FINANCING AND LIQUIDITY

EVRAZ began 2021 with total debt of US$4,983 million

In January, the Group repaid at maturity US$735 million in outstanding principal of its Eurobonds due in 2021. In June and August, the Group completed several transactions to repurchase, in aggregate, US$65 million in outstanding principal of its Eurobonds due in 2022 and later in October completed a make-whole call for the remaining US$435 million in outstanding principal of these Eurobonds.

In March, the Group repaid, at maturity, RUB15,000 million (roughly US$201 million) in outstanding principal of its ruble-denominated bonds due in 2021.

In March, to compensate for the reduction in liquidity, EVRAZ drew US$750 million under the committed syndicated facility that it signed with a group of international banks in early 2020.

In February, EVRAZ signed a new credit facility with SberBank and borrowed US$67 million of the available funds.

In June, EVRAZ signed an amendment to its existing US$100 million credit facility with ING DiBa, extending its repayment schedule until 2026 and increasing its size to US$150 million. In July, EVRAZ utilised an additional US$50 million. In October, the Group agreed an amendment to this credit facility implementing sustainability-linked provisions, namely a pricing mechanism linked to the management score component of the Sustainalytics ESG rating.

In November, EVRAZ signed a new, committed US$350 million credit facility with Intesa with an availability period of six months from the signing date. The facility remained unutilised as at 31 December 2021.

In the process of preparing for a potential demerger of its Coal assets, the Group obtained necessary creditor approvals, including a Eurobond consent solicitation from the majority of holders of its Eurobonds due in 2022, 2023 and 2024. It also took steps to rebalance its debt between the Steel and Coal divisions and refinance certain outstanding loans.

Raspadskaya received a US$200 million long-term loan from Alfa Bank and a US$200 million long-term loan from SberBank.

Steelmaking subsidiaries of the Group repaid a total of around US$619 million of their outstanding bank debt of varying maturities during 2021.

As a result of these actions, as well as scheduled repayments of bank loans and leases in 2021, total debt fell by US$889 million to US$4,094 million as at 31 December 2021.

In 2021, EVRAZ paid three interim dividends to its shareholders: US$437 million (US$0.30 per share) in April, US$292 million (US$0.20 per share) in June, and US$802 million (US$0.55 per share) in September.

On 14 December 2021, EVRAZ announced an interim dividend to its shareholders of US$292 million (US$0.20 per share), payable in January 2022.

Net debt dropped by US$689 million to US$2,667 million, compared with US$3,356 million as at 31 December 2020.

Interest expense accrued on loans, bonds and notes amounted to US$186 million during the period, compared with US$291 million in 2020. The repayment of the Eurobonds due in 2021 and 2022 and ruble bonds due in 2021, all of which had high coupon rates, together with management's efforts to reduce total debt and refinance indebtedness on favourable terms, led to the significant reduction of interest expense compared with the previous year.

The higher EBITDA amid a strong market recovery and lower net debt resulted in a significant reduction in the Group's major leverage metric, the ratio of net debt to last twelve months (LTM) EBITDA, to 0.5 as at 31 December 2021, compared with 1.5 as at 31 December 2020.

As at 31 December 2021, various bilateral facilities with a total outstanding principal of around US$1,697 million contained financial maintenance covenants tested at the level of EVRAZ plc, including a maximum net leverage and a minimum EBITDA interest cover.

New debt facilities of Raspadskaya contain financial maintenance covenants tested on the consolidated financials of Raspadskaya, including a maximum net leverage and a minimum EBITDA interest cover.

As at 31 December 2021, EVRAZ and its subsidiaries were in full compliance with the financial covenants.

As at 31 December 2021, cash and cash equivalents amounted to US$1,427 million, while short-term loans and the current portion of long-term loans amounted to US$101 million. Cash balances and committed credit facilities available to the Group (US$623 million) comfortably cover upcoming maturities.