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Evraz Strategy

Our Vision is to be a world class steel and mining company and one of the Top 5 most profitable steelmakers globally by ROCE and EBITDA margin

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

2007 EBITDA per Tonne of Steel Sales

Sources: IISI, Renaissance Capital estimates
1H08 Financial Highlights

- Revenue increased by 78% to US$10.7 million driven by stronger pricing and successful acquisitions
- EBITDA soared by 82% to US$3,700 million
- Share of Russian revenues decreased to 40% and sales in European and American markets generated 31% of revenue
- Mining segment EBITDA hedged US$84 per tone of crude steel

Steel Sales Volumes* 1H08 vs 1H07

1H08 EBITDA

1H08 Revenue by Region

Steel Sales Volumes* 1H08 vs 1H07

1H08 Revenue by Region
Despite additional funding for new acquisitions LTM Net Debt / EBITDA remains in line with a long-term target.

- US$2 billion of long-term bond financing for 5 and 10 years raised at average cost of 9.1%.
- ROCE maintained flat at 35% and RoA decreased to 15%.

Net Debt-to-EBITDA Ratio

Total Assets and Return on Capital

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(1) Net Debt equals total debt less cash & cash equivalents, short-term bank deposits and loans from related parties.
(2) ROCE represents profit from operations over total equity plus interest bearing loans and finance lease liabilities average for the period.
(3) RoA represents net income over total assets average for the periods.
Steel

- Average steel price grew by 41% y-o-y to US$887 per tonne due to improved market conditions and increased share of higher margin products
- Construction products revenues soared by 58% y-o-y on the back of a 20% increase in sales volumes
- Substantial growth of revenues from tubular (+110% y-o-y) and flat-rolled (+81% y-o-y) products sales mainly due to North American operations
- Sales volumes of semis declined by 6% y-o-y with slab sales decreasing by 19%

Steel Sales Volumes* 1H08 vs 1H07

Steel Segment Costs

Steel Segement Revenue* Breakdown

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Sales volumes of semis declined by 6% y-o-y with slab sales decreasing by 19%.
- Russian steel revenue grew by 44% in 1H08 fuelled by domestic construction growth and strong pricing.
- Steel sales volumes of 3.8 million tonnes almost flat y-o-y with a shift in sales mix towards higher margin products.
- Substantially all volumes of long products produced by our Russian mills were sold into the local market.
- Construction products revenues increased by 54% y-o-y with a 19% increase in sales volumes.
- Railway products: revenues grew by 53% with sales volumes increasing by 10%.

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**Russian Market Sales Volumes**

- **1H07**
  - Semi-finished products: 733 '000 tonnes
  - Railway products: 214 '000 tonnes
  - Construction products: 1,792 '000 tonnes
  - Flat-rolled products: 753 '000 tonnes
  - Other steel products: 463 '000 tonnes

- **1H08**
  - Semi-finished products: 810 '000 tonnes
  - Railway products: 185 '000 tonnes
  - Construction products: 2,134 '000 tonnes
  - Flat-rolled products: 463 '000 tonnes
  - Other steel products: 832 '000 tonnes

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**Average Prices for Steel Products in Russia**

- **Semi-Finished**
  - 1H07: 541 US$/t
  - 1H08: 681 US$/t

- **Construction**
  - 1H07: 681 US$/t
  - 1H08: 707 US$/t

- **Railway**
  - 1H07: 682 US$/t
  - 1H08: 947 US$/t

- **Flat-rolled**
  - 1H07: 669 US$/t
  - 1H08: 917 US$/t

- **Other**
  - 1H07: 567 US$/t
  - 1H08: 832 US$/t

* Evraz average realized prices for 1H08
Russian & CIS steel demand remained strong
- Rebar market grew by 17% in 1H2008 y-o-y with Evraz sales of rebars up by 20%
- Section market increased by 3% y-o-y while Evraz sections sales volumes increased by 19%
- US$1,800 million to be invested in re-rolling facilities during 2008-2012 to increase Russian shipments by 3 million tonnes products (+40% to 2007 volumes)

Prices for Construction Products

Source: Evraz market estimates

Rebar Market

Source: Evraz market estimates

Sections Market

Source: Evraz market estimates
Average steel price grew by 22% to US$1,155 per tonne
Substantial growth of flat products sales volumes due to Claymont Steel consolidation (+182 thousand tonnes)
Revenues from rail sales increased by 15%
IPSCO Canada operations consolidated since June 12, 2008, contributed US$85.6 million to revenues and 59 thousand tonnes to the sales volumes
All operations integrated under single unified management with HQ in Portland (Oregon)
Evraz Inc. Canada (IPSCO Canada)

- IPSCO Canada, acquired in June 2008 for US$2.4 billion represents another successful strategic move in Evraz geographic diversification
- 2H08 EBITDA is expected to amount to US$400 million with revenue of US$1,150 million
- Crude steel production is expected to contribute 507 thousand tonnes to Evraz consolidated production in 2H08
- In 2H08 Evraz Inc. Canada plans to sell 590 thousand tonnes of rolled products
- Pipe-making capacity is fully booked until 2010
- Average revenue per tonne in 2H08 is forecasted to be approximately US$1,900
EBITDA increased by 134% to US$796 million
11.3 million tonnes iron ore output, increasing self-coverage to 93%
Iron ore production cost of US$60/t in Russia and US$25/t in Ukraine
Coking coal production almost fully covered* steel making requirements for coal in Russia and Ukraine
Coking coal cash cost amounted to US$36 per tonne
Revenue from steam coal sales amounted to US$160 million with 2.2 million tonnes of shipments

* Self-coverage is calculated as a sum of coking coal production by Mine 12, pro forma Yuzhkuzbassugol production and pro rata to Evraz’s ownership production of Raspadskaya, in coal concentrate equivalent, divided by group’s total coking coal consumption excluding coal, used in production of coke for sale to third parties
The development programme to 2018 was approved with an objective of meeting internal needs of the Russian and Ukrainian production facilities.

- Construction of a new mine Erunakovskaya-8 to be completed in 2010; output of 2 million tonnes of hard coking coal p.a. to be achieved in 2011.
- Revamp of Alardinskaya mine will add 1.5 million tonnes of semi-hard coking coal in 2009.
- Safety and security measures are top priority with US$125 million to be spent on safety in 2008.
- The 2008 capex is budgeted at US$400 million and the 2009-2011 capex is planned at US$1.2 billion.
In July 2008, Evraz won the tender to develop the Mezhegey coal deposit in the Republic of Tyva, Russian Federation, for US$725 million.

World-class coking coal deposit with estimated coal resources of 213.5 million tonnes of hard coking coal (grade Zh under Russian classification).

Located 800 km east of Novokuznetsk and 45 km south to Kyzyl.

Target production of approximately 8.4 million tonnes of coal concentrate will be reached by 2016.

Estimated development cost is US$1.5 billion.

New production is aimed at replacing depleted hard coking coal production at existing mines of Yuzhkuzbassugol beyond 2015.

Resource coal quality properties:

- Ash content fluctuates between 2.8% - 23.2%, 10-16% on average.
- Low-sulfur - sulfur content - from 0.17% to 1.35%, with an average of 0.45%.
- Low-phosphorous - phosphorous content - from 0.001% to 0.077% with an average of 0.008%.
- Volatile matter content - from 31% to 45% with an average of 39%.

Map of Mezhegey deposit.
Steel industry outlook

- Global steel demand is expected to continue to grow, despite softening in the world economic growth
- World ex China supply-demand balance will continue to be tough, still largely relying on Chinese export
- Demand in China will continue to grow, driven by infrastructure expansion, absorbing almost all long products output
- New capacity additions worldwide affected by project cost inflations, time delays, labour and energy issues and credit availability
- Steel prices will be driven by growing raw materials prices and capacity constraints

Global Steel Operating Rates

World Excluding China Demand Growth

Source: Credit Suisse estimates

EVRAZ
Consolidated revenues are expected to amount to approximately US$23,200-24,600 million

EBITDA is expected to be in range of US$8,000-8,500 million

FY08 capital investments are budgeted at US$1,500 million
  - Investment capex: US$1,100 million
  - Maintenance capex: US$400 million

FY08 Expected Production

<table>
<thead>
<tr>
<th>Product</th>
<th>FY08 Expected Production (000 tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal *</td>
<td>4,600</td>
</tr>
<tr>
<td>Iron ore</td>
<td>9,300</td>
</tr>
<tr>
<td>Crude steel</td>
<td>19,800</td>
</tr>
<tr>
<td>Steel products</td>
<td>19,600</td>
</tr>
</tbody>
</table>

* Coal production includes 9.3 mln tonnes of coking coal, 4.6 mln tonnes of steam coal and 40% of Rospadskaya 2008F output.
Crude steel and steel products includes output from existing assets, impact from consolidation of Claymont Steel, Dnepropetrovsk Metal Woks and IPSCO Canada. Steel products also includes pig iron sales from Russian mills.

FY08 Expected EBITDA Breakdown

- Coal (49%)
- Iron ore (23%)
- Non-Russian steel (11%)
- Vanadium (9%)
- Russian steel (8%)

Consolidated revenues are expected to amount to approximately US$23,200-24,600 million

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