

**➔ CALCULATION OF FREE CASH FLOW, US\$ million**

Item	2017	2016	Change	Change, %
EBITDA	2,624	1,542	1,082	70.2
<b>EBITDA excluding non-cash items</b>	<b>2,627</b>	<b>1,549</b>	<b>1,078</b>	<b>69.6</b>
Changes in working capital	(154)	160	(314)	n/a
Income tax accrued	(485)	(183)	(302)	n/a
Social and social infrastructure maintenance expenses	(31)	(23)	(8)	34.8
<b>Net cash flows from operating activities</b>	<b>1,957</b>	<b>1,503</b>	<b>454</b>	<b>30.2</b>
Interest and similar payments	(453)	(454)	1	(0.2)
Capital expenditures, including recorded in financing activities and non-cash transactions	(603)	(428)	(175)	40.9
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	412	27	385	n/a
Other cash flows from investing activities	9	11	(2)	(18.2)
<b>Free cash flow</b>	<b>1,322</b>	<b>659</b>	<b>663</b>	<b>100.6</b>

In 2017, net cash flows from operating activities **increased by 30.2% year-on-year**. Free cash flow for the period was **US\$1,322 million**.



For more information on the definition of free cash flow, please see page 267.

**CAPEX and key projects**

In 2017, EVRAZ' capital expenditure increased to US\$603 million, compared with US\$428 million a year earlier, due to significant expenses on major projects and the strengthening of the rouble exchange rate against the US dollar. EVRAZ NTMK continued to implement its two main construction projects during 2017, the blast furnace no. 7 and the new grinding ball mill, both of which are scheduled to be launched in Q1 2018. In 2017, the degasser was installed at EVRAZ Regina's steel mill. This was the last important module of the upgrade project, making it possible to achieve the project's full planned effect.

Capital expenditures (including those recognised in financing activities) for 2017 in millions of US dollars can be summarised as follows.

**➔ CAPITAL EXPENDITURES IN 2017, US\$ million**

<b>Blast furnace no. 7</b> The construction of EVRAZ NTMK's blast furnace no. 7 has been in progress since Q3 2016. It is due to be launched in Q1 2018.	133
<b>Steel mill upgrade</b> The upgrade of EVRAZ Regina's steel mill has been in progress since Q2 2015. The aim is to improve steel quality, increase the capacity for casting by 110 kt and rolling by 250 kt, and result in a crown yield saving from 0.75% to 1.1%. The project was completed in 2017.	45
<b>Grinding ball mill construction</b> The construction of EVRAZ NTMK's new grinding ball mill has been in progress since Q2 2015. It is due to be completed in Q1 2018 and is expected to increase ball production to more than 300 kt by 2019.	8
<b>Boiler modernisation</b> The modernisation of EVRAZ ZSMK's boiler unit no. 9 has been in progress since Q3 2016. It was launched in Q4 2017, making it possible to achieve the project's planned effect.	7
Other development projects	43
<b>Maintenance</b>	<b>367</b>
<b>Total</b>	<b>603</b>