EVRAZ plc

EVRAZ PUBLISHES 2020 ANNUAL REPORT AND REPORTS FULL YEAR 2020 RESULTS

25 February 2021 – EVRAZ plc (“EVRAZ” or “the Company”) (LSE: EVR) has today:

- posted its Annual Report for the year ended 31 December 2020 ("2020 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 2020 Annual Report in accordance with LR 9.6.1 R.

The 2020 Annual Report will shortly be available for inspection on the National Storage Mechanism http://www.morningstar.co.uk/uk/NSM

The 2020 Annual Report and the Notice of the Company's Annual General Meeting, which will be held on 15 June 2021 and will be posted to shareholders in mid-May 2021.

The Appendix to this announcement contains additional information which has been extracted from the 2020 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 2020 Annual Report. Page and note references in the text below refer to page numbers and notes in the 2020 Annual Report.

EVRAZ ANNOUNCES ITS AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2019 has been extracted from the audited statutory accounts for the year ended 31 December 2019 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 2020 will be delivered to the Registrar of Companies following the Company’s annual general meeting convened for 15 June 2021. The auditor has reported on the statutory accounts for the year ended 31 December 2020. The auditor's report was unqualified.

FY 2020 HIGHLIGHTS

- Robust free cash flow of US$1,020 million (FY2019: US$1,456 million)
- Continued reduction in net debt: US$3,356 million (FY2019: US$3,445 million)
- Total EBITDA effect from cost-cutting and customer focus initiatives of US$426 million in 2020
- Consolidated EBITDA of US$2,212 million, down 15.0% from US$2,601 million in FY2019, EBITDA margin up to 22.7% from 21.8%
- Net profit increased to US$858 million vs. US$365 million in FY2019
- Cash-costs:
    - cash cost of slabs decreased to US$213/t from US$236/t in FY2019 due to lower raw material prices (iron ore, coal, ferroalloys), better raw material yield and mix, lower auxiliary, services and repairs costs
    - cash costs of coal concentrate decreased to US$31/t (FY2019: US$35/t) mainly as a result of rouble depreciation
    - cash costs of iron ore products decreased to US$36/t (FY2019: US$41/t) mainly by rouble depreciation, higher iron ore production volume and lower fixed costs
- An interim dividend of US$437.1 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)	FY2020	FY2019	Change,%
Consolidated revenue	9,754	11,905	(18.1)
Profit from operations	1,671	1,217	37.3
Consolidated EBITDA[1]	2,212	2,601	(15.0)
Net profit	858	365	n/a
Earnings per share, basic (US$)	0.58	0.23	n/a
Net cash flows from operating activities	1,928	2,430	(20.7)
CAPEX[2]	657	762	(13.8)

	31 December 2020	31 December 2019	
Net debt[3]	3,356	3,445	(2.6)
Total assets	8,710	9,847	(11.5)

[1] See p.253 of EVRAZ plc Annual Report 2020 for the definition of EBITDA.
[2] Including payments on deferred terms recognised in financing activities and non-cash transactions.
[3] See p.254 of EVRAZ plc Annual Report 2020 for the calculation of net debt.

EVRAZ Chief Executive Officer, Alexander Frolov, commented

"2020 was an unprecedented year, which changed the world and the way we do business. Intense global uncertainty caused by the outbreak of COVID-19 had a profound effect on economies and pressured global markets. However, thanks to the upswing seen on the global markets in the second half of the year, the Group delivered solid operating and financial results with EBITDA reaching US$2,212 million and EBITDA margin reached 22.7% in 2020.

Moreover, EVRAZ continued to implement its efficiency improvement programme and delivered an EBITDA effect of US$426 million from customer focus and cost-cutting initiatives.

In 2021, EVRAZ will continue to improve its safety culture, customer focus and operational efficiency, using digital tools where appropriate. The Group aims to achieve significant progress in its key investment projects, the foremost of which is to upgrade the rail mills in North America and Nizhny Tagil. EVRAZ will also focus on making the best possible use of the opportunities that arise as the markets begin to recover from the pandemic in 2021."

CONFERENCE CALL

EVRAZ plc (LSE: EVR) has released its financial results for the year ended 31 December 2020 on Thursday, 25 February 2021.

A conference call to discuss the results, hosted by **Alexander Frolov**, CEO, and **Nikolay Ivanov**, CFO, will be held on Thursday, 25 February 2021, at:

2 pm (London time)

5 pm (Moscow time)

9 am (New York time)

To join the call, please dial:

+44 (0)330 336 9127 or **0800 358 6377 (toll free)**	UK
++7 495 213 1767 or **8 800 500 9283 (toll free)**	Russia
+1 929-477-0448 or **888-204-4368 (toll free)**	US

Conference ID: 9126275

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

An audio webcast will be available at the following link (pre-registration needed): https://www.webcast-eqs.com/evraz20210225

The FY2020 results presentation will be also available on the Group's website, www.evraz.com, on Thursday, 25 February 2021, at the following link:

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

An MP3 recording will be available on Friday, 26 February 2021, 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 2020, EVRAZ reported an 18.1% year-on-year decrease in consolidated revenues, which totalled US$9,754 million, compared with US$11,905 million in 2019. The reduction was primarily the result of a drop in sales prices for steel, vanadium and coal products against a background of less favourable market trends.

EVRAZ' consolidated EBITDA amounted to US$2,212 million in the period, compared with US$2,601 million in 2019, with the EBITDA margin rising to 22.7%, from 21.8%, and free cash flow amounting to US$1,020 million in 2020. The decline in EBITDA was primarily attributable to lower steel, vanadium and coal product sales prices, as well as lower sales of tubular and flat-rolled steel products resulting from weakening market demand in North America.

The Steel segment's revenues (including intersegment) dropped by 14.4% year-on-year to US$6,969 million, or 65.4% of the Group's total before elimination. The decrease was mainly due to lower revenues from sales of vanadium and steel products, which fell by 46.0% and 8.4% year-on-year respectively. This was primarily due to a downturn in average sales prices of 42.7% for vanadium and 9.4% for steel products, underpinned by unfavourable market conditions. The Group's lower prices from sales of steel products were partly offset by higher sales volumes, which increased from 11.0 million tonnes in 2019 to 12.1 million tonnes in 2020, following an increase in production volumes at Russian mills amid higher demand.

The Steel, North America segment's revenues decreased by 28.8% year-on-year. Steel product revenues fell by 29.2%, driven by declining sales volumes (down 21.7%) and lower prices (down 7.5%).

The Coal segment's revenues fell by 26.3% year-on-year, due to a 35.1% decline in coal product sales prices which was partly offset by a 9.6% increase in coal product sales volumes. Coal prices followed the downward trend set by global benchmarks during the period.

In 2020, the Steel segment's EBITDA rose amid lower expenses compared to revenue, as a result of a decline in prices for raw materials, including coal, scrap and other raw materials, and exchange rate impact on rouble denominated costs.

The Steel, North America segment's EBITDA decreased due to lower revenues from sales of flat-rolled, tubular, railway, and construction products.

The Coal segment's EBITDA was down, amid lower coal product sales prices, while the cost of sales was largely unchanged.

Eliminations mainly 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	**2020**	**2019**	**Change**	**Change, %**
Steel	6,969	8,143	(1,174)	(14.4)
Steel, North America	1,779	2,500	(721)	(28.8)
Coal	1,490	2,021	(531)	(26.3)
Other operations	410	483	(73)	(15.1)
Eliminations	(894)	(1,242)	348	(28.0)
Total	**9,754**	**11,905**	**(2,151)**	**(18.1)**

Revenues by region (US$ million)				
Region	**2020**	**2019**	**Change**	**Change, %**
Russia	3,722	4,373	(651)	(14.9)
Asia	2,949	2,893	56	1.9
Americas	1,915	2,709	(794)	(29.3)
CIS (excl. Russia)	584	865	(281)	(32.5)
Europe	461	956	(495)	(51.8)
Africa and the rest of the world	123	109	14	12.8
Total	**9,754**	**11,905**	**(2,151)**	**(18.1)**

EBITDA* (US$ million)				
Segment	**2020**	**2019**	**Change**	**Change, %**
Steel	1,930	1,795	135	7.5
Steel, North America	(28)	38	(66)	n/a
Coal	400	843	(443)	(52.6)
Other operations	15	18	(3)	(16.7)
Unallocated	(126)	(141)	15	(10.6)
Eliminations	21	48	(27)	(56.3)
Total	**2,212**	**2,601**	**(389)**	**(15.0)**

** For the definition of EBITDA, please refer to p. 253 of the Annual Report 2020*

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

Effect of Group's cost-cutting initiatives in 2020, (US$ million)	
Improving yields and raw material costs, including	**102**
Various improvements at coal washing plants and mines	60
Auxiliary materials and service costs of Urals and Siberia operations	28
Auxiliary materials and service costs of North American and Vanadium operations	14
Increasing productivity and cost effectiveness	**40**
Others, including	**50**
Reduction of general and administrative (G&A) costs and non-G&A headcount	**49**
Assets optimisation	**1**
Total	**192**

Revenues, cost of revenues and gross profit of segments (US$ million)				
	2020	**2019**	**Change**	**Change, %**
Steel segment				
Revenues	6,969	8,143	1,174	14.4
Cost of revenues	(4,596)	(5,836)	(1,240)	(21.2)
Gross profit	*2,373*	*2,307*	*66*	*2.9*
Steel, North America segment				
Revenues	1,779	2,500	(721)	(28.8)
Cost of revenues	(1,604)	(2,204)	600	(27.2)
Gross profit	*175*	*296*	*(121)*	*(40.9)*
Coal segment				
Revenues	1,490	2,021	(531)	(26.3)
Cost of revenues	(1,027)	(1,046)	(20)	(1.9)
Gross profit	*463*	*975*	*(512)*	*(52.5)*
Other operations – *gross profit*	*115*	116	*(1)*	*(1.0)*
Unallocated – *gross profit*	*(8)*	(4)	*4*	*n/a*
Eliminations – *gross profit*	*(76)*	(58)	*18*	*(31.0)*
Total	**3,042**	**3,632**	**(590)**	**(16.2)**

Gross profit, expenses and results				
(US$ million)				
	2020	**2019**	**Change**	**Change, %**
Gross profit	**3,042**	**3,632**	**(590)**	**(16.2)**
Selling and distribution costs	(840)	(966)	126	(13.0)
General and administrative expenses	(552)	(611)	59	(9.7)
Social and social infrastructure maintenance expenses	(31)	(26)	(5)	19.2
Gain/(loss) on disposal of property, plant and equipment, net	(3)	3	(6)	n/a
Impairment of assets	(310)	(442)	132	(29.9)
Foreign exchange gains/(losses), net	408	(341)	749	n/a
Other operating income and expenses, net	(43)	(32)	(11)	34.4
Profit from operations	**1,671**	**1,217**	**454**	**37.3**
Interest expense, net	(322)	(328)	6	(1.8)
Share of profits/(losses) of joint ventures and associates	2	9	(7)	(77.8)
Impairment of non-current financial assets	-	(56)	(56)	n/a
Gain/(loss) on financial assets and liabilities, net	(71)	17	(88)	n/a
Gain/(loss) on disposal groups classified as held for sale, net	1	29	(28)	(96.6)
Other non-operating losses, net	14	14	-	-
Profit before tax	**1,295**	**902**	**393**	**43.6**
Income tax expense	(437)	(537)	100	(18.6)
Net profit	**858**	**365**	**493**	**n/a**

In 2020, selling and distribution expenses fell by 13.0%, amid lower railroad transportation costs related to lower shipment volumes and tariffs. General and administrative expenses fell by 9.7%, mostly due to a furlough in the May-July period and staff reductions in North America caused by weak market conditions and idling.

In 2020, EVRAZ recognised a US$310 million impairment loss. As a result of impairment testing, in 2020, the Group recognised a US$234 million impairment loss with respect to the Large diameter pipes cash-generating unit, which was allocated to goodwill (US$65 million), intangible assets (US$16 million) and property, plant and equipment (US$153 million) and a US$67 million impairment loss with respect to the Oil Country Tubular Goods cash-generating unit, which was allocated to goodwill. The impairment was caused by the reassessment of demand on the steel, oil and commodities markets in the USA and Canada.

Foreign exchange gains amounted to US$408 million, mainly related to intragroup loans denominated in roubles and payable by subsidiaries, whose functional currency is the US dollar, to the Russian subsidiaries, which have the rouble as their functional currency. The depreciation of the Russian rouble against the US dollar in 2020 led to exchange gains recognised in the income statements of non-Russian subsidiaries.

The loss on financial assets and liabilities amounted to US$71 million and consisted primarily of losses on foreign currency swap contracts.

For the reporting period, the Group had an income tax expense of US$437 million, compared with US$537 million in 2019. The change reflects the decline in the operating results.

Cash flow
(US$ million)

	2020	2019	Change	Change, %
Cash flows from operating activities before changes in working capital	1,593	2,057	(464)	(22.6)
Changes in working capital	335	373	(38)	(10.2)
Net cash flows from operating activities	**1,928**	**2,430**	**(502)**	**(20.7)**
Short-term deposits at banks, including interest	4	7	(3)	(42.9)
Purchases of property, plant and equipment and intangible assets	(647)	(762)	115	(15.1)
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	11	44	(33)	(75.0)
Other investing activities	8	46	(38)	(82.6)
Net cash flows used in investing activities	**(624)**	**(665)**	**41**	**(6.2)**
Net cash flows used in financing activities	**(1,107)**	**(1,415)**	**308**	**(21.8)**
including dividends paid	(872)	(1,086)	214	(19.7)
Effect of foreign exchange rate changes on cash and cash equivalents	7	6	1	16.7
Net increase/(decrease) in cash and cash equivalents	**204**	**356**	**(152)**	**(42.7)**

Calculation of free cash flow*
(US$ million)

	2020	2019	Change	Change, %
EBITDA	2,212	2,601	(389)	(15.0)
EBITDA excluding non-cash items	**2,203**	**2,615**	**(412)**	**(15.8)**
Changes in working capital	335	373	(38)	(10.2)
Income tax accrued	(579)	(532)	(47)	8.8
Social and social infrastructure maintenance expenses	(31)	(26)	(5)	19.2
Net cash flows from operating activities	**1,928**	**2,430**	**(502)**	**(20.7)**
Interest and similar payments	(269)	(302)	33	(10.9)
Capital expenditures, including recorded in financing activities	(657)	(762)	105	(13.8)
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	11	44	(33)	(75.0)
Other cash flows from investing activities	7	46	(39)	(84.8)
Free cash flow	**1,020**	**1,456**	**(436)**	**(29.9)**

** For the definition of free cash flow, please refer to p. 253 of the Annual Report 2020.*

In 2020, net cash flows from operating activities decreased by 20.7% year-on-year. Free cash flow for the period was US$1,020 million.

CAPEX AND KEY PROJECTS

In 2020, EVRAZ' capital expenditures fell to US$657 million, compared with US$762 million a year earlier. Capital expenditures (including those recognised in financing activities) for 2020 (in millions of US dollars) can be summarised as follows.

Capital expenditures in 2020

DEVELOPMENT PROJECTS	
Steel segment	
Tashtagol iron ore mine upgrade at EVRAZ ZSMK mining site The project's aim is to increase annual ore production at the Tashtakolsky deposit with a partial switch to sublevel caving using mobile equipment.	24
Sobstvenno-Kachkanarsky deposit greenfield project The project's aim is to maintain production of raw ore.	13
Rail and beam mill modernisation at EVRAZ NTMK The project's aim is to increase the production of beams and of sheet piles.	2
Steel, North America segment	
Long rail mill at EVRAZ Pueblo The project's aim is to replace the existing rail facility and meet the needs of customers for long rail products.	46
Electric arc furnace (EAF) repowering at EVRAZ Regina The project's aim is to increase prime coil and plate production at EVRAZ Regina and reduce electrode consumption.	14
Coal segment	
Acquisition of equipment at Osinnikovskaya mine Acquisition of equipment fully compliant with mining and geological conditions to provide the projected longwall load on a monthly basis.	14
Access and development of reserves in the Uskovskaya mine's seam no. 48 The project's aim is to prepare the reserves in seam no. 48 for mining	11
Acquisition of equipment at Alardinskaya mine The project's aim is to reduce the time required for transition from longwall to longwall and to increase annual production volumes to 3.2mt.	10
Access and development of reserves in the Esaulskaya mine's seam no. 29a The project's aim is to relocate mining operations from seam no. 26 to seam no. 29a	9
Other development projects	56
MAINTENANCE PROJECTS	
Steel segment	
Major overhaul of blast furnace no. 6 at EVRAZ NTMK	80
Technical re-equipment of the air heaters of blast furnace no. 2 at EVRAZ ZSMK	7
Other maintenance projects	371
Total	**657**

FINANCING AND LIQUIDITY

EVRAZ began 2020 with a total debt of US$4,868 million.

Debt management has focused on capital markets maturities coming due in the first quarter of 2021. Specifically, in March 2020, EVRAZ signed a US$750 million committed syndicated facility with a group of international banks with funds made available for one year after signing. Once utilised, this facility will be repayable in nine equal quarterly instalments, following a three-year grace period. As of 31 December 2020, the US$750 million committed syndicated facility remained unutilised.

In the wake of uncertainties related to the COVID-19 pandemic, the Group decided to increase its cash safety cushion through additional borrowing. In March, EVRAZ utilized RUB5,000 million (c. US$68 million as of 31 December 2020), under its committed credit facility with VTB. Later, in April, it drew another RUB15,000 million (c. US$203 million as of 31 December 2020), under the uncommitted credit facility with this bank. Currency risk exposure under the first credit facility of RUB5,000 million was hedged using cross-currency swaps.

In November, the Group repurchased, in a series of open market purchases, and cancelled US$15 million of the outstanding principal of its US$750 million 8.25% Notes due in 2021.

These actions, partially offset by scheduled repayments of bank loans and leases, led to an increase in total debt during 2020 by US$115 million to US$4,983 million, as of 31 December 2020.

During 2020, EVRAZ paid two interim dividends to its shareholders in the amount of US$581 million (US$0.40 per share) in March and US$291 million (US$0.20 per share) in October.

By the end of 2020 EVRAZ achieved a net debt reduction of US$89 million to US$3,356 million, compared with US$3,445 million as of 31 December 2019. The ratio of net debt to last twelve months (LTM) EBITDA was 1.5 times as of 31 December 2020, compared with 1.3 times as of 31 December 2019. Interest expense accrued on loans, bonds and notes amounted to US$291 million during the period, flat compared with the amount of 2019, despite a higher total debt load, reflecting lower USD and RUB base rates since the second quarter 2020.

As of 31 December 2020, various bilateral facilities with a total outstanding principal of around US$1,458 million contained financial maintenance covenants. Maintenance covenants under these facilities include two key ratios calculated using EVRAZ plc's consolidated financials: a maximum of net leverage and a minimum of EBITDA interest cover. As of 31 December 2020, EVRAZ was in full compliance with its financial covenants.

As of 31 December 2020, cash amounted to US$1,627 million and committed credit facilities to US$937 million, allowing the Group to comfortably cover upcoming maturities. Short-term loans and the current portion of long-term loans amounted to US$1,078 million.

REVIEW OF OPERATIONS BY SEGMENT

(US$ million)	Steel		Steel, North America		Coal		Other	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues	6,969	8,143	1,779	2,500	1,490	2,021	410	483
EBITDA	1,930	1,795	(28)	38	400	843	15	18
EBITDA margin	27.7%	22.0%	(1.6)%	1.5%	26.8%	41.7%	3.7%	3.7%
CAPEX	401	394	92	128	154	227	10	13

Steel segment

Sales review

Steel segment revenues by product					
	2020		**2019**		
	US$ million	**% of total segment revenues**	**US$ million**	**% of total segment revenues**	**Change, %**
Steel products, external sales	**6,079**	**87.2**	**6,637**	**81.5**	**(8.4)**
Semi-finished products*	2,479	35.6	2,528	31.0	(1.9)
Construction products**	2,013	28.9	2,166	26.6	(7.1)
Railway products***	1,099	15.8	1,181	14.5	(6.9)
Flat-rolled products****	146	2.1	386	4.7	(62.2)
Other steel products*****	342	4.9	377	4.6	(9.3)
Steel products, intersegment sales	**37**	**0.5**	**168**	**2.1**	**(78.0)**
Including sales to Steel, North America	26	0.4	154	1.9	(83.1)
Iron ore products	**146**	**2.1**	**190**	**2.3**	**(23.2)**
Vanadium products	**349**	**5.0**	**648**	**8.0**	**(46.1)**
Other revenues	**358**	**5.1**	**499**	**6.1**	**(28.3)**
Total	**6,969**	**100.0**	**8,143**	**100.0**	**(14.4)**

** 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.*

Sales volumes of Steel segment (thousand tonnes)				
	2020	**2019**	**Change**	**Change, %**
Steel products, external sales	**12,197**	**12,075**	**122**	**1.0**
Semi-finished products	6,039	5,636	403	7.2
Construction products	3,944	3,800	144	3.8
Railway products	1,299	1,393	(94)	(6.7)
Flat-rolled products	267	622	(355)	(57.1)
Other steel products	647	624	23	3.7
Steel products, intersegment sales	**67**	**318**	**(251)**	**(78.9)**
Total steel products	**12,264**	**12,393**	**(129)**	**(1.0)**
Vanadium products (tonnes of pure vanadium)	**18,696**	**19,334**	**(638)**	**(3.3)**
Vanadium in slag	6,129	6,451	(322)	(5.0)
Vanadium in alloys and chemicals	12,534	12,883	(349)	(2.7)
Iron ore products	**1,732**	**1,895**	**(163)**	**(8.6)**
Sinter	-	759	(759)	(100.0)
Pellets	1,732	1,134	598	52.7
Other iron ore products	-	2	(2)	(100.0)

Geographic breakdown of external steel product sales (US$ million)				
	2020	**2019**	**Change**	**Change, %**
Russia	2,962	3,358	(396)	(11.8)
Asia	2,200	2,028	172	8.5
Europe	221	492	(271)	(55.0)
CIS	490	565	(75)	(13.4)
Africa, America and rest of the world	206	195	12	6.3
Total	**6,079**	**6,638**	**(558)**	**(8.4)**

In 2020, revenues from the Steel segment dropped by 14.4% to US$6,969 million, compared with US$8,143 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 fall in construction sales prices and lower flat-rolled sales volumes, along with lower sales volumes in the North America segment.

Revenues from external sales of semi-finished products decreased by 1.9% amid a decline 9.1% in average prices, which was partly offset by a 7.2% increase in sales volumes. The increase was driven primarily by change in the product mix in favour of higher slab and billets sales to export destinations following a decrease in demand in Russia amid the COVID-19 pandemic.

Revenues from sales of construction products to third parties fell by 7.1%: a 10.9% decrease was attributed to a reduction in average prices, which was partly offset by a 3.8% increase due to higher export sales volumes to Asia following a decrease in demand in Russia amid the COVID-19 pandemic.

Revenues from external sales of railway products fell due to a 6.7% decrease in volumes, which was coupled with sales price decline of 0.2%. A key driver of lower railway product sales volumes during the reporting period was lower demand for railway wheels on the Russian market, which was also attributable to the COVID-19 pandemic.

External revenues from flat-rolled products fell by 62.2%. A 57.1% decrease was attributed to a drop in sales volumes to Europe mainly due to disposal of EVRAZ Palini e Bertoli which took place in Q4 2019, and a 5.2% decrease due to lower sales prices.

The share of sales to the Russian market declined from 50.6% in 2019 to 48.7% in 2020, following increase of export sales to Asia.

Steel segment revenues from sales of iron ore products dropped by 23.2%. This was due to a 14.6% decrease in sales prices, as well as 8.6% reduction in sales volumes, primarily as a result of the absence of sinter sales to third parties, due to disposal of EvrazTransUkraina and greater requirements for own operations.

In 2020, around 63.2% of EVRAZ' iron ore consumption in steelmaking came from the Group's own operations, compared with 66.6% a year earlier.

Steel segment revenues from sales of vanadium products dropped by 46.0%, primarily due to a 42.7% downturn in sales prices in line with market trends. Ferrovanadium prices dropped in line with the London Metal Bulletin and Ryan's Notes quotations, while vanadium slag prices fell along with vanadium pentoxide (V_2O_5) quotations.

Steel segment cost of revenues

Steel segment cost of revenues

	2020		**2019**		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**4,596**	**65.9**	**5,836**	**71.7**	**(21.2)**
Raw materials	2,025	29.1	2,577	31.6	(21.4)
Iron ore	503	7.2	540	6.6	(6.9)
Coking coal	769	11.0	1,082	13.3	(28.9)
Scrap	442	6.3	542	6.7	(18.5)
Other raw materials	311	4.5	413	5.0	(24.7)
Auxiliary materials	339	4.9	366	4.5	(7.4)
Services	241	3.5	277	3.4	(13.0)
Transportation	407	5.8	457	5.6	(10.9)
Staff costs	477	6.8	501	6.2	(4.8)
Depreciation	233	3.3	227	2.8	2.6
Energy	398	5.7	439	5.4	(9.3)
Other*	476	6.8	992	12.2	(52.0)

** 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 2020, the Steel segment's cost of revenues decreased by 21.2% year-on-year. The main reasons for the increase were:

- The cost of raw materials declined by 21.4%, mainly due to lower costs of coking coal (down 28.9%), due to the trend on global markets, as well as reduced use of more expensive coal concentrate, which was replaced with a cheaper form from Esaulskaya mine. Scrap costs declined by 18.5%, due to lower scrap price and lower share of scrap in metal-charge amid increased pig iron consumption. The decrease in raw material costs was also accompanied by a weaker rouble and reduced consumption due to cost-cutting initiatives.
- Costs for auxiliary materials declined by 7.4%, amid lower consumption of auxiliary materials and auxiliary materials prices.
- Service costs declined by 13.0%, primarily driven by the lower cost and volume of ferrovanadium processing, whose costs are linked to final product quotes.
- Transportation costs declined by 10.9%, primarily due to lower shipment volumes due to the COVID-19 pandemic, national lockdowns, the global economic shock and a sharp decline in economic growth rates.
- Energy costs were lower due to the weaker rouble, as well as higher own electricity generation and change in fuel structure.
- Other costs were down by 52.0%, mainly due to lower cost of goods for resale, amid a drop in vanadium purchase prices in 2020, compared to 2019. Other reasons were related to reduction in the purchase price of goods, higher sales of own production scrap, and significant increases of semi- and vanadium stocks due to COVID-19.

Steel segment gross profit

The Steel segment's gross profit increased by 2.9% year-on-year, as positive effects of lower cost outweighed the decrease in sales volumes and prices.

Steel, North America segment

Sales review

Steel, North America segment revenues by product

	2020		2019		
	US$ million	**% of total segment revenue**	**US$ millio n**	**% of total segment revenue**	**Change, %**
Steel products	**1,697**	**94.4**	**2,372**	**94.8**	(29.2)
Semi-finished products	109	6.1	121	4.8	(9.9)
Construction products*	183	10.3	200	8.0	(8.5)
Railway products**	326	18.3	405	16.2	(19.5)
Flat-rolled products***	323	18.2	518	20.7	(37.6)
Tubular products****	743	41.8	1,128	45.1	(34.1)
Other revenues*****	**95**	**5.6**	**128**	**5.1**	(21.9)
Total	**1,779**	**100.0**	**2,500**	**100.0**	(28.8)

** 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.*

Sales volumes of Steel, North America segment
(thousand tonnes)

	2020	**2019**	**Change**	**Change, %**
Semi-finished products	144	192	(48)	(25.0)
Construction products	262	256	6	2.3
Railway products	404	441	(37)	(8.4)
Flat-rolled products	382	523	(141)	(27.0)
Tubular and other steel products	537	795	(256)	(32.3)
Total	**1,729**	**2,207**	**(476)**	**(21.5)**

The segment's revenues from the sale of steel products dropped, due to a decrease of 21.7% in volumes, as well as a decrease of 7.5% in prices. This was mainly attributable to lower demand on the tubular and flat-rolled market.

Revenues from the sale of semi-finished products decreased by 9.9%, due to a decline in sales volumes of 25.0%, following the fulfilment of a contract with a key customer, albeit partly offset by an increase in prices of 15.1%.

Construction product revenues fell by 8.5%, due to a 10.8% reduction in prices, partly offset by a 2.3% increase in sales volumes as a result of improved market conditions.

Railway product revenues fell by 19.5%, driven by a decline in prices of 12.1%, along with lower sales volumes by 8.4%, due to reduced demand driven by the COVID-19 pandemic.

Revenues from flat-rolled products decreased due to declines of 10.6% in prices and of 27.0% in sales volumes, as a result of weakening market demand amid the COVID-19 pandemic.

Revenues from tubular product sales fell by 34.1% year-on-year, due to a drop of 32.5% in volumes. This was driven by as turbulence on the oil and gas markets, which led to falling demand, resulting in the idling of the OCTG mills in Canada and the US.

Steel, North America segment cost of revenues

Steel, North America segment cost of revenues

	2020		2019		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**1,604**	**90.1**	**2,204**	**88.1**	**(27.2)**
Raw materials	454	25.5	686	27.4	(33.8)
Semi-finished products	238	13.4	396	15.8	(39.9)
Auxiliary materials	172	9.7	222	8.9	(22.5)
Services	145	8.2	190	7.6	(23.7)
Staff costs	240	13.5	319	12.8	(24.7)
Depreciation	100	5.6	109	4.4	(8.3)
Energy	90	5.1	117	4.7	(23.1)
Other*	165	9.3	165	6.6	-

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

In 2020, the Steel, North America segment's cost of revenues dropped significantly year-on-year driven by declined sales volumes. The main changes related to:

- Raw material costs fell by 33.8%, primarily because of lower production volumes and lower cost of scrap.
- The cost of semi-finished products was down 39.9%, due to the reduction of consumption at Portland Flat.
- Auxiliary material costs fell by 7.6%, driven by lower production levels at Pueblo and in Canada.
- Service costs went down by 23.7%, driven primarily by lower production volumes and mill idling.
- Staff costs decreased by 24.8%, mostly driven by the idling of OCTG mills in Canada and the US, an overall decrease in production levels for other products and a rotating furlough schedule for salaried employees.
- Energy costs fell by 23.1%, primarily due to reduced production levels and lower natural gas prices.
- Other costs remained broadly flat year-on-year.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$175 million for 2020, down from US$296 million a year earlier. The decline was driven primarily by lower sales volumes for flat-rolled and OCTG, due to worsening market conditions, which was partly offset by lower prices for raw materials, purchased semi-finished products, staff costs, auxiliary materials and services.

Coal segment

Sales review

Coal segment revenues by product

	2020		2019		
	US$ million	**% of total segment revenue**	**US$ million**	**% of total segment revenue**	**Change, %**
External sales					
Coal products	**929**	**62.4**	**1,251**	**61.9**	**(25.7)**
Coking coal	74	4.9	148	7.3	(50.0)
Coal concentrate	853	57.3	1,103	54.6	(22.7)
Steam coal	2	0.2	-	-	100.0
Inter-segment sales					
Coal products	**536**	**35.9**	**730**	**36.1**	**(26.8)**
Coking coal	101	6.8	124	6.1	(18.5)
Coal concentrate	435	29.2	606	30.1	(28.2)
Other revenues	25	1.7	**40**	**2.0**	(37.5)
Total	**1,490**	**100.0**	**2,021**	**100.0**	**(26.3)**

Sales volumes of Coal segment
(thousand tonnes)

	2020	**2019**	**Change**	**Change, %**
External sales				
Coal products	**12,336**	**11,053**	**1,283**	**11.6**
Coking coal	2,233	1,928	305	15.8
Steam coal	37	1	36	n/a
Coal concentrate and other products	10,066	9,124	941	10.3
Intersegment sales				
Coal products	**6,986**	**6,569**	**417**	**6.3**
Coking coal	2,323	2,044	279	13.6
Coal concentrate	4,663	4,525	138	3.3
Total, coal products	**19,322**	**17,622**	**1,700**	**9.6**

Revenues from external sales of coal products fell, amid a 37.3% reduction in prices, partly offset by an 11.6% increase in sales volumes. Coking coal revenues fell by 50.0% and coking coal concentrate revenues dropped by 22.7% amid lower pricing, but were offset in part by higher sales volumes. These were driven by strong demand for coal on the Russian market, as well as growth in demand for coal from China. Long-term partnerships with Japanese, Korean and European clients have minimised the impact of declining demand on these markets.

Revenues from internal sales of coal products were down 26.8%, mainly due to a 33.1% reduction in sales prices, which was partly offset by a 6.3% uptick in volumes. Coking coal volumes rose by 22.4%, due to increased sales of K and KS grades.

In 2020, the Coal segment's sales to the Steel segment amounted to US$537 million (36.0% of total sales), compared with US$730 million (36.1%) in 2019.

During the reporting period, roughly 78.0% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 74.1% in 2019.

Coal segment cost of revenues

Coal segment cost of revenues

	2020		2019		
	US$ million	**% of segment revenue**	**US$ million**	**% of segment revenue**	**Change, %**
Cost of revenues	**1,027**	**68.9**	**1,046**	**51.8**	**(1.8)**
Auxiliary materials	110	7.4	159	7.9	(30.8)
Services	53	3.5	97	4.8	(45.4)
Transportation	294	19.7	351	17.4	(16.2)
Staff costs	200	13.4	223	11.0	(10.3)
Depreciation	163	10.9	171	8.5	(4.7)
Energy	43	2.9	51	2.5	(15.7)
Other*	164	11.0	(6)	(0.3)	100.0

***** *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 decreased by 30.8% due mainly to lower volumes of preparation at third-party plants, the idling of production at the Raspadsky open pit in Q2-Q3 2020, and a decrease in the production volumes at Raspadskaya mine.
- Costs for services dropped by 45.4%, due mainly to lower volumes of preparation at third-party plants, the idling of production at the Raspadsky open pit in Q2-Q3 2020, and a decrease in production volumes at Raspadskaya mine.
- Transportation costs fell by 16.2% during the reporting period, primarily due to the idling of production at the Raspadsky open pit mine in Q2-Q3 2020, the use of in-house transportation equipment instead of third-party contractor equipment, lower volumes shipped.
- Staff costs fell by 10.3% because of lower mining volumes as well as rouble depreciation.
- Other costs increased during the reporting period, mainly due to higher sales of accumulated stock, partially offset by higher work-in-progress, and the lower cost of goods for resale and lower mineral extraction tax payments, due to reduced production levels.

Coal segment gross profit

In 2020, the Coal segment's gross profit was US$464 million, down from US$975 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 2021 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 2020 Annual Report on pages 92 to 95, copies of which are available at https://www.evraz.com/en/investors/reports-and-results/annual-reports/, are relevant in 2021 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 control of EVRAZ; 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 improving the balance sheet/gearing. In 2020, the COVID-19 pandemic brought additional market uncertainties. At the same time, management's actions reduced the impact of this risk on the Group's business and operations
Product competition	EVRAZ mitigates this risk by expanding its product portfolio and penetrating new geographic and product markets. It continuously develops and improves its loyalty and customer focus programmes and initiatives. The Group also implements quality improvement initiatives and strives to increase the share of value-added products.
Cost effectiveness	For both the mining and steelmaking operations, EVRAZ is implementing cost-reduction projects to increase asset competitiveness. The Group's focused investment policy is aimed at reducing and managing the cost base. EVRAZ also seeks to mitigate this risk through the control of its Russian steel distribution network, the development of high value-added products, and the implementation of EVRAZ Business System transformation projects focused on increasing efficiency and effectiveness. In addition, the Group's digital projects help to reduce risks associated with primary equipment and to improve effectiveness. This includes the Advanced Analytics programme, which it launched in 2020 to drive operational efficiency.
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. The Group seeks to monitor potential legislative changes before their introduction, at the point when new laws are being drafted.

Risk	Mitigating/ risk management actions
	EVRAZ has implemented and will further develop procedures to ensure that sanctions requirements are complied with across its operations. While the Group's internal compliance controls address the associated risks, the general uncertainty in the area increases management's focus on this risk. EVRAZ also continuously monitors changes in temporary legislation related to the COVID-19 pandemic.
Functional currency devaluation	While this external risk is mostly outside the Group's ability to control, management works to mitigate its potential impact through proper disclosure and monitoring. EVRAZ also works to reduce the amount of intergroup loans denominated in Russian roubles to limit the possible devaluation effect on its consolidated net income.
HSE: environmental	EVRAZ monitors its environmental risk matrix on a regular basis, and it develops and implements mitigation measures in response to these risks. The top management also devotes greater attention to monthly monitoring of environmental risk trends and factors. The Group implements programmes to reduce air emissions and water use at its plants, as well as to improve its waste management practices. EVRAZ has developed an environmental strategy and has updated its list of projects in accordance with it to achieve strategic goals regarding emissions and waste. The strategy is being implemented through dedicated programmes in each division. Most of the Group's operations are certified under ISO 14001 and work is ongoing to bring the remaining plants in compliance with this international standard. EVRAZ is currently compliant with REACH requirements. The Group has begun to develop a Climate Change Strategy, including performing various scenario analyses and identifying appropriate risks. EVRAZ also participates in the development of GHG emissions regulation in Russia. In addition, the Group has achieved reductions in GHG emissions as a positive side-effect of its energy efficiency projects.
HSE: health and safety	To mitigate these risks, EVRAZ ensures that its management KPIs place significant emphasis on safety performance and the standardisation of critical safety programmes. The Group is implementing an energy isolation programme, further developing a programme of behaviour safety observations to drive a more proactive approach to preventing injuries and incidents, as well as launching a series of health and safety initiatives related to underground mining. Other measures include implementing maintenance and repair modernisation programmes, launching a downtime management system, further developing the occupational safety risk assessment methodology, as well as analysing the effectiveness of corrective measures. In addition, the Group conducts mass testing of personnel for COVID-19 and has introduced reliable barriers to prevent carriers of the virus

Risk	Mitigating/ risk management actions
	from entering its facilities.
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, as well as employee safety training. EVRAZ performs detailed incident cause analyses to develop and implement preventative actions. Records of minor interruptions are reviewed to identify any more significant underlying issues.
Digital effectiveness, as well as effective, efficient and continuous IT service	Digital Transformation is a part of the Group's IT strategy. EVRAZ continuously assesses and monitors information security risks, and it implements mitigation measures upon completion of external assessments by an independent advisor. The Group conducts regular continuity testing for the most critically important IT systems. Successful mitigation measures include launching the IT Security Operation Centre, conducting security awareness training for employees and effectively organising remote work for staff during the COVID-19 pandemic.
Capital projects and expenditure	EVRAZ reviews all proposed capital projects on a risk return basis. The current list of projects has been reviewed and updated. Each project is presented for approval against the Group's risk matrix to assess its potential downside and any possible mitigating actions. EVRAZ has created a list of typical project risks and a database of lessons learned. 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. The Group regularly revisits the key assumptions for its main investment projects and performs scenario analyses, which may result in the suspension and/or postponement of certain projects. EVRAZ also uses 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.

Emerging risks

In addition to principal risks, management pays particular attention to threats that could become significant over a certain time, known as emerging risks. The Group defines these as events that could meaningfully impact EVRAZ' activities and results, but have a lower likelihood of materializing in the next three to five years.

They include:

• Climate change.

• Liabilities incurred due to environmental impairments.

The management works continuously to monitor and manage emerging risks and devise mitigation measures.

DIVIDENDS

Interim dividend

In consideration of EVRAZ robust performance in 2020, EVRAZ Board of Directors has announced an interim dividend. On 24 February 2021, the Board of Directors voted to disburse a total of US$437.1 million, or US$0.30 per share. The record date is 12 March 2021 and payment date is 7 April 2021.

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 15 March 2021. All conversions will take place on or around 17 March 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors whose names and functions are listed on pages 100-103 of the Annual report confirm that to the best of their knowledge:

- the consolidated financial statements of EVRAZ plc, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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

24 February 2021

CONSOLIDATED STATEMENT OF OPERATIONS

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

		Year ended 31 December		
	Notes	2020	2019	2018
Continuing operations				
Revenue				
Sale of goods	3	$ 9,514	$ 11,569	$ 12,525
Rendering of services	3	240	336	311
		9,754	11,905	12,836
Cost of revenue	7	(6,712)	(8,273)	(8,011)
Gross profit		3,042	3,632	4,825
Selling and distribution costs	7	(840)	(966)	(1,013)
General and administrative expenses	7	(552)	(611)	(546)
Social and social infrastructure maintenance expenses		(31)	(26)	(27)
Gain/(loss) on disposal of property, plant and equipment, net		(3)	3	(11)
Impairment of non-financial assets	6	(310)	(442)	(30)
Foreign exchange gains/(losses), net		408	(341)	361
Other operating income		22	22	24
Other operating expenses	7	(65)	(54)	(55)
Profit from operations		1,671	1,217	3,528
Interest income	7	6	8	18
Interest expense	7	(328)	(336)	(359)
Share of profits/(losses) of joint ventures and associates	11	2	9	9
Impairment of non-current financial assets	13	–	(56)	–
Gain/(loss) on financial assets and liabilities, net	7	(71)	17	13
Gain/(loss) on disposal groups classified as held for sale, net	12	1	29	(10)
Other non-operating gains/(losses), net		14	14	2
Profit before tax		1,295	902	3,201
Income tax expense	8	(437)	(537)	(731)
Net profit		$ 858	$ 365	$ 2,470
Attributable to:				
Equity holders of the parent entity		$ 848	$ 326	$ 2,406
Non-controlling interests		10	39	64
		$ 858	$ 365	$ 2,470
Earnings per share for profit attributable to equity holders of the parent entity, US dollars:				
Basic	20	$0.58	$0.23	$ 1.67
Diluted	20	$0.58	$0.22	$ 1.65

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 2020	2019	2018
Net profit		$ 858	$ 365	$ 2,470
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		(894)	757	(1,120)
Exchange differences recycled to profit or loss on disposal of foreign operations	4,12	–	31	63
Net gains/(losses) on cash flow hedges	25	–	27	(3)
Net (gains)/losses on cash flow hedges recycled to profit or loss	7, 25	–	(33)	–
		(894)	782	(1,060)
Effect of translation to presentation currency of the Group's joint ventures and associates	11	(13)	8	(13)
		(13)	8	(13)
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
Gains/(losses) on re-measurement of net defined benefit liability	23	(3)	(15)	28
Income tax effect	8	2	(1)	(6)
		(1)	(16)	22
Total other comprehensive income/(loss), net of tax		(908)	774	(992)
Total comprehensive income/(loss), net of tax		$ (50)	$ 1,139	$ 1,478
Attributable to:				
Equity holders of the parent entity		$ (41)	$ 1,078	$ 1,441
Non-controlling interests		(9)	61	37
		$ (50)	$ 1,139	$ 1,478

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 158-236 were approved by the Board of Directors on 24 February 2021 and signed on its behalf by Alexander Frolov, Chief Executive Officer.

	Notes	31 December 2020	2019	2018
ASSETS				
Non-current assets				
Property, plant and equipment	9	$ 4,314	$ 4,925	$ 4,202
Intangible assets other than goodwill	10	138	185	206
Goodwill	5	457	594	864
Investments in joint ventures and associates	11	79	92	74
Deferred income tax assets	8	245	152	92
Other non-current financial assets	13	26	40	91
Other non-current assets	13	45	55	44
		5,304	6,043	5,573
Current assets				
Inventories	14	1,085	1,480	1,474
Trade and other receivables	15	378	534	835
Prepayments		80	93	113
Loans receivable		–	32	29
Receivables from related parties	16	10	10	11
Income tax receivable		46	53	35
Other taxes recoverable	17	178	175	201
Other current financial assets	18	2	4	35
Cash and cash equivalents	19	1,627	1,423	1,067
		3,406	3,804	3,800
Total assets		$ 8,710	$ 9,847	$ 9,373
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	20	$ 75	$ 75	$ 75
Treasury shares	20	(154)	(169)	(196)
Additional paid-in capital		2,510	2,492	2,480
Revaluation surplus		109	109	110
Unrealised gains and losses	13,25	–	–	6
Accumulated profits		2,187	2,217	3,026
Translation difference		(3,936)	(3,048)	(3,820)
		791	1,676	1,681
Non-controlling interests	32	129	252	257
		920	1,928	1,938
Non-current liabilities				
Long-term loans	22	3,759	4,599	4,186
Deferred income tax liabilities	8	253	352	258
Employee benefits	23	240	271	226
Provisions	24	272	321	222
Lease liabilities	25	57	83	–
Other long-term liabilities	25	102	40	38
		4,683	5,666	4,930
Current liabilities				
Trade and other payables	26	1,264	1,378	1,216
Contract liabilities		314	348	320
Short-term loans and current portion of long-term loans	22	1,078	140	377
Lease liabilities	25	30	34	–
Payables to related parties	16	38	19	122
Income tax payable		108	79	104
Other taxes payable	27	169	153	266
Provisions	24	41	33	35
Amounts payable under put options for shares in subsidiaries	4	65	69	65
		3,107	2,253	2,505
Total equity and liabilities		$ 8,710	$ 9,847	$ 9,373

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		
	2020	2019	2018
Cash flows from operating activities			
Net profit	$ 858	$ 365	$ 2,470
Adjustments to reconcile net profit to net cash flows from operating activities:			
Deferred income tax (benefit)/expense (Note 8)	(142)	5	48
Depreciation, depletion and amortisation (Note 7)	605	578	542
(Gain)/loss on disposal of property, plant and equipment, net	3	(3)	11
Impairment of non-financial assets	310	442	30
Foreign exchange (gains)/losses, net	(408)	341	(361)
Interest income	(6)	(8)	(18)
Interest expense	328	336	359
Share of (profits)/losses of associates and joint ventures	(2)	(9)	(9)
Impairment of non-current financial assets	–	56	–
(Gain)/loss on financial assets and liabilities, net	71	(17)	(13)
(Gain)/loss on disposal groups classified as held for sale, net	(1)	(29)	10
Other non-operating (gains)/losses, net	(14)	(14)	(2)
Allowance for expected credit losses	(2)	3	(1)
Changes in provisions, employee benefits and other long-term assets and liabilities	(17)	–	(16)
Expense arising from equity-settled awards (Note 21)	11	13	15
Other	(1)	(2)	(2)
	1,593	2,057	3,063
Changes in working capital:			
Inventories	250	61	(482)
Trade and other receivables	81	304	(128)
Prepayments	3	26	(48)
Receivables from/payables to related parties	5	(114)	(58)
Taxes recoverable	(30)	29	(24)
Other assets	–	(1)	–
Trade and other payables	(35)	219	108
Contract liabilities	(13)	13	63
Taxes payable	84	(155)	148
Other liabilities	(10)	(9)	(9)
Net cash flows from operating activities	1,928	2,430	2,633
Cash flows from investing activities			
Issuance of loans receivable to related parties	(1)	–	(1)
Issuance of loans receivable	(1)	(9)	(1)
Proceeds from repayment of loans receivable, including interest	1	2	2
Purchases of subsidiaries, net of cash acquired (Note 4)	–	(3)	–
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	4	7	11
Purchases of property, plant and equipment and intangible assets	(647)	(762)	(521)
Proceeds from disposal of property, plant and equipment	6	16	4
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs (Note 12)	11	44	52
Dividends received (Notes 11 and 16)	1	9	6
Other investing activities, net	2	19	(22)
Net cash flows used in investing activities	(624)	(665)	(378)

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		
	2020	2019	2018
Cash flows from financing activities			
Purchases of non-controlling interests (Note 4)	$ (66)	$ (71)	$ (24)
Payments for property, plant and equipment on deferred terms	(10)	–	–
Payments for investments on deferred terms (Note 11)	–	(8)	(11)
Dividends paid by the parent entity to its shareholders (Note 20)	(872)	(1,086)	(1,556)
Dividends paid by the Group's subsidiaries to non-controlling shareholders	(5)	(5)	(1)
Proceeds from bank loans and notes (Note 22)	1,218	2,805	1,412
Repayment of bank loans and notes, including interest (Note 22)	(1,304)	(3,035)	(2,459)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest (Note 22)	(25)	22	–
Restricted deposits at banks in respect of financing activities	1	–	12
Realised gains/(losses) on derivatives not designated as hedging instruments (Note 25)	(11)	22	11
Realised gains/(losses) on hedging instruments (Note 25)	–	(23)	11
Payments under leases, including interest (Note 25)	(33)	(37)	–
Other financing activities, net	–	1	(1)
Net cash flows used in financing activities	(1,107)	(1,415)	(2,606)
Effect of foreign exchange rate changes on cash and cash equivalents	7	6	(48)
Net increase/(decrease) in cash and cash equivalents	204	356	(399)
Cash and cash equivalents at the beginning of the year	1,423	1,067	1,466
Cash and cash equivalents at the end of the year	$ 1,627	$ 1,423	$ 1,067
Supplementary cash flow information:			
Cash flows during the year:			
Interest paid	$ (284)	$ (283)	$ (320)
Interest received	5	7	9
Income taxes paid (included in operating activities)	(536)	(581)	(623)

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 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928
Net profit	–	–	–	–	–	848	–	848	10	858
Other comprehensive income/(loss)	–	–	–	–	–	(1)	(888)	(889)	(19)	(908)
Total comprehensive income/(loss) for the period	–	–	–	–	–	847	(888)	(41)	(9)	(50)
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	7	–	–	–	–	7	(34)	(27)
Change in non-controlling interests due to reorganisation (Note 4)	–	–	–	–	–	45	–	45	(45)	–
Decrease in non-controlling interests due to put options (Note 4)	–	–	–	–	–	(35)	–	(35)	(30)	(65)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	15	–	–	–	(15)	–	–	–	–
Share-based payments (Note 21)	–	–	11	–	–	–	–	11	–	11
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(872)	–	(872)	–	(872)
Dividends declared by the Group's subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2020	$ 75	$ (154)	$ 2,510	$ 109	$ –	$ 2,187	$ (3,936)	$ 791	$ 129	$ 920

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 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.