Evraz at a glance

- World class steel and mining company, one of the top five most profitable steelmakers globally by ROCE and EBITDA margin
- Leader in the construction and railway steel products markets in Russia and CIS
- Global player with a strong position in flat products markets of Europe and the US
- The lowest cost producer of crude steel in Russia and CIS through high efficiency and vertical integration
- One of the leading global producers of vanadium products

- 2007 production of 16.4 million tonnes of crude steel, 12.6 million tonnes of pig iron and 15.2 million tonnes of rolled products
- Consolidated revenues of US$12.8 billion in 2007 and US$8.3 billion in 2006

Our assets:

- Three leading steel plants in Russia: Nizhny Tagil, West Siberian and Novokuznetsk Iron and Steel Plants
- Steel plants in Ukraine, Italy, the Czech Republic, the United States, Canada, South Africa and China
- Iron ore mining and processing facilities in Russia (Evrazruda, KGOK and VGOK) and Ukraine
- Coal producers Yuzhkuzbassugol and Mine 12; an equity interest in the Raspanskaya coking coal producer
- Vanadium producers in the United States, South Africa, the Czech Republic
Russia As a Key Market for Evraz

- Over the last three years Evraz’s total sales in the Russian market increased by 25% to 7.7 million tonnes.
- In 2007, Evraz’s construction products sales in Russia increased by 35% to 3.6 million tonnes.
- No more exports of construction products since 2008.
Steel Consumption in Russia, 2000-2007

Rolled Products Consumption in Russia

Sources: Metal Expert, Metal Courier
**Russian Construction Products Market**

- Steel consumption per capita in Russia is still below the world’s average
- Rebars market grew by 30% in 2006 and by 23% in 2007
- Sections market rose 32% in 2007 due to increased investments in industrial construction and infrastructure

**Rebars (Russian Market)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>3,276</td>
</tr>
<tr>
<td>2005</td>
<td>3,730</td>
</tr>
<tr>
<td>2006</td>
<td>4,860</td>
</tr>
<tr>
<td>2007</td>
<td>5,886</td>
</tr>
</tbody>
</table>

**Sections (Russian Market)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2,516</td>
</tr>
<tr>
<td>2005</td>
<td>2,715</td>
</tr>
<tr>
<td>2006</td>
<td>2,886</td>
</tr>
<tr>
<td>2007</td>
<td>3,800</td>
</tr>
</tbody>
</table>

Source: Evraz market estimates
Russian Market Price Dynamics

Price for 12mm A500 Rebars (Moscow)

Price for 14-16mm Channels (Moscow)

Roubles (CPT excl VAT)

Source: Evraz market estimates
Russian Market Development

Short term: Supply/demand disbalance pushes the market further upwards

- Current situation is exclusively a result of market factors.
- Alternatives: state regulation within the market or an analogue of the State Committee on Prices/State Planning Committee with rigid regulation and total neglect of the market?
- Regulation is mainly aimed at increasing supply of finished products in Russia.
- In case of 100% utilisation of Russian rolling capacities, duties imposed on raw materials and semis will not increase the internal supply and thus, will not affect the prices.

Long term: Development of rolling capacities in Russia is the only solution to the supply/demand disbalance

- Increasing rolled products supply is the only way to balance the market in the conditions of continuously growing demand
Evraz’s Investments in Rolling Capacities to Increase Supply to the Russian Market

By 2012, Evraz will supply additionally over 3 million tonnes of rolled products to the Russian market (+40% to 2007 volumes)

Evraz’s investments in rolling capacity extension in order to satisfy the Russian growing demand will total US$1.8 billion over the next 5 years.
Wheel-and-tire Mill Reconstruction at NTMK

- **Realised projects:** the 1st and the 2nd stages of mill’s reconstruction

**Project:** The 3rd stage of mill’s reconstruction: a heat treatment and machine finishing shop

- **Project aims:**
  - To ensure the required technical characteristics
  - To expand the market
  - To shift from production of billets to high value-added finished products

- **Products:** Railway wheels and tires with increased hardness (up to 360 HB)

- **Capacity:** 580,000 wheels p.a.

- **Equipment:** supplied by MAERZ - Gautschi

- **Capex:** approx US$215 million
  - Putting into operation: December 2008
  - Reaching nominal capacity: June 2009
Reconstruction of Rail Production at NTMK

Project: reconstruction of the NTMK rail production with introduction of the rail head hardening technology

- Project aims:
  - To satisfy RZD demand for longer high quality rails to be used in high speed railways
  - To meet European and North American railways requirements

- Products: High quality 100 metre-long rails (up to 50% of total production)

- Capacity: Up to 950,000 tonnes of rails p.a.


Capex: approx €375 million
- Putting into operation: 2011
Reconstruction of Rail Production at NKMK

**Project:** NKMK rail production modernisation

- **Project aims:**
  - To satisfy RZD demand for high quality rails
  - To increase rail production volumes

- **Products:** 25-50 metre-long high quality rails

- **Capacity:** up to 750,000 tonnes of rails p.a.

- **Equipment:** Stangl Technik GmbH, MFL, Bronx International Incorporated, Koch, NDT Technologies Inc, Geismar, Hydrosystem Project a.s.

- **Capex:** approx €125 million
  - Putting into operation: 2011
New Rebar Capacity at NKMK

**Project:** Construction of small section rolling mill 320 at the existing production facilities of NKMK

- **Project aims:**
  - To satisfy the growing demand for construction products in Russia
  - To create additional synergies with existing production of billets
  - To optimise the utilisation and improve efficiency of existing facilities

- **Products:**
  - ø14mm-ø40mm rebars
  - ø5,5mm-ø12mm wire rod

- **Capacity:** 400,000 tonnes p.a.

- **Equipment:** a rolling mill made by TANAKA (Japan); a gas oven with walking beams; a PLC SIEMENS S7 mill control system; a thermohardening unit.

**Capex:** approx US$80 million

- Putting into operation: June-July 2009
New Construction Products Capacities in Siberia

- Project: Construction of a section rolling mill in Bratsk, Irkutsk region
  - Project aims:
    - To satisfy the growing demand for construction products in Russia
    - To have additional synergies with existing production of billets
    - To optimise the utilisation and to improve efficiency of existing facilities
  - Products: ø10mm-ø36mm rebars
  - Capacity: 400,000 tonnes p.a.
  - Equipment: The tender is under way

- Capex: approx US$80 million
- Putting into operation: April 2009
Construction of a Small Section Mill in Kazakhstan

Project: Construction of small section mill 350 in the brownfield of the Kostanaiisk diesel engine plant (approx 200 km from Chelyabinsk)

- Project aims:
  - To satisfy the growing demand for construction products in Russia and Kazakhstan
  - To have additional synergies with existing production of billets
  - To optimise the utilisation and to improve efficiency of existing facilities

- Products:
  - ø10mm-ø40mm rebars
  - channels (up to 80), angles (up to 75)

- Capacity: 600,000 tonnes p.a.

- Equipment: The tender is under way

Capex: approx US$160 million

- Putting into operation: June 2010
New Heavy Plate Capacity at Zapsib

Project: Construction of a heavy plate mill Quarto 3600 at Zapsib

- Project aims:
  To satisfy the growing demand for heavy plate in Russia’s Siberia and Far East
  To have additional synergies with existing production of slabs at Zapsib

- Products:
  8-50mm plate
  Plate of up to 3600mm wide

- Capacity:
  1st stage - 800,000-850,000 tonnes p.a.
  2nd stage - 1-1.2 million tonnes p.a.

- Equipment - The tender is under way

Capex: approx US$500 million
Putting into operation: December 2010
Evraz’s Strategy in Russia

- Maintaining leading market positions in Russia and CIS countries in construction and railway products
- Achieving leading positions in the Russian thick plate market
- Further considerable increase of production of rolled products from own semis (slabs and billets) at Evraz’s rolling capacities