

20. Equity

Share Capital

Number of shares	31 December		
	2018	2017	2016
Ordinary shares, issued and fully paid	1,506,527,294	1,506,527,294	1,506,527,294

On 10 July 2018, EVRAZ plc reduced the nominal value of its shares from \$1 to \$0.05 each. The amount of the cancelled share capital (\$1,432 million) became distributable reserves.

Treasury Shares

Number of treasury shares	31 December		
	2018	2017	2016
Number of treasury shares	63,177,187	74,474,663	87,015,878

On 31 March 2015, the Board resolved to announce a return of capital to be effected by a tender offer to shareholders at \$3.10 per share in the amount of up to \$375 million. In April 2015, EVRAZ plc repurchased 108,458,508 of its own shares (\$336 million). The Company incurred \$3 million of transaction costs, which were charged to accumulated profits.

Subsequently, in 2018, 2017 and 2016, 11,297,476 shares, 12,541,215 shares and 11,465,371 shares, respectively, were transferred to the participants of Incentive Plans. The cost of treasury shares transferred to the participants of Incentive Plans, amounted to \$35 million, \$39 million and \$35 million in 2018, 2017 and 2016, respectively.

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 income and share data used in the basic and diluted earnings per share computations:

	2018	2017	2016
Weighted average number of ordinary shares outstanding during the period	1,439,326,349	1,427,585,897	1,414,906,412
Effect of dilution: share options	19,462,750	26,974,433	-
Weighted average number of ordinary shares adjusted for the effect of dilution	1,458,789,099	1,454,560,330	1,414,906,412
Profit/(loss) for the year attributable to equity holders of the parent, US\$ million	\$ 2,406	\$ 699	\$ (215)
Basic earnings/(losses) per share	\$ 1.67	\$ 0.49	\$ (0.15)
Diluted earnings/(losses) per share	\$ 1.65	\$ 0.48	\$ (0.15)

In 2016, share-based awards (Note 21) were antidilutive as the Group reported net losses.

20. Equity (continued)

Dividends

Dividends declared by EVRAZ plc during 2016–2018 were as follows:

	Date of declaration	To holders registered at	Dividends declared, US\$ million	US\$ per share
Interim for 2017	09/08/2017	18/08/2017	430	0.30
Second Interim for 2017	28/02/2018	09/03/2018	429.6	0.30
Interim for 2018	24/05/2018	08/06/2018	187.6	0.13
Second Interim for 2018	08/08/2018	17/08/2018	577.3	0.40
Third Interim for 2018	15/11/2018	23/11/2018	361	0.25

21. Share-based Payments

In 2016–2018, the Group had several Incentive Plans under which certain senior executives and employees (“participants”) could be gifted shares of the parent company upon vesting. These plans were adopted on 24 September 2013, 8 August 2014, 26 October 2015, 15 September 2016, 25 September 2017 and 26 September 2018.

The vesting under Incentive Plans adopted before 2017 does not depend on the achievement of any performance conditions. The new Plans adopted in 2017 and 2018 provide that the number of shares transferred to participants upon vesting is dependent on the Group’s performance versus the selected group of peers. EBITDA and total shareholder return (“TSR”) are used as the key performance indicators. If the Group’s EBITDA achieves a specific ranking in the peer group, then 50% of the shares of a particular tranche become vested, otherwise they are forfeited. If the Group’s TSR achieves a specific ranking in the peer group, then the other 50% of the shares of a particular tranche become vested, otherwise they are forfeited. Subject to the resolution of the Remuneration Committee, EBITDA can become the only metric in the performance evaluation (in case if the net debt to EBITDA ratio is equal to 3 or higher). The TSR-related vesting condition of the Incentive Plans 2017 and 2018 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

The vesting date for each tranche occurs within the 90-day period after announcement of the annual results. The expected vesting dates of the awards outstanding at 31 December 2018 are presented below:

Number of Shares of EVRAZ plc	Total	Incentive Plan 2018	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015
March 2019	8,562,791	628,747	1,345,901	2,640,256	3,947,887
March 2020	5,287,949	628,747	2,018,840	2,640,362	-
March 2021	2,961,995	943,129	2,018,866	-	-
March 2022	943,242	943,242	-	-	-
	17,755,977	3,143,865	5,383,607	5,280,618	3,947,887

The plans are administered by the Board of Directors of EVRAZ plc. The Board of Directors has the right to accelerate vesting of the grant. In the event of a participant’s employment termination, unless otherwise determined by the Board or by a decision of the authorised person, a participant loses the entitlement for the shares that were not gifted up to the date of termination.

There have been no modifications or cancellations to the plans during 2016–2018.