EVRAZ GROUP

UBS Investment Conference

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Moscow
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Execution of Management Action Plan

- **Production optimisation**
  - Shutdown of inefficient capacity
  - Shift of production to semi-finshed products, where demand is relatively high
  - Take advantage of flexibility between billet and slab production depending on market situation
  - Full utilisation of available capacity in Russia (13.2 mtpa of crude steel)

- **Cost saving measures**
  - Cash cost of one tonne of semi-finished steel products in Russia decreased by 35%
  - Labour costs decreased by 32% compared to 1H08
  - Services and auxiliary materials costs decreased by 42% compared to 1H08

- **Capex savings**
  - Capex in 1H09 was US$203 million (62% down vs. 1H08) out of US$500m FY2009 guidance
  - Exit from Cape Lambert Project in Australia

- **Financial management**
  - US$738m of working capital released in 1H09 in line with our full year guidance to release US$700m
  - Total debt decreased to US$8,482m, net debt decreased to US$7,783m as of 30/06/09
  - US$965m raised from concurrent GDR and convertible bond offerings in July 2009
  - Additional US$912m short-term debt repayment in July and August
Maintaining Cost Leadership

- Constant review of product and resources flows for potential efficiency gains
- Mining segment cash costs have reduced significantly:
  - Approximately 75% of consolidated cost is rouble denominated
  - Russian-based assets have benefited from declines in utilities and staff costs

Cash Cost*, Slabs & Billets

<table>
<thead>
<tr>
<th></th>
<th>Slab, Russia</th>
<th>Billet, Russia</th>
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<tbody>
<tr>
<td>US$/t</td>
<td>345</td>
<td>375</td>
</tr>
<tr>
<td>1H08</td>
<td>221</td>
<td>248</td>
</tr>
<tr>
<td>1H09</td>
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Cash Cost, Coal Products and 100% Fe Iron Ore Products

<table>
<thead>
<tr>
<th></th>
<th>Coal products</th>
<th>Iron ore products, 100% Fe</th>
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<tbody>
<tr>
<td>US$/t</td>
<td>50</td>
<td>107</td>
</tr>
<tr>
<td>1H08</td>
<td>30</td>
<td>73</td>
</tr>
<tr>
<td>1H09</td>
<td>30</td>
<td>73</td>
</tr>
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* Average for Russian steel mills, excl. SG&A and amortisation
Market Improvement since the Beginning of 2009

- Recovery in prices for semi-finished products is driven by demand from Asia, the Middle East and North Africa.
- Expected steelmaking capacity utilisation until year-end:
  - Russia – 100%
  - Ukraine – 65%
  - North America – 80%
  - Czech Republic – 65%;
  - South Africa – 100%
- Russian mining assets are running at 100% capacity in coal and 85% in iron ore.
- Steel volumes in 2H09 to grow by approximately 10% compared to 1H09 due to the restart of blast furnace.
- Prices for semi-finished products in 2H09 will be higher than 1H09.

Prices for Evraz Steel Products

- Semi-finished, Russia
- Construction, Russia
- Flat-rolled, Europe
- Flat-rolled, NA
- Tubular, NA
- Construction, SA
In 3Q09, consolidated crude steel output increased by 22% vs. 2Q09 reflecting overall higher production volumes at Evraz’s steel mills (except for Ukraine)

- Production volumes of rolled products rose on the back of better demand than in 2Q09
  - Russia +23%
  - Europe +38%
  - North America +8%
  - South Africa +5%

- Growth of production in all major product segments vs. 2Q09 except for railway products in Russia and North America and tubular products in North America

![Production of Rolled Products](chart.png)

* year-on-year comparison
Destocking in Russian domestic market completed
Domestic demand for construction steel picked up in since July
Russian government infrastructure spending, potentially a major driver of demand for construction steel and railway products, is unlikely to have significant impact this year due to seasonality.
Evraz Inc. NA’s Production

- Good performance at the beginning of 2009 with subsequent deterioration in line with market trends
- Stability of demand for large diameter pipes in Canada due to long contracts
- Destocking in the market is largely over with apparent demand remaining distinctly limited
- Well-positioned to benefit from expected government infrastructure investments
3Q09 Production/Steel: Europe and S. Africa

Production, Europe

3Q08 2Q09 3Q09

- Other steel products
- Flat-rolled products
- Construction products

Production, South Africa

3Q08 2Q09 3Q09

- Other steel products
- Flat-rolled products
- Construction products
- Semi-finished products
Total debt of US$8.48bn as of 30 June 2009; short-term debt of US$3.8bn

In July Evraz raised US$965m from concurrent GDR and convertible bond offerings

In July-August 2009 Evraz repaid US$912m of current loans and borrowings, including US$176m of 2009 Eurobonds

VEB approved the extension of maturity of the US$1.81bn loan facilities for another year; including $1.4bn of short-term debt

Cash and cash equivalents amounted to US$1.1bn as of 1 October 2009

RUB20bn (US$680m) 5-year bond issue with a 13.5% coupon rate per annum priced this week

Evraz is currently in compliance with all its financial covenants

Proactive approach to potential covenant compliance issue in relation to FY2009 results

Breakdown of Short-term Debt as of 30 June 2009

- Bond 2009
- $3.2bn syndicated loan
- Term loans
- VEB
- Revolving debt
- VTB
Summary

- Recovery in global demand for semi-finished steel allowed us to fully utilise Russian steelmaking starting from 1 July 2009
- Consistent execution of management action plan brought significant cost savings and working capital release
- Company continues its focus on maintaining low costs position and preserving cash
- CAPEX is reduced to maintenance level, dividend payments will only resume upon deleveraging and clear signs of market recovery
- Continuous decrease of overall debt level, replacement of short-term debt by longer-term maturities
- Compliance with all financial covenants, proactive approach to potential covenant compliance issue in relation to FY2009 results
- End of destocking in our key markets, alongside recovery in prices and volumes, makes us confident of achieving better results in the second half of 2009