

Financial Results

H1 2022

 4 August 2022



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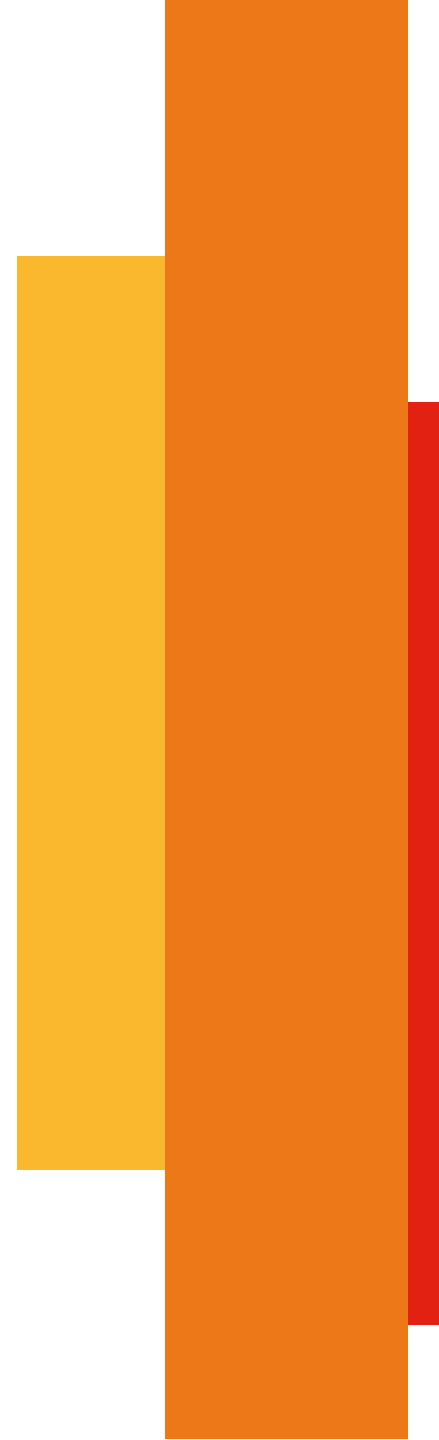
The information contained in this document is provided as at the date of this document and is subject to change without notice.

Highlights

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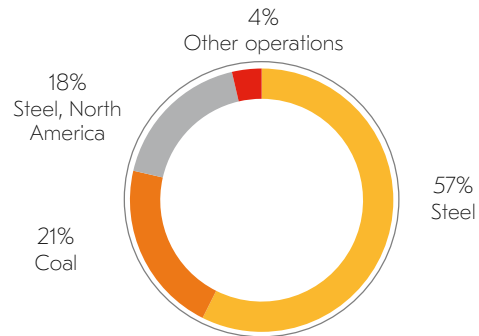
Aleksey Ivanov

Chief Executive Officer

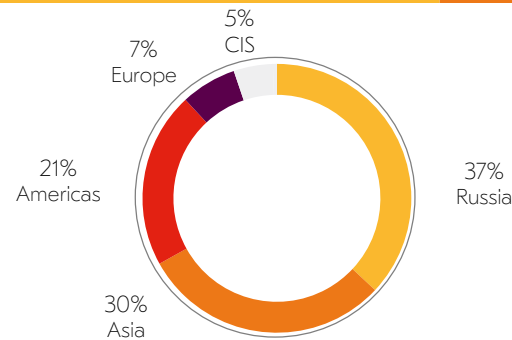


CORE OPERATIONS AND MARKETS

Segment revenue structure¹, %



Segment revenue by region, %



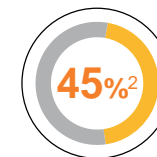
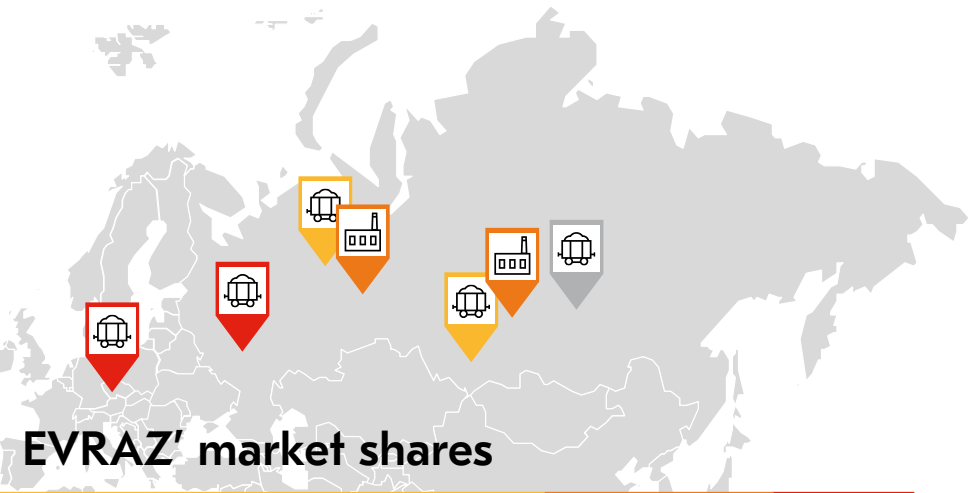
Key operational indicators, mt

Production	HI 2022	HI 2021
Crude steel	6.8	6.8
Iron ore products	7.4	7.1
Raw coking coal	10.1	11.6

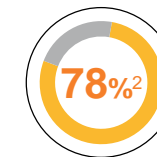
Source: Company information

¹ EVRAZ' steel segment sales include sales of semi-finished and finished steel products, iron ore and vanadium products both to local and global markets

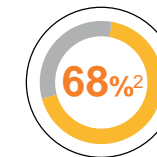
² All market shares data are company's estimation for HI 2022



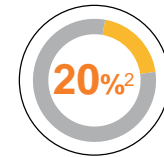
among rail suppliers in North America



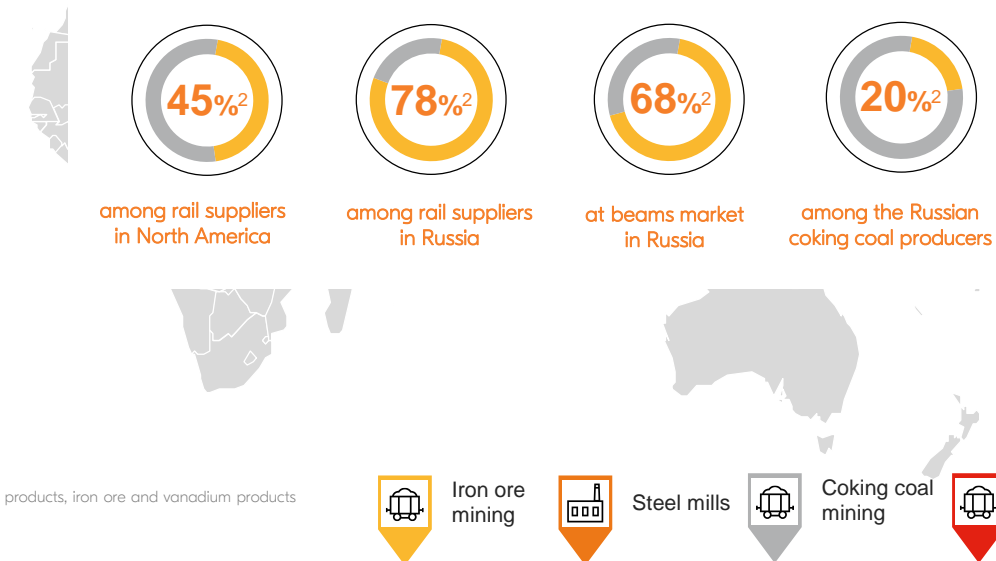
among rail suppliers in Russia



at beams market in Russia

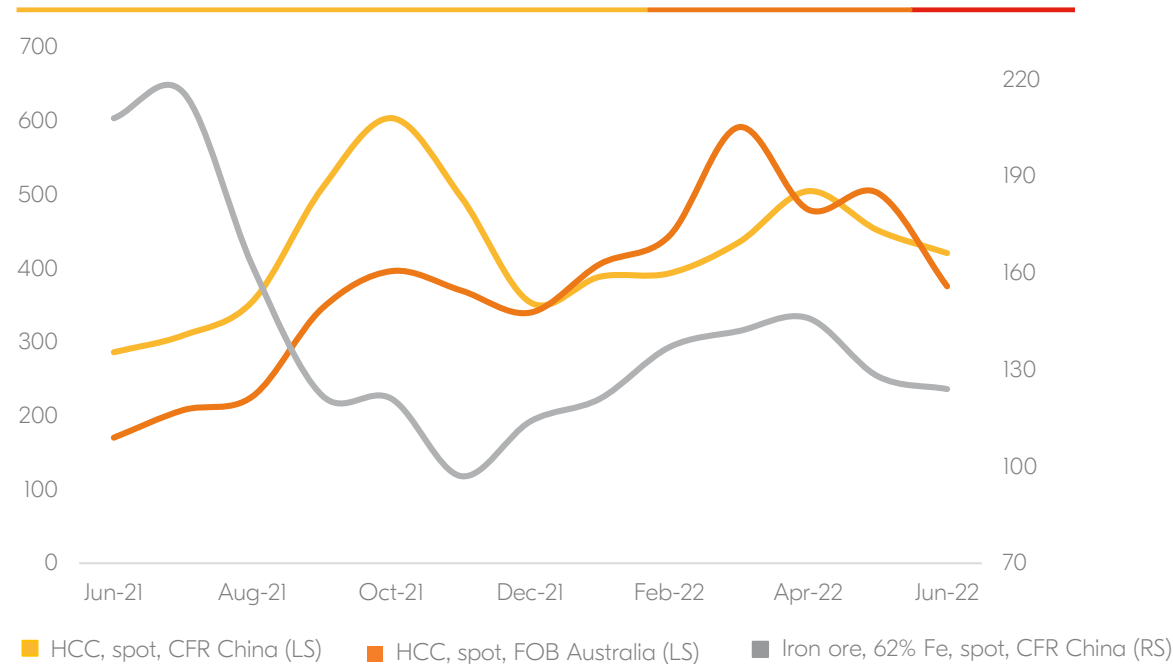


among the Russian coking coal producers

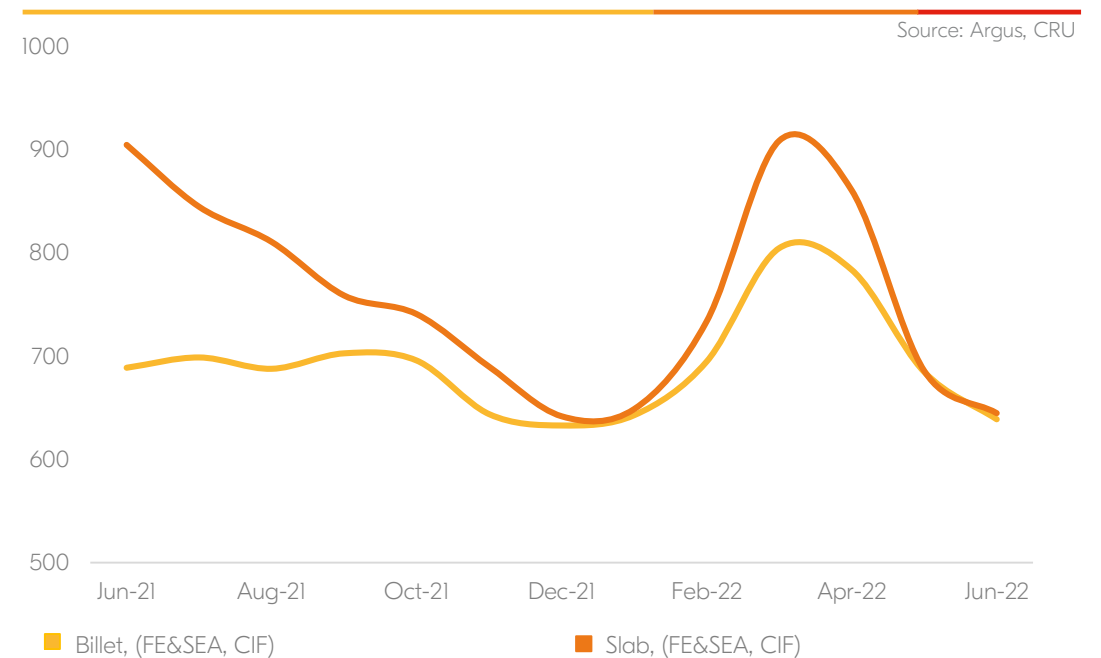


- In H1 2022, global steel demand softened. In China, extended COVID-19 lockdowns, low margins and rising steel inventory led to the weakening sentiment
- A slight recovery might arrive in the short term if China eases the COVID-19 restrictions and implements its previously announced economic support measures
- Upswing in iron ore prices during Q1 faded away due to worsening market conditions. Despite the underperformance so far this year, supply seasonally improved
- Australian hard coking coal benchmark reached record levels in March. Prices have remained at high levels since then, ranging from \$350/t to \$520/t

Global raw materials prices, \$/t



Semi-finished prices, \$/t



Source: Argus, CRU

Key developments

- 9 March 2022 ○ The Board decided to cancel interim dividend payment Mr Roman Abramovich, major shareholder of EVRAZ, was included into UK financial sanctions list
- 4-10 March 2022 ○ All independent directors resigned from the Board
- 10 March 2022 ○ Suspension of EVRAZ' shares trading at LSE
- 11 March 2022 ○ Nikolay Ivanov, CFO, was nominated to the Board to fulfil minimum requirements posed by the Charter
Suspension of coal business demerger
- 1 April 2022 ○ Cancellation of coal business demerger
- 5 May 2022 ○ EVRAZ plc was sanctioned by UK government
Asset freeze of EVRAZ plc, including the inability to pay dividends, unless a special license is granted
OFSI issued general licence in relation to continuation of business of EVRAZ' North American subsidiaries
- 17 June 2022 ○ OFSI issued a special license for AGM2022

Update on current situation

- EVRAZ is below best practice and is at minimum legal requirements in terms of governance as the Board includes only CEO and CFO
- Sanctioned status poses significant hurdle to re-establish a Board that should be majority independent
- Currently, EVRAZ has no sponsor/corporate broker
- Ernst & Young does no longer work with EVRAZ. The review of H1 2022 financial results was provided by TSATR – Audit Services LLC formerly known as EY Russia and lately re-branded to BI Group
- Computershare Investor Services notified EVRAZ of **termination of registry and associated services** on 19 August 2022

Our actions

- Communication with Office of Financial Sanctions Implementation (OFSI), HM Treasury was established, official letters with clarification requests were sent
- Request for General licence for basic needs was sent to OFSI. Up to this moment, general license was not issued
- EVRAZ is trying to get a specific license for basic needs
- EVRAZ conducts negotiations with potential candidates to the Board for the roles of independent directors
- Management is fully focused on delivering commitments to the clients, suppliers and employees



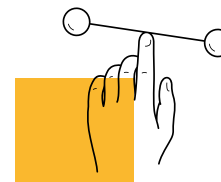
Geopolitical situation, evolving economic pressure and immense sanctions continue to be beyond EVRAZ' control



The Company's working capital was greatly affected by serious challenges in operating environment, including significant restrictions on cross-border payments, use of trade finance instruments, restricted access to marine cargo insurance, receivables insurance, as well as an increase in freight rates



Strong rouble, falling demand for some of key products, sales with discounts due to sanctions on Russia **impact the business as well**

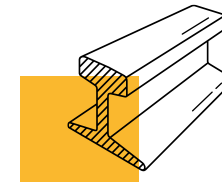


EVRAZ core export markets did not significantly change:

- Asia remains our key market. EVRAZ managed to increase sales to China, however, with discounts to international indexes for some volumes
- EVRAZ historically has low presence in EU markets



Boosted competition in the Russian domestic market



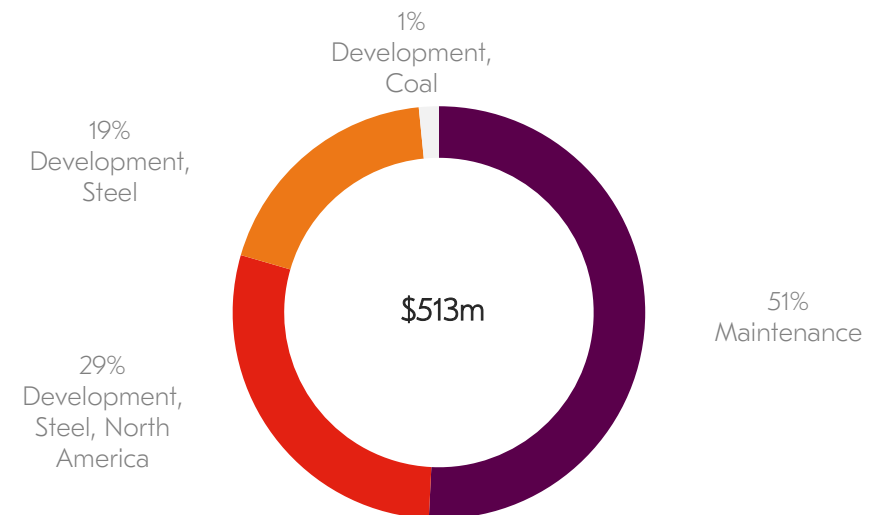
Russian steel mills utilisation level decreased to about 90%

- Total CAPEX in H1 2022 went up by 19% YoY following increased spending on development projects
- EVRAZ proceeds with projects that are in active stage, including EVRAZ Pueblo’s long rail mill project and EVRAZ Uzlovaya vanadium processing plant
- EVRAZ had to revise its investment timing for key development projects:
 - Rail and beam mill modernisation project at EVRAZ NTMK was extended by one year
 - EVRAZ ZSMK’s integrated casting and rolling facility project is at the engineering stage – further options for this project are under review








CAPEX breakdown by key projects, \$m

Segment	Project	CAPEX HI 2022
Steel	Tashtagol iron ore mine upgrade at EVRAZ ZSMK mining site	22
	Construction of Vanadium processing plant at EVRAZ Uzlovaya	15
	Sobstvenno-Kachkanarsky deposit greenfield project	9
	Sheregesh iron ore mine upgrade at EVRAZ ZSMK mining site	5
	Rail and beam mill modernisation at EVRAZ NTMK	3
	Construction of integrated casting and rolling facility at EVRAZ ZSMK	3
Steel, North America	Long rail mill at EVRAZ Pueblo	136
Coal	Development of new E6 seam at Osinnikovskaya mine	5
	Acquisition of equipment for Raspadskaya-Koksovaya open pit	3
	Development of Raspadskaya-4 seam at Raspadskaya mine	2

CAPEX breakdown, %



Source: Company information

-  Geopolitical tensions, mounting economic pressure and sanctions are continuing to shape operating environment in H2 2022
-  Adaptation of export sales to the current environment, ensuring uninterrupted revenue flow
-  Reorientation of purchasing towards Russian suppliers, while searching for alternatives abroad
-  Tight cost controls to reinforce global cost competitiveness even in these turbulent times
-  CAPEX programme revision: continue efficient and on time maintenance and execution phase development projects, while suspending early stage development projects
-  Maintain flexibility to quickly react to changing environment amidst high uncertainty
-  Delivering commitments to the clients, suppliers and employees

Financial performance

Daria Kim

Deputy Chief Financial Officer



FINANCIAL HIGHLIGHTS

Stable results for the H1 2022 despite adverse external conditions

REVENUE

\$8,097m
(+31% Y-O-Y)

Strong revenue growth:

- Higher coal sales prices
- Impressive revenue dynamics for Coal and North America segments

EBITDA

\$2,486m
(+19% Y-O-Y)

First-rate EBITDA numbers:

- Coal segment – the major driver to EBITDA growth. North America segment demonstrated robust result;
- Companywide margin reached 30.7%

CUSTOMER FOCUS AND COST CUTTING EFFECT

\$237m
(-7% Y-O-Y)

- Customer focus effects amounted to \$45m
- Cost cutting effects amounted to \$192m

WORKING CAPITAL BUILDUP

\$1,650m

- Surge in working capital due to an increase in inventory and receivables amid hindered exports
- NWC to LTM revenue ratio amounted to 10.5% as of 30 June 2022

CAPEX

\$513m
(+19% Y-O-Y)

- Maintenance CAPEX amounted to \$260m
- Development CAPEX amounted to \$253m

NET DEBT

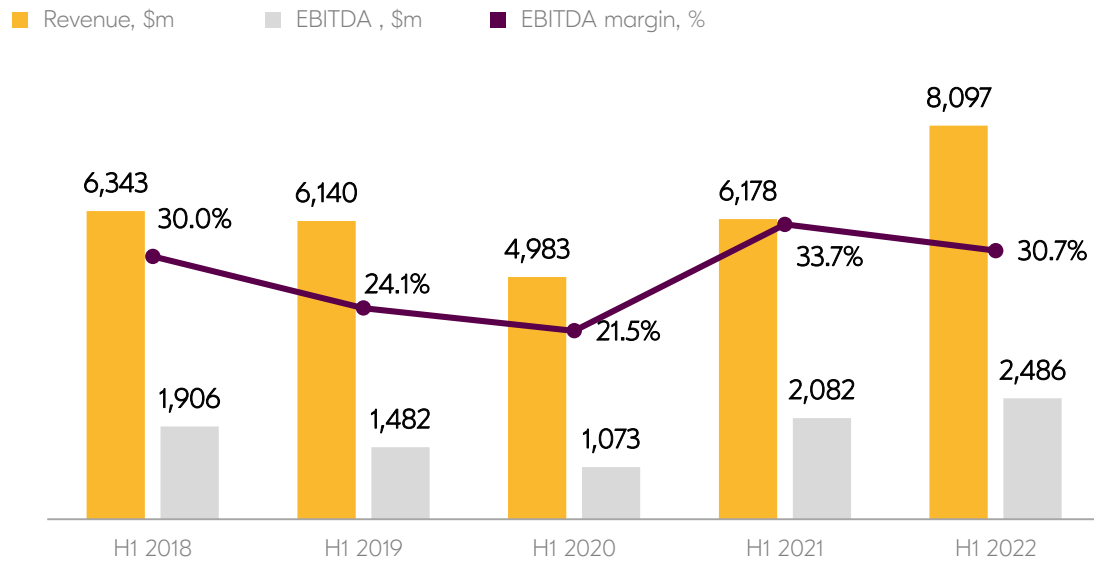
\$3,165m
(+19% Y-T-D)

- Net debt to LTM EBITDA ratio amounted to 0.6x as of 30 June 2022

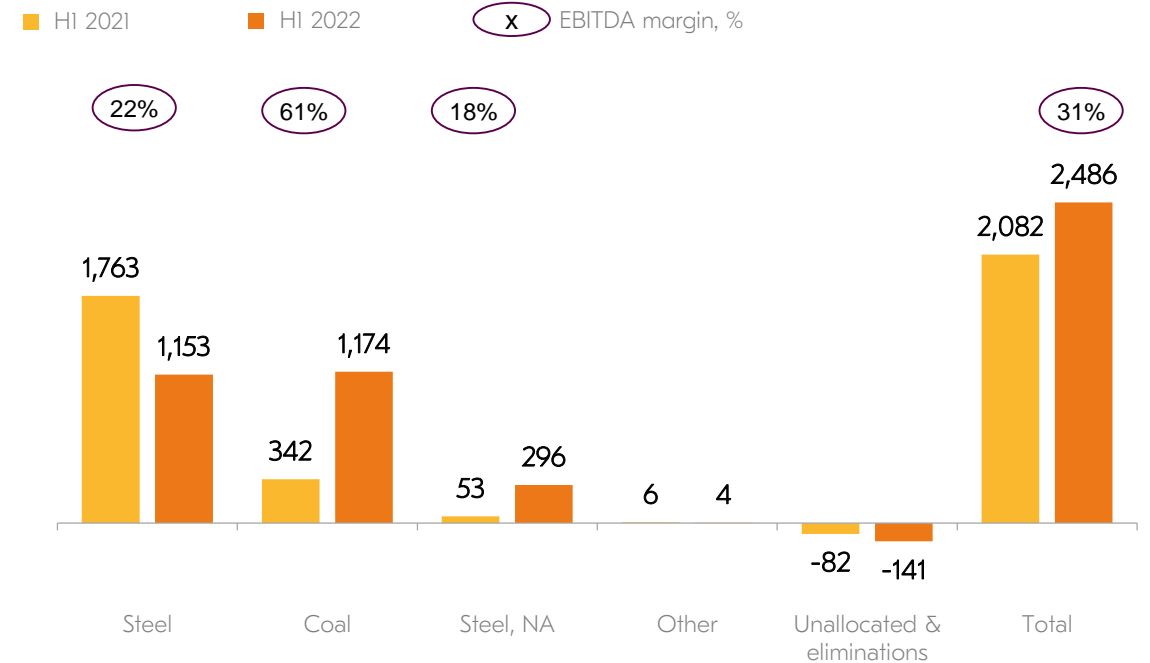
EBITDA AND MARGINS

- EBITDA amounted to \$2,486m, EBITDA margin decreased to 30.7%
- The increase in EBITDA was primarily attributable to higher coal product sales prices as well as better performance of North American operations
- The Steel segment EBITDA declined due to decrease in sales volumes and prices

Financial performance, \$m



EBITDA by segment, \$m

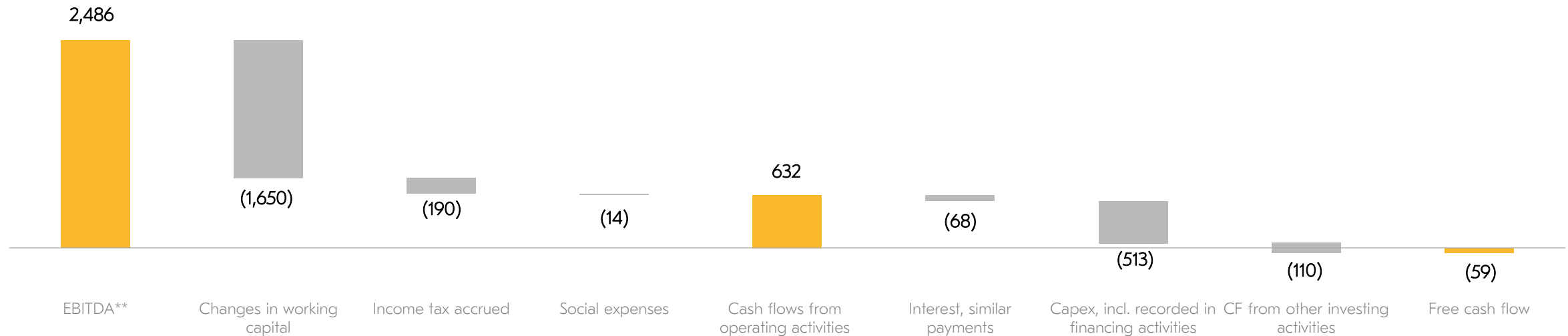


Source: Company information

FCF GENERATION

- The main drivers of working capital build up were the following: an increase in account receivables, accounts payable and inventories due to negative impact on turnover amid worsening conditions of cross-border transactions, problems with freight and marine cargo insurance as well as forex effects

EBITDA to FCF* bridge, HI 2022, \$m



* Free cash flow is a non-IFRS measure and is calculated as net cash generated from operating activities less net cash used in investing activities for the reported period

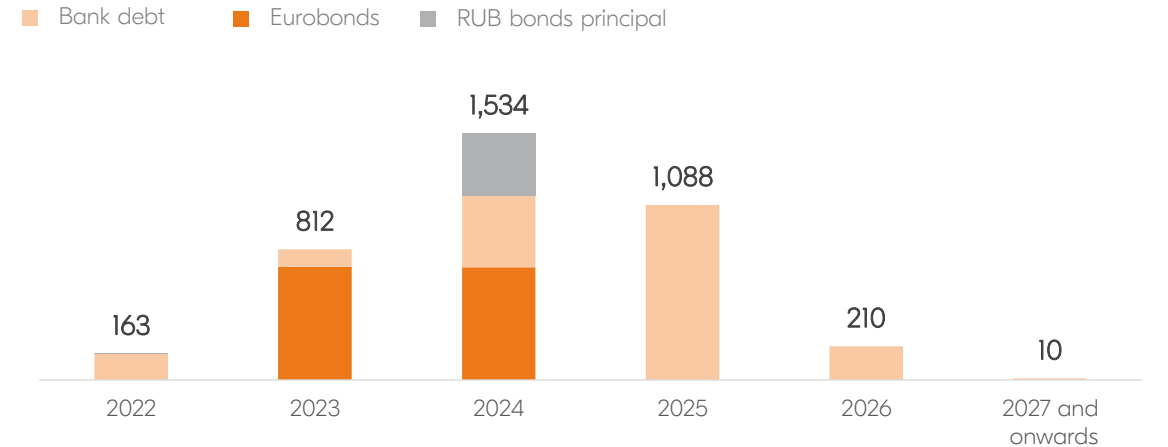
** EBITDA excluding non-cash items

Source: Company information

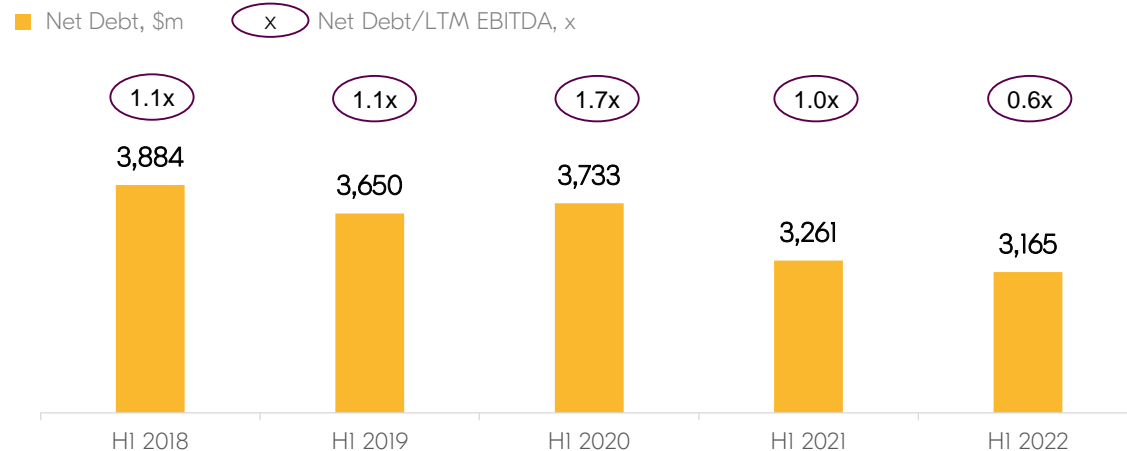
DEBT MANAGEMENT

- In the HI 2022 EVRAZ reduced its total debt by \$136m to \$3,958m
- In January, EVRAZ repurchased \$46m worth of Eurobonds due 2023 out of the total of \$750m
- In May-June, Raspadskaya repaid \$308m of its bank debt (the remaining \$92m was repaid in July)
- OFSI license was requested to enable a regular Eurobonds coupon payments in September-October
- At 30.06.2022 cash was \$793m and committed credit facilities totaled \$98m

Debt maturity profile, as of 30.06.2022, \$m



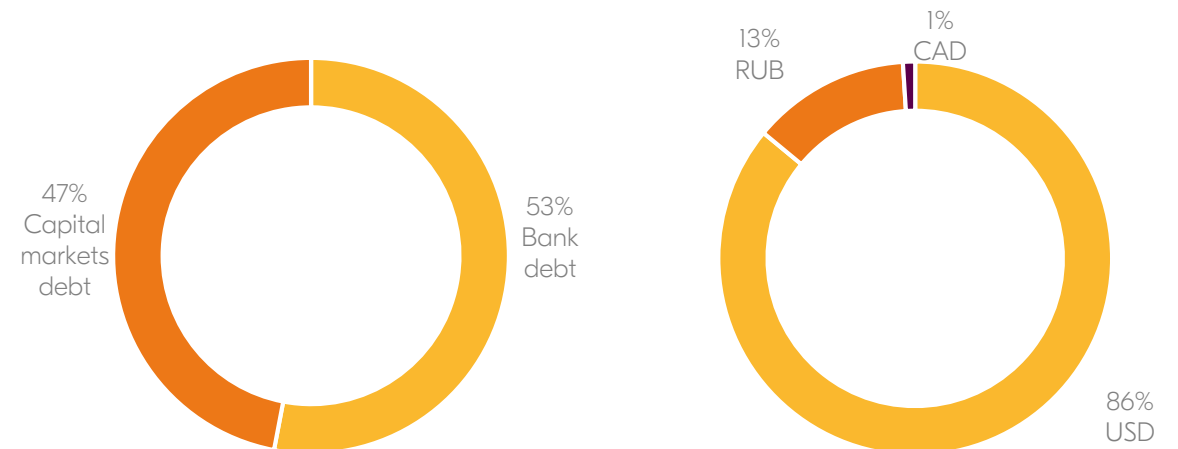
EVRAZ leverage, \$m



Source: Company information

EVRAZ HI 2022 Financial results

Debt structure, as of 30.06.2022, %



Source: Company information

ANNEX

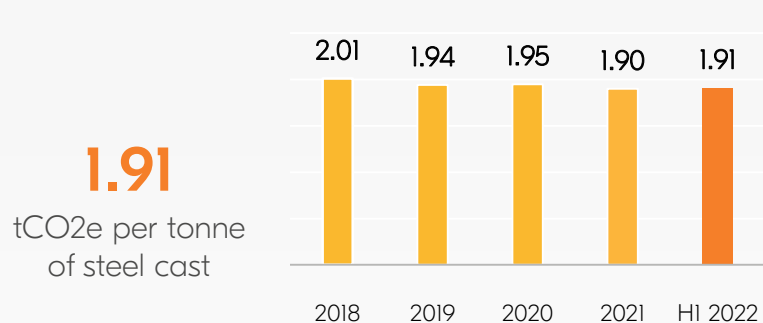


Key developments in H1 2022

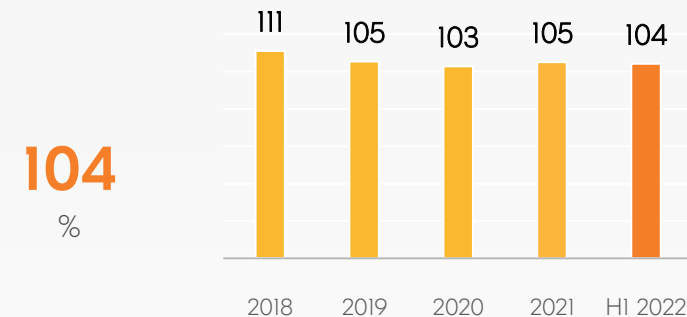
- Health and safety of our employees is our top priority
- Regretfully, we lost four employees and there were four fatalities among our contractors
- Fatalities are unacceptable, and EVRAZ does its utmost to avoid any reoccurrence
- Risk management programme is progressing well
- Despite the challenges, we continue to pursue our long-term targets stated in the Environmental strategy 2030
- EVRAZ made considerable progress in developing its HR strategy

Highlights

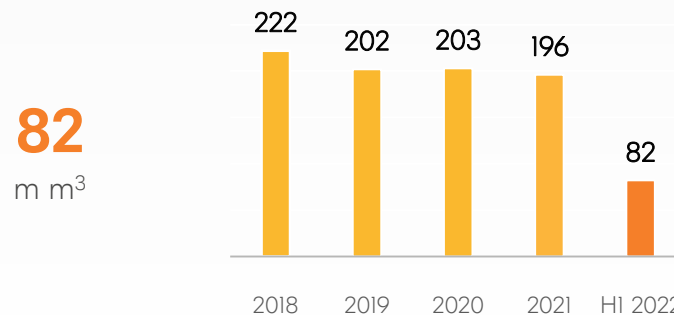
GHG INTENSITY RATE¹



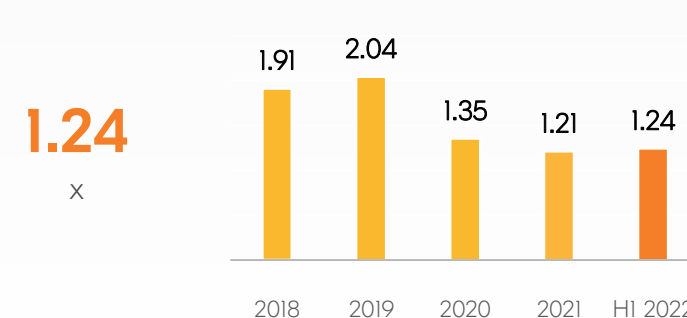
NON-MINING WASTE RECYCLING or REUSE RATE



WATER CONSUMPTION



LOST TIME INJURY FREQUENCY RATE (LTIFR)²



Notes: ¹ Results of the base year (2019) were recalculated due to change of global warming potentials which are now taken from the IPCC 5th assessment report, new Scope 2 emission factors in the Russia and improvement in data quality which resulted in decrease of base year intensity to 1.94 tCO₂e/tcs vs 1.97 previously reported. Data for 2020 recalculated. ² excluding fatalities and for 2018-2019 - data on contractors.

Q&A

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