

Strategic priorities

Debt management and stable dividends

- Dividend payout according to stated dividend policy
- Medium-term net debt level below US\$4,000 million
- Target average net debt/EBITDA at 2.0x throughout the cycle

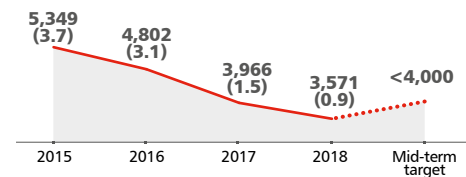
Following the successful deleveraging efforts of recent years, EVRAZ has a renewed focus on returning value to shareholders and further managing its debt. In 2018, robust free cash flow of US\$1,940 million allowed the Group to significantly decrease its net debt.

During the reporting period, EVRAZ returned a total of US\$1.6 billion to its shareholders in the form of dividends for a dividend yield of 17%, establishing a new record for the Company.

In 2018, EVRAZ announced an updated dividend policy envisaging returning at least US\$300 million to shareholders each year, provided that the Group's net debt/EBITDA ratio remains below

3.0x. Going forward, the remaining free cash flow after implementing investment programme can be distributed as dividends. Even in the events of a market correction and weaker profitability, EVRAZ remains committed to its long-term average net debt/EBITDA at 2.0x, which will allow the Group to maintain its stated dividend policy.

Net debt (net debt/EBITDA), US\$ million



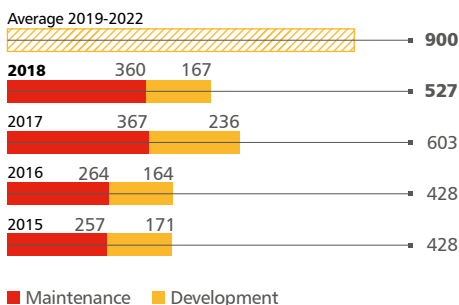
Dividends and share buybacks, US\$ million

US\$ million	2018	2017	2016	2015
Dividends	1,556	430	0	0
Shares buyback	0	0	0	336
Total	1,556	430	0	336
Yield	17%	9%	0	12%

Prudent CAPEX

The Group's new investment projects are aimed at further developing its competitive advantages, while maintenance investments are focused on supporting the sustainability of EVRAZ operations. New investment opportunities will be focused on the development and diversification of the steel product portfolio in Russia and North America.

Annual CAPEX, US\$ million



In 2019-22, EVRAZ expects its annual investment expenditures to be in the range of US\$800-990 million

Key projects with CAPEX > US\$100m

Projects under analysis

Integrated flat casting and rolling facility at EVRAZ ZSMK.

2.6 mtpa of premium 1.2mm-25mm flat products instead of slabs and billets.

TOTAL CAPEX: ~US\$490m **Term:** 2019-2022

Long rail mill at EVRAZ Pueblo.

600 ktpa of 100-metre rails. Current mill shut down.

TOTAL CAPEX: ~US\$480m **Term:** 2019-2022

Rail and beam mill modernisation at EVRAZ NTMK.

230 ktpa volumes of beams and 50 ktpa of sheet pipes, new types of rails instead of billets.

TOTAL CAPEX: ~US\$215m **Term:** 2019-2021

Continuous casting machine 5 at EVRAZ NTMK.

460 ktpa of cast pipe blanks to domestic market instead of billets.

TOTAL CAPEX: ~US\$120m **Term:** 2019-2021

Projects on the realisation stage

Blast furnace No. 6 major overhaul at EVRAZ NTMK.

Reconstruction of 2.5 mtpa blast furnace 6. After the project, the blast furnace 5 will shut down.

TOTAL CAPEX: ~US\$150m **Term:** 2019-2021

Tashtagol iron ore mine upgrade.

Increase Tashtagol mining volumes to 3.25 mtpa.

TOTAL CAPEX: ~US\$108m **Term:** 2018-2019

Realised projects in 2018

Construction of the blast furnace No. 7 at EVRAZ NTMK.

New 2.5 mtpa blast furnace 7 with better productivity and energy efficiency. Launched in Q1 2018.

TOTAL CAPEX: ~US\$204m **Term:** 2016-2018