EVRAZ plc

FY 2019 financial results conference call
27 February 2019

MANAGEMENT DISCUSSION

OPERATOR: Good day, everyone, and welcome to the EVRAZ Full Year 2019 Financial Results Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Alexander Frolov, CEO. Please go ahead, sir.

ALEXANDER FROLOV: Thank you. Good morning, ladies and gentlemen. Nikolay Ivanov and myself would like to welcome you today to our presentation of 2019 results.

As we see from Slide 5, which shows main highlights for the year. In 2019, global steel and commodity markets were not as favorable as they were during the prior year. However, EVRAZ was able to show quite healthy financial results.

The Russian steel market gave significant contribution to these results with increased demand for housing constructions that we expect to continue, supported by government spending on national projects.

Our EBITDA reached $2.6 billion and our free cash flow generation remained quite strong, allowing dividends and further debt reduction. Yesterday, in consideration of our performance in 2019, the Board of Directors decided to pay $580 million of dividends of $0.40 per share.

Our safety situation is shown on Slide 6. Unfortunately, in February of 2019, the Group lost 8 employees and another 16 people were injured in the incident involving a crew bus at the Raspadsky open pit mine. Overall, EVRAZ team suffered the loss of 12 employees and 4 contractors during 2019.

The management has undertaken numerous measures to prevent similar accidents to happen. Our main efforts are concentrated around increasing employee awareness and engagements in risk analysis and risk mitigation.

In addition to safety which remains our top priority, we pay a lot of attention to other aspects of sustainable development. Some numbers are shown on Slide 7. In 2019, the Group's greenhouse gas emission dropped to 1.97 tonnes of carbon dioxide equivalent per tonne of crude steel. EVRAZ has also cut freshwater consumption by 38% over the last 5 years. And this progress is expected to continue going forward.

EVRAZ has put our people first and maintains the highest standard of corporate governance. As you can see from Slide 8, our strategic priorities remain the same as before. Debt management, prudent CapEx, low cost of production, development of product portfolio and customer relations are 4 solid pillars here.

Our strategic achievements in 2019 are shown on Slide 9. EVRAZ reduced the net debt down to $3.4 billion with net debt-to-EBITDA ratio of 1.3x. In 2019, the Group was able to generate strong free cash flow of $1.5 billion which made it possible to pay dividends of $1.5 billion (sic) [$1.1 billion] for 2019.

We maintain a disciplined approach to our CapEx spending. In 2019, our maintenance CapEx has increased in comparison with 2018, but it was mainly due to a [working] of blast furnace #6 in Nizhny Tagil, and those who -- due to additional CapEx in coal segment related to higher production volume and some equipment upgrade.

Our efficiency improvement program delivered $248 million in cost cutting and $123 million in customer initiatives. More details of these are given on Slide 10.

Slide 11 give you more details about our recent history of paying dividends as well as the leverage. Our target is to keep net debt-to-EBITDA ratio below 2 and total net debt below $4 billion.

On Slide 12, you can see that, in 2019, we were able to keep our costs under control with an exception of slab cost increase in iron ore product related to higher raw material prices and maintenance CapEx.

I would not repeat all takeaways given on Slide 13. Just 3 main points. We will continue to make significant efforts to improve safety. We will focus on our efficiency program which is more ambitious for 2020 than it was for 2019. We have also set [pre-production] targets for 2020 and believes that it should help us to reach solid result despite potential market downwinds.

With this, I would like to pass the word to Nikolay.

NIKOLAY IVANOV: Thank you, Alexander, and good afternoon. Please let me start with Slide 15 of the presentation. Our reported EBITDA for 2019 is $2.6 billion compared to $3.8 billion EBITDA in 2018. The decline was largely driven by lower prices for vanadium and coal products as well as high expenses for raw materials, in particular, increased prices for iron ore.

A few comments on segment performance. In steel, revenues dropped by 8.3% year-on-year to $8.1 billion. EBITDA amounted to $1.8 billion. The drop in EBITDA was due to lower steel and vanadium prices as well as high expenses for raw and auxiliary materials, including iron ore, scrap and refractories. This was partly offset by lower coking coal prices.

In Coal segment, revenues fell by 13.5% year-on-year to $2 billion. This was driven by lower sales prices for coal concentrate to third parties due to lower market demand from Russia, CIS and European countries.

EBITDA also increased year-on-year, mainly due to sales prices trending lower in line with global benchmark. For Steel North America, revenues decreased by 3.2% year-on-year to $2.5 billion.

The key drivers were weaker demand across product segments and softer market demand as customers managed inventory levels.

EBITDA rose, driven mainly by the decline of Section 232 duties on sales to the U.S., which were included in 2018 expenses. However, it remains at low levels due to weak OCTG market and tariffs on slab consumed by Portland operation in the United States.

Turning your attention now to free cash flow, Slide 16. Despite market headwinds, we were able to generate a healthy free cash flow of $1.2 billion for the period. Free cash flow generation was supported by working capital release following decrease in inventories, in particular, in North American segment and better work with receivables and payables.

Moving to the next slide, Slide 17, a little bit more information on CapEx. Our CapEx increased by almost 45% year-on-year to $762 million compared to $527 million which we spent in 2018.

The key driver of this growth were maintenance expenses which grew by 61% year-on-year. And as Alexander said, it was due to the execution of blast furnace #6 major overhaul at EVRAZ NTMK and various projects in the coal segment which led to higher production volumes.

Major development projects, such as long rail mill at EVRAZ Pueblo, rail and beam mill modernization at EVRAZ NTMK and integrated flat casting and rolling facility at EVRAZ ZSMK are currently in the equipment supplier selection stage or the engineering phase.

The execution decisions on these projects should be made later this year. Our key projects for 2019 in Coal, Steel North America segment and in Steel are also mentioned on this slide. Our full year 2020 CapEx target is around $900 million.

Going to Slide 18. EVRAZ began 2019 with total debt of $4.6 billion (sic) [$4.8 billion]. By the end of the year, the group has completed several transactions to extend its maturity profile and built up a liquidity cushion in view of coming maturities through 2021. At January 1, 2019, as a result of the application of a new accounting standard, the group recognized $118 million of lease liabilities, which, at recognition, increased total debt of the group. Under the previous accounting standard, these contracts were accounted for as operating leases and were not recognized as either assets or liabilities in the group financial statement. These transactions and accounting change resulted in an increase of total debt in 2019 by $230 million to $4.9 billion.

Despite the increase in total debt, net debt decreased in 2019 by $126 million and now is less than $3.5 million.

Interest expense accrued in respect of loans, bonds and notes amounted to $231 million in the period compared with $248 million in 2018. The lower interest expense was mainly due to the management efforts to refinance existing debts at more favorable terms.

During 2019, international ratings agencies acknowledged improvements in EVRAZ credit quality. S&P Global and Fitch Ratings upgraded EVRAZ to BB+ level with a stable outlook. Moody's Investor Service assigned positive outlook and confirmed Ba1 rating.

Moving to Slide 20. I would like to share with you a few plans that we have for 2020. EVRAZ will continue to make significant efforts to improve safety and other vitally important areas of sustainable development. In Steel, our key initiatives are focused on numerous cost-cutting and customer-focus efforts, including launch of blast furnace #6 at EVRAZ NTMK after overhaul, construction completion of new hub in

Nizhny Tagil and launch of beam service center in Noginsk in the Moscow Region.

In Coal, we aim to maximize coal supplies to our steel mills, maintain Russian market share at the average level of 22% and maintain sales to key clients in Eastern Europe and Turkey as well as to increase shipments through ports in Asia.

In North America, we focused on operational improvements, production performance at Canadian operations, increase of EVRAZ Pueblo productivity as well as numerous customer focus initiatives.

EVRAZ has set ambitious production targets for the year that should help it to reach solid results despite potential market headwinds. Future dividend payouts will depend primarily on 3 parameters: debt, CapEx and EBITDA level. In the medium term, EVRAZ will most likely use the majority of the cash generated in excess of the CapEx program to pay dividends.

With this, I would like to thank you for listening to our presentation. We have a few more slides on operational performance. However, we decided not to talk through them, but instead, give you more time for your questions. And now we are ready for your questions. Thank you.

Q&A

OPERATOR: (Operator Instructions) We'll take our first

question from Boris Sinitsyn with VTB Capital.

BORIS SINITSYN: Congratulations with the strong results. And we have a few questions, please. So firstly, on Russian steel demand outlook, you mentioned that you already see -- so actually, in 2019, strong demand driven by national projects in Russia. The question is about the beginning of 2020. Do you see any change in this in terms of demand for infrastructure on this? Do you see any indicators which might be telling you that there is, indeed, some pickup in terms of activity of building infrastructure in the beginning of 2020?

ALEXANDER FROLOV: Do you want us to answer one by one? Or would you ask all your questions throughout the (inaudible)

BORIS SINITSYN: One by one. I think I have just three.

ALEXANDER FROLOV: Very good. Regarding the Russian steel market, I guess, the situation is quite good for this period of the year. But we should not forget that construction market has certain seasonality and the winter is normally not the best period -- not the best. But there is no negative indications that the situation slow down significantly compared to the last year. I guess, overall, we are quite positive.

BORIS SINITSYN: A small follow-up on this. Small follow-up in terms of -- do you have the data or understanding of traders, stockpiles at the Russian steel market, like in January, February this year versus normal level for this period of time?

ALEXANDER FROLOV: I don't have those numbers in the top of my head. But we can, let's say, try to give you additional information offline.

BORIS SINITSYN: Okay. No worries. The second question, could you please provide crude steel production outlook for 2020?

ALEXANDER FROLOV:
No, we are not giving any forecast neither for, let's say, production or for financial results. I'm sorry.

BORIS SINITSYN: No worries. And the third one is actually on production, which you are indeed guiding. So you're guiding for 20 million tonnes of coal products in 2020 in annual report, which is roughly 2 million tonnes above 2019. At the same time, you're also guiding for a 2 million-tonne decline in coal mining in 2020. So just wanted to follow-up on this. How do you -- why do you actually see increase in coal products output on the back of decline in mining launch?

ALEXANDER FROLOV: I think that we need to double-check, let's say, what exact place (inaudible) because, overall, because of the market demand where in some, let's say, parts of Coal segment, mainly in [Raspadsky] open-pit mine, we have lower plans for 2020 productions that we could potentially do based on the capacity of this operation. And this is just equivalent of 2 million tonnes a year.

BORIS SINITSYN: Okay. Sorry, probably just one more from me. In terms of EBITDA gains. So you achieved quite good progress in 2019 of more than $400 million of positive gains versus the target of $350 million. The guidance for 2020, if I'm not mistaken, is a bit lower at the moment, is $260 million. In your view, is there is a chance that you might also beat it this year?

NIKOLAY IVANOV: I think you're talking about -- this is Nikolay, sorry. I think you're talking about, when you mentioned $260 million, I think you're talking about only the initiative things to cost. I believe you should add the initiatives -- [checkup] from the initiatives. If we add them together, I believe our forecast for the current year is not going to be that much different and that it is not going to be lower than the results achieved in 2019.

OPERATOR: We'll take our next question from Anna Antonova with JPMorgan.

Okay. Hearing no response, we will move on to Nikolay Sosnovskiy with Prosperity.

NIKOLAY SOSNOVSKIY: Do you hear me?

ALEXANDER FROLOV: Yes, sure.

NIKOLAY SOSNOVSKIY: So I've got 3 questions, I'll ask them one by one as well. First one is a follow-up on the Russian domestic steel demand and seasonality that you're observing currently. The current kind of weather conditions is normally warm this time of the season. Do you think that the current good demand you're currently observing might be just some kind of redistribution from future so-called summer demand? And if yes, to what extent you might think the kind of mid-summer demand can be lower due to this?

ALEXANDER FROLOV: Well, I guess, that you feel warm weather here in Moscow. I can't say it's the same about Urals and Siberia, for example, right? So we should be careful saying that there is no winter in Russia, right?

NIKOLAY SOSNOVSKIY: Well, yes, but the -- in terms of demand, steel, the European part of Russia consumes the biggest part of Russian total steel demand.

ALEXANDER FROLOV: I agree with you. I'm just trying to say the situation is a little bit more complex, like simply warm winter and potentially higher demand because of that. So I guess it's quite -- it would be quite difficult to make a proper breakdown of where those sections are influencing on the current situation.

Again, weather could be one of them, but how significant it is, it will be -- for me at least, it will be hard to say.

NIKOLAY SOSNOVSKIY: Yes, fair enough. And then my second question is on your new projects you listed on Slide 17. And then specifically those you're aiming to kind of decide later in the year. What are your thoughts on the kind of big rolling mill in Russia and also U.S. new rail mill considering current market turbulence and that things keep changing very fast. Do you think you can postpone this decision a little bit later or maybe you have some exact thoughts right now on this project? So little bit more of explanation would be very helpful.

ALEXANDER FROLOV: Exactly, as you say, because of potential market volatility, what is important for us is to keep as much flexibility for the moment before we take big [commitment]. What we have done right now, we have agreed with an equipment supply that they would proceed with detailed engineering of the equipment, which is, again, some cost, but not dramatic amount of money. And when it's done, then we will record again all the aspects of the situation, including, let's say, market volatility, including, let's say, our financial position and so on and so forth. Of course, we understand that on the current conditions, it would be more prudent to be even more careful about CapEx than before. And for instance, what Nikolay has mentioned, our current forecast for 2020 is slightly below to the numbers which we were announcing during Investor Day last autumn. So just kind of talking about [$1 billion] now, we believe that it's given to be very close to $900 million.

NIKOLAY SOSNOVSKIY: And then if you may comment what's inside this delayed $100 million? What are the projects that got delayed?

ALEXANDER FROLOV: It's not a delay. Just prioritization of, let's say, various opportunities we have.

NIKOLAY SOSNOVSKIY: Okay. And my final question is on your North American assets. In 2009, you generated quite insignificant amount in terms of profits in this region. If it's possible, can you provide a breakdown, what could have been the EBITDA number if we exclude intra-group taxation between Canada and U.S., kind of normalized EBITDA considering this tariffs cancel, for example, what could have been?

NIKOLAY IVANOV: Yes. Section 232 has been canceled since the beginning of the last year. So it's -- it will -- it didn't have a significant impact on the performance in terms of the EBITDA on North American assets.

NIKOLAY SOSNOVSKIY: So we can consider this number as a kind of normalized run rate in current circumstances?

NIKOLAY IVANOV: Yes. With the exception that they supply...

ALEXANDER FROLOV: It depends what you consider as kind of, let's say, circumstances because we believe that, for example, demand -- OCTG demand in Canada is, I'm not saying abnormally low, but it is low and it should be [highest] for the cycle. And because we have basically 3 sites in North America and in 3 different, let's say, segments, I mean, rail, plate and large-diameter and OCTG pipes, I guess we should be just very careful, let's say, analyzing each part separately.

OPERATOR: We'll move on to a question from Anna Antonova with JPMorgan.

ANNA ANTONOVA: Yes. Sorry, I got disconnected. Apologies for that. Two questions from our side. So first, following up on one of my colleague's question on the CapEx. We appreciate that you will keep as much flexibility as possible in current market conditions. But given the progress overall across your portfolio, like you, I think, commented that you will be delaying the final investment decision. And after it is done, then you will definitely proceed with the project. The question is, how long can you stretch this final deadline for approval of major investment projects like 1 year, 2 years? Or by how long? That's the first question.

And the second one on your coal division. Over the last 3 years, the EBITDA margin in coal division has been consistently going down and not only on -- because of the rising production costs. I mean, the gross profit margin sliding, but also it seems that all the expenses between gross profit and EBIT, SG&A, I assume, and other expenses have been trending up since 2017, both in absolute volumes in dollar terms and in ruble per tonne. My question is what was the reason because there is no breakdown in your financial statements about that? Could you please comment around the strength in the coal segment and how you expect it to evolve in the medium term?

ALEXANDER FROLOV: So just maybe to start with some clarification. When I speak about CapEx and, in particular, big projects, what I'm trying to say is that there are certain stages in, let's say, each project. So first of all, you do, let's say, your engineering. Secondly, you order equipment and then after a while, you start construction. And for both big projects for rails and also for cutting line in Siberia, we are now at stage of engineering. And we do not delay this stage just when it is complete, and it will take -- it will happen a little bit sooner, let's say, for rails and little bit later for, let's say, cutting line. Then we make an assessment whether, let's say, we move further or, let's say, we delay. And then we can delay basically to as long time as we want because those projects are not necessarily linked with, let's say, other part of the village. There might be some [carve out] about American rails because longer rails are required by the clients. But at the same time, we have big number of clients there and some of them don't want long rails. Some of them are saying that we are happy with the short ones. So we have flexibility there.

And then answering your second question about coal, I'm afraid that I would not agree with your reading of our results because what was happening when the price was high and it was 2017, 2018 and first quarter of 2019, we were trying to mine as much volume as possible. And that's why -- because we were mining some kind of more expensive deposits, our cost of production was, on average, growing. Now with kind of lower prices in the market, with certain decrease in production in comparison with the maximum possible level, we expect substantial cost reduction in 2020, for example.

ANNA ANTONOVA: Understood. And so just to follow up on the CapEx. How long is usually the engineering stage of your projects? I mean we understand that it differs by project, but on average for the current projects that you have in your portfolio?

ALEXANDER FROLOV: For all of the [big steel projects], it's from 9 months to 1 year.

OPERATOR: And we have a question from Boris Sinitsyn with VTB Capital.

BORIS SINITSYN: Just one follow-up from me and actually different question. In terms of railway products pricing in the second half of 2019, we saw quite a strong performance versus the benchmark, which I believe is scrap price. So the premium of your realized price versus scrap expanded materially in the second half of 2019. The question is about the drivers behind this. And do you expect these drivers to remain in place in 2020?

ALEXANDER FROLOV: Look, I -- as you probably know, we have long-term contract with Russian railroads which will continue for another 3 years. And we have a price formula there, which partly reflects scrap price, but it's not fully correlated with the scrap. And it means that when scrap goes down, profitability there is improving. And for 2019, the price was fixed for entire year. So that's why with decrease in scrap price by the end of the year, situation was favorable for us. For the future, we have also agreed with Russian railroads about improving quality of our material. And for 2020, because of that, we will get additional premium from them in amount of roughly 14% of 2019 price. So we believe that situation may improve slightly even further. And even with potential increase of scrap prices, it will still remain reasonably marginal business for us.

BORIS SINITSYN: Perfect. And to relate this 14% premium, to what share of your total railway product does it relate?

ALEXANDER FROLOV: It relates to probably 80% of what is supplied to Russian railroads, roughly 80% to 85%, my guess would be.

BORIS SINITSYN: And out of your total like railway products output of 1.4 million tonnes, it's also 80%?

ALEXANDER FROLOV: Well, 1.4 million tonnes is probably more like a capacity or maybe it includes also wagon wheels, not only rails because rails as such, we are producing about 1 million tonnes. (inaudible) right now of 0.5 million units.

OPERATOR: And our next question will come from Nikolay Sosnovskiy with Prosperity.

NIKOLAY SOSNOVSKIY: Yes. Actually, I had another question on your coal division and corporate governance actually. There was some article in Kommersant some time ago saying, effectively, that EVRAZ core shareholders might purchase Sibuglemet from Vnesheconombank. Assuming that such a transaction can potentially take place, what are the mechanisms in place now to manage this potential conflict of interest? Because all 3 major coal assets are managed by the same management company, Raspadskaya. And what are the mechanisms to ensure the profits will be distributed properly between all these assets and they will not be skewed towards this private company in the future, if this transaction takes place?

ALEXANDER FROLOV: Well, look, I think that the answer to your question would not actually depend on this transaction with Sibuglemet. If it happens or not, I cannot really comment because we've had a management contract there which only relates to current operations. Obviously, because we do not control, they are not owners of Sibuglemet. There are some controlling mechanisms which ensure that we manage properly, including corporate guarantee from EVRAZ for a significant amount of money. Then talking about potential conflict, in principle, it exists even with the current situation when Raspadskaya manages Raspadskaya itself and also, let's say, coal (inaudible) EVRAZ. To ensure that there is no conflict of interest, we have a Board of Directors of Raspadskaya with independent members, with independent Chairman. And again, it is responsibility of those, let's say, independent directors to make sure that we, as a major shareholder, let's say, do not, how to say, influence the situation unfavorably towards minorities.

OPERATOR: Our next question comes from Timothy Riminton with Barclays.

TIMOTHY RIMINTON: Just a couple of questions on what you're thinking about your debt levels. So I see that your net debt is now quite a bit below your sort of long-term target of $4 billion. And your cash level is quite high. And I heard you mentioned that you're sort of preparing for the 2021 maturity coming next year. I just wanted to get your thoughts about how you're thinking about this. Whether you're happy to see net debt levels continue to fall or whether you want to sort of maintain net debt, gross debt, roughly where it is, and thus, you're thinking about refinancing the '21s or just redeeming them with your large cash reserves.

NIKOLAY IVANOV: Yes. Thank you. This is Nikolay. So I would just -- first, I would like to start just repeating Alexander saying that our midterm target is to keep our net debt at the level below $4 billion and the net debt-to-EBITDA level at a level below 2x. Saying that, we don't have any specific plans right now for the current year. You can see that we do not have to pay any debt this year. I don't think we are targeting further debt decrease in the future. At the same time, as I said, we will not exceed the $4 billion level. So I do not expect there will be a very significant change in the amount of our net debt during the year.

TIMOTHY RIMINTON: Okay. And in terms of your sort of debt structure, it's roughly 30% bank and 70% capital markets at the moment. Is that a structure you'd like to see continued?

NIKOLAY IVANOV: We don't have any constraints on that. Historically, it was like this during the last few years. So 70% versus 30% of a bank debt. But again, there are no any constraints. We monitor all the markets. And currently, the markets are quite good. So if there is an opportunity, we can go either to do Eurobonds or issue ruble bonds or get some bank loans. So no any restriction.

OPERATOR: And ladies and gentlemen, we have no further questions at this time. I'd like to turn the conference back over to our host for any concluding remarks.

IRINA BAKHTURINA: I think we have one question still waiting to be asked.

OPERATOR: Okay. We'll take Olga Marjasova with Evli Asset Management.

OLGA MARJASOVA: It's Olga Marjasova from Evli Fund Management. I have two questions and I will ask one by one. My first question is about working capital. Indeed, you had like really significant working capital release. And I'm looking that it's -- if it's correctly kind of concluded, it's due to reduction in accounts receivable days. Maybe, if possible, you can comment, I mean, in which segments you have achieved it. And is this level sustainable?

NIKOLAY IVANOV: Yes, thank you for your question. This is Nikolay again. So let me say that it's -- first of all, it's -- I can't attribute this working capital improvement to one big particular item because it's actually a lot of achievements across both receivables, payables and, to a lesser extent, inventory levels across all our operations, so in Russia and in the United States and in Canada. Speaking about sustainability, if you can -- if you look at our Slide 16, you will see that it's a cycle to a certain nature. So there is a significant release of almost $400 million last year, but there was an investment in working capital of a similar size in 2018. So to a certain extent, it's also linked to the prices. So when the prices decrease for key commodities you operate in, then there's usually a release in working capital. When the prices go up like they did in 2018, there is usually an increase in the working capital.

I think I would say is I do not expect any significant changes in the working capital, especially if prices will stay the same level.

OLGA MARJASOVA: Okay. And my second question is actually regarding site restoration and the decommissioning costs. Basically, if they check, then they have increased from -- the value has increased from 2018. And maybe you can comment what is the main reason behind this increase. Is it like change in the assumptions of the kind of how much it will cost to do it? Or is it like a new regulation? Or is it like the discount rate? Because I see the discount rate has decreased.

NIKOLAY IVANOV: I don't have an answer from the top of my head. But let me say that there was no significant -- it's not definitely linked to any changes in policy or rules. From the top of my head, again, I think it's more a translation difference which led to this increase, and we'll get back to you on this information.

IRINA BAKHTURINA: Ladies and gentlemen, we see that there are no further questions, and we would like to finish this call. Thank you very much for joining us.

ALEXANDER FROLOV: Thank you.

NIKOLAY IVANOV: Thank you very much.

Disclaimer

This document may not be 100 percent accurate and may contain misspellings and other inaccuracies. This document is provided "as is", without express or implied warranties of any kind.

This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of EVRAZ plc (“EVRAZ”) or any of its subsidiaries in any jurisdiction (including, without limitation, EVRAZ Group S.A.) (collectively, the “Group”) or an inducement to enter into investment activity. No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of EVRAZ, the Group or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with the document.

This document contains “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of the Group’s shares, financial risk management and the impact of general business and global economic conditions.
Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and each of EVRAZ and the Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in EVRAZ’s or the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Neither the Group, nor any of its agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

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