6 major overhaul at EVRAZ NTMK	74
Converter no.4 technical performance improvement at EVRAZ ZSMK	6
Steel, North America segment	
Steel reheat furnace at EVRAZ Regina	4
Other maintenance projects	497
Total	**762**

FINANCING AND LIQUIDITY

EVRAZ began 2019 with total debt of US$4,638 million. By the end of the year, the Group had completed several transactions to extend its maturity profile and build up a liquidity cushion in view of coming maturities through 2021.

In March, EVRAZ completed an issuer substitution, a capital markets transaction intended to substitute EVRAZ plc in place of Evraz Group S.A. as the issuer of the outstanding Eurobonds in accordance with their terms. Upon substitution, three major international rating agencies assigned EVRAZ plc and its notes credit ratings in line with those of Evraz Group S.A. prior to the transaction.

In April, EVRAZ plc issued a US$700 million Eurobond due in 2024 with a semi-annual coupon of 5.25%. The proceeds were used to fund the tender offer for the Eurobonds due in 2020 that was completed in April and the make whole call for the residual outstanding balance of these notes that was completed in May. As a result of these transactions, EVRAZ effectively shifted 2020 maturities to 2024.

In April, EVRAZ repaid US$50 million in loans from Sberbank due in 2019.

In June, the Group repaid RUB15,000 million of 12.95% rouble bonds due in 2019 and respective cross-currency swaps, which economically hedged the Group's exposure to currency risk.

In August, EvrazHolding Finance LLC, a finance subsidiary of the Group, issued RUB20,000 million (around US$317 million at the exchange rate on the transaction date) in five-year, exchange-traded bonds due in 2024 with a 7.95% coupon payable semi-annually. To manage the currency exposure on the rouble-denominated bonds, the Group was able to economically hedge these transactions using cross-currency interest rate swaps, effectively converting the liability exposure to US dollars.

In October and November, EVRAZ raised two term loans of US$85 million and US$265 million from Sberbank, both due in 2025. Part of the proceeds were used to refinance an existing US$85 million loan from Alfa Bank.

Further, in November, EVRAZ obtained a new loan from Alfa Bank of US$535 million due in 2025. The Group used some of the proceeds from this borrowing to refinance an existing US$300 million loan from the same bank with maturity in 2023.

At 1 January 2019, as a result of the application of a new accounting standard, the Group recognised US$118 million of lease liabilities, which at recognition increased total debt of the Group. Under the previous accounting standard, these contracts were accounted for as operating leases and were not recognised as either assets or liabilities in the Group's Statement of Financial Position.

These transactions and accounting change, together with several less significant borrowings, resulted in an increase of total debt in 2019 by US$230 million to US$4,868 million.

During the reporting period, EVRAZ paid an interim dividend to its shareholders in the amount of US$577 million (US$0.40 per share) in H1 2019 and an interim dividend in the amount of US$508 million (US$0.35 per share) in H2 2019.

Despite the increase in total debt, net debt decreased in 2019 by US$126 million to US$3,445 million, compared with US$3,571 million as at 31 December 2018.

Interest expense accrued in respect of loans, bonds and notes amounted to US$231 million in the period, compared with US$248 million in 2018. The lower interest expense was mainly due to the management's efforts to refinance existing indebtedness at more favourable terms amid a strong performance of the debt markets.

The reduction of EBITDA in 2019 resulted in a slight increase of the Group's major leverage metric, the ratio of net debt to EBITDA, which was 1.3 times as at 31 December 2019, compared with 0.9 times as at 31 December 2018.

As at 31 December 2019, debt with financial maintenance covenants comprised various bilateral facilities with a total outstanding principal of around US$1,191 million. Maintenance covenants under these facilities include two key ratios calculated using EVRAZ plc's consolidated financials: a maximum net leverage and a minimum EBITDA interest cover.

As at 31 December 2019, EVRAZ was in full compliance with its financial covenants.

As at 31 December 2019, cash amounted to US$1,423 million, while short-term loans and the current portion of long-term loans stood at US$140 million. Total scheduled debt maturities during 2020 do not exceed US$52 million. The first sizeable maturities are due in Q1 2021 and are comfortably covered by cash balances.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, North America		Coal		Other	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	8,143	8,879	2,500	2,583	2,021	2,337	483	472
EBITDA	1,795	2,672	38	14	843	1,218	18	17
EBITDA margin	22.0%	30.1%	1.5%	0.5%	41.7%	52.1%	3.7%	3.6%
CAPEX	394	302	128	97	227	119	13	9

Steel segment

Sales review

Steel segment revenues by product	2019		2018		
	US$ million	% of total segment revenues	US$ million	% of total segment revenues	Change, %
Steel products, external sales	**6,638**	**81.5**	**6,580**	**74.1**	**0.9**
Semi-finished products*	2,528	31.0	2,521	28.4	0.3
Construction products**	2,166	26.6	2,280	25.7	(5.0)
Railway products***	1,181	14.5	965	10.9	22.4
Flat-rolled products****	386	4.7	415	4.7	(7.0)
Other steel products*****	377	4.7	399	4.4	(5.5)
Steel products, intersegment sales	**168**	**2.1**	**334**	**3.8**	**(49.7)**
Including sales to Steel, North America	154	1.9	321	3.6	(52.0)
Iron ore products	**190**	2.3	**254**	**2.9**	(25.2)
Vanadium products	**648**	8.0	**1,152**	**13.0**	(43.8)
Other revenues	**499**	6.1	**559**	**6.3**	(10.7)
Total	**8,143**	**100.0**	**8,879**	**100.0**	**(8.3)**

** Includes billets, slabs, pig iron, pipe blanks and other semi-finished products.*
*** Includes rebar, 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.*

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

	2019	2018	Change, %
Russia	3,358	3,258	3.1
Asia	2,028	1,810	12.0
Europe	492	653	(24.7)
CIS	565	482	17.2
Africa, America and rest of the world	195	377	(48.3)
Total	**6,638**	**6,580**	**0.9**

In 2019, revenues from the Steel segment dropped by 8.3% to US$8,143 million, compared with US$8,879 million a year earlier. The segment's revenues were impacted by a sharp reduction in sales prices for vanadium products, as well as a slight dip in construction and flat-rolled sales prices, which was partly offset by higher sales prices for railway products.

Revenues from sales of construction products to third parties fell by 5.0%: a 7.8% decrease was attributed to a reduction in average prices, which was partly offset by a 2.8% increase due to higher sales volumes amid active construction in Russia and CIS.

Revenues from external sales of railway products rose due to an 18.8% increase in prices, which was supported by sales volume growth of 3.6%. A key driver of higher railway product prices and sales volumes during the reporting period was greater demand for rails and wheels on the Russian market and better demand for rails in Asian and African markets, albeit partly offset by lower rail export volumes to the US market.

External revenues from flat-rolled products fell by 7.0%. A 7.7% decrease was attributed to a drop in average prices, which was partly offset by a 0.8% increase due to sales volumes amid lower market demand.

The share of sales to the Russian market grew from 49.5% in 2018 to 50.6% in 2019, mainly due to a decline of sales to Europe and Africa, America and the rest of the world.

Steel segment revenues from sales of iron ore products dropped by 25.2%. This was due to a 20.6% decrease in sales prices, as well as 4.6% sales volumes reduction, primarily as a result of higher internal consumption of pellets in 2019 by EVRAZ NTMK after the launch of blast furnace no. 7 in Q2 2018 and by EVRAZ ZSMK amid higher pig iron production. In 2019, around 66.6% of EVRAZ' iron ore consumption in steelmaking came from the Group's own operations, compared with 70.2% a year earlier.

Steel segment revenues from sales of vanadium products dropped by 43.8%, primarily due to a 45.1% downturn in sales prices in line with market trends. Ferrovanadium prices dropped along with the London Metal Bulletin and Ryan's Notes quotations, while vanadium slag prices fell along with vanadium pentoxide (V_2O_5) quotations. Prices for oxides plunged by 67% (more than the average quotations), as the majority of sales took place in H2 2019, when quotations were lower than the average for the full year.

Steel segment cost of revenues

Steel segment cost of revenues

	2019		2018		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**5,836**	**71.7**	**5,613**	**63.2**	**4.0**
Raw materials	2,577	31.6	2,494	28.1	3.3
Iron ore	540	6.6	369	4.2	46.3
Coking coal	1,082	13.3	1,209	13.6	(10.5)
Scrap	542	6.7	514	5.8	5.5
Other raw materials	413	5.0	402	4.5	3.0
Auxiliary materials	366	4.5	343	3.9	6.7
Services	277	3.4	284	3.2	(2.5)
Transportation	457	5.6	409	4.6	11.7
Staff costs	501	6.2	491	5.5	2.0
Depreciation	227	2.8	222	2.5	2.3
Energy	439	5.4	429	4.8	2.3
Other*	992	12.2	941	10.6	5.4

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

In 2019, the Steel segment's cost of revenues increased by 4.0% year-on-year. The main reasons for the increase were:

- The cost of raw materials rose by 3.3%, mainly due to higher costs of iron ore (up 46.3%) due to price increases, higher pig iron production volumes and a greater share of more expensive pellets, which was partly offset by lower use of purchased iron ore. Scrap costs climbed by 5.5% due to higher steel production volumes and higher prices for scrap, which was partly offset by lower use of scrap and increased use of pig iron. 10.5% reduction in coking coal costs resulted from improvements in the coal structure (a smaller share of the more expensive coal concentrate) and lower prices.
- Costs for auxiliary materials grew by 6.7%, mainly due to higher refractories price and volumes of consumption amid increase of EVRAZ NTMK's coke and blast-furnace shops production.
- Transportation costs climbed by 11.7%, primarily due to increase in average railway tariffs and increased rail transportation amid higher primary and secondary concentrate production at EVRAZ ZSMK.
- Other costs were up 5.4%, largely because of a decrease of the work in progress balance compared with 2018 amid lower steel prices and scrap stock.

Steel segment gross profit

The Steel segment's gross profit declined by 29.4% year-on-year to US$2,307 million, primarily due to lower vanadium and steel prices.

Steel, North America segment

Sales review

Steel, North America segment revenues by product

	2019		2018		
	US$ million	% of total segment revenue	US$ million	% of total segment revenue	Change, %
Steel products	**2,372**	**94.8**	**2,430**	**94.1**	**(2.4)**
Semi-finished products	121	4.8	39	1.5	n/a
Construction products*	200	8.0	247	9.6	(19.2)
Railway products**	405	16.2	380	14.7	6.6
Flat-rolled products***	518	20.7	597	23.1	(13.2)
Tubular products****	1,128	45.1	1,167	45.2	(3.3)
Other revenues*****	**128**	**5.1**	**153**	**5.9**	**(16.3)**
Total	**2,500**	**100.0**	**2,583**	**100.0**	**(3.2)**

** Includes beams, rebar 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 and other products.*
****** Includes scrap and services.*

The segment's revenues from the sale of steel products slightly dropped due to a decrease of 4.8% in prices, offset by an increase of 2.4% in volumes. This was mainly attributable to lower demand on the flat-rolled and construction market, partly offset by higher revenues for semi-finished products.

Revenues from the sale of semi-finished products jumped by 210.2% due to a surge in sales volumes of 236.8%, albeit offset by a drop in prices of 26.6%. The sales of semi-finished products only commenced in Q4 2018, hence, the strong YoY volume growth in this product category.

Construction product revenues fell by 19.2% due to reductions of 8.4% in prices and of 10.8% in sales volumes as a result of lower demand for concrete reinforcing bar. The downward trend was caused by inclement weather in the beginning of 2019 and softer market demand as customers managed inventory levels.

Railway product revenues rose by 6.6%, driven by growth in volumes of 4.8% due to increased demand and market share growth, along with greater sales volumes of the super-premium APEX G2 rails, while a 1.8% uptick was attributed to surges in average prices.

Revenues from flat-rolled products decreased due to declines of 5.3% in prices and of 7.9% in sales volumes as a result of weakening market demand.

Revenues from tubular product sales edged down by 3.3% year-on-year due to a drop of 3.4% in volumes and an uptick of 0.1% in prices. This was driven by a significant reduction in demand for oil country tubular goods and line pipe, albeit partly offset by increased sales of large-diameter pipe carried over from 2018 and new orders.

Steel, North America segment cost of revenues

Steel, North America segment cost of revenues

	2019		2018		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**2,204**	**88.1**	**2,215**	**85.8**	**(0.5)**
Raw materials	686	27.4	746	28.9	(8.0)
Semi-finished products	396	15.8	569	22.0	(30.4)
Auxiliary materials	222	8.9	246	9.5	(9.8)
Services	190	7.6	195	7.5	(2.6)
Staff costs	319	12.8	286	11.1	11.5
Depreciation	109	4.4	101	3.9	8.0
Energy	117	4.7	119	4.6	(1.7)
Other*	165	6.6	(47)	(1.7)	n/a

** Primarily includes transportation, goods for resale, certain taxes, changes in work in progress and fixed goods, and allowances for inventories.*

In 2019, the Steel, North America segment's cost of revenues was almost flat year-on-year. The main changes related to:

- Raw material costs fell by 8.0%, primarily because of a decrease in scrap prices.
- The cost of semi-finished products was down 30.4% due to lower purchases of slabs at EVRAZ Portland, coil at EVRAZ Camrose and billets at EVRAZ Pueblo.
- Auxiliary material costs fell by 9.8%, driven by a decrease in electrode costs.
- Staff costs went up 11.5% following an increase in headcount, which occurred mostly at EVRAZ Portland due to the restart of tubular operations, as well as higher payroll taxes and insurance.
- Depreciation grew by 8.0% due the adoption of the IFRS 16.
- Other costs were up for the reporting period, primarily due to a decrease of the work in progress balance compared with 2018 due to a reduction of slab purchases, lower purchases of billets at EVRAZ Pueblo that were replaced with billets produced in-house.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$296 million for 2019, down from US$368 million a year earlier. While the decrease was primarily caused by a decline in revenues due to a deterioration in market conditions, it was partly offset by lower prices for purchased semi-finished products, auxiliary materials and raw materials.

Coal segment

Sales review

Coal segment revenues by product

	2019		2018		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
External sales					
Coal products	**1,251**	**61.9**	**1,506**	**64.4**	**(16.9)**
Coking coal	148	7.3	145	6.2	2.1
Coal concentrate	1,103	54.6	1,358	58.1	(18.8)
Steam coal	-	-	3	0.1	n/a
Inter-segment sales					
Coal products	**730**	**36.1**	**776**	**33.2**	**(5.9)**
Coking coal	124	6.1	120	5.1	3.3
Coal concentrate	606	30.0	656	28.1	(7.6)
Other revenues	**40**	**2.0**	**55**	**2.4**	**(27.3)**
Total	**2,021**	**100.0**	**2,337**	**100.0**	**(13.5)**

The segment's overall revenues decreased due to falling sales prices as global market trends remained weak. This was driven by soft demand for coal and declining prices amid over supply.

A reduction in revenues from inter-segment sales of coal products was primarily caused by a 15.1% drop in prices, albeit partly offset by a 9.2% rise in sales volumes. Coking coal sales rose by 3.3% due to higher sales of the K grade to EVRAZ ZSMK, driven by the switch to a new mining method (longwall) for this grade. Coal concentrate volumes grew by 9.0% due to greater sales of the OS, K and KS grades to EVRAZ NTMK, driven by the policy of coal self-sufficiency. The latter was partly offset by a 16.5% drop in prices in line with global trends.

Revenues from external sales of coal products fell by 16.9% due to a drop in prices, mostly attributable to lower demand for coal concentrate in Russia, CIS and European countries amid reduced steel production.

In 2019, the Coal segment's sales to the Steel segment amounted to US$730 million (36.1% of total sales), compared with US$776 million (33.2%) a year earlier.

During the reporting period, roughly 74.1% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 68.8% in 2018.

Coal segment cost of revenues

Coal segment cost of revenues

	2019		2018		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**1,046**	**51.8**	**1,042**	**44.6**	**0.4**
Auxiliary materials	159	7.9	136	5.8	16.9
Services	97	4.8	129	5.5	(24.8)
Transportation	351	17.4	319	13.6	10.0
Staff costs	223	11.0	193	8.3	15.5
Depreciation/depletion	171	8.5	155	6.6	10.3
Energy	51	2.5	49	2.1	4.1
Other*	(6)	(0.3)	61	2.7	n/a

***** *Primarily includes goods for resale, certain taxes, changes in work in progress and finished goods, allowance for inventory, raw materials and inter-segment unrealised profit.*

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 16.9% due to increased purchases amid higher coal production at Raspadskaya.
- Costs for services dropped by 24.8% due to a reclassification of transportation costs related to overburden removal at the Raspadsky open pit to transportation costs in 2019. Such costs were separated from other transportation costs accounting for the use of economic analysis.
- Transportation costs grew by 10.0% in the reporting period, primarily due to the reclassification of overburden removal at the Raspadsky open pit costs from services to transportation, as well as the organisation and maintenance of temporary sites for warehousing and storing coal at Raspadskaya.
- Staff costs climbed by 15.5%, mainly due to headcount growth driven by higher production volumes and wage indexation.
- Depreciation and depletion costs rose, primarily due to higher production volumes at Raspadskaya, Uskovskaya, Alardinskaya, Erunakovskaya and Osinnikovskaya mines and increase of capital expenditure at Osinnikovskaya and Raspadskaya mines started from Q4 2018, as well as the effect of the rouble's depreciation.
- Other costs decreased in the reporting period, mainly due to lower use of in-house raw materials and goods for resale amid weak coal consumption, soft demand and pricing.

Coal segment gross profit

In 2019, the Coal segment's gross profit was US$975 million, down from US$1,295 million a year earlier, primarily due to lower 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 2020 and could cause the actual results to differ materially from expected and historical results.

The Directors consider that the principal risks and uncertainties as summarised below and detailed in the EVRAZ plc 2019 Annual Report on pages 34 to 39, copies of which are available at https://www.evraz.com/en/investors/reports-and-results/annual-reports/, are relevant in 2020 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, reducing and managing the cost base with the objective of being among the sector's lowest-cost producers, and balance sheet/gearing improvement. In 2019, there were noted indictors of risk realisation. At the same time, the management actions noted reduced the impact of the risk on the Company's business and operations.
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. Expand 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. Control of the Group's Russian steel distribution network. Development of high value-added products. EVRAZ Business System transformation projects focused on increasing efficiency and effectiveness.
Potential regulatory actions by governments, incl. trade, antimonopoly, antidumping regulation, sanctions regimes, and other laws and regulations	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 are continuously developed to ensure that sanction requirements are complied with across the Group's operations. Ongoing control over regulatory compliance, monitoring regulatory changes and developing necessary controls. While the Group's internal compliance controls address the associated risks, the general uncertainty in the area increases the management's focus on this risk.
Functional currency devaluation	EVRAZ works to reduce the amount of intergroup loans denominated in Russian roubles to limit the possible devaluation effect on its consolidated net income.

Risk	Mitigating/ risk management actions
HSE: environmental	The environmental risk matrix is monitored on a regular basis. Respective mitigation activity is developed and performed in response to the risks. Increased focus of the top management on monthly monitoring of environmental risk trends and factors. 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 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. While there was a noted increase in regulatory scrutiny and pressure resulting in a heightened risk impact in 2019, the management focus and mitigation activity keeps the risk level unchanged.
HSE: health, safety	Management KPIs place significant emphasis on safety performance and the standardisation of critical safety programmes. Implementation of 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. Further development of occupational safety risk assessment methodology. Analysis of effectiveness of corrective measures. In 2019, there were noted cases indicating risk realisation. However, the management focus on measures addressing the risk is especially high.
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.
Digital effectiveness, effective, efficient and continued IT service	Digital Transformation is a part of the IT strategy. Assessment and monitoring of risks of information security, implementation of related mitigation activity. Implementation of mitigation measures upon completion of external assessment by independent advisor. IT continuity regular testing for the most critically important IT systems. IT Security Operation Centre launched.
Capital projects and expenditure	Review all proposed capital projects on a risk return basis. Each project is presented for approval against the Group's risk matrix to assess the downside in respect of each project and any potential mitigating actions. Project delivery is closely monitored against project plans resulting in high-level action to manage project investment for both timely delivery and planned project expenditure. New mine development and definition of feasibility plans are reviewed and signed off by independent mining engineers. Regularly revisit key assumptions of the main investment projects and perform scenario analysis, which may result in the suspension and/or postponement of certain projects.

Risk	Mitigating/ risk management actions
	Financial modelling to define the strategy of each individual asset and the enterprise in general for the purpose of long-term FCF forecasting, including investment projects. The project management system's transformation is ongoing.

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

DIVIDENDS

Interim dividend

In consideration of EVRAZ healthy performance in 2019, EVRAZ Board of Directors has announced an interim dividend. On 26 February 2020, the Board of Directors voted to disburse a total of US$580.8 million, or US$0.40 per share. The record date is 6 March 2020 and payment date is 27 March 2020.

The 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 9 March 2020. All conversions will take place on or around 10 March 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 106-109 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

26 February 2020

CONSOLIDATED STATEMENT OF OPERATIONS

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

	Notes	Year ended 31 December 2019	2018	2017
Continuing operations				
Revenue				
Sale of goods	3	$ 11,569	$ 12,525	$ 10,520
Rendering of services	3	336	311	307
		11,905	12,836	10,827
Cost of revenue	7	(8,273)	(8,011)	(7,485)
Gross profit		3,632	4,825	3,342
Selling and distribution costs	7	(966)	(1,013)	(717)
General and administrative expenses	7	(611)	(546)	(540)
Social and social infrastructure maintenance expenses		(26)	(27)	(31)
Gain/(loss) on disposal of property, plant and equipment, net		3	(11)	(4)
Impairment of non-financial assets	6	(442)	(30)	12
Foreign exchange gains/(losses), net		(341)	361	(54)
Other operating income		22	24	39
Other operating expenses	7	(54)	(55)	(61)
Profit from operations		1,217	3,528	1,986
Interest income	7	8	18	14
Interest expense	7	(336)	(359)	(437)
Share of profits/(losses) of joint ventures and associates	11	9	9	11
Impairment of non-current financial assets	13	(56)	–	–
Gain/(loss) on financial assets and liabilities, net	7	17	13	(57)
Gain/(loss) on disposal groups classified as held for sale, net	12	29	(10)	(360)
Other non-operating gains/(losses), net		14	2	(2)
Profit before tax		902	3,201	1,155
Income tax expense	8	(537)	(731)	(396)
Net profit		$ 365	$ 2,470	$ 759
Attributable to:				
Equity holders of the parent entity		$ 326	$ 2,406	$ 699
Non-controlling interests		39	64	60
		$ 365	$ 2,470	$ 759
Earnings per share for profit attributable to equity holders of the parent entity, US dollars:				
Basic	20	$0.23	$ 1.67	$ 0.49
Diluted	20	$0.22	$ 1.65	$ 0.48

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of US dollars)

	Notes	Year ended 31 December 2019	2018	2017
Net profit		**$ 365**	$ 2,470	$ 759
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		**757**	(1,120)	266
Exchange differences recycled to profit or loss on disposal of foreign operations	4,12	**31**	63	747
Net gains/(losses) on cash flow hedges	25	**27**	(3)	9
Net (gains)/losses on cash flow hedges recycled to profit or loss	7, 25	**(33)**	–	–
		782	(1,060)	1,022
Effect of translation to presentation currency of the Group's joint ventures and associates	11	**8**	(13)	4
		8	(13)	4
Items not to be reclassified to profit or loss in subsequent periods				
Net gains/(losses) on equity instruments at fair value through other comprehensive income	13	**–**	59	30
Gains/(losses) on re-measurement of net defined benefit liability	23	**(15)**	28	26
Income tax effect	8	**(1)**	(6)	(15)
		(16)	22	11
Total other comprehensive income/(loss)		**774**	(992)	1,067
Total comprehensive income, net of tax		**$ 1,139**	$ 1,478	$ 1,826
Attributable to:				
Equity holders of the parent entity		**$ 1,078**	$ 1,441	$ 1,762
Non-controlling interests		**61**	37	64
		$ 1,139	$ 1,478	$ 1,826

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of US dollars)

The financial statements of EVRAZ plc (registered number 7784342) on pages 100-190 were approved by the Board of Directors on 26 February 2020 and signed on its behalf by Alexander Frolov, Chief Executive Officer.

		31 December		
	Notes	2019	2018	2017
ASSETS				
Non-current assets				
Property, plant and equipment	9	$ 4,925	$ 4,202	$ 4,933
Intangible assets other than goodwill	10	185	206	259
Goodwill	5	594	864	917
Investments in joint ventures and associates	11	92	74	79
Deferred income tax assets	8	152	92	173
Other non-current financial assets	13	40	91	151
Other non-current assets	13	55	44	39
		6,043	5,573	6,551
Current assets				
Inventories	14	1,480	1,474	1,198
Trade and other receivables	15	534	835	731
Prepayments		93	113	89
Loans receivable		32	29	11
Receivables from related parties	16	10	11	12
Income tax receivable		53	35	50
Other taxes recoverable	17	175	201	225
Other current financial assets	18	4	35	47
Cash and cash equivalents	19	1,423	1,067	1,466
		3,804	3,800	3,829
Total assets		$ 9,847	$ 9,373	$ 10,380
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	20	$ 75	$ 75	$ 1,507
Treasury shares	20	(169)	(196)	(231)
Additional paid-in capital		2,492	2,480	2,500
Revaluation surplus		109	110	111
Unrealised gains and losses	13,25	–	6	39
Accumulated profits		2,217	3,026	635
Translation difference		(3,048)	(3,820)	(2,777)
		1,676	1,681	1,784
Non-controlling interests	32	252	257	242
		1,928	1,938	2,026
Non-current liabilities				
Long-term loans	22	4,599	4,186	5,243
Deferred income tax liabilities	8	352	258	328
Employee benefits	23	271	226	284
Provisions	24	321	222	269
Lease liabilities	25	83	–	–
Other long-term liabilities	25	40	38	54
Amounts payable under put options for shares in subsidiaries	4	–	–	61
		5,666	4,930	6,239
Current liabilities				
Trade and other payables	26	1,378	1,216	1,128
Contract liabilities		348	320	272
Short-term loans and current portion of long-term loans	22	140	377	148
Lease liabilities	25	34	–	–
Payables to related parties	16	19	122	256
Income tax payable		79	104	67
Other taxes payable	27	153	266	212
Provisions	24	33	35	32
Amounts payable under put options for shares in subsidiaries	4	69	65	–
		2,253	2,505	2,115
Total equity and liabilities		$ 9,847	$ 9,373	$ 10,380

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of US dollars)

	Year ended 31 December		
	2019	2018	2017
Cash flows from operating activities			
Net profit	$ 365	$ 2,470	$ 759
Adjustments to reconcile net profit to net cash flows from operating activities:			
Deferred income tax (benefit)/expense (Note 8)	5	48	(89)
Depreciation, depletion and amortisation (Note 7)	578	542	561
(Gain)/loss on disposal of property, plant and equipment, net	(3)	11	4
Impairment of non-financial assets	442	30	(12)
Foreign exchange (gains)/losses, net	341	(361)	54
Interest income	(8)	(18)	(14)
Interest expense	336	359	437
Share of (profits)/losses of associates and joint ventures	(9)	(9)	(11)
Impairment of non-current financial assets	56	–	–
(Gain)/loss on financial assets and liabilities, net	(17)	(13)	57
(Gain)/loss on disposal groups classified as held for sale, net	(29)	10	360
Other non-operating (gains)/losses, net	(14)	(2)	2
Allowance for expected credit losses	3	(1)	10
Changes in provisions, employee benefits and other long-term assets and liabilities	–	(16)	(26)
Expense arising from equity-settled awards (Note 21)	13	15	17
Other	(2)	(2)	2
	2,057	3,063	2,111
Changes in working capital:			
Inventories	61	(482)	(199)
Trade and other receivables	304	(128)	(201)
Prepayments	26	(48)	(27)
Receivables from/payables to related parties	(114)	(58)	24
Taxes recoverable	29	(24)	(32)
Other assets	(1)	–	(2)
Trade and other payables	219	108	150
Contract liabilities	13	63	19
Taxes payable	(155)	148	123
Other liabilities	(9)	(9)	(9)
Net cash flows from operating activities	2,430	2,633	1,957
Cash flows from investing activities			
Issuance of loans receivable to related parties	–	(1)	(2)
Issuance of loans receivable	(9)	(1)	(2)
Proceeds from repayment of loans receivable, including interest	2	2	4
Purchases of subsidiaries, net of cash acquired (Note 4)	(3)	–	(5)
Purchases of disposal groups held for sale (Note 12)	(22)	–	–
Investments in associates and joint ventures (Note 11)	(3)	–	–
Sale of associates (Note 16)	5	–	–
Proceeds from sale of other investments (Notes 18 and 13)	32	92	–
Short-term deposits at banks, including interest	7	11	7
Purchases of property, plant and equipment and intangible assets	(762)	(521)	(595)
Proceeds from disposal of property, plant and equipment	16	4	15
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs (Note 12)	44	52	412
Dividends received (Notes 11 and 16)	9	6	1
Other investing activities, net	19	(22)	(2)
Net cash flows used in investing activities	(665)	(378)	(167)

Continued on the next page

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(in millions of US dollars)

	Year ended 31 December		
	2019	2018	2017
Cash flows from financing activities			
Purchases of non-controlling interests (Note 4)	$ (71)	$ (24)	$ –
Contributions of non-controlling shareholders to the Group's subsidiaries	–	–	2
Payments for investments on deferred terms (Note 11)	(8)	(11)	(11)
Dividends paid by the parent entity to its shareholders (Note 20)	(1,086)	(1,556)	(430)
Dividends paid by the Group's subsidiaries to non-controlling shareholders	(5)	(1)	–
Proceeds from bank loans and notes (Note 22)	2,805	1,412	2,441
Repayment of bank loans and notes, including interest (Note 22)	(3,035)	(2,459)	(3,344)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest (Note 22)	22	–	(139)
Restricted deposits at banks in respect of financing activities	–	12	(13)
Realised gains/(losses) on derivatives not designated as hedging instruments (Note 25)	22	11	2
Realised gains/(losses) on hedging instruments (Note 25)	(23)	11	14
Payments under leases, including interest (Note 25)	(37)	–	–
Other financing activities, net	1	(1)	(1)
Net cash flows used in financing activities	(1,415)	(2,606)	(1,479)
Effect of foreign exchange rate changes on cash and cash equivalents	6	(48)	(2)
Net increase/(decrease) in cash and cash equivalents	356	(399)	309
Cash and cash equivalents at the beginning of the year	1,067	1,466	1,157
Cash and cash equivalents at the end of the year	$ 1,423	$ 1,067	$ 1,466
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	$ (283)	$ (320)	$ (405)
Interest received	7	9	8
Income taxes paid	(581)	(623)	(427)

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

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 2018	$ 75	$ (196)	$ 2,480	$ 110	$ 6	$ 3,026	$ (3,820)	$ 1,681	$ 257	$ 1,938
Net profit	–	–	–	–	–	326	–	326	39	365
Other comprehensive income/(loss)	–	–	–	–	(6)	(14)	772	752	22	774
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	–	–	(1)	–	–	1	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(1)	(1)	(6)	314	772	1,078	61	1,139
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	–	(10)	–	(10)	(61)	(71)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	27	–	–	–	(27)	–	–	–	–
Share-based payments (Note 21)	–	–	13	–	–	–	–	13	–	13
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(1,086)	–	(1,086)	–	(1,086)
Dividends declared by the Group's subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928

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

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 2017	$ 1,507	$ (231)	$ 2,500	$ 111	$ 39	$ 635	$ (2,777)	$ 1,784	$ 242	$ 2,026
Net profit	–	–	–	–	–	2,406	–	2,406	64	2,470
Other comprehensive income/(loss)	–	–	–	–	56	22	(1,043)	(965)	(27)	(992)
Transfer of realised gains on sold equity instruments to accumulated profits (Note 13)	–	–	–	–	(89)	89	–	–	–	–
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	–	–	(35)	–	–	35	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(35)	(1)	(33)	2,553	(1,043)	1,441	37	1,478
Reduction in par value of shares (Note 20)	(1,432)	–	–	–	–	1,432	–	–	–	–
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	–	(3)	–	(3)	(21)	(24)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	35	–	–	–	(35)	–	–	–	–
Share-based payments (Note 21)	–	–	15	–	–	–	–	15	–	15
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(1,556)	–	(1,556)	–	(1,556)
Dividends declared by the Group's subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	(1)	(1)
At 31 December 2018	$ 75	$ (196)	$ 2,480	$ 110	$ 6	$ 3,026	$ (3,820)	$ 1,681	$ 257	$ 1,938

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

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 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
Transfer of realised gains on sold equity instruments to accumulated profits (Note 13)	–	–	–	–	–	–	–	–	–	–
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

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