

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 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 noncash 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 gain/(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\$ million	31 December 2020	31 December 2019	Change	Change, %
Cash and cash equivalents	1,627	1,423	204	14.3
Cash and short-term bank deposits	1,627	1,423	204	14.3

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 rouble-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\$ million	31 December 2020	31 December 2019	Change	Change, %
Long-term loans, net of current portion	3,759	4,599	(840)	(18.3)
Short-term loans and current portion of long-term loans	1,078	140	938	n/a
Add back: Unamortised debt issue costs and fair value adjustment to liabilities assumed in business combination	16	18	(2)	(11.1)
Nominal effect of cross-currency swaps on principal of rouble-denominated notes	43	(6)	49	n/a
Finance lease liabilities, non-current portion	57	83	(26)	(31.3)
Finance lease liabilities, current portion	30	34	(4)	(11.8)
Total debt	4,983	4,868	115	2.4

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\$ million	31 December 2020	31 December 2019	Change	Change, %
Total debt	4,983	4,868	115	2.4
Cash and cash equivalents	(1,627)	(1,423)	(204)	14.3
Net debt	3,356	3,445	(89)	(2.6)

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\$ million	31 December 2020	31 December 2019	Change	Change, %
Purchases of property, plant and equipment and intangible assets	647	762	(115)	15.1
Purchases of purchase of property, plant and equipment on deferred terms	10	-	10	n/a
CAPEX	657	762	(105)	(13.8)

GHG intensity ratio

Tonnes of CO2 equivalent (Scope 1 and 2 GHG emissions) divided by tonnes of crude steel. Only steelmaking enterprises are included into the calculation, which are located in Russia and North America.

Labor productivity, US\$/t

$$P=S/V$$

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

V – production volume, tn. (for steel assets:
V – metal products shipped)

LTIFR

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

$$LTIFR = X \cdot 1000000 / Y$$

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.

Slab cash costs, US\$/t

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

Effect from efficiency improvement programme (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.