

FINANCING AND LIQUIDITY

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

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

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

exposure under the first credit facility of RUB5,000 million was hedged using cross-currency swaps.

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

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

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

By the end of 2020 EVRAZ achieved a net debt reduction of US\$89 million to US\$3,356 million, compared with US\$3,445 million as of 31 December 2019. The ratio of net debt to last twelve months (LTM) EBITDA was 1.5 times as of 31 December 2020, compared

with 1.3 times as of 31 December 2019.

Interest expense accrued on loans, bonds and notes amounted to US\$291 million during the period, flat compared with the amount of 2019, despite a higher total debt load, reflecting lower USD and RUB base rates since the second quarter 2020.

As of 31 December 2020, various bilateral facilities with a total outstanding principal of around US\$1,458 million contained financial maintenance covenants.

Maintenance covenants under these facilities include two key ratios calculated using EVRAZ plc's consolidated financials: a maximum of net leverage and a minimum of EBITDA interest cover. As of 31 December 2020, EVRAZ was in full compliance with its financial covenants.

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