

DEFINITIONS OF SELECTED FINANCIAL INDICATORS

Free Cash Flow

Free Cash Flow represents EBITDA, net of non-cash 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's calculation of Free Cash Flow may be different from the calculation used by other companies and therefore comparability may be limited.

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.

In 2015, management changed the definition of segment expense and EBITDA to make these indicators more comparable with the Russian steel peers. Starting from the 2015 consolidated financial statements segment expense does not include social and social infrastructure maintenance expenses and profit/(loss) from operations is adjusted for these expenses in arriving at EBITDA. As a result, the Group restated EBITDA based on both IFRS and management accounts for the years ended 31 December 2014 and 2013.

See note 3 of the consolidated financial statement on page 182 for additional information.

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.

Calculation of cash and short-term bank deposits, US\$ million

	31 December 2015	31 December 2014
Cash and cash equivalents	1,375	1,086
Cash of disposals classified as held for sale	-	-
Collateral under swaps	-	7
Cash and short-term bank deposits	1,375	1,093

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.

Calculation of total debt, US\$ million

	31 December 2015	31 December 2014
Long-term loans, net of current portion	5,850	5,470
Short-term loans and current portion of long-term loans	497	761
Add back: Unamortised debt issue costs and fair value adjustment to liabilities assumed in business combination	47	37
Nominal effect of cross-currency swaps on principal of rouble-denominated notes	325	635
Finance lease liabilities, including current portion	5	4
TOTAL DEBT	6,724	6,907

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.

Calculation of net debt, US\$ million

	31 December 2015	31 December 2014
TOTAL DEBT	6,724	6,907
Short-term bank deposits	-	-
Cash and cash equivalents	(1,375)	(1,086)
Cash of assets classified as held for sale	-	-
Collateral under swaps	-	(7)
NET DEBT	5,349	5,814