EVRAZ plc

EVRAZ ANNOUNCES UNAUDITED INTERIM FINANCIAL RESULTS FOR H1 2019

8 August 2019 – EVRAZ plc ("EVRAZ" or "the Group"; LSE: EVR) today announces its unaudited interim results for the six months ended 30 June 2019 ("the Period").

H1 2019 HIGHLIGHTS

- Free cash flow generation remained strong at US$692m (H1 2018: US$661m).
- Consolidated EBITDA totalled US$1,482m, down 22.2% from US$1,906m in H1 2018, driving the EBITDA margin down to 24.1% from 30.0% due to lower vanadium, coal and steel product prices.
- EBITDA effect from cost-cutting and customer focus initiatives amounted to US$150m.
- Total debt dropped by US$112m to US$4,526m (FY2018: US$4,638m), while net debt increased by US$79m to US$3,650m (FY2018: US$3,571m) due to the recognition under the new IFRS 16 Leases standard on the balance sheet of operating leases that were not recognised as a liability under the previous standard.
- Net profit was US$344m, compared with US$1,145m in H1 2018.
- The cash cost of steel and raw materials in Russia was mostly lower:
    - The cash cost of slabs decreased to US$230/t from US$248/t in H1 2018
    - The cash cost of washed coking coal fell to US$34/t from US$47/t in H1 2018
    - The cash cost of iron ore products was nearly flat at US$38/t (H1 2018: US$37/t)
- In Q2 2019 the US lifted the 25% Section 232 tariffs on steel imports from Canada and Canada removed its retaliatory tariffs. The US anti-dumping duty for imports of line pipe (16" or greater) produced in Canada was reduced from 24% to 12%.
- An interim dividend for 2019 of US$508.17m (US$0.35 per share) has been declared, reflecting the Board's confidence in the Group's financial position and outlook.

FINANCIAL HIGHLIGHTS

(US$m)	H1 2019	H1 2018	Change, %
Consolidated revenues	**6,140**	**6,343**	(3.2)
Profit from operations	**913**	**1,731**	(47.3)
Consolidated EBITDA[1]	**1,482**	**1,906**	(22.2)
Net profit	**344**	**1,145**	(70.0)
Earnings per share, basic (US$)	**0.22**	**0.77**	(71.4)
Net cash flows from operating activities	**1,175**	**932**	26.1
CAPEX[1]	**309**	**232**	33.2
	30 June 2019	**31 December 2018**	
Net debt[1]	**3,650**	**3,571**	2.2
Total assets	**9,826**	**9,373**	4.8

[1] *For the definition, see "Definitions of selected alternative performance measures".*

Commenting on the results, EVRAZ' Chief Executive Officer, Alexander Frolov, said:

"We have finished the first half of the year with a set of rather healthy results, supported by positive trends in our key product markets. In Russia, we saw a recovery of the construction activity and, as a result, an increase in the consumption of most of our products.

Our EBITDA reached almost US$1.5 billion, a 22% decline in year-on-year terms, amid depressed vanadium prices and lower average coking coal prices. This resulted in a slight increase of the net debt to LTM EBITDA ratio to 1.1x times as at 30 June 2019, compared with 0.9 times as at 31 December 2018.

The efficiency programme generated US$111 million of additional EBITDA during the period, mostly through productivity growth, yield improvements and numerous savings projects. Together with customer focus initiatives, these amounted to $150 million in total.

Our total CAPEX reached US$309 million. Major investment projects are currently in the equipment supplier selection stage or the engineering phase. Overall, the Group invested US$79 million in development CAPEX in the first half of 2019.

Given the solid results, the Board of Directors are recommending an interim dividend for 2019 of US$0.35 per share, totalling roughly US$508 million, which is in line with the previously announced payout policy.

In the second half of 2019, EVRAZ expects the markets to be volatile. Our financial performance will be supported by the high level of vertical integration, the strength of the Russian steel market and our continuing efforts in efficiency improvements."

FORWARD-LOOKING STATEMENTS

CONFERENCE CALL

A conference call to discuss the results, hosted by **Alexander Frolov**, CEO, and **Nikolay Ivanov**, CFO, will be held on Thursday, 8 August 2019, at:

3 pm (London time)

5 pm (Moscow time)

10 am (New York time)

To join the call, please dial:

+44 (0)330 336 9411	UK
+7 495 646 9190	Russia
+1 929 477 0402	US

Conference ID: 6506107

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

The presentation for the call will be available on the Group's website, www.evraz.com, on Thursday, 8 August 2019, at the following link:

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

An MP3 recording will be available on Friday, 9 August 2019, at the following link:

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

TABLE OF CONTENTS

STRATEGIC GOALS IN 2019

EVRAZ remains committed to its strategy of maintaining leadership in infrastructure steel products with low-cost production along the value chain. The strategy focuses on five success factors: health, safety and the environment (HSE); human capital; customer focus; asset development; and the EVRAZ Business System.

HEALTH, SAFETY AND ENVIRONMENT

Employees' health and safety are and always will be EVRAZ' foremost priority. The Group strives to maintain a lost-time injury frequency ratio (LTIFR) of less than 1.0. During the period, EVRAZ focused on implementing its safety leadership development programme and risk management system, which together will serve as the basis for improving its safety culture. The Group has finished analysing its HSE system as the first step in a transformation programme, set to be launched in H2 2019 that aims to make cardinal changes in the safety culture. The LTIFR trend was negative compared with the same period last year at 2.07x in H1 2019 versus 1.76x in H1 2018. Tragically, there were 13 fatal accidents, including ten employees and three contractors in H1 2019. The most serious incident happened in February at the Raspadsky open pit, where eight employees died in an accident involving a crew bus in a quarry. EVRAZ remains committed to its ultimate goal of reaching zero fatalities at all sites.

HUMAN CAPITAL

The Group believes that the engagement and competence of its employees are the foundation for continuous improvement at its operations. During the period, EVRAZ continued its existing development programmes and launched several new initiatives. The Top-300 programme, a transformative journey for mine directors and shop superintendents, has finished its first wave of participants and proved to be successful. The next wave will start in October 2019 and will involve more than 100 people. EVRAZ has also conducted information days in May at almost every plant to communicate its strategy and performance results. Given the development plans for the coal business and various important investment projects ongoing, special recruitment centres have been established in the Coal and Siberia divisions. Among other new initiatives, a mentorship programme is ramping up at production facilities to teach more experienced workers how to mentor their junior colleagues. To better align salaries with performance, a new motivation system has been developed so employees can be paid more for reaching ambitious production targets. By the end of H1 2019, total headcount was 67,813. Labour productivity for steel products per person was 387t in the period, compared with 368t in H1 2018.

CUSTOMER FOCUS

EVRAZ strives to develop new types of products and secure its market shares to ensure that it remains the leading producer of infrastructure steel.

The Group continued to develop its programme aimed at promoting demand for beams and structural products in construction and improving the availability of its products to clients. EVRAZ' sales of beams climbed from 290kt in H1 2018 to 345kt in H1 2019.

Another major initiative of EVRAZ is a joint client project with Russian Railways. New types of services and technical requirements are being developed through the collaboration between the two companies. The Group strives to continuously provide better railway products and has posted a national record for its rails from EVRAZ ZSMK of 1.5 billion tonne-kilometres in gross tonnage moved at Russian Railways' research and development facility. EVRAZ' sales of rails from its Russian mills grew from 463kt in H1 2018 to 493kt in H1 2019.

The Russian steel market saw significant growth during the period of 10 -15% for major construction products, supported by a recovery on the real estate market. EVRAZ maintained strong market shares for key products of 68% in beams, 39% in structural products, 30% in railway wheels and 83% in rails.

On the coal market, the Group is expanding its shipments to export destinations after ramping up mining volumes. In addition to shipments via ports in Russia's Far East, EVRAZ is also increasing shipments to Baltic ports to meet client needs. In the period, the Group's sales to India, China and Vietnam rose. Total export sales grew from 3.9mt in H1 2018 to 4.2mt in H1 2019.

Given the strong demand for large-diameter energy pipe in the US and Canada, EVRAZ made a significant effort to boost its sales to the market. The re-launch of EVRAZ Portland's spiral mill and addition of EVRAZ Regina's Mill-5, gives the Group capacity to profitably serve both the US and Canadian markets. Another two positive catalysts for the Group's business were the elimination of US Section 232 tariffs and Canadian retaliatory tarrifs between the two countries, as well as the reduction in US anti-dumping duties from 24% to 12% for line pipe in sizes greater than 16 inches imported into the US from Canada. Sales of large-diameter pipe (LDP) climbed from 76kt in H1 2018 to 157kt in H1 2019. While the domestic rail market was stable, EVRAZ was able to increase its sales from 202kt in H1 2018 to 221kt in H1 2019. Market share reached 40%, up from 38% in H1 2018.

In the vanadium segment, EVRAZ retained its target market shares in core regions during the period (30-35% in the EU, 10-15% in the US and 95% in the CIS) and further expanded its customer base in Asia and South America. The Group lowered the share of long-term contracts from 75% in H1 2018 to 70% to improve its participation on the spot market.

Altogether, customer focus initiatives generated additional EBITDA of US$39m during the period, mainly due to sales efforts in beams, grinding balls and vanadium, as well as to improvements in logistics efficiency.

ASSET DEVELOPMENT

EVRAZ focuses on developing its asset base through its annual efficiency improvement programme, which consists mainly of investment projects and operational improvements. During the period, the Group has been working on the announced investment programme, as well as on operational target setting for every stage of production. In H1 2019, internal and external benchmarking were performed and medium- and long-term technical KPI targets were set at most plants. The efficiency programme generated US$111m of additional EBITDA during the period, mostly through productivity growth, yield improvements and numerous savings projects.

Major announced projects, including the rail and beam mill modernisation and continuous casting machine no. 5 at EVRAZ NTMK, integrated flat casting and rolling complex at EVRAZ ZSMK, and long rail mill at EVRAZ Pueblo, are currently in the equipment supplier selection stage or the engineering phase.

In the Steel segment, EVRAZ has started reconstruction work at EVRAZ NTMK's blast furnace no. 6. Blast furnace no. 7, which was launched last year, reached its average monthly production target of 215kt. The Group also started stripping and infrastructure work for the development of the new Sobstvenno-Kachkanarskoye iron ore deposit at EVRAZ KGOK to ensure the long-term stability of mining volumes. The new deposit has higher iron and vanadium content than the existing Gusevogorskoye deposit.

In the Coal division, the Group is ramping up mining volumes at its existing Raspadskaya and Yuzhkuzbassugol facilities. The full-scale transition from room-and-pillar mining to longwall mining at Raspadskaya-Koksovaya and the open pit of the same mine will help to reach record volumes of 1.7mt by the end of the year. The Raspadskaya mine is expected to add 1mt by the end of the year due to increased efficiency.

At EVRAZ North America, EVRAZ Regina's steel and tubular operations are working at their target parameters. During the period, EVRAZ Regina's crude steel production reached 508kt, up 4% from 488kt in H1 2018. EVRAZ' LDP production (including EVRAZ Portland's operations) reached 159kt, up 52% from 105kt in H1 2018. EVRAZ Pueblo's newly launched seamless threading line is ramping up and is expected to reach the planned capacity of 120ktpa by the end of the year.

Overall, the Group invested US$79m in development CAPEX in H1 2019.

EVRAZ BUSINESS SYSTEM

The EVRAZ Business System (EBS) methodology focuses on target setting, staff development, management system support, corporate culture, and process and infrastructure improvements. EBS transformations serve as the foundation that creates the infrastructure for continuous improvement at every shop of the plant.

In H1 2019, new transformations were launched at EVRAZ ZSMK's electric arc furnace and rail mill, Evrazruda's Tashtagol mine, EVRAZ NTMK's steelmaking shop, and throughout EVRAZ KGOK's entire production chain. Another new area for EBS is the logistics segment, including automobile and railway haulage. By the end of the year, EVRAZ plans to implement 38 active phases of EBS transformations in production areas, including 20 in the Siberia division, 14 in the Urals division and four in the Coal division.

MARKET OUTLOOK

GLOBAL MARKETS

In H1 2019, global steel markets had a softer start in most regions of the world than in H1 2018. Steel prices, based on hot-rolled coil (HRC) FOB China contracts, dropped by 12% to US$523/t in H1 2019 from US$595/t in H1 2018 amid high inventory levels and production. In H1 2019, YoY steel production growth in China outpaced apparent steel use growth. At the beginning of the year, the Chinese government introduced several measures to support the economy, the effect of which became noticeable on steel markets in the middle of H1 2019, driving prices to recover. China also continues to impose output restrictions in its main steelmaking provinces to curb environmental pollution levels, not limiting them to the winter season. Meanwhile, global trade protectionism has helped to improve conditions for local producers, in particular on the US and EU markets, supporting capacity expansion.

In H1 2019, Chinese steel export volumes remained relatively stable compared with H1 2018, edging up by only 2% to 36mt. Apparent steel use in China grew by 11% YoY to 456mt due to higher than expected growth of fixed asset investment in the real estate sector.

Iron ore prices surged, breaching the US$100/t threshold in June for the first time since 2014. Vale's tragic dam accident that took place in Minas Gerais, Brazil, in January 2019 had a significant impact on the global iron ore market. As a result, Vale's iron ore production is expected to fall by around 60mt in 2019. There were also significant weather disruptions in northern Brazil and Australia, while Rio Tinto announced that it would reduce its output by some 20mt in 2019 due to operational challenges. The supply reduction, coupled with all these events, continues to push iron ore prices higher. In H1 2019, iron ore prices averaged US$91/t, up 31% from US$69/t in H1 2018. Chinese iron ore import volumes descended by 5% to 504mt due to the reduction in supply, which in turn was offset by a large increase in ore mining in China.

Coking coal prices remain high, primarily due to the tight supply and healthy demand. Coal supply from Australia was lower than expected at the beginning of the year amid harsh weather and logistical constraints. Hard coking coal prices (FOB Australia) edged down by 3% to US$202/t, compared with US$208/t in H1 2018. This led the spread between hard coking coal and semi-soft coking coal to expand by 15% during the period to almost US$100/t. The major reasons for this are the shortage of hard coking coal and partial correlation of semi-soft prices with steam coal, demand for which fell during the period. Chinese coking coal imports jumped by 30% to 38.5mt due to high levels of steel production.

In H1 2019, the average MB FeV price dropped by 14% to US$56.3/kgV, compared with US$65.5/kgV in H1 2018 (and down 42% from US$97.2/kgV in H2 2018). Global vanadium demand was estimated at around 46.4 thousand mtV in the period, up 7% YoY as a result of strong consumption growth from rebar producers in China, which was partly compensated by a sharp decline in demand from the steel industry outside China. The historically high price levels in 2017-18 led, particularly in China, to a 20% growth of vanadium production YoY in H1 2019. Together with heavy destocking by end users, this has swung the market into oversupply, pushing FeV prices down to US$30-40/kgV in Q2 2019. However, lower vanadium prices are stimulating demand from steelmakers and vanadium redox flow battery producers, which will re-balance supply and demand in the medium term.

RUSSIAN STEEL

In H1 2019, Russian steel consumption grew by 11% YoY to 22.5mt, mainly driven by growth in long and flat products.

Demand for long steel surged by 12%. In the railway segment, demand for wheels grew by a further 18% in H1 2019, driven by the continued elevated demand from new railcar producers and the higher number of overhauls due to growth in cargo turnover. Rail consumption edged down by 1% YoY. In construction steel, the beam market expanded by 12% and demand for rebar and wire rod climbed by 16% and 13%, respectively, while demand for structural products rose by 11%. Demand for construction steel is supported first by the renovation of the housing stock in Moscow and, second, by changes in the financing of housing construction that have compelled developers to try to complete their existing projects in a short time.

In H1 2019, Russian steel export volumes fell by 13% YoY to 13.4mt and domestic crude steel output remained at 36.2mt.

Overall, Russian steel prices followed trends on the global steel market. The CPT Moscow rebar price averaged US$488/t in the period, down 3% YoY. The price for channels fell by 20% to US$598/t, compared with US$750/t in H1 2018. Based on the CPT Moscow benchmark, HRC prices averaged US$553/t, down 9% from US$608/t in H1 2018, and plates averaged US$561/t, down 10% from US$622/t in H1 2018.

NORTH AMERICA

In H1 2019, steel product consumption on the US market inched up by 1% to 54.1mt, compared with 53.4mt in H1 2018. Demand for long products increased by 14% YoY during the period, while consumption of flat and tubular products dropped by a respective 5% and 1%. Demand for oil country tubular goods (OCTG) pipes dropped by 6% to 2.2mt amid high inventory levels and pipeline constraints. Demand for LDP in North America was strong in H1 2019 and is expected to remain high in H2 2019. US pipeline demand is currently at record levels to keep pace with unprecedented crude and natural gas production. Plate demand in the US was down by 8%, while rod and bar demand increased by 16%. On 17 May 2019, the US and Canada reached a deal to remove US Section 232 tariffs on steel and aluminium, as well as Canada's retaliatory steel tariffs, which will have a positive impact on EVRAZ' sales.

In H1 2019, steel imports fell by a further 11% to 14.3mt, compared with 16.1mt in H1 2018. While domestic steel production rose by 6% to 44.7mt, many local producers announced new projects, especially in the flat segment.

US steel prices were up in YoY terms, as the effect from the introduction of duties under Section 232 continues to be felt. Average prices increased by 8% to US$1,012/t for plate, by 7% to US$1,480/t for OCTG and by 8% to US$793/t for rebar.

COAL

In H1 2019, Russian coking coal concentrate consumption grew by 2% YoY to 18.5mt. While no significant changes are expected on the Russian coking coal market, small fluctuations in consumption are possible due to the scheduled repairs of blast furnaces at Russian mills and changing demand for coke.

During the period, China imposed port restrictions on Australian coal that positively influenced export growth from Russia, pushing coking coal export up 33% to 14mt.

Total Russian coking coal mining volumes climbed by 11% YoY to 45.9mt amid rising mining volumes at the Uvalnaya mine and the commissioning of the Yubileinaya mine's second stage.

Global coking coal prices peaked in 2018 and the economic cycle is now entering a phase of decline due to a slowdown in supply and demand, and Russian prices are following the international benchmarks. In H1 2019, prices for premium Zh-grade coking coal averaged US$157/t FCA Kuzbass, down 8% from US$170/t in H1 2018. Prices for semi-hard GZh-grade coking coal also fell by 8% YoY to US$110/t.

2019 YEAR-END OUTLOOK

In H2 2019, EVRAZ expects trends in key product markets to remain in place with no significant deviations expected. The Group will remain focused on implementing efficiency improvement initiatives, executing planned investment projects to schedule and generating returns for all our stakeholders.

FINANCIAL REVIEW

STATEMENT OF OPERATIONS

In H1 2019, EVRAZ' consolidated revenues declined by 3.2% to US$6,140m, compared with US$6,343m in H1 2018, primarily due to lower sales prices for semi-finished, construction and coal products, as well as reduced prices and volumes for vanadium products.

EVRAZ' consolidated EBITDA amounted to US$1,482m in the period, compared with US$1,906m in H1 2018, bringing the EBITDA margin down from 30.0% to 24.1%, while free cash flow increased to US$692m. The decrease in EBITDA is primarily attributable to lower prices for vanadium, semi-finished and construction products, as well as higher prices for raw materials, including iron ore, scrap and ferroalloys. This was partly offset by reduced expenses in US dollar terms because of the effect that ruble weakening had on costs in H1 2019 versus H1 2018, as well as the impact of cost-cutting initiatives on efficiency.

In H1 2019, the Steel segment's revenues (including inter-segment) dropped by 6.0% YoY to US$4,159m, or 60.7% of the Group's total before elimination. The decrease was mainly attributable to lower revenues from sales of steel products, which fell by 7.0% YoY and to a downturn in average sales prices which was underpinned by unfavourable market conditions. The Group's lower revenues from sales of steel products were partly offset by higher sales volumes, which increased from 5.9mt in H1 2018 to 6.0mt in H1 2019 following the increase in production volumes at Russian mills amid higher demand.

In H1 2019, revenues from the Steel, North America segment increased by 14.3% YoY. Steel product revenues went up by 16.7%, 4.7% increase was attributed to the higher prices and 12.0% to the improved sales volumes. The key growth driver was greater demand for semi-finished, railway and other steel products.

The Coal segment's revenues declined by 9.3% YoY, 11.3% decline was largely attributed to a slip in coal product sales prices, which was partly offset by a 2.6% uptick in coal product sales volumes. Coal prices followed the downward trend set by global benchmarks in the period.

In H1 2019, the Steel segment's EBITDA decreased due to lower prices for vanadium, semi-finished and construction products, and higher prices for raw materials, including iron ore, scrap and ferroalloys. This was partly offset by lower expenses in US dollar terms due to the effect that ruble weakening had on costs; and the impact of cost-cutting initiatives implemented in the period.

The Steel, North America segment's EBITDA was driven by greater revenues from sales of semi-finished, railway and other steel products, partly offset by higher costs of purchased semi-finished products and staff costs.

The Coal segment's EBITDA was down YoY amid lower coal product sales prices and higher transportation costs, partly offset by the impact of cost-cutting initiatives and lower expenses in US dollar terms due to the effect that ruble weakening had on costs.

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

Revenues,
(US$m)

Segment	**H1 2019**	**H1 2018**	**Change**	**Change, %**
Steel	4,159	4,425	(266)	(6.0)%
Steel, North America	1,316	1,151	165	14.3%
Coal	1,128	1,244	(116)	(9.3)%
Other operations	249	279	(30)	(10.8)%
Eliminations	(712)	(756)	44	(5.8)%
Total	**6,140**	**6,343**	**(203)**	**(3.2)%**

Revenues by region,
(US$m)

Region	H1 2019	H1 2018	Change	Change, %
Russia	2,152	2,309	(157)	(6.8)%
Americas	1,451	1,399	52	3.7%
Asia	1,438	1,331	107	8.0%
CIS (excl. Russia)	474	454	20	4.4%
Europe	576	703	(127)	(18.1)%
Africa and rest of the world	49	147	(98)	(66.7)%
Total	**6,140**	**6,343**	**(203)**	**(3.2)%**

EBITDA*,
(US$m)

Segment	H1 2019	H1 2018	Change	Change, %
Steel	949	1,258	(309)	(24.6)%
Steel, North America	60	40	20	50.0%
Coal	518	670	(152)	(22.7)%
Other operations	9	10	(1)	(10.0)%
Unallocated	(67)	(65)	(2)	3.1%
Eliminations	13	(7)	20	n/a
Total	**1,482**	**1,906**	**(424)**	**(22.2)%**

**For the definition of EBITDA, please refer to Annex 1*

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

Effect of Group's cost-cutting initiatives in H1 2019
(US$m)

Improving yields and raw material costs, including	**43**
Improving yields and raw material costs of Urals and Siberia divisions	27
Various improvements at coal beneficiating plants and mines	11
Improving yields and raw material costs of North American assets and other assets	5
Increasing productivity and cost effectiveness	**67**
Others, including	**1**
Reduction of general and administrative (G&A) costs and non-G&A headcount	1
Total	**111**

Revenues, cost of sales and gross profit by segment,

(US$m)

	H1 2019	**H1 2018**	**Change, %**
Steel segment			
Revenues	4,159	4,425	(6.0)%
Cost of sales	(2,958)	(2,912)	1.6%
Gross profit	*1,201*	*1,513*	(20.6)%
Steel, North America segment			
Revenues	1,316	1,151	14.3%
Cost of sales	(1,153)	(1,018)	13.3%
Gross profit	*163*	*133*	22.6%
Coal segment			
Revenues	1,128	1,244	(9.3)%
Cost of sales	(543)	(533)	1.9%
Gross profit	*585*	*711*	(17.7)%
Other operations – *gross profit*	54	55	(1.8)%
Unallocated – *gross profit*	(6)	(5)	20.0%
Eliminations – *gross profit*	(40)	(61)	(34.4)%
Total	**1,957**	**2,346**	**(16.6)%**

Gross profit, expenses and results,

(US$m)

Item	H1 2019	H1 2018	Change	Change, %
Gross profit	**1,957**	**2,346**	**(389)**	**(16.6)%**
Selling and distribution costs	(446)	(443)	(3)	0.7%
General and administrative expenses	(282)	(274)	(8)	2.9%
Impairment of non-financial assets	(17)	(20)	3	15.0%
Foreign-exchange gains/(losses), net	(273)	147	(420)	n/a
Other operating income and expenses, net	(26)	(25)	(1)	4.0%
Profit from operations	**913**	**1,731**	**(818)**	**(47.3)%**
Interest expense, net	(166)	(180)	14	(7.8)%
Share of losses of joint ventures and associates	5	5	-	0.0%
Impairment of non-current financial assets	(56)	-	(56)	n/a
Gain/(loss) on financial assets and liabilities, net	(7)	3	(10)	n/a
Loss on disposal groups classified as held for sale, net	-	(10)	10	(100.0)%
Other non-operating losses, net	1	(6)	7	n/a
Profit before tax	**690**	**1,543**	**(853)**	**(55.3)%**
Income tax benefit/(expense)	(346)	(398)	52	(13.1)%
Net profit	**344**	**1,145**	**(801)**	**(70.0)%**

In H1 2019, selling and distribution expenses edged up slightly amid higher freight rates, mainly due to increased sales at EVRAZ North America, and greater port charges due to larger quantities shipped under CIF/CFR terms in 2019. This was partly offset by the effect of Section 232 duties on sales to the US amid a reduction in tariff costs as a result of a customer receiving a tariff exemption from the US government. General and administrative expenses rose by 2.9%, mainly due to higher staff costs at EVRAZ North America amid an overall increase in salaries and wages, as well as at Raspadskaya due to a headcount increase and wage indexation. This was partly offset by the effect that the ruble depreciation had on costs.

Foreign exchange losses amounted to US$273m, mainly related to intra-group loans denominated in rubles payable by EVRAZ plc to the Russian subsidiaries. The appreciation of the Russian ruble against the US dollar in H1 2019 led to exchange losses recognised in the income statements of non-Russian subsidiaries, which are not offset by the exchange gains recognised in the income statements of the Russian subsidiaries.

Interest expenses incurred by the Group decreased, mainly due to the gradual reduction of total debt, as well as the management's efforts to refinance existing indebtedness at more favourable terms during the reporting period. The interest expense amounted to US$166m in the period, compared with US$180m in H1 2018.

For the reporting period, the Group had an income tax expense of US$346m, compared with US$398m in H1 2018. The change reflects the worse operating results, and is affected by accrual of income tax expense for distributed and undistributed dividends.

Cash flow,

(US$m)

Item	H1 2019	H1 2018	Change	Change, %
Cash flows from operating activities before changes in working capital	1,224	1,526	(302)	(19.8)
Changes in working capital	(49)	(594)	545	(91.8)
Net cash flows from operating activities	**1,175**	**932**	**243**	**26.1**
Short-term deposits at banks, including interest	4	7	(3)	(42.9)
Purchases of property, plant and equipment and intangible assets	(309)	(226)	(83)	36.7
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	–	41	(41)	(100)
Proceeds from sale of other investments	–	92	(92)	(100)
Other investing activities	4	(15)	19	n/a
Net cash flows used in investing activities	**(301)**	**(101)**	**(200)**	**n/a**
Net cash flows used in financing activities	**(1,081)**	**(1,391)**	**310**	**(22.3)**
Effect of foreign-exchange rate changes on cash and cash equivalents	16	(4)	20	n/a
Net increase/(decrease) in cash and cash equivalents	**(191)**	**(564)**	**373**	**(66.1)**

Calculation of free cash flow,*

(US$m)

Item	H1 2019	H1 2018	Change	Change, %
EBITDA	1,482	1,906	(424)	(22.2)
EBITDA excluding non-cash items	**1,487**	**1,899**	**(412)**	**(21.7)**
Changes in working capital	(49)	(594)	545	(91.8)
Income tax accrued	(253)	(360)	107	(29.7)
Social and social infrastructure maintenance expenses	(10)	(13)	3	(23.1)
Net cash flows from operating activities	**1,175**	**932**	**243**	**26.1**
Interest and similar payments	(177)	(158)	(19)	12.0
Capital expenditures, including recorded in financing activities and non-cash transactions	(309)	(232)	(77)	33.2
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	–	41	(41)	(100)
Other cash flows from investing activities	3	78	(75)	(96.2)
Free cash flow	**692**	**661**	**31**	**4.7**

**For the definition of free cash flow, please refer to Annex 2.*

In H1 2019, net cash flows from operating activities climbed by 26.1% YoY to US$1,175m, driven by stable level in working capital.

CAPEX AND KEY PROJECTS

During the reporting period, EVRAZ' capital expenditures rose to US$309m, compared with US$232m in H1 2018, driven by significant maintenance expenses.

Capital expenditures (including those recognised in financing activities) for H1 2019 in millions of US dollars can be summarised as follows.

(US$m)	
Steel segment	
Tashtagol mine expansion The project aim is to increase Tashtagol mining volumes.	5
Technical re-equipment of air heaters of blast furnace no. 2 Technical re-equipment of air heaters of EVRAZ ZSMK's blast furnace no. 2 aimed at increasing efficiency.	5
Blast furnace no. 7 construction at EVRAZ NTMK The project aim is to maintain stable pig iron production volumes during the capital repair of blast furnace no. 6.	4
Steel, North America segment	
Long rail mill at EVRAZ Pueblo The project aim is to maintain technical leadership and continue shifting to a higher value product mix with production of 100-metre rails.	7
EVRAZ Red Deer heat treatment The project aim is to develop heat treatment capability to access a higher margin market.	5
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.	12
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.	4
Other development projects	37
Maintenance – reconstruction of blast furnace no. 6 at EVRAZ NTMK	35
Other maintenance	195
Total	**309**

FINANCING AND LIQUIDITY

EVRAZ began 2019 with total debt of US$4,638m. The Group used its accumulated cash and part of its cash flows generated in the period to further reduce total debt and completed several transactions to extend its maturity profile.

In March, EVRAZ completed 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, which are in line with those of Evraz Group S.A. prior to the transaction.

In April, EVRAZ plc issued a US$700m 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. With a series of these transactions, EVRAZ effectively shifted 2020 maturities to 2024.

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

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

At 1 January 2019, as a result of the application of a new accounting standard, the Group recognised US$118m of lease liabilities, which at recognition increased total debt. 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 Statement of Financial Position.

These actions together with scheduled repayments of bank loans reduced total debt in H1 2019 by US$112m to US$4,526m as at 30 June 2019.

In H1 2019, EVRAZ paid an interim dividend to its shareholders in the amount of US$577m (US$0.40 per share).

During H1 2019, net debt increased by US$79m to US$3,650m, compared with US$3,571m as at 31 December 2018, driven by the recognition of lease liabilities under the new accounting standard. Interest expense accrued in respect of loans, bonds and notes amounted to US$148m in the period, compared with US$167m in H1 2018. The lower interest expense was mainly due to a gradual reduction of total debt, as well as the management's efforts to refinance existing indebtedness at more favourable terms.

A decline of EBITDA in H1 2019 compared with H1 2018 resulted in a slight increase of the Group's major leverage metric, the ratio of net debt to LTM EBITDA, to 1.1 times as at 30 June 2019, compared with 0.9 times as at 31 December 2018.

As at 30 June 2019, debt with financial maintenance covenants comprised various bilateral facilities with a total outstanding principal of around US$1,008m. 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 30 June 2019, EVRAZ was in full compliance with its financial covenants.

As at 30 June 2019, cash amounted to US$876m, while short-term loans and the current portion of long-term loans stood at US$107m. Total scheduled debt maturities over the next 18 months are US$44m, which are comfortably covered by cash balances.

RECENT DEVELOPMENTS

On 5 August 2019, EvrazHolding Finance LLC, a finance subsidiary of the Group, issued RUB20,000m (around US$317m 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 ruble-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.

REVIEW OF OPERATIONS BY SEGMENT

(US$m)	Steel		Steel, NA		Coal		Other	
	H1 2019	H1 2018	**H1 2019**	H1 2018	**H1 2019**	H1 2018	**H1 2019**	H1 2018
Revenues	**4,159**	4,425	**1,316**	1,151	**1,128**	1,244	**249**	279
EBITDA	**949**	1,258	**60**	40	**518**	670	**9**	10
EBITDA margin	**22.8%**	28.4%	**4.6%**	3.5%	**45.9%**	53.9%	**3.6%**	3.6%
CAPEX	**135**	134	**63**	35	**109**	60	**2**	3

STEEL SEGMENT

Sales review

Steel segment revenues by product	H1 2019		H1 2018		
	US$m	**% of total segment revenues**	**US$m**	**% of total segment revenues**	**Change, %**
Steel products, external sales	**3,201**	**77.0%**	**3,443**	**77.8%**	**(7.0)%**
Semi-finished products[1]	1,206	29.0%	1,346	30.4%	(10.4)%
Construction products[2]	1,059	25.5%	1,188	26.8%	(10.9)%
Railway products[3]	554	13.3%	484	10.9%	14.5%
Flat-rolled products[4]	204	4.9%	217	4.9%	(6.0)%
Other steel products[5]	178	4.3%	208	4.7%	(14.4)%
Steel products, intersegment sales	**158**	**3.8%**	**174**	**3.9%**	**(9.2)%**
Including sales to Steel, North America	152	3.7%	164	3.7%	(7.3)%
Iron ore products	**124**	**3.0%**	**87**	**2.0%**	**42.5%**
Vanadium products	**410**	**9.9%**	**466**	**10.5%**	**(12.0)%**
Other revenues	**266**	**6.4%**	**255**	5.8%	4.3%
Total	**4,159**	**100.0%**	**4,425**	**100.0%**	**(6.0)%**

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

Sales volumes of Steel segment (kt)	**H1 2019**	**H1 2018**	**Change, %**
Steel products, external sales	**5,730**	**5,602**	**2.3%**
Semi-finished products	2,572	2,505	2.7%
Construction products	1,837	1,809	1.5%
Railway products	710	658	7.9%
Flat-rolled products	323	310	4.2%
Other steel products	288	320	(10.0%)
Steel products, intersegment sales	**301**	**303**	**(0.7%)**
Total steel products	**6,031**	**5,905**	**2.1%**
Vanadium products (tonnes of pure vanadium)	**8,620**	**9,270**	**(7.0%)**
Vanadium in slag	2,836	2,814	0.8%
Vanadium in alloys and chemicals	5,784	6,456	(10.4%)
Iron ore products[1]	**1,234**	**1,558**	**(20.8%)**
Sinter	533	465	14.6%
Pellets	699	1,089	(35.8%)
Other iron ore products	2	4	(50.0%)

[1] The H1 2018 data have been adjusted

Geographic breakdown of external steel product sales	**US$m**			**kt**		
	H1 2019	**H1 2018**	**Change, %**	**H1 2019**	**H1 2018**	**Change, %**
Russia	1,603	1,672	-4.1%	2,537	2,493	1.8%
Asia	939	869	8.1%	2,002	1,616	23.9%
Europe	272	367	-25.9%	499	608	(17.9)%
CIS (excl. Russia)	280	244	14.8%	469	347	35.2%
Africa, America and the rest of the world	107	291	-63.2%	223	538	(58.6)%
Total	**3,201**	**3,443**	**-7.0%**	**5,730**	**5,602**	**2.3%**

In H1 2019, revenues from the Steel segment dropped by 6.0% to US$4,159m, compared with US$4,425m in H1 2018. This resulted from lower sales prices, primarily for semi-finished and construction products, as well as lower vanadium product prices and volumes.

Revenues from external sales of semi-finished products fell by 10.4%, a 13.1% reduction was attributed to average prices decline, which was partly offset by a 2.7% increase which was attributed to higher sales volumes. The decrease was mainly due to lower export prices for billets on the African, European and US markets and lower export prices for slabs on the US market.

Revenues from sales of construction products to third parties went down by 10.9%, a 12.4% decline was attributed to lower average prices. Prices were lower for rebar and channels on the Russian and European markets, rebar and wire rods in Asia, and channels and wire in the CIS, while sales volumes of channels to Africa were also down. This was partly offset by an increase in sales volumes of rebars (by 5.6%) and beams (by 23.0%), primarily on the CIS and Russian markets.

Revenues from external sales of railway products rose, 7.9% increase was attributed predominantly to increases in volumes and 6.6% increase was attributed to the higher prices. A key driver of higher prices and sales volumes of railway products during the reporting period was greater demand for wheels and other railway products on the Russian market and better demand for rails in the CIS and African markets, albeit partly offset by lower rail export volumes to the US market.

External revenues from flat-rolled products dropped by 6.0%, a 10.2% decrease was driven by sales prices, while a 4.2% increase was attributed to the higher sales volumes amid an improving situation on the Russian market. This resulted from strengthening demand in Russia and greater production volumes at EVRAZ Palini e Bertoli.

Revenues from external steel product sales in Russia decreased by 4.1% YoY, primarily due to lower prices, which was partly offset by greater demand. The share of the Russian market in total external steel product sales edged up from 48.6% in H1 2018 to 50.1% in H1 2019. The increase in Asia's share of sales from 25.3% to 29.3% was due to higher sales volumes for billets and slab. The growing share of sales to Russia and Asia was also due to a shift from the European and US markets.

Steel segment revenues from sales of iron ore products, including intersegment sales, surged by 42.5%, a 63.3% jump was driven by sales prices, while a 20.8% decrease was attributed to slide in sales volumes. The main decrease in sales volumes was mainly due to lower volumes of pellets on the Russian market amid reduced demand.

In the reporting period, around 69.1% of EVRAZ' iron ore consumed in steelmaking came from its own operations, compared with 67.0% in H1 2018.

Steel segment revenues from sales of vanadium products, including intersegment sales, decreased by 12.0%, a 5.0% decline was attributed to the slide in average prices and 7.0% decline was attributed to lower sales volumes as a result of reduced consumption in the large-diameter pipe segment and FeV substitution with Niobium, as well as lower frame sales in North America in 2019.

Steel segment cost of revenues

Steel segment cost of revenues

	H1 2019		H1 2018		
	US$m	% of segment revenues	US$m	% of segment revenues	Change, %
Cost of revenues	**2,958**	**71.1%**	**2,912**	**65.8%**	**1.6%**
Raw materials	1,351	32.5%	1,358	30.7%	(0.5)%
Iron ore	*254*	*6.1%*	211	4.8%	*20.4%*
Coking coal	*583*	*14.0%*	649	14.7%	*(10.2)%*
Scrap	*290*	*7.0%*	268	6.1%	*8.2%*
Other raw materials	*224*	*5.4%*	230	5.2%	*(2.6)%*
Auxiliary materials	166	4.0%	165	3.7%	0.6%
Services	131	3.1%	130	2.9%	0.8%
Transportation	230	5.5%	223	5.0%	3.1%
Staff costs	250	6.0%	263	5.9%	(4.9)%
Depreciation	120	2.9%	119	2.7%	0.8%
Energy	220	5.3%	232	5.2%	(5.2)%
Other*	490	11.8%	422	9.5%	16.1%

**Includes primarily goods for resale, inter-segment unrealised profit and certain taxes, semi-finished products and allowances for inventories*

In H1 2019, the Steel segment's cost of revenues was almost flat YoY, although there were changes in the amounts of constituent parts included in the total cost of revenues.

The cost of raw materials fell by 0.5%, primarily due to the lower cost of coking coal (-10.2%) and ruble weakness. This was partly offset by the greater cost of iron ore (+20.4%) and scrap (+8.2%) due to higher prices and crude steel production volumes. The decrease in raw material costs was also accompanied by cost-cutting initiatives, which reduced consumption.

Costs for auxiliary materials grew by 0.6% amid greater consumption of auxiliary materials due to increased pig iron production and higher auxiliary materials prices. This was partly offset by the weaker ruble and a reduction of US$3m in costs following the disposal of EVRAZ DMZ in March 2018.

Service costs grew by 0.8%, primarily driven by rescheduling of capital repairs and maintenance, which was partly offset by the depreciation of the ruble.

Higher transportation costs were primarily due to greater volumes purchased from Russian mills, as well as increased transportation services costs.

Staff costs fell by 4.9%, largely because of the effect that ruble weakening had on costs.

Energy costs were lower due to the weaker ruble, albeit partly offset by higher tariffs and greater consumption volumes.

Other costs rose by 16.1%, largely due to accrual of allowances for vanadium stock amid lower vanadium prices, as well as higher goods for resale costs due to the weaker ruble.

Steel segment gross profit

The Steel segment's gross profit slid by 20.6% YoY, driven primarily by lower prices for vanadium, semi-finished and construction products, which was partly offset by the positive effect that ruble weakening had on costs.

Operational update

Russia: Urals

- At EVRAZ NTMK, after building blast furnace no. 7, which was launched in February 2018, the major overhaul of blast furnace no. 6 is under way. The project aims to support EVRAZ NTMK's pig iron smelting capacity. The blast-furnace jacket and cowpers are currently being installed.
- EVRAZ NTMK continues to expand its wheel production capacity. In 2019, a sixth full-profile wheel-machining production line is planned to be purchased and installed.
- EVRAZ NTMK is implementing a project to install a top-pressure recovery turbine at blast furnace no. 7, which will help to reduce external purchases of electricity by producing it in house.
- EVRAZ NTMK is considering a large investment programme aimed at manufacturing value-added products, mastering the production of new products and expanding rolling capacity. The main projects under the programme are the construction of continuous casting machine no. 5 and the major overhaul of the rail and beam shop. Design work and main contractor selection are currently under way.
- EVRAZ KGOK continues to implement the reconstruction project for its tailings facility. The project will make it possible for the Group to ensure self-sufficiency in raw iron ore at the current level. In 2019, the plan is to complete the engineering survey work and develop the final design.
- EVRAZ KGOK is implementing the project to develop the Sobstvenno-Kachkanarskoye deposit, which is aimed at replacing 13mt of retiring annual capacity from the Gusevogorskoye deposit by 2024. The site design, project documentation and site project analysis have been completed. Deforestation and road construction work are currently under way.
- New products
    - Five H-beam sizes according to the EN standard for Russian customers
    - A 200x200 millimetre angle with a 25 and 30 millimetre shelf for the Russian market
    - Developed a fourth and fifth category of hardness in balls (d100 and d120)
    - Two new wheel profiles for Austria's railways
    - A EVRAZ-invented railway wheel profile for the EU market has been prepared for certification

Russia: Siberia

- The modernisation project for the 100-metre rail finishing line has been completed, increasing the volume of 100-metre rails shipped to Russian Railways.
- Installation of the dynamic electrode reflux system at electric arc furnace no. 2 in the electric furnace melting shop has been completed, making it possible to optimise electrode use when smelting steel.
- At the Tashtagolskaya crushing and concentrating plant, the conical crusher has been replaced. The new equipment will allow the plant to double its productivity and reduce the grain size grade of its concentrate from 20 millimetres to 16 millimetres.
- Design work and main contractor selection are currently under way under EVRAZ ZSMK's integrated flat casting and rolling facility construction project.
- New products
    - The certificate of conformity for DT400IK R65 rails has been received and rails are ready to be launched into commercial production
    - Re115 rails profile for the Brazilian market
    - New lightweight no. 50 angles with a 3 millimetre shelf and 14U section
    - A 20x180 millimetre plate for turnouts production, as well as three small square profiles of 10, 12 and 14 millimetres for machinery

Vanadium

- EVRAZ NTMK's vanadium slag production climbed by 6.7% YoY in H1 2019, mainly due to commissioning the new blast furnace during H1 2018, resulting in a production stoppage.
- During the reporting period, EVRAZ Vanady Tula continued to implement its environmental programme: the new off-gas system has been installed and is entering the start-up process. The water treatment project has proceeded to the engineering stage.
- EVRAZ Nikom's FeV 80% production was almost flat (up 0.3% due to improved yields).

STEEL, NORTH AMERICA SEGMENT

Sales review

Steel, North America segment revenues by product

	H1 2019		H1 2018		
	US$m	% of total segment revenues	US$m	% of total segment revenues	Change, %
Steel products	**1,260**	**95.7 %**	**1,080**	**93.8 %**	**16.7%**
Semi-finished products[1]	96	7.3 %	5	0.4 %	n/a
Construction products[2]	115	8.7 %	113	9.8 %	1.8%
Railway products[3]	205	15.6 %	186	16.2 %	10.2%
Flat-rolled products[4]	302	22.9 %	290	25.2 %	4.1%
Tubular products[5]	542	41.2 %	486	42.2 %	11.5%
Other revenues[6]	56	4.3 %	71	6.2 %	(21.1)%
Total	**1,316**	**100.0 %**	**1,151**	**100.0 %**	**14.3%**

[1] *Includes slabs*

[2] *Includes beams, rebars*

[3] *Includes rails and wheels*

[4] *Includes commodity plate, specialty plate and other flat-rolled products*

[5] *Includes large-diameter line pipes, ERW pipes and casing, seamless pipes, casing and tubing, and other tubular products*

[6] *Includes scrap and services*

Sales volumes of Steel, North America segment
(kt)

	H1 2019	H1 2018	Change, %
Steel products			
Semi-finished products	130	11	n/a
Construction products	136	142	(4.2)%
Railway products	223	208	7.2%
Flat-rolled products	282	302	(6.6)%
Tubular products	387	371	4.3%
Total	**1,158**	**1,034**	**12.0%**

The segment's revenues from the sale of steel products grew, a 12.0% increase was attributed to higher sales volumes and a 4.7% increase was attributed to sales prices. This was mainly attributable to sales of tubular, railway and flat-rolled products.

Revenues from construction product sales edged up by 1.8%, a 6.0% increase was attributed to higher prices, while a 4.2% decline was attributed to a drop in volumes of as a result of lower demand for concrete reinforcing bar caused by inclement weather in the beginning of 2019 and a softer market.

Railway product revenues climbed by 10.2%, a 7.2% increase was driven by upticks in sales volumes and 3.0% increase was attributed to the higher prices amid increased market share growth, along with greater sales volumes of super premium APEX G2 rail.

Revenues from flat-rolled products increased by 4.1%, a 10.7% increase was attributed to a rise in prices and a 6.6% decrease was attributed to a fall in volumes amid weaker demand.

Revenues from tubular product sales grew by 11.5%, a 7.2% increase was attributed to the higher prices and a 4.3% increase was attributed to the higher volumes. The growth in sales volumes was driven by the timing of completion of large-diameter pipe orders, which was partly offset by lower OCTG demand and production delays caused by a temporary shutdown of EVRAZ Regina's coating operations.

Steel, North America segment cost of revenues

Steel North America segment cost of revenues

	H1 2019		H1 2018		
	US$m	**% of segment revenues**	**US$m**	**% of segment revenues**	**Change, %**
Cost of revenues	**1,153**	**87.6%**	**1,018**	**88.4%**	**13.3%**
Raw materials	394	29.9%	402	34.9%	(2.0)%
Semi-finished products	263	20.0%	207	18.0%	27.1%
Auxiliary materials	120	9.1%	128	11.1%	(6.3)%
Services	88	6.7%	83	7.2%	6.0%
Staff costs	159	12.1%	142	12.3%	12.0%
Depreciation	55	4.2%	52	4.5%	5.8%
Energy	62	4.7%	57	5.0%	8.8%
Other*	12	0.9%	(53)	(4.6)%	n/a

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

In H1 2019, the Steel, North America segment's cost of revenues rose by 13.3% YoY. The main drivers were as follows.

Raw material costs fell by 2.0%, primarily because of lower scrap prices and OCTG production.

Costs of semi-finished products surged by 27.1% due to higher slab costs amid increased market demand.

Auxiliary material costs fell by 6.3% due a drop in electrodes costs of US$14.4m, which was partly offset by higher production volumes of crude steel and finished products.

Service costs went up by 6.0%, driven by higher production volumes, as well as an increase in coating services of US$2.1m amid greater pipe sales.

Staff costs rose by 12.0% due to the restart of EVRAZ Portland's tubular line.

Depreciation grew by 5.8% due to major investment projects started to be depreciated in H1 2019.

Energy costs were higher for the reporting period, primarily due to greater consumption of electricity to support increased production volumes at EVRAZ Pueblo and higher cost of natural gas at EVRAZ Portland.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$163m for H1 2019, up from US$133m a year earlier. The growth was driven primarily by higher sales prices of tubular, railway and flat-rolled products due to improving market conditions, albeit partly offset by increased costs for purchased semi-finished products and staff costs.

Operational update

Canada

- During H1 2019, EVRAZ continued to focus on further improving the operational performance at EVRAZ Regina's facilities following upgrades. The mills are currently on track to meet their 2019 targets.
- EVRAZ Red Deer's heat treat unit has been installed to meet demand for heat-treated pipe in Western Canada. The ramp up is scheduled to start in August.
- EVRAZ Regina's pipe coating facility resumed full operations in Q2 2019 and is processing orders following a fire in February 2019 that temporarily halted production.
- In Q1 2019, Canada's government announced funding from the federal Strategic Innovation Fund supporting multi-year capital investments into equipment upgrades and expansion at the company's mills in Regina, Saskatchewan, and Red Deer, Alberta, boosting steelmaking/tubular capacity, reducing emissions and improving efficiency.
- Most of the provisional safeguards implemented by the Canadian government in Q3 2018 expired in Q2 2019, following an inquiry by the Canadian International Trade Tribunal. The provisional safeguards allowed to expire included safeguards on energy tubular products.

US

- The new seamless pipe threading line at EVRAZ Pueblo is now in operation and is producing to customer orders.
- The EVRAZ Pueblo rail mill modernisation project continues to advance. In H1 2019, EVRAZ reached agreements with global original equipment manufacturers to supply the equipment for all portions of the mill. Engineering work is on track to be completed in 2019.
- EVRAZ Portland's spiral mill started commercial production in Q1 2019 to fulfil customer orders.
- In May 2019, the US lifted the 25% Section 232 tariffs on imports of steel products from Canada and Mexico. The Canadian government lifted its retaliatory tariffs on steel the same day. Section 232 tariffs of 25% remain in place on several countries outside North America, including for steel slab imported from Russia to EVRAZ Portland.
- In Q1 2019, the US Department of Commerce reduced from a preliminary rate of 24% to 12% the anti-dumping duty rate imposed on large-diameter welded pipe from Canada, which had been in place since Q3 2018.

COAL SEGMENT

Sales review

Coal segment revenues by product

	H1 2019		H1 2018		
	US$m	**% of total segment revenues**	**US$m**	**% of total segment revenues**	**Change, %**
External sales					
Coal products	**724**	**64.2%**	**801**	**64.4%**	**(9.6)%**
Coking coal	86	7.6%	72	5.8%	19.4%
Coal concentrate	638	56.6%	729	58.6%	(12.5)%
Intersegment sales					
Coal products	**383**	**34.0%**	**412**	**33.2%**	**(7.0)%**
Coking coal	62	5.5%	63	5.1%	(1.6)%
Coal concentrate	321	28.5%	349	28.1%	(8.0)%
Other revenues	**21**	**1.8%**	**31**	**2.4%**	**(32.3)%**
Total	**1,128**	**100.0%**	**1,244**	**100.0%**	**(9.3)%**

Sales volumes of Coal segment
(kt)

	H1 2019	H1 2018	Change, %
External sales			
Coal products	**5,585**	**5,599**	**(0.3)%**
Coking coal	943	807	16.9%
Coal concentrate and other products	4,642	4,792	(3.1)%
Intersegment sales			
Coal products	**3,169**	**2,932**	**8.1%**
Coking coal	952	910	4.6%
Coal concentrate	2,217	2,022	9.6%
Total, coal products	**8,754**	**8,531**	**2.6%**

The Coal segment's overall revenues were down amid lower global sales prices, driven by availability of resources on the spot market and reduced demand and production in Europe. In addition, the fall in steam coal prices led to a drop in spot prices for semi-soft coking coal grades. At the same time, prices for high-quality hard coking coals remained relatively high.

Revenues from external sales of coal products fell, a 9.3% decrease was attributed to the lower prices and a 0.3% decline was attributed to lower sales volumes: coking coal volumes rose by 16.9% amid an increase in sales of coking coal from the Uskovskaya and Mezhegeyugol mines, while coal concentrate volumes dropped by 3.1% due to lower demand on the East European markets and a lack of available Zh grade stock in Q1 2019.

Revenues from internal sales of coal products were down 7.0%, a 15.1% decrease was attributed to the lower sales prices, while a 8.1% increase was attributed to an uptick in volumes. Coking coal volumes rose by 4.6% due to the increased sales of the OS and K grades to EVRAZ ZSMK, driven by the switch to a new mining method (longwall) for K grade and sales of earlier accumulated stock. Coal concentrate volumes grew by 9.6% due to greater sales of the OS grade to EVRAZ NTMK, driven by a slight increase in production and sales of earlier accumulated stock.

In H1 2019, the Coal segment's sales to the Steel segment amounted to US$383m (34.0% of total sales), compared with US$412m (33.2%) in H1 2018.

During the reporting period, roughly 71.7% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 68.2% in H1 2018.

Coal segment cost of revenues

Coal segment cost of revenues

	H1 2019		H1 2018		
	US$m	**% of segment revenues**	**US$m**	**% of segment revenues**	**Change, %**
Cost of revenues	**543**	**48.1%**	**533**	**42.8%**	**1.9%**
Auxiliary materials	63	5.6%	68	5.5%	(7.4)%
Services	64	5.7%	60	4.8%	6.7%
Transportation	192	17.0%	160	12.9%	20.0%
Staff costs	107	9.5%	99	8.0%	8.1%
Depreciation	83	7.4%	85	6.8%	(2.4)%
Energy	26	2.3%	26	2.1%	0.0%
Other*	8	0.7%	35	2.8%	(77.1)%

***** *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 YoY growth in the Coal segment's cost of revenues were as follows.

The costs of auxiliary materials fell by 7.4%, mainly due to the impact on costs of the weaker ruble and lower prices for auxiliary materials. This was partly offset by greater consumption of auxiliary materials at the Raspadsky open pit amid higher mining volumes.

Costs for services climbed by 6.7% due to an increase in mining works at the Raspadsky open pit and the growth of service costs for longwall repositioning, although this was partly offset by the weaker ruble.

Transportation costs grew by 20.0% in the reporting period, primarily due to higher volumes of mined rock transportation amid increased mining at the Raspadsky open pit and open-pit mining at the Raspadskaya-Koksovaya mine, as well as organisation and maintenance of temporary coal storage sites at the Raspadskaya processing plant. This was partly offset by the depreciation of the ruble.

Staff costs were up because of wage indexation and higher headcount, albeit partly offset by the ruble weakening.

Depreciation and depletion costs lowered mainly due to the weaker Russian currency.

Other costs decreased in the reporting period, mainly due to lower goods for resale amid reduced volumes and costs of coal product purchases, as well as the effect of ruble depreciation. This was partly offset by higher taxes after the mineral tax rate was increased.

Coal segment gross profit

The Coal segment's gross profit for H1 2019 amounted to US$585m, down from US$711m a year earlier, primarily due to declining sales prices and sales volumes, as well as higher transportation and staff costs. This was partly offset by the positive effect that ruble weakening had on costs.

Operational update

Systematic integrated work of the Coal segment to improve its operational efficiency continues to bear fruit in the form of increased production volumes. In H1 2019, EVRAZ' raw coking coal output totalled 13.8mt, up 2.4mt YoY (+21%).

The long-term programmes aimed at improving production safety and productivity growth are continuing:

- Reducing downtime and increasing loads on longwalls
- Improving the development work rate
- Boosting preliminary degassing efficiency
- Improving work safety (including self-combustion and explosion safety, gas monitoring and injuries)

At the same time, the fall in prices for steam coals on the global market placed serious pressure on the prices of semi-soft coking coal (SSCC) during H1 2019. Under these conditions, the Coal segment had corrected the production of SSCC grades at the Raspadsky open pit by removing excess capacity through reducing the services of third-party mining contractors. That made it possible to reduce costs and prevent overproduction of SSCC.

Increasing production of hard-coking coal (HCC) and deficit grades remains the Group's strategic plan and is being successfully implemented. To strengthen market position and expand the product portfolio, open-pit mining at the site of the Raspadskaya-Koksovaya mine grew further, increasing resources of the deficit semi-hard OS grade. In H1 2019, the Raspadskaya-Koksovaya mine successfully made the transition from room-and-pillar mining to longwall mining to boost the output of the K grade.

Amid increasing production volumes, the implementation of de-bottlenecking initiatives in the areas of washing, warehouses and logistics remains relevant for the Group.

Raspadskaya

During the reporting period, Raspadskaya's raw coking coal output amounted to 7.1mt (up 1.7mt YoY and almost flat compared with the peak in H2 2018). The YoY increase was caused by the mine's planned transition from production at two longwalls to three longwalls and increased scale of mining at the Raspadsky open pit in Q1 2019. The Raspadskaya-Koksovaya mine successfully launched longwall mining in Q2 2019 to boost output of the K grade.

Yuzhkuzbassugol

In H1 2019, Yuzhkuzbassugol mined 6.1mt of raw coking coal, up 0.6mt YoY. Operations are going according to the annual plan.

Mezhegeyugol

During the period, Mezhegeyugol continued to develop room-and-pillar mining operations and paid close attention to the growth rate of development work. Raw coking coal output totalled 0.6mt, compared with 0.5mt in H1 2018.

KEY RISKS AND UNCERTAINTIES

EVRAZ is exposed to numerous risks and uncertainties in its business. These may affect its ability to execute its strategy effectively in the remaining six months of the financial year 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 on pages 34-39 of the EVRAZ plc 2018 annual report, copies of which are available at www.evraz.com, remain relevant in 2019 and the mitigating actions described continue to be appropriate.

Risks:

- Global economic factors, industry conditions and cyclicality.
- Product competition.
- Cost effectiveness.
- Compliance with trade regulations and sanctions regimes.
- Functional currency devaluation.
- HSE: environmental.
- HSE: health and safety.
- Potential government action.
- Business interruption.
- Cybersecurity and IT infrastructure failure.

At the same time, the management continues to monitor new developments and implement preventative measures to minimise the risks of any adverse effect on the Group’s business.

A number of safety incidents that the Group experienced in the first half of 2019 led to the complete review of our health and safety programmes. The management has been focusing on determining the causes of the incidents and preventing further incidents through improved measures and controls.

EVRAZ also continues to monitor and assess other risks and uncertainties that were not recognised as principal, eg employee risks, taxation, compliance risks, social and community risks, risks of climate change, risks related to respect for human rights and other risks. While the impact and probability analysis suggests that such risks could affect the Group’s operations to some extent, the management believes they are being adequately managed and does not consider them as being capable of seriously affecting the Group’s performance, future prospects or reputation.

EVRAZ continues to actively monitor the business risk environment and pursues strategies to mitigate the identified risks on a continuing basis.

DIVIDENDS

Given the performance throughout 2019, EVRAZ has announced an interim dividend.

On 7 August 2019, the Board of Directors voted to disburse a total of US$508.17m, or US$0.35 per share.

The record date is 16 August 2019 and payment date is 5 September 2019.

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 19 August 2019. All conversions will take place on or around 21 August 2019.

DIRECTOR'S RESPONSIBILITY STATEMENT

The directors confirm that, to the best of their knowledge, this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

An indication of important events that have occurred during the first six months and their impact on the consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the Board

Alexander Frolov
Chief Executive Officer
EVRAZ plc

7 August 2019

DEFINITIONS OF SELECTED ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures (APMs) to improve comparability of information between reporting periods and business units, either by adjusting for uncontrollable or one-off factors which impact upon IFRS measures or, by aggregating measures, to aid the user of this report in understanding the activity taking place across the Group's portfolio.

EBITDA

EBITDA is determined as a segment's profit/(loss) from operations adjusted for social and social infrastructure maintenance expenses, impairment of non-financial assets, profit/(loss) on disposal of property, plant and equipment and intangible assets, foreign exchange gains/(losses) and depreciation, depletion and amortisation expense.

See Note 3 of the consolidated financial statement for additional information and reconciliation with IFRS financial statements.

Free Cash Flow

Free Cash Flow represents EBITDA, net of non-cash items, less changes in working capital, income tax paid, interest paid and covenant reset charges, conversion premiums, premiums on early repurchase of bonds and realised gains/(losses) on interest payments under swap contracts, interest income and debt issue costs, less capital expenditure, including recorded in financing activities, purchases of subsidiaries, net of cash acquired, proceeds from sale of disposals classified as held for sale, net of transaction costs, less purchases of treasury shares for participants of the incentive plans, plus other cash flows from investing activities.

Free Cash Flow is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of Free Cash Flow may be different from the calculation used by other companies and therefore comparability may be limited.

Cash and short-term bank deposits

Cash and short-term bank deposits is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of cash and short-term bank deposits may be different from the calculation used by other companies and therefore comparability may be limited.

Cash and short-term bank deposits calculation

US$m	30 June 2019	31 December 2018	Change	Change, %
Cash and cash equivalents	876	1,067	(191)	(17.9)
Cash and short-term bank deposits	**876**	**1,067**	**(191)**	**(17.9)**

Total debt

Total debt represents the nominal value of loans and borrowings plus unpaid interest, finance lease liabilities, loans of assets classified as held for sale, and the nominal effect of cross-currency swaps on principal of ruble-denominated notes. Total debt is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of total debt may be different from the calculation used by other companies and therefore comparability may be limited. The current calculation is different from that used for covenant compliance calculations.

Total debt has been calculated as follows:

US$m	30 June 2019	31 December 2018	Change	Change, %
Long-term loans, net of current portion	**4,274**	**4,186**	**88**	**2.1**
Short-term loans and current portion of long-term loans	**107**	**377**	**(270)**	**(71.6)**
Add back: Unamortised debt issue costs and fair value adjustment to liabilities assumed in business combination	**22**	**20**	**2**	**10.0**
Nominal effect of cross-currency swaps on principal of ruble-denominated notes	**–**	**49**	**(49)**	**(100.0)**
Lease liabilities, including current portion	**123**	**–**	**123**	**100.0**
Finance lease liabilities, including current portion	**–**	**6**	**(6)**	**(100.0)**
Total debt	**4,526**	**4,638**	**(112)**	**(2.4)**

At 1 January 2019, as a result of application of IFRS 16 "Leases", the Group recognised US$118m of additional lease liabilities, which increased total debt.

Under the previous standard, certain contracts were accounted for as operating leases and were not recognised as either assets or liabilities in the Group's Consolidated Statement of Financial Position.

Net debt

Net debt represents total debt less cash and liquid short-term financial assets, including those related to disposals classified as held for sale. Net debt is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of net debt may be different from the calculation used by other companies and therefore comparability may be limited. The current calculation is different from that used for covenant compliance calculations.

Net debt has been calculated as follows:

US$m	30 June 2019	31 December 2018	Change	Change, %
Total debt	**4,526**	**4,638**	**(112)**	**(2.4)**
Cash and cash equivalents	(876)	(1,067)	191	(17.9)
Net debt	**3,650**	**3,571**	**79**	**2.2**

CAPEX

Capital expenditure (CAPEX) is cash expenditure on property, plant and equipment. For internal reporting and analysis, CAPEX includes non-cash transactions related to CAPEX.

CAPEX has been calculated as follows:

US$m	30 June 2019	30 June 2018	Change	Change, %
Purchases of property, plant and equipment and intangible assets	309	226	83	36.7
Non-cash purchases (Note 12)	–	6	(6)	(100.0)
CAPEX	**309**	**232**	**77**	**33.2**

Labour productivity, US$/t

P=S/V

S — Labour Costs (asset and A-category subsidiaries), exclusive of tax, local currency (on Division consolidation sites with different currencies, US$)

V — production volume, tonnes (for steel assets: V — metal products shipped)

LTIFR

The KPI is calculated on a year-to-date basis for the company employees only.

LTIFR = X•1000000/Y

X is the total number of occupational injuries resulted in lost time among the company employees in the reporting period. Fatalities are not included.

Y is the actual total number of man-hours worked by all company employees in the reporting period.

Semi-finished products cash costs, US$/t

Cash cost of semi-finished products is defined as the production cost less depreciation, the result is divided by production volumes of steel semi-products. Raw materials from EVRAZ coal and iron ore producers are accounted for on at-cost-basis. Costs of semi-finished steel products of EVRAZ NTMK, EVRAZ ZSMK are then weighted averaged by the total saleable semi-finished products production volume.

Coking coal concentrate cash cost, US$/t

Cash cost of coking coal concentrate is defined as cost of revenues less depreciation and SG&A, the result is divided by sales volumes.

Iron ore products cash cost, US$/t

Cash cost of iron ore products is defined as cost of revenues less depreciation and SG&A, the result is divided by sales volumes.

Number of EBS transformations

Number of EBS transformations implemented at the key assets during the reporting year.

Customer focus and cost-cutting effects

Each project effect is calculated as an absolute deviation of targeted metric year to year multiplied by relevant price or volume depending on project’s focus.

EVRAZ plc

Unaudited Interim Condensed Consolidated Financial Statements

Six-month period ended 30 June 2019

EVRAZ plc

Unaudited Interim Condensed Consolidated Financial Statements

Six-month period ended 30 June 2019

Contents

Independent Review Report to EVRAZ plc

Introduction

We have been engaged by EVRAZ plc (the Company) to review the condensed set of financial statements in the interim report for the six months ended 30 June 2019 which comprises the Interim Condensed Consolidated Statement of Operations, Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Cash Flows, Interim Condensed Consolidated Statement of Changes in Equity and related notes 1 to 15. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP,

London,

7 August 2019

Unaudited Interim Condensed Consolidated Statement of Operations

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

	Notes	Six-month period ended 30 June 2019	2018
Revenue			
Sale of goods	**3**	**$ 5,960**	$ 6,185
Rendering of services	**3**	**180**	158
		6,140	6,343
Cost of revenue		**(4,183)**	(3,997)
Gross profit		**1,957**	2,346
Selling and distribution costs		**(446)**	(443)
General and administrative expenses		**(282)**	(274)
Social and social infrastructure maintenance expenses		**(10)**	(13)
Gain/(loss) on disposal of property, plant and equipment		**2**	(4)
Impairment of non-financial assets	**5**	**(17)**	(20)
Foreign exchange gains/(losses), net		**(273)**	147
Other operating income		**10**	15
Other operating expenses		**(28)**	(23)
Profit from operations		**913**	1,731
Interest income		**5**	7
Interest expense		**(171)**	(187)
Share of profits/(losses) of joint ventures and associates	**8**	**5**	5
Impairment of non-current financial assets	**5**	**(56)**	–
Gain/(loss) on financial assets and liabilities, net	**12**	**(7)**	3
Gain/(loss) on disposal groups classified as held for sale, net		**–**	(10)
Other non-operating gains/(losses), net		**1**	(6)
Profit before tax		**690**	1,543
Income tax expense	**6**	**(346)**	(398)
Net profit		**$ 344**	$ 1,145
Attributable to:			
Equity holders of the parent entity		**$ 313**	$ 1,112
Non-controlling interests		**31**	33
		$ 344	$ 1,145
Earnings/(losses) per share:			
for profit/(loss) attributable to equity holders of the parent entity, basic, US dollars	**11**	**$ 0.22**	$ 0.77
for profit/(loss) attributable to equity holders of the parent entity, diluted, US dollars	**11**	**$ 0.21**	$ 0.76

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

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

(In millions of US dollars)

	Notes	Six-month period ended 30 June 2019	2018
Net profit		**$ 344**	$ 1,145
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations into presentation currency		**635**	(516)
Recycling of exchange difference to profit or loss on disposal of subsidiaries		**–**	63
Net gains/(losses) on cash flow hedges		**27**	1
Net (gains)/losses on cash flow hedges recycled to profit or loss	**12**	**(33)**	–
		629	(452)
Effect of translation to presentation currency of the Group’s joint ventures and associates	**8**	**6**	(7)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		**6**	(7)
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		**–**	59
Gains/(losses) on re-measurement of net defined benefit liability		**–**	2
Income tax effect		**–**	(1)
		–	1
Total other comprehensive income		**635**	(399)
Total comprehensive income, net of tax		**$ 979**	$ 746
Attributable to:			
Equity holders of the parent entity		**$ 929**	$ 727
Non-controlling interests		**50**	19
		$ 979	$ 746

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

EVRAZ plc

Unaudited Interim Condensed Consolidated Statement of Financial Position

(In millions of US dollars)

	Notes	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	**$ 4,677**	$ 4,202
Intangible assets other than goodwill		**198**	206
Goodwill		**890**	864
Investments in joint ventures and associates	**8**	**87**	74
Deferred income tax assets		**116**	92
Other non-current financial assets		**43**	91
Other non-current assets		**48**	44
		6,059	5,573
Current assets			
Inventories		**1,651**	1,474
Trade and other receivables		**813**	835
Prepayments		**103**	113
Loans receivable		**37**	29
Receivables from related parties	**9**	**9**	11
Income tax receivable		**22**	35
Other taxes recoverable		**222**	201
Other current financial assets		**34**	35
Cash and cash equivalents	**10**	**876**	1,067
		3,767	3,800
Total assets		**$ 9,826**	$ 9,373
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Issued capital	**11**	**$ 75**	$ 75
Treasury shares	**11**	**(169)**	(196)
Additional paid-in capital		**2,488**	2,480
Revaluation surplus		**109**	110
Unrealised gains and losses		**–**	6
Accumulated profits		**2,731**	3,026
Translation difference		**(3,198)**	(3,820)
		2,036	1,681
Non-controlling interests		**256**	257
		2,292	1,938
Non-current liabilities			
Long-term loans	**12**	**4,274**	4,186
Deferred income tax liabilities		**399**	258
Employee benefits		**241**	226
Provisions		**243**	222
Lease liabilities		**89**	–
Other long-term liabilities		**33**	38
		5,279	4,930
Current liabilities			
Trade and other payables		**1,204**	1,216
Contract liabilities		**341**	320
Payables to related parties	**9**	**218**	122
Short-term loans and current portion of long-term loans	**12**	**107**	377
Lease liabilities		**34**	–
Income tax payable		**62**	104
Other taxes payable		**177**	266
Provisions		**45**	35
Amounts payable under put options for shares in subsidiaries		**67**	65
		2,255	2,505
Total equity and liabilities		**$ 9,826**	$ 9,373

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

EVRAZ plc

Unaudited Interim Condensed Consolidated Statement of Cash Flows

(In millions of US dollars)

	Six-month period ended 30 June 2019	2018
Cash flows from operating activities		
Net profit	**$ 344**	$ 1,145
Adjustments to reconcile net profit/(loss) to net cash flows from operating activities:		
Deferred income tax (benefit)/expense	**93**	38
Depreciation, depletion and amortisation	**271**	285
(Gain)/loss on disposal of property, plant and equipment	**(2)**	4
Impairment of non-financial assets	**17**	20
Impairment of financial assets	**57**	2
Foreign exchange (gains)/losses, net	**273**	(147)
Interest income	**(5)**	(7)
Interest expense	**171**	187
Share of (profits)/losses of associates and joint ventures	**(5)**	(5)
(Gain)/loss on financial assets and liabilities, net	**7**	(3)
(Gain)/loss on disposal groups classified as held for sale, net	**–**	10
Other non-operating (gains)/losses, net	**(1)**	6
Changes in provisions, employee benefits and other long-term assets and liabilities	**(5)**	(15)
Expense arising from equity-settled awards	**8**	8
Other	**1**	(2)
	1,224	1,526
Changes in working capital:		
Inventories	**(76)**	(301)
Trade and other receivables	**57**	(140)
Prepayments	**16**	(63)
Receivables from/payables to related parties	**80**	(11)
Taxes recoverable	**14**	4
Other assets	**1**	–
Trade and other payables	**14**	(9)
Contract liabilities	**8**	(114)
Taxes payable	**(157)**	45
Other liabilities	**(6)**	(5)
Net cash flows from operating activities	**1,175**	932
Cash flows from investing activities		
Proceeds from sale of other investments	**–**	92
Issuance of loans receivable	**(6)**	–
Proceeds from repayment of loans receivable, including interest	**–**	1
Investments in associates and joint ventures *(Note 8)*	**(3)**	–
Short-term deposits at banks, including interest	**4**	7
Purchases of property, plant and equipment and intangible assets	**(309)**	(226)
Proceeds from disposal of property, plant and equipment	**5**	2
Proceeds from sale of disposal groups classified as held for sale, net of cash disposed and transaction costs	**–**	41
Dividends received	**5**	6
Other investing activities, net	**3**	(24)
Net cash flows used in investing activities	**(301)**	(101)

Continued on the next page

Unaudited Interim Condensed Consolidated Statement of Cash Flows (continued)

(In millions of US dollars)

	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018
Cash flows from financing activities		
Payments for the purchase of non-controlling interests *(Note 4)*	**$ (56)**	$ –
Proceeds from bank loans and notes	**1,233**	807
Repayment of bank loans and notes, including interest	**(1,642)**	(1,590)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**2**	1
Restricted deposits at banks relating to financing activities	**–**	13
Gain/(loss) on derivatives not designated as hedging instruments	**9**	1
Gain/(loss) on hedging instruments	**(23)**	6
Payments under leases, including interest	**(20)**	–
Payments under finance leases, including interest	**–**	(1)
Dividends paid by the parent entity to its shareholders	**(577)**	(617)
Other financing activities	**(7)**	(11)
Net cash flows used in financing activities	**(1,081)**	(1,391)
Effect of foreign exchange rate changes on cash and cash equivalents	**16**	(4)
Net decrease in cash and cash equivalents	**(191)**	(564)
Cash and cash equivalents at beginning of year	**1,067**	1,466
Cash and cash equivalents at end of period	**$ 876**	$ 902
Supplementary cash flow information:		
Cash flows during the period:		
Interest paid	**$ (157)**	$ (171)
Interest received	**4**	6
Income taxes paid	**(292)**	(270)

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

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

(In millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	**Treasury shares**	**Additional paid-in capital**	**Revaluation surplus**	**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	**–**	**–**	**–**	**–**	**–**	**313**	**–**	**313**	**31**	**344**
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	**–**	**–**	**–**	**(1)**	**–**	**1**	**–**	**–**	**–**	**–**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**(6)**	**–**	**622**	**616**	**19**	**635**
Total comprehensive income/(loss) for the period	**–**	**–**		**(1)**	**(6)**	**314**	**622**	**929**	**50**	**979**
Acquisition of non-controlling interests in subsidiaries (Note 4)	**–**	**–**	**–**	**–**	**–**	**(5)**	**–**	**(5)**	**(51)**	**(56)**
Transfer of treasury shares to participants of the Incentive Plans	**–**	**27**	**–**	**–**	**–**	**(27)**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**8**	**–**	**–**	**–**	**–**	**8**	**–**	**8**
Dividends declared by the parent entity to its shareholders (Note 11)	**–**	**–**	**–**	**–**	**–**	**(577)**	**–**	**(577)**	**–**	**(577)**
At 30 June 2019	**$ 75**	**$ (169)**	**$ 2,488**	**$ 109**	**$ –**	**$ 2,731**	**$ (3,198)**	**$ 2,036**	**$ 256**	**$ 2,292**

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

Unaudited Interim Condensed 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	–	–	–	–	–	1,112		1,112	33	1,145
Other comprehensive income/(loss)	–	–	–	–	60	1	(446)	(385)	(14)	(399)
Transfer of realised gains on sold equity instruments to accumulated profits	–	–	–	–	(89)	89	–	–	–	–
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	–	–	(35)	–	–	35	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(35)	–	(29)	1,237	(446)	727	19	746
Transfer of treasury shares to participants of the Incentive Plans	–	35	–	–	–	(35)	–	–	–	–
Share-based payments	–	–	8	–	–	–	–	8	–	8
Dividends declared by the parent entity to its shareholders	–	–	–	–	–	(617)	–	(617)	–	(617)
At 30 June 2018	$ 1,507	$ (196)	$ 2,473	$ 111	$ 10	$ 1,220	$ (3,223)	$ 1,902	$ 261	$ 2,163

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

1. Corporate Information

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 7 August 2019.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company under the laws of the United Kingdom with the registered number 7784342. Until 1 August 2019 the registered address of EVRAZ plc was 5th Floor, 6 St. Andrew Street, London, EC4A 3AE, United Kingdom. The new Company's address is 2 Portman street, London, W1H 6DU, United Kingdom.

The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products and coal and iron ore mining. In addition, the Group produces vanadium products. The Group is one of the largest steel producers globally.

In the six-month period ended 30 June 2019 EVRAZ plc was jointly controlled by a group of 3 shareholders: Greenleas International Holdings Limited (BVI), Abiglaze Limited (Cyprus) and Crosland Global Limited (Cyprus).

2. Significant Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", as adopted by the European Union. Accordingly, these interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018, which were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

The interim condensed consolidated financial statements do not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. The auditor's report under section 495 of the Companies Act 2006 in relation to those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Operating results for the six-month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the year ending 31 December 2019.

Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis.

Changes in Accounting Policies

In the preparation of the interim condensed consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the complete consolidated financial statements for year ended 31 December 2018, except for the adoption of new standards and interpretations and revision of existing IAS as of 1 January 2019.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

New/Revised Standards and Interpretations Adopted in 2019

- ***IFRS 16 "Leases"***

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group applied IFRS 16 "Leases" from 1 January 2019 using the modified retrospective approach, i.e. the comparative information was not restated. Under this approach both lease liabilities and right-of-use assets were recognised at the date of transition to IFRS 16 in the same amount. They were included within the *Lease liabilities* and *Property, plant and equipment* captions of the consolidated statement of financial position. Long-term finance lease liabilities, which were previously presented in *Other long-term liabilities,* and short-term finance lease liabilities, which were previously presented in *Trade and other payables* ($3 million and $3 million at 31 December 2018, respectively), were reclassified to the Lease liabilities caption from 1 January 2019.

The Group has elected to use the following practical expedients proposed by the standard:

- on initial application IFRS 16 was applied only to contracts that were previously classified as leases;
- on initial application initial direct costs are excluded from the measurement of the right-of-use asset;
- for all classes of underlying assets each lease component and any associated non-lease components were accounted as a single lease component; and
- lease payments for contracts with a duration of 12 months or less or leases for which the underlying assets are of low value continue to be expensed to the statement of profit or loss on a straight-line basis over the lease term. The annual payments for such short-term leases and low-value leases approximate $4 million and $2 million, respectively.

Main categories of contracts, which were affected by the requirements of IFRS 16, are operating leases of gondola cars, land underneath production facilities and certain items of machinery and equipment.

At 1 January 2019, as a result of application of the new standard, the Group recognised $127 million of right-of-use assets (including $7 million of property, plant and equipment previously recognised under the finance lease contracts and $2 million of prepayments under lease contracts, which were both reclassified from the respective accounts), and $124 million of lease liabilities (including $6 million recorded as finance lease liabilities at 31 December 2018). These lease liabilities consisted of non-current portion ($90 million) and current portion ($34 million). Deferred income taxes were not accrued upon recognition of right-of-use assets and lease liabilities.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

New/Revised Standards and Interpretations Adopted in 2019 (continued)

- ***IFRS 16 "Leases" (continued)***

Summary of New Accounting Policies

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- ***Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures***

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 "Investments in Associates and Joint Ventures".

These amendments had no impact on the consolidated financial statements as the Group does not have such long term interests in its associate and joint venture.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

New/Revised Standards and Interpretations Adopted in 2019 (continued)

- ***Amendments to IFRS 9 – Prepayment Features with Negative Compensation***

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the "SPPI criterion") and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

- ***IFRIC 23 "Uncertainty over Income Tax Treatments"***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately;
• The assumptions an entity makes about the examination of tax treatments by taxation authorities;
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
• How an entity considers changes in facts and circumstances.

The Interpretation establishes that an entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgements in identifying uncertainties over income tax treatments. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

- ***Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement***

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability or asset reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability or asset reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability or asset.

These amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

2. Significant Accounting Policies (continued)

Changes in Accounting Policies (continued)

New/Revised Standards and Interpretations Adopted in 2019 (continued)

- ***Annual Improvements to IFRSs 2015-2017 Cycle***

The amendments relate to IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 "Borrowing Costs”. The application of these amendments had no effect on the Group’s financial position and performance as the Group followed the same principles in prior periods.

3. Segment Information

The following tables present measures of segment profit or loss based on management accounts.

Six-month period ended 30 June 2019

US$ million	**Steel**	**Steel, North America**	**Coal**	**Other operations**	**Eliminations**	**Total**
Revenue						
Sales to external customers	**$ 4,371**	**$ 1,315**	**$ 266**	**$ 106**	**$ –**	**$ 6,058**
Inter-segment sales	**162**	**–**	**693**	**151**	**(1,006)**	**–**
Total revenue	**4,533**	**1,315**	**959**	**257**	**(1,006)**	**6,058**
Segment result – EBITDA	**$ 884**	**$ 68**	**$ 564**	**$ 9**	**$ (29)**	**$ 1,496**

Six-month period ended 30 June 2018

US$ million	**Steel**	**Steel, North America**	**Coal**	**Other operations**	**Eliminations**	**Total**
Revenue						
Sales to external customers	$ 4,688	$ 1,155	$ 354	$ 92	$ –	$ 6,289
Inter-segment sales	175	–	695	147	(1,017)	–
Total revenue	4,863	1,155	1,049	239	(1,017)	6,289
Segment result – EBITDA	$ 1,334	$ 55	$ 662	$ 11	$ (47)	$ 2,015

3. Segment Information (continued)

The following table shows a reconciliation of revenue and EBITDA used by management for decision making and revenue and profit or loss before tax per the consolidated financial statements prepared under IFRS.

Six-month period ended 30 June 2019

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	**$ 4,533**	**$ 1,315**	**$ 959**	**$ 257**	**$ (1,006)**	**$ 6,058**
Reclassifications and other adjustments	**(374)**	**1**	**169**	**(8)**	**294**	**82**
Revenue per IFRS financial statements	**$ 4,159**	**$ 1,316**	**$ 1,128**	**$ 249**	**$ (712)**	**$ 6,140**
EBITDA	**$ 884**	**$ 68**	**$ 564**	**$ 9**	**$ (29)**	**$ 1,496**
Unrealised profits adjustment	**21**	**(2)**	**7**	**–**	**42**	**68**
Reclassifications and other adjustments	**44**	**(6)**	**(53)**	**–**	**–**	**(15)**
	65	**(8)**	**(46)**	**–**	**42**	**53**
EBITDA based on IFRS financial statements	**$ 949**	**$ 60**	**$ 518**	**$ 9**	**$ 13**	**$ 1,549**
Unallocated subsidiaries						**(67)**
						$ 1,482
Social and social infrastructure maintenance expenses	**(8)**	**–**	**(2)**	**–**	**–**	**(10)**
Depreciation, depletion and amortisation expense	**(118)**	**(70)**	**(78)**	**(3)**	**–**	**(269)**
Impairment of non-financial assets	**(14)**	**(1)**	**(2)**	**–**	**–**	**(17)**
Loss on disposal of property, plant and equipment and intangible assets		**3**	**(1)**	**–**	**–**	**2**
Foreign exchange gains/(losses), net	**(23)**	**37**	**(24)**	**5**	**–**	**(5)**
	786	**29**	**411**	**11**	**13**	**1,183**
Unallocated income/(expenses), net						**(270)**
Profit/(loss) from operations						**$ 913**
Interest income/(expense), net						**(166)**
Share of profits/(losses) of joint ventures and associates						**5**
Impairment of non-current financial assets						**(56)**
Gain/(loss) on financial assets and liabilities						**(7)**
Other non-operating gains/(losses), net						**1**
Profit/(loss) before tax						**$ 690**

3. Segment Information (continued)

Six-month period ended 30 June 2018

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 4,863	$ 1,155	$ 1,049	$ 239	$ (1,017)	$ 6,289
Reclassifications and other adjustments	(438)	(4)	195	40	261	54
Revenue per IFRS financial statements	$ 4,425	$ 1,151	$ 1,244	$ 279	$ (756)	$ 6,343
EBITDA	$ 1,334	$ 55	$ 662	$ 11	$ (47)	$ 2,015
Unrealised profits adjustment	(61)	1	(1)	–	40	(21)
Reclassifications and other adjustments	(15)	(16)	9	(1)	–	(23)
	(76)	(15)	8	(1)	40	(44)
EBITDA based on IFRS financial statements	$ 1,258	$ 40	$ 670	$ 10	$ (7)	$ 1,971
Unallocated subsidiaries						(65)
						$ 1,906
Social and social infrastructure maintenance expenses	(12)	–	(1)	–	–	(13)
Depreciation, depletion and amortisation expense	(125)	(70)	(86)	(3)	–	(284)
Impairment of non-financial assets	(20)	–	–	–	–	(20)
Loss on disposal of property, plant and equipment and intangible assets	(1)	(2)	(1)	–	–	(4)
Foreign exchange gains/(losses), net	24	(42)	9	2	–	(7)
	1,124	(74)	591	9	(7)	1,578
Unallocated income/(expenses), net						153
Profit/(loss) from operations						$ 1,731
Interest income/(expense), net						(180)
Share of profits/(losses) of joint ventures and associates						5
Gain/(loss) on financial assets and liabilities						3
Gain/(loss) on disposal groups classified as held for sale, net						(10)
Other non-operating gains/(losses), net						(6)
Profit/(loss) before tax						$ 1,543

In the six-month period ended 30 June 2019, the Group recognised an allowance for net realisable value of inventory in the amount of $32 million.

The material changes in property, plant and equipment during the six-month period ended 30 June 2019 other than those disclosed above are presented below:

US$ million	Steel	Steel, North America	Coal	Other operations	Total
Additions	**$ 138**	**$ 45**	**$ 106**	**$ 1**	**$ 290**
IFRS 16 adoption: recognition of right-of-use assets (Note 2)	**65**	**52**	**1**	**2**	**120**

3. Segment Information (continued)

The revenues from contracts with external customers for each group of similar products and services and rental income are presented in the following table:

	Six-month period ended 30 June	
US$ million	**2019**	**2018**
Steel		
Construction products	**$ 1,059**	$ 1,188
Flat-rolled products	**204**	217
Railway products	**554**	484
Semi-finished products	**1,206**	1,346
Other steel products	**178**	208
Other products	**193**	200
Iron ore	**124**	123
Vanadium in slag	**67**	73
Vanadium in alloys and chemicals	**343**	393
Rendering of services	**56**	33
	3,984	4,265
Steel, North America		
Construction products	**115**	113
Flat-rolled products	**302**	290
Railway products	**205**	186
Tubular products	**542**	486
Other products	**136**	60
Rendering of services	**16**	16
	1,316	1,151
Coal		
Coal	**724**	801
Other products	**8**	17
Rendering of services	**11**	12
	743	830
Other operations		
Rendering of services	**97**	97
	$ 6,140	$ 6,343

In the six-month periods ended 30 June 2019 and 2018 revenue from rendering of services included rental income of $14 million and $2 million, respectively.

3. Segment Information (continued)

Distribution of the Group's revenues by geographical area based on the location of customers was as follows:

US$ million	Six-month period ended 30 June 2019	Six-month period ended 30 June 2018
CIS		
Russia	**$ 2,152**	$ 2,309
Ukraine	**194**	228
Kazakhstan	**134**	123
Others	**146**	103
	2,626	2,763
America		
USA	**1,031**	951
Canada	**347**	255
Mexico	**41**	102
Others	**32**	91
	1,451	1,399
Asia		
Taiwan	**366**	224
Philippines	**184**	286
Indonesia	**116**	228
Republic of Korea	**149**	269
Thailand	**169**	47
Japan	**167**	83
China	**147**	67
Others	**140**	127
	1,438	1,331
Europe		
European Union	**468**	537
Turkey	**94**	149
Others	**14**	17
	576	703
Africa		
Egypt	**25**	77
Kenya	**15**	55
Others	**7**	14
	47	146
Other countries	**2**	1
	$ 6,140	$ 6,343

4. Changes in Composition of the Group

Purchase of Non-controlling Interests

In the reporting period, the Group acquired an additional 0.69% ownership interest in Raspadskaya, a subsidiary of the Group, for cash consideration of $10 million. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $1 million was charged to accumulated profits.

In addition, in June 2019 Raspadskaya purchased its own shares in course of the tender offer for cash consideration of $46 million. The Group derecognised 2.53% of non-controlling interests and charged to accumulated profits $4 million representing the excess of consideration over the carrying values of non-controlling interests acquired.

5. Impairment of Non-current Assets

For the purpose of the impairment testing as of 30 June 2019 the Group assessed the recoverable amount of each cash-generating unit ("CGU") where indicators of impairment were identified. Also the Group performed an analysis of its property, plant and equipment for functional obsolescence.

The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, cash flow projections have been estimated by extrapolating the respective business plans' results using a zero real growth rate. The key assumptions used by management in the value-in-use calculations with respect to the cash-generating units where indicators of impairment existed are presented in the table below.

	Period of forecast, years	Pre-tax discount rate, %	Commodity	Average price of commodity per tonne in the 2nd half of 2019	Average price of commodity per tonne in 2020	Recoverable amount of CGU, US$ million	Carrying amount of CGU before impairment, US$ million
EVRAZ Nikom	5	10.57	vanadium products	$49	$32	36	35
EVRAZ Palini e Bertoli	5	12.71	steel products	$649	$623	40	39

The estimations of value in use are most sensitive to the following assumptions:

Discount Rates

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates have been determined using the Capital Asset Pricing Model and analysis of industry peers. Reasonably possible changes in discount rates could lead to an impairment of EVRAZ Nikom and EVRAZ Palini e Bertoli cash-generating units. If the discount rates were 10% higher, this would lead to an impairment of $12 million.

Sales and Purchase Prices

The price assumptions of the products sold and purchased by the Group were estimated using industry research using analysts' views published by Citigroup, CRU, Credit Suisse, Goldman Sachs, Jefferies, JP Morgan, Macquarie, Morgan Stanley, RBC, Renaissance Capital, Sberbank, UBS, VTB and WSD during the period from January to June 2019. The Group expects that the nominal prices will grow with a compound annual growth rate of (11.1)%-3.7% in 2019 – 2023 and 2.5% in 2024 and thereafter. Reasonably possible changes in sales and purchase prices in the 2nd half of 2019 and 2020 could lead to an impairment of EVRAZ Nikom and EVRAZ Palini e Bertoli. If the prices were 10% lower, this would lead to an impairment of $6 million.

5. Impairment of Non-current Assets (continued)

Sales Volumes

Management assumed that the sales volumes of steel products would increase by 16.0% in 2019 and future dynamics will be driven by gradual market recovery and changes in assets' capacities. Reasonably possible changes in sales volumes in the 2nd half of 2019 and 2020 could lead to an impairment of EVRAZ Nikom and EVRAZ Palini e Bertoli. If sales volumes were 10% lower, this would lead to an impairment of $6 million.

Cost Control Measures

The recoverable amounts of cash-generating units are based on the business plans approved by management. A reasonably possible deviation of cost from these plans could lead to an impairment of EVRAZ Nikom and EVRAZ Palini e Bertoli. If the actual costs were 10% higher than those assumed for the 2nd half of 2019 and 2020, this would lead to an impairment of $52 million.

Sensitivity Analysis

For the cash-generating units, which were not impaired in the reporting period and for which the reasonably possible changes could lead to impairment, the recoverable amounts would become equal to their carrying amounts if the assumptions used to measure the recoverable amounts changed by the following percentages:

	Discount rates	**Sales prices**	**Sales volumes**	**Cost control measures**
EVRAZ Nikom	1.6%	(3.1)%	(3.8)%	0.6%
EVRAZ Palini e Bertoli	0.6%	(1.3)%	(1.3)%	0.2%

In addition, in the six-month period ended 30 June 2019 management reassessed the most likely scenario in relation to a recoverability of a non-current financial asset related to a steel-rolling mill located in the Smolensk region of Russia. As a result, the Group recognised a $56 million impairment loss.

6. Income Taxes

Major components of income tax expense were as follows:

	Six-month period ended 30 June	
US$ million	**2019**	**2018**
Current income tax expense	**$ (249)**	$ (364)
Adjustment in respect of income tax of previous years	**(4)**	4
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences	**(93)**	(38)
Income tax expense reported in the consolidated statement of operations	**$ (346)**	$ (398)

In the six-month period ended 30 June 2019 and 2018, deferred tax expense relating to the undistributed earnings of the Group's subsidiaries amounted to $84 million and $32 million, respectively.

7. Property, Plant and Equipment

The movement in property, plant and equipment for the six-month period ended 30 June 2019 was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2018, cost, net of accumulated depreciation	**$ 100**	**$ 895**	**$ 1,655**	**$ 81**	**$ 1,086**	**$ 7**	**$ 378**	**$ 4,202**
IFRS 16 adoption: recognition of right-of-use assets (Note 2)	**–**	**12**	**40**	**68**	**–**	**–**	**–**	**120**
At 1 January 2019, cost, net of accumulated depreciation	**$ 100**	**$ 907**	**$ 1,695**	**$ 149**	**$ 1,086**	**$ 7**	**$ 378**	**$ 4,322**
Additions	**1**	**–**	**7**	**–**	**–**	**–**	**282**	**290**
Assets put into operation	**–**	**14**	**138**	**25**	**26**	**2**	**(205)**	**–**
Disposals	**(1)**	**–**	**(2)**	**–**	**–**	**–**	**(1)**	**(4)**
Depreciation and depletion charge	**–**	**(41)**	**(159)**	**(22)**	**(49)**	**(1)**	**–**	**(272)**
Impairment losses recognised in statement of operations	**–**	**(8)**	**(5)**	**–**	**–**	**–**	**(5)**	**(18)**
Impairment losses reversed through statement of operations	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Change in site restoration and decommissioning provision	**–**	**6**	**2**	**–**	**–**	**–**	**–**	**8**
Translation difference	**3**	**75**	**119**	**15**	**108**	**–**	**30**	**350**
At 30 June 2019, cost, net of accumulated depreciation	**$ 103**	**$ 954**	**$ 1,795**	**$ 167**	**$ 1,171**	**$ 8**	**$ 479**	**$ 4,677**

In the six-month period ended 30 June 2019 the depreciation expense relating to the right-of-use assets amounted to $14 million, interest expense and payments relating to the lease liabilities amounted to $4 million. At 30 June 2019, the carrying value of the right-of-use assets amounted to $123 million.

8. Investments in Joint Ventures and Associates

The movement in investments in joint ventures and associates during the six-month period ended 30 June 2019 was as follows:

US$ million	Timir	Streamcore	Other associates	Total
At 31 December 2018	**$ 17**	**$ 47**	**$ 10**	**$ 74**
Additional investments	–	3	–	3
Share of profit/(loss)	(1)	3	3	5
Dividends	–	–	(1)	(1)
Translation difference	1	5	–	6
At 30 June 2019	**$ 17**	**$ 58**	**$ 12**	**$ 87**

9. Related Party Disclosures

For the Group related parties include associates and joint venture partners, key management personnel and other entities that are under control or significant influence of the key management personnel or the Group's principal shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Transactions with related parties were as follows for the six-month periods ended 30 June:

US$ million	Sales to related parties 2019	Sales to related parties 2018	Purchases from related parties 2019	Purchases from related parties 2018
Genalta Recycling Inc.	**$ –**	$ –	**$ 7**	$ 8
Nakhodka Trade Sea Port	**–**	–	**38**	39
Vtorresource-Pererabotka	**2**	3	**217**	248
Yuzhny GOK	**20**	14	**52**	48
Other entities	**4**	1	**–**	4
	$ 26	$ 18	**$ 314**	$ 347

9. Related Party Disclosures (continued)

Amounts owed by/to related parties were as follows:

	Amounts due from related parties		Amounts due to related parties	
US$ million	**30 June 2019**	**31 December 2018**	**30 June 2019**	**31 December 2018**
Loans				
Timir	**$ 8**	$ 7	**$ –**	$ –
Dividends receivable				
Yuzhny GOK	**$ –**	$ 4	**$ –**	$ –
Trade balances				
Nakhodka Trade Sea Port	**–**	–	**5**	10
Vtorresource-Pererabotka	**–**	–	**153**	95
Yuzhny GOK	**–**	–	**53**	15
Other entities	**1**	–	**7**	2
	9	11	**218**	122
Less: allowance for expected credit losses	**–**	–	**–**	–
	$ 9	$ 11	**$ 218**	$ 122

Compensation to Key Management Personnel

In the six-month periods ended 30 June 2019 and 2018, key management personnel totalled 30 persons. Total compensation to key management personnel was included in general and administrative expenses and consisted of the following in the six-month periods ended 30 June:

US$ million	**2019**	**2018**
Salary	**$ 7**	$ 8
Performance bonuses	**7**	8
Social security taxes	**3**	3
Share-based payments	**4**	4
	$ 21	$ 23

10. Cash and Cash Equivalents

Cash and cash equivalents were denominated in the following currencies:

US$ million	**30 June 2019**	**31 December 2018**
Euro	**$ 348**	$ 540
US dollar	**358**	273
Russian rouble	**154**	215
Ukrainian hryvnia	**3**	24
Others	**13**	15
	$ 876	$ 1,067

The above cash and cash equivalents mainly consist of cash at banks.

11. Equity

Share Capital

Number of shares	30 June 2019	31 December 2018
Issued and fully paid		
Ordinary shares of $0.05 each	**1,506,527,294**	1,506,527,294

Treasury Shares

Number of shares	30 June 2019	31 December 2018
Number of treasury shares	**54,620,233**	63,177,187

Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	Six-month period ended 30 June	
	2019	**2018**
Weighted average number of ordinary shares outstanding during the period	**1,445,619,355**	1,435,235,898
Effect of dilution: shares under Incentive plans	**15,457,701**	23,934,800
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,461,077,056**	1,459,170,698
Profit/(loss) for the period attributable to equity holders of the parent entity, US$ million	**$ 313**	$ 1,112
Basic earnings/(losses) per share	**$ 0.22**	$ 0.77
Diluted earnings/(losses) per share	**$ 0.21**	$ 0.76

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these interim condensed consolidated financial statements.

Dividends

Dividends declared by EVRAZ plc during the six-month period ended 30 June 2019 were as follows:

	Date of declaration	To holders registered at	Dividends declared, US$ million	US$ per share
Interim for 2019	27/02/2019	08/03/2019	577	0.40

12. Loans and Borrowings

Short-term and long-term loans and borrowings were as follows:

US$ million		30 June 2019		31 December 2018
Bank loans	**$**	**1,388**	$	1,370
US dollar-denominated				
6.50% notes due 2020		**–**		700
8.25% notes due 2021		**750**		750
6.75% notes due 2022		**500**		500
5.375% notes due 2023		**750**		750
5.25% notes due 2024		**700**		–
Rouble-denominated				
12.95% rouble bonds due 2019		**–**		216
12.60% rouble bonds due 2021		**238**		216
Unamortised debt issue costs		**(22)**		(20)
Interest payable		**77**		81
	$	**4,381**	$	4,563

Some of the loan agreements and terms and conditions of notes provide for certain covenants in respect of EVRAZ plc and its subsidiaries. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness and profitability.

The movement in loans and borrowings were as follows:

US$ million		2019		2018
1 January	**$**	**4,563**	$	5,391
Cash changes:				
Cash proceeds from bank loans and notes, net of debt issues costs		**1,233**		807
Repayment of bank loans and notes, including interest		**(1,642)**		(1,590)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest		**2**		1
Non-cash changes:				
Non-cash proceeds		**–**		6
Interest and other charges expensed		**148**		167
Accrual of premiums and other charges on early repayment of borrowings		**26**		1
Effect of exchange rate changes		**51**		(53)
30 June	**$**	**4,381**	$	4,730

12. Loans and Borrowings (continued)

Issuer Substitution

On 13 March 2019, all outstanding US dollar-denominated notes with the total nominal value of $2,700 million were transferred from Evraz Group S.A. to EVRAZ plc.

Issue of Notes and Bonds

In April 2019, EVRAZ plc issued 5.25% US dollar-denominated notes due 2024 in the amount of $700 million. The proceeds from the issue of the notes were used to finance the purchase of 6.50% notes due 2020 at the tender offer in April 2019 and make whole call in May 2019.

Repurchase of US Dollar-Denominated Notes

In April and May 2019, the Group fully settled its 6.50% notes due 2020 ($700 million). The premium over the carrying value on the repurchase and other costs relating to the transaction in the total amount of $26 million were charged to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

Repurchase of Rouble-Denominated Bonds

In June 2019, the Group fully settled its 12.95% rouble bonds due 2019, there was no gain or loss on this transaction. Upon repayment of these bonds, the related swap contracts matured and the Group recycled $33 million of the accumulated unrecognised gains on cash flow hedges from other comprehensive income to the statement of operations.

Pledged Assets

The Group's pledged assets at carrying value included the following:

US$ million		**30 June 2019**		**31 December 2018**
Property, plant and equipment	**$**	**62**	$	67
Inventory		**647**		629

Unutilised Borrowing Facilities

As of 30 June 2019, the Group had unutilised bank loans in the amount of $1,872 million, including $394 million of committed facilities.

13. Commitments and Contingencies

Operating Environment of the Group

The Group is one of the largest vertically integrated steel producers globally and the largest steel producer in Russia. The Group's major subsidiaries are located in Russia, the USA and Canada. Russia is considered to be a developing market with higher economic and political risks.

The unrest in the Southeastern region of Ukraine and the economic sanctions imposed by the USA and the European Union on Russia in 2014 and later on caused economic slowdown in Russia and reduced access to international capital markets. Further sanctions imposed on Russia could have an adverse impact on the Group's business.

Steel consumption is affected by the cyclical nature of demand for steel products and the sensitivity of that demand to worldwide general economic conditions.

13. Commitments and Contingencies (continued)

Operating Environment of the Group (continued)

In March 2018 the United States placed 25% tariffs on imports of most steel products from several countries, including Russia, while granting temporary exemptions for others, including Canada, Mexico, and the European Union. On 31 May 2018, the U.S. announced the end of temporary exemptions for Canada, Mexico, and the European Union, putting 25% tariffs on imports from those jurisdictions effective 1 June 2018. In response, the government of Canada introduced 25% tariffs effective 1 July 2018 on selected steel products from the U.S. In addition, effective 25 October 2018, the Canadian government imposed provisional safeguard measures on certain categories of steel products by adding a 25% surtax in cases, where the level of imports from trading partners exceeds historical norms. Most of those provisional safeguards expired on 29 April 2019 following an inquiry by the Canadian International Trade Tribunal. On 20 May 2019, the United States lifted the 25% tariffs on imports of steel products from Canada and Mexico. The Canadian government lifted its retaliatory tariffs on steel the same day.

Therefore, the Group’s cross-border transactions between U.S. and Canadian subsidiaries no longer face the 25% Section 232 tariffs and Canadian retaliatory tariffs. The entities of the Steel North America segment import steel for further processing and final products for selling to domestic customers. U.S. Section 232 tariffs remain in place against other countries, including Russia, and U.S. subsidiaries still face those 25% tariffs on any imported steel from those countries.

Management believes it is taking appropriate measures to support the sustainability of the Group’s business in the current circumstances.

The global economic climate continues to be unstable and this may negatively affect the Group’s results and financial position in a manner not currently determinable.

Taxation

Russian and Ukrainian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management’s best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these financial statements could be up to approximately $75 million.

Contractual Commitments

At 30 June 2019, the Group had contractual commitments for the purchase of production equipment and construction works for an approximate amount of $422 million.

In 2010, the Group concluded a contract with PraxAir for the construction of an air separation plant and for the supply of oxygen and other gases produced by PraxAir at this plant for a period of 20 years (extended to 25 years in 2015, when the construction was completed). This supply contract does not fall within the scope of IFRS 16 “Leases”. At 30 June 2019, the Group has committed expenditure of $568 million over the life of the contract.

13. Commitments and Contingencies (continued)

Contractual Commitments (continued)

In 2018, the Group concluded a contract with Air Liquide for the construction of an air separation plant and for the supply of oxygen and other gases produced by Air Liquide at this plant for a period of 20 years. The contractual price comprises a fixed component and a variable component. The total amount of the fixed component approximates $372 million, which is payable within 20 years starting upon commencement of production in 2021 in proportion to the amounts of the variable component. The variable component is determined based on the actual purchase of gases and is estimated at $380 million during the life of the contract. Based on management's assessment this supply contract does not fall within the scope of IFRS 16 "Leases" as the Group has no access to the equipment and has no rights either to operate the assets, or to design them in order to predetermine the way of their usage. Also it is expected that more than an insignificant amount of the assets' output will be sold to the parties unrelated to the Group. In addition, Air Liquide will construct the system of trunk and auxiliary pipelines, distribution stations and other equipment for products delivery, which will be leased by the Group for a period of 20 years and accounted for under IFRS 16. The cost of construction of the products delivery system is estimated at $106 million.

Social Commitments

The Group is involved in a number of social programmes aimed to support education, healthcare and social infrastructure development in towns where the Group's assets are located. The Group budgeted to spend approximately $17 million under these programmes in the second half of 2019.

Environmental Protection

In the course of the Group's operations, the Group may be subject to environmental claims and legal proceedings. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, improvements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement.

The Group has a number of environmental claims and proceedings which are at an early stage of investigation. Environmental provisions in relation to these proceedings that were recognised at 30 June 2019 amounted to $18 million. Preliminary estimates of the incremental costs indicate that such costs could be up to $186 million. The Group has insurance agreements, which would be expected to provide reimbursement of the costs to be actually incurred up to $228 million, of which $18 million relates to the accrued environmental provision and has been recognised in non-current financial assets at 30 June 2019. Management believes that, as of now, an economic outflow of the additional costs is not probable and any pending environmental claims or proceedings will not have a material adverse effect on its financial position and results of operations.

In addition, the Group has committed to various environmental protection programmes covering periods from 2019 to 2024, under which it will perform works aimed at reductions in environmental pollution and contamination. As of 30 June 2019, the costs of implementing these programmes are estimated at $169 million.

Legal Proceedings

The Group has been and continues to be the subject of legal proceedings, none of which has had, individually or in aggregate, a significant effect on the Group's operations or financial position. At 30 June 2019, possible liabilities were estimated at $34 million.

13. Commitments and Contingencies (continued)

Issued Guarantees

In June 2018, EVRAZ plc and EVRAZ West-Siberian Metallurgical Plant issued a joint guarantee in the amount of up to 30 billion roubles ($476 million at the exchange rate as of 30 June 2019) to nine companies owned by Sibuglemet in respect of management services provided by one the Group's subsidiaries to these entities. Sibuglemet is a producer of coking coal and operator of coal refineries in the Kemerovo region of Russia.

The management company committed to perform all management functions including, inter alia, all the decisions required to carry out the day-to-day operations of these coal companies, their investment and procurement activities. The guarantee matures on 31 December 2030.

14. Fair Value of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

The carrying amounts of financial instruments, such as cash, short-term and long-term investments, short-term and long-term accounts receivable, short-term accounts payable, short-term loans receivable and payable and floating-rate bank loans, approximate their fair value.

The Group held the following financial instruments measured at fair value:

	30 June 2019			31 December 2018		
US$ million	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities measured at fair value						
Derivatives not designated as hedging instruments	–	**4**	–	–	5	–
Hedging instruments	**–**	**–**	**–**	–	46	–

The following table shows fair values of the Group's bonds and notes.

US$ million	30 June 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
USD-denominated				
6.50% notes due 2020	**$ –**	**$ –**	$ 708	$ 723
8.25% notes due 2021	**775**	**830**	777	826
6.75% notes due 2022	**512**	**548**	513	535
5.375% notes due 2023	**758**	**791**	759	754
5.25% notes due 2024	**704**	**739**	–	–
Rouble-denominated				
12.95% rouble bonds due 2019	**–**	**–**	216	222
12.60% rouble bonds due 2021	**246**	**263**	223	241
	$ 2,995	**$ 3,171**	$ 3,196	$ 3,301

The fair value of the non-convertible bonds and notes was determined based on market quotations (Level 1).

15. Subsequent Events

Dividends

On 7 August 2019, the Board of directors of EVRAZ plc declared an interim dividend for 2019 in the amount of $508 million, which represents $0.35 per share.

Issue of Bonds

In August 2019, EvrazHolding Finance, the Group's subsidiary, issued 7.95% rouble-denominated bonds due 2024 in the amount of 20,000 million roubles ($317 million at the exchange rate at the date of the transaction).

Sale of Subsidiary

In July 2019, the Group entered into an agreement, under which the Group is expected to sell its wholly-owned subsidiary EVRAZ Stratcor Inc. to a third party in September 2019. EVRAZ Stratcor Inc. is a vanadium producer located in the USA, it was included in the steel segment of the Group's operations. This subsidiary was not classified as an asset held for sale in the consolidated statement of financial position at 30 June 2019 as the sale was not highly probable. The Group expects that the sale of this subsidiary will not have a significant impact on the Group's consolidated financial statements.