PAO Severstal
and subsidiaries

Consolidated interim condensed financial statements
for the three months ended 31 March 2018 and 2017

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Contents

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Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and Board of Directors

PAO Severstal

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of PAO Severstal (the "Company") and its subsidiaries (the "Group") as at 31 March 2018, and the related consolidated interim condensed income statements and consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 31 March 2018 and 2017, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our reviews.

Scope of Reviews

We conducted our reviews in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Audited entity: PAO Severstal

Registration No. in the Unified State Register of Legal Entities 1023501236901.

Cherepovets, Vologodskaya oblast, Russia.

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registration No. in the Unified State Register of Legal Entities 1027700125628.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 31 March 2018 and for the three-month periods ended 31 March 2018 and 2017 are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Larisa Kiseleva

JSC "KPMG"

Moscow, Russia

16 April 2018

PAO Severstal and subsidiaries

Consolidated interim condensed income statements
Three months ended 31 March 2018 and 2017

(Amounts expressed in millions of US dollars, except as otherwise stated)

		Three months ended 31 March	
	Note	2018 (unaudited)	2017 (unaudited)
Revenue			
Revenue - third parties		2,137	1,738
Revenue - related parties	4	36	29
	2	2,173	1,767
Cost of sales		(1,314)	(1,046)
Gross profit		859	721
General and administrative expenses		(80)	(73)
Distribution expenses		(165)	(152)
Other taxes and contributions		(18)	(19)
Share of associates' and joint ventures' gain		4	1
Loss on disposal of property, plant and equipment and intangible assets		(12)	(1)
Net other operating expenses		(3)	(1)
Profit from operations		585	476
Impairment of non-current assets		(1)	-
Net other non-operating expenses		(9)	(11)
Profit before financing and taxation		575	465
Finance income		8	14
Finance costs		(33)	(40)
Gain on remeasurement of financial instruments		7	13
Foreign exchange gain, net	3	12	19
Profit before income tax		569	471
Income tax expense		(108)	(112)
Profit for the period		461	359
Attributable to:			
shareholders of PAO Severstal		461	359
Basic weighted average number of shares outstanding during the period (millions of shares)		814.1	810.6
Basic earnings per share (US dollars)		0.57	0.44
Diluted weighted average number of shares outstanding during the period (millions of shares)		846.6	835.7
Diluted earnings per share (US dollars)		0.54	0.42

These consolidated interim condensed financial statements were approved by the Board of Directors on 16 April 2018.

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

PAO Severstal and subsidiaries

Consolidated interim condensed statements of comprehensive income
Three months ended 31 March 2018 and 2017

(Amounts expressed in millions of US dollars, except as otherwise stated)

	Three months ended 31 March	
	2018 (unaudited)	**2017 (unaudited)**
Profit for the period	461	359
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial losses	(2)	(3)
Translation to presentation currency	16	268
Total items that will not be reclassified to profit or loss	14	265
Items that may be reclassified subsequently to profit or loss		
Translation to presentation currency - foreign operations	4	2
Changes in fair value of financial assets measured through other comprehensive income	(5)	1
Total items that may be reclassified subsequently to profit or loss	(1)	3
Other comprehensive income for the period	13	268
Total comprehensive income for the period	474	627
Attributable to:		
shareholders of PAO Severstal	474	627

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

PAO Severstal and subsidiaries

Consolidated interim condensed statements of financial position
31 March 2018 and 31 December 2017

(Amounts expressed in millions of US dollars, except as otherwise stated)

	Note	31 March 2018 (unaudited)	31 December 2017
Assets			
Current assets:			
Cash and cash equivalents		757	1,031
Short-term financial investments	6	14	12
Trade accounts receivable		710	598
Accounts receivable from related parties	5	19	16
Restricted financial assets		-	1
Inventories		1,000	1,058
VAT recoverable		165	124
Income tax recoverable		7	7
Other current assets		111	105
Total current assets		2,783	2,952
Non-current assets:			
Long-term financial investments	6	213	217
Investments in associates and joint ventures		76	65
Property, plant and equipment		3,724	3,701
Intangible assets		242	241
Deferred tax assets		21	24
Other non-current assets		9	9
Total non-current assets		4,285	4,257
Total assets		7,068	7,209
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable		527	549
Accounts payable to related parties	5	17	18
Short-term debt finance	6	30	586
Income taxes payable		31	40
Other taxes and social security payable		144	113
Dividends payable		6	6
Other current liabilities		310	358
Total current liabilities		1,065	1,670
Non-current liabilities:			
Long-term debt finance	6	1,512	1,507
Deferred tax liabilities		299	311
Retirement benefit liabilities		80	78
Other non-current liabilities	6	242	245
Total non-current liabilities		2,133	2,141
Equity:			
Share capital		2,753	2,753
Treasury shares		(206)	(206)
Additional capital		308	308
Translation reserve		(1,659)	(1,679)
Retained earnings		2,652	2,195
Other reserves		7	12
Total equity attributable to shareholders of PAO Severstal		3,855	3,383
Non-controlling interests		15	15
Total equity		3,870	3,398
Total equity and liabilities		7,068	7,209

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

PAO Severstal and subsidiaries

Consolidated interim condensed statements of cash flows
Three months ended 31 March 2018 and 2017

(Amounts expressed in millions of US dollars, except as otherwise stated)

	Three months ended 31 March	
	2018 (unaudited)	2017 (unaudited)
Operating activities:		
Profit before financing and taxation	575	465
Adjustments to reconcile profit to cash generated from operations:		
Depreciation and amortisation	107	99
Impairment of non-current assets	1	-
Movements in provision for inventories, receivables and other provisions	2	7
Loss on disposal of property, plant and equipment and intangible assets	12	1
Share of associates' and joint ventures' results less dividends from associates and joint ventures	(4)	(1)
Changes in operating assets and liabilities:		
Trade accounts receivable	(104)	(80)
Accounts receivable from related parties	(3)	4
VAT recoverable	(41)	(35)
Inventories	67	(146)
Trade accounts payable	(5)	65
Accounts payable to related parties	(2)	6
Other taxes and social security payable	30	10
Other non-current liabilities	(6)	(4)
Assets held for sale	-	2
Net other changes in operating assets and liabilities	(57)	(110)
Cash generated from operations	572	283
Interest paid	(30)	(20)
Income tax paid	(129)	(73)
Net cash from operating activities	413	190
Investing activities:		
Additions to property, plant and equipment	(131)	(131)
Additions to intangible assets	(5)	(7)
Additions to financial investments	(10)	(5)
Proceeds from disposal of property, plant and equipment	2	2
Proceeds from disposal of financial investments	1	5
Interest received	10	16
Net cash used in investing activities	(133)	(120)
Financing activities:		
Proceeds from debt finance	-	1,245
Acquisition of non-controlling interests	(1)	-
Repayments of debt finance	(553)	(539)
Net proceeds from other financing activities	-	1
Dividends paid	-	(3)
Net cash (used in)/from financing activities	(554)	704
Effect of exchange rates on cash and cash equivalents	-	12
Net (decrease)/increase in cash and cash equivalents	(274)	786
Less change in cash and cash equivalents of assets held for sale	-	(1)
Cash and cash equivalents at beginning of the period	1,031	1,154
Cash and cash equivalents at end of the period	757	1,939

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

PAO Severstal and subsidiaries

Consolidated interim condensed statements of changes in equity
Three months ended 31 March 2018 and 2017
(Amounts expressed in millions of US dollars, except as otherwise stated)

	Attributable to shareholders of PAO Severstal							Non-controlling interests	Total
	Share capital	Treasury shares	Additional capital	Translation reserve	Retained earnings	Other reserves	Total		
Balances at 31 December 2016	2,753	(236)	296	(2,246)	2,450	9	3,026	15	3,041
Profit for the period (unaudited)	-	-	-	-	359	-	359	-	359
Translation to presentation currency (unaudited)	-	-	-	270	-	-	270	-	270
Other comprehensive (loss)/income (unaudited)	-	-	-	-	(3)	1	(2)	-	(2)
Total comprehensive income for the period (unaudited)				270	356	1	627	-	627
Other (unaudited)	-	-	-	-	(50)	-	(50)	-	(50)
Balances as at 31 March 2017 (unaudited)	2,753	(236)	296	(1,976)	2,756	10	3,603	15	3,618
Balances at 31 December 2017	2,753	(206)	308	(1,679)	2,195	12	3,383	15	3,398
Profit for the period (unaudited)	-	-	-	-	461	-	461	-	461
Translation to presentation currency (unaudited)	-	-	-	20	-	-	20	-	20
Other comprehensive loss (unaudited)	-	-	-	-	(2)	(5)	(7)	-	(7)
Total comprehensive income/(loss) for the period (unaudited)				20	459	(5)	474	-	474
Other (unaudited)	-	-	-	-	(2)	-	(2)	-	(2)
Balances as at 31 March 2018 (unaudited)	2,753	(206)	308	(1,659)	2,652	7	3,855	15	3,870

The accompanying notes form an integral part of these consolidated interim condensed financial statements.

(Amounts expressed in millions of US dollars, except as otherwise stated)

1. Accounting policies and estimates

These consolidated interim condensed financial statements of PAO Severstal and subsidiaries (‘the Group’) have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) and IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

The following exchange rates were used in the consolidated interim condensed financial statements:

	31 March 2018	Three months ended 31 March 2018	31 December 2017	31 March 2017	Three months ended 31 March 2017
USD/RUB	57.26	56.88	57.60	56.38	58.83
EUR/USD	1.23	1.23	1.20	1.07	1.07

Adoption of new Standards

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2017, except that the Group has adopted those new Standards that are mandatory for financial annual periods beginning on 1 January 2018.

IFRS 9 Financial Instruments has replaced *IAS 39 Financial instruments*: *Recognition and Measurement*. The standard provides amended guidance on the classification, recognition and measurement of financial assets and liabilities and hedge accounting. The major impact from the transition is related to the classification of financial assets and introduced an expected credit loss model which results in the earlier recognition of credit losses and is more forward looking than the previous incurred loss model.

The Group analysed the classification of all material financial assets and liabilities and implemented an expected credit loss model under the new standard, which did not result in any significant effect on the Group’s consolidated interim condensed financial statements.

IFRS 15 Revenue from contracts with customers has replaced *IAS 11 Construction Contracts*, *IAS 18 Revenue* and related *IFRIC*. The standard provides amended guidance on revenue recognition. To assess the effect of IFRS 15 on the consolidated interim condensed financial statements the Group analysed all major contracts with customers. The adoption of the new standard did not have a significant effect on the Group’s consolidated interim condensed financial statements.

New accounting pronouncements

A number of new Standards and amendments to Standards were not yet effective for the three months ended 31 March 2018, and have not been applied in these consolidated interim condensed financial statements.

The adoption of the pronouncements is not expected to have a significant impact on the Group’s consolidated financial statements in future periods except for those discussed below.

IFRS 16 Leases is intended to replace the current *IAS 17 Leases*. The mandatory effective date is 1 January 2019, with earlier application allowed. The standard provides amended guidance on recognition, measurement, presentation and disclosure of leases. It includes a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less. The Group recognises that the new standard introduces many changes to the accounting for leases. The Group is currently assessing the effect of IFRS 16.

(Amounts expressed in millions of US dollars, except as otherwise stated)

2. Revenue

Revenue by product was as follows:

	Three months ended 31 March	
	2018 (unaudited)	2017 (unaudited)
Hot-rolled strip and plate	678	584
Cold-rolled sheet	243	193
Long products	173	132
Shipping and handling *	153	131
Large diameter pipes	153	99
Galvanized and other metallic coated sheet	146	83
Metalware products	130	130
Pellets and iron ore	121	113
Other tubes and pipes, formed shapes	117	111
Semi-finished products	110	43
Colour-coated sheet	61	77
Coal and coking coal concentrate	20	13
Scrap	2	2
Others	66	56
	2,173	1,767

* Shipping and handling do not represent a separate performance obligation under IFRS 15 "Revenue from contracts with customers" and is disclosed only for presentation purposes.

Revenue by delivery destination was as follows:

	Three months ended 31 March	
	2018 (unaudited)	2017 (unaudited)
Russian Federation	1,176	1,046
Europe	593	285
The Middle East	129	152
CIS	121	106
North America	77	52
Africa	29	48
China and Central Asia	26	15
Central and South America	22	32
South-East Asia	-	31
	2,173	1,767

3. Foreign exchange gain, net

	Three months ended 31 March	
	2018 (unaudited)	2017 (unaudited)
Foreign exchange gain on cash and cash equivalents and debt finance	6	61
Foreign exchange gain/(loss) on other assets and liabilities	6	(42)
	12	19

(Amounts expressed in millions of US dollars, except as otherwise stated)

4. Related party transactions

	Three months ended 31 March	
	2018 (unaudited)	**2017 (unaudited)**
Revenue - related parties:		
Revenue - associates	8	8
Revenue - joint ventures	19	17
Revenue - other related parties	9	4
Income from services to other related parties	3	3
Interest income from joint ventures	-	1
	39	33
Purchases from related parties:		
Purchases from associates:		
Non-capital expenditures	17	16
Purchases from joint ventures:		
Non-capital expenditures	2	-
Purchases from other related parties:		
Non-capital expenditures	8	8
	27	24

5. Related party balances

	31 March 2018 (unaudited)	**31 December 2017**
Joint ventures' balances		
Short-term trade accounts receivable	5	5
Short-term loans	5	4
Long-term loans	18	20
Associates' balances		
Short-term trade accounts receivable	3	3
Short-term trade accounts payable	7	7
Other related party balances		
Short-term trade accounts receivable	9	6
Short-term other receivables	2	2
Long-term loans	4	-
	15	8
Accounts payable to other related parties:		
Short-term trade accounts payable	1	3
Advances received	3	3
Short-term other accounts payable	6	5
Long-term other accounts payable	6	7
Short-term debt financing	2	2
	18	20

The amounts outstanding are expected to be settled in cash. The Group did not hold any collateral for amounts owed by related parties.

6. Carrying amounts and fair values

In April 2016, the Group issued US$ 200 million senior unsecured guaranteed convertible bonds maturing in 2021. The conversion rights may be exercised at any time on or after 9 June 2016. The initial conversion price was set at US$ 13.80 per GDR. If the conversion rights are exercised, it is at the Group's discretion to determine whether to convert bonds into GDRs or to pay a cash amount as defined in the terms of the issue. This settlement option causes the conversion feature of the bond to be classified separately and measured at fair value through profit and loss, while the host liability is accounted for at amortised cost using market interest rate of 5.1% per annum at the date of the issue. The bonds bear an interest rate of 0.5% per annum, which is payable semi-annually in April and October each year, beginning in October 2016. Holders of the bonds have an option to require an early redemption of their bonds on 29 April 2019 at the principal amount plus accrued interest. The Group also has an option for early redemption, exercisable starting from 20 May 2019 provided the value of the GDRs deliverable on conversion of the bonds exceeds 130 per cent of the principal amount of the bonds for a specified period of time. The proceeds from the bonds issuance were mainly used for general corporate purposes.

As at 31 March 2018, the value of conversion option of convertible bonds maturing in 2021 was US$ 106 million and was determined with reference to the quoted market price (level 2 of the fair value hierarchy) and included in other non-current liabilities (31 December 2017: US$ 109 million).

In February 2017, the Group issued US$ 250 million senior unsecured guaranteed convertible zero-coupon bonds maturing in 2022. The conversion rights may be exercised at any time on or after 29 March 2017. The initial conversion price was set at US$ 20.33 per GDR. If the conversion rights are exercised, it is at the Group's discretion to determine whether to convert bonds into GDRs or to pay a cash amount as defined in the terms of the issue. This settlement option causes the conversion feature of the bond to be classified separately and measured at fair value through profit and loss, whilst the host liability is accounted for at amortised cost using market interest rate at 3.9% per annum at the date of the issue. Holders of the bonds have an option to require an early redemption of their bonds on 16 February 2020 at the principal amount. The Group also has an option for early redemption, exercisable starting from 9 March 2020 provided the value of the GDRs deliverable on conversion of the bonds exceeds 130 per cent of the principal amount of the bonds for a specified period of time. The proceeds from the bonds issuance were mainly used for general corporate purposes.

As at 31 March 2018, the value of the conversion option of convertible bonds maturing in 2022 was US$ 45 million and was determined with reference to the quoted market price (level 2 of the fair value hierarchy) and included in other non-current liabilities (31 December 2017: US$ 48 million).

In February 2017, the Group issued US$ 500 million bonds denominated in US dollars maturing in 2021. These bonds bear an interest rate of 3.85% per annum, which is payable semi-annually in February and August each year, beginning in August 2017. The proceeds from the bonds issuance were used for general corporate purposes, including refinancing of debt maturing in 2018.

The fair value of the Group's other financial liabilities was greater than their carrying amount by approximately US$ 40 million (31 December 2017: US$ 81 million).

As at 31 March 2018, short-term financial investments included financial assets measured at fair value through other comprehensive income (FVOCI) of US$ 8 million, the value was determined based on quoted market prices (level 1 of the fair value hierarchy) (31 December 2017: US$ 8 million).

As at 31 March 2018, long-term financial investments included financial assets measured at fair value through other comprehensive income (FVOCI) of US$ 188 million, the value was determined based on quoted market prices (level 1 of the fair value hierarchy) (31 December 2017: US$ 194 million).

(Amounts expressed in millions of US dollars, except as otherwise stated)

The carrying value of other Group's financial assets does not differ significantly from their fair value.

7. Segment information

As at 31 March 2018, the Group had two reportable segments: Severstal Resources and Severstal Russian Steel.

Severstal Resources has its extraction facilities in the Russian Federation producing iron ore and coal.

Severstal Russian Steel produces a wide range of products, including hot-rolled sheets, profiles, large-diameter pipes and cold-rolled coated sheets encompassing sheets for the automotive industry, hot-rolled plates, metalware and long products in steel production facilities located in the Russian Federation. It sells steel products to the domestic Russian market, serving the needs of the Russian automotive, construction and service processing, machinery, oil and gas and other industries, as well as the international market.

The following is an analysis of the Group's total assets and liabilities by segment:

	Severstal Resources	Severstal Russian Steel	Inter-segment balances	Conso-lidated
Balances as at 31 March 2018 (unaudited)				
Total assets	3,254	7,148	(3,334)	7,068
Total liabilities	1,080	3,606	(1,488)	3,198
Balances as at 31 December 2017				
Total assets	3,755	7,342	(3,888)	7,209
Total liabilities	1,094	4,770	(2,053)	3,811

The following is an analysis of the Group's revenue and a reconciliation of profit from operations to EBITDA by segment:

Three months ended 31 March 2018 (unaudited):

	Severstal Resources	Severstal Russian Steel	Inter-segment transactions	Conso-lidated
Revenue	402	2,025	(254)	2,173
Profit from operations	149	453	(17)	585
Adjustments to reconcile profit from operations to EBITDA:				
Depreciation and amortisation of productive assets	38	69	-	107
Loss on disposal of property, plant and equipment and intangible assets	1	11	-	12
Share of associates' and joint ventures' depreciation and amortisation and non-operating (income)/expenses	-	2	-	2
EBITDA	188	535	(17)	706
Additional information:				
intersegment revenue	237	17	(254)	-

(Amounts expressed in millions of US dollars, except as otherwise stated)

Three months ended 31 March 2017 (unaudited):

	Severstal Resources	Severstal Russian Steel	Inter - segment transactions	Conso- lidated
Revenue	424	1,623	(280)	1,767
Profit from operations	182	339	(45)	476
Adjustments to reconcile profit from operations to EBITDA:				
Depreciation and amortisation of productive assets	32	66	-	98
Loss on disposal of property, plant and equipment and intangible assets	-	1	-	1
Share of associates' and joint ventures' depreciation and amortisation and non-operating (income)/expenses	-	3	-	3
EBITDA	214	409	(45)	578
Additional information:				
intersegment revenue	264	16	(280)	-

Reconciliation between profit from operations to profit before income tax is presented in the consolidated interim condensed income statements.

8. Contingencies for litigation, tax and other liabilities

The taxation system and regulatory environment of the Russian Federation are characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to varying interpretations between the differing regulatory authorities and jurisdictions, who are empowered to impose significant fines, penalties and interest charges. Events during recent years suggest that the regulatory authorities within this country are adopting a more assertive stance regarding the interpretation and enforcement of legislation. This situation creates substantial tax and regulatory risks. At the reporting date the amounts of the actual and potential contingent claims for taxes, fines and penalties made by the Russian tax authorities to certain Group’s entities amounted to approximately US$ 2 million (31 December 2017: US$ 2 million) and management believes it has made adequate provisions for other probable tax claims. Management does not agree with the tax authorities’ claims and believes that the Group has complied in all material respects with all existing, relevant legislation. Management is unable to assess the ultimate outcome of the claims and the outflow of financial resources to settle such claims, if any.

As at 31 March 2018, a claw-back claim had been made by Lucchini S.p.A’s (‘Lucchini’) extraordinary commissioner against the Group’s subsidiary amounting to approximately US$ 142 million (31 December 2017: US$ 142 million). The bankruptcy claw-back action is a remedy offered by the Italian Bankruptcy Act to allow commissioners to declare ineffective, vis-à-vis all creditors of a bankrupt company, certain payments and transactions executed in the period preceding the insolvency declaration that altered the equal treatment of all the unsecured creditors of an insolvent debtor. Lucchini was previously the Group’s subsidiary and was deconsolidated in 2011 and currently is under the bankruptcy procedure. This claim relates to cash received by the Group’s subsidiary for supplies of raw materials to Lucchini primarily during the period when Lucchini was already not part of the Group. Management does not agree with this claim and believes strongly it has made all necessary steps to protect its position. Management is unable to assess the ultimate outcome of the claim, including the outflow of the financial resources to settle the claim, if any, because it depends on multiple circumstances concerning the facts and the applicability and interpretation of the relevant statutes. In case the Group has to make any payment, the relevant amount paid will be included in Lucchini’s creditors’ list and will be settled in the course of the bankruptcy procedure.

9. Capital commitments

As at 31 March 2018, the Group had contractual capital commitments of US$ 233 million (31 December 2017: US$ 271 million).

10. Dividends

On 1 February 2017, the Board of Directors recommended an annual dividend of RUB 27.73 per share and per GDR for the year ended 31 December 2016 subject to approval at the Annual General Meeting of Shareholders in June 2017.

On 1 February 2018, the Board of Directors recommended an annual dividend of RUB 27.72 per share and per GDR for the year ended 31 December 2017 subject to approval at the Annual General Meeting of Shareholders in June 2018.