EVRAZ GROUP

International Expansion of Russian Companies: Strategic Rationale for Trans-Border Investments

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Evraz Group in Brief

- World-class steel and mining company, one of the 15 largest steel companies in the world in 2008
- Leader in the Russian and CIS construction and railway products markets
- A lead player in the European and North American plate and large diameter pipe markets
- One of the world’s lowest cost steel producers due to production efficiency and high level of vertical integration
- One of the leading producers in the global vanadium market
- In 2008, Evraz produced 17.7 mln tonnes of crude steel, 13.3 mln tonnes of pig iron and 16.1 mln tonnes of rolled products
- 2008 consolidated revenue amounted to $20.4 billion
- 2008 EBITDA reached $6.3 billion
Evraz’s Global Business

Key Facilities:
1 - Zapsib
2 - NKMK
3 - NTMK
4 - DMZP
5 - Evraz Inc. NA
6 - Highveld
7 - Evraz Palini e Bertoli
8 - Evraz Vitkovice Steel
9 - Delong
10 - Evrazruda
11 - KGOK
12 - VGOK
13 - Sukha Balka
14 - Yuzhkuzbassugol
15 - Raspodskaya
16 - Bagley Coke
17 - Dneprodzerzhinsk Coke
18 - Dnepropetrovsk Coke
19 - Stratcor
20 - Nikom
21 - NMTP
Evraz’s Strategy

- Advance long product leadership in Russia and CIS
- Expand presence in international flat and tubular markets
- Enhance cost leadership position
- Complete vertical integration and competitive mining platform
- Achieve world leadership in vanadium business
Revenue by Market

First Half of 2008
- Russia, 40%
- Americas, 16%
- Asia, 15%
- Europe, 14%
- Ukraine, 5%
- Africa & RoW, 4%
- Middle East, 4%
- Other CIS, 2%

First Half of 2009
- Americas, 30%
- Russia, 28%
- Asia, 15%
- Middle East, 10%
- Europe, 9%
- Other CIS, 3%
- Africa & RoW, 3%
- Ukraine, 2%
**Product Mix by Operations**

Russian and Ukrainian Operations, 2008

- Semi-finished products, 34%
- Captive internal demand for slabs, 8%
- Construction products, 35%
- Railway products, 16%
- Other steel products, 4%
- Flat-rolled products, 3%

12.6 million tonnes

Overseas Operations (North America, Europe, South Africa), 2008

- Flat-rolled products, 50%
- Tubular products, 19%
- Construction products, 18%
- Railway products, 10%
- Other steel products, 3%

4.5 million tonnes
Examples of Technological Integration

- Improvement in quality of NTMK slab in order to fully meet the demand from international downstream assets, including production of API-grade slabs for pipe making.

- Reconstruction of NKMK rail mill to facilitate production of higher density rails with differentiated railhead hardening brought about through technology transfer from Rocky Mountain steel plant in the USA.

- Development of NTMK production facilities allowing to produce sheet piles in line with European quality standards through technology transfer from Evraz Vitkovice Steel plant in the Czech Republic.
1H09 Results and Outlook

First half of 2009 results summary:

- Revenue: US$4,639 million
- Adjusted EBITDA: US$468 million
- Adjusted EBITDA margin: 10%
- Net Debt as of the end of the period: US$7,783 million
- Steel segment sales volumes to third parties: 6.8 million tonnes

Better performance expected in the second half of 2009 due to:

- Increased production volumes in the second half of 2009 (+10% h-o-h) reflecting sustainable export demand
- Better pricing environment: increases of approximately $100/t for slabs/billets vs. April 2009
- Raised capacity utilisation levels at North American facilities to meet new orders (Keystone XL LDP order)