EVRAZ GROUP

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6 February 2009
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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
9M08 Financial Highlights

- Revenue for the nine-month period was US$17,100 million
- EBITDA was US$5,951 million with EBITDA margin of 34.8%
- Depreciation amounted to US$869 million
- Interest expense was US$472 million
- Total debt as of September 30, 2008 amounted to approximately US$10,214 million including US$4,143 million of short-term loans and current portion of long-term loans
- Cash and cash equivalents at the end of the period stood at approximately US$623 million
- Capital expenditures amounted to US$900 million in 9M08
- Total steel products sales in 9M08 amounted to 13.7 million tonnes

Rolled Products Sales Volumes*

- 516,000 tonnes of Rolled Products Sales
- 516,000 tonnes of Semi-finished products
- 516,000 tonnes of Construction products
- 516,000 tonnes of Railway products
- 516,000 tonnes of Flat-rolled products
- 516,000 tonnes of Tubular products
- 516,000 tonnes of Other steel products

Revenue by Product

- US$ 3,108 million of Semi-finished products
- US$ 2,628 million of Construction products
- US$ 1,737 million of Railway products
- US$ 1,082 million of Flat-rolled products
- US$ 528 million of Tubular products
- US$ 28 million of Other steel products

*Excluding inter-company sales
FY08 crude steel production rose 7.1% to 17,674 million tonnes vs 16,509 million tonnes in 2007.

FY08 rolled products output was up 5.4% to 16,082 million tonnes mainly due to consolidation of new assets in Ukraine and North America.

In 4Q08 vs 3Q08 crude steel and rolled products production fell 33.5% and 35.1%, respectively, due to the global financial downturn and subdued demand.
The prices for steel products started to depreciate since 3Q08 on the back of global financial downturn leading to sluggish demand on most steel markets.

Steep fall in prices for construction products observed in Russia (-56% vs 3Q08), Ukraine (-51%), Europe (-16%), North America (-22%) and South Africa (-17%).

The prices for plate and tubular goods in North America levelled out after a 1.5-year period of growth remaining at a relatively high level.

The prices for flat-rolled products in Europe and South Africa declined 17% and 24%, respectively.
Total Russian crude steel production in 4Q08 amounted to 2.2 million tonnes (-39% vs 3Q08).

Rolled products production was down 36% to 2 million tonnes reflecting low demand from end users amid aggravated global economic conditions:
- Construction products volumes were lower by 41%
- Semis production declined by 37%
- Production of r/w products decreased by 24%
N. American, European and S. African Operations

- **North America:**
  - 4Q08 rolled products output went down by 17% only vs 3Q08 despite tough market environment
  - 4Q08 tubular products output increased by 22% due to IPSCO Canada consolidation

- **Europe:**
  - In 4Q08 total rolled products output decreased by 26% vs 3Q08 reflecting compressed demand

- **South Africa:**
  - 4Q08 rolled products production went down 23% q-on-q
As of 31 December 2008:

- 92.4% of the total debt is denominated in USD, 3.5% in RUR and 3.8% in EUR; for short-term debt it is 85.4% in USD, 9.3% in RUR and 4.8% in EUR.

**Debt Maturity Schedule**

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<th>Year</th>
<th>US$ mln</th>
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<td>2017</td>
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<td>2018</td>
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</tr>
</tbody>
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**Short-Term Debt Structure**

- Eurobond 2009: 300
- Syndicated $3.2bn loan repayments: 805
- Term loans: 1,311
- Revolving debt: 1,444
In December 2008, Vnesheconombank of Russia approved US$1.8 billion of credit lines to refinance Evraz’s short-term debt; US$1 billion has been withdrawn, and the remaining US$800 million will be used for quarterly payments on the $3.2 billion syndicated loan.

Evraz and TMK completed the transaction on the sale to TMK of the remaining 49% in NS Group at the price of US$508 million that will be kept in reserve against future interest payments on the Company’s debt in 2009.

Evraz gave up the right for the licence to develop the Mezhegey coal deposit in view of the weak coal market and intends to develop its existing resources of coal, in particular at Yuzhkuzbassugol.

Evraz’s Board of Directors approved a change in the dividend policy: beginning with the final dividend for 2008, Evraz will pay dividends not exceeding 25% of its consolidated net income, as calculated under IFRS.

EGM held on January 30, 2009, approved the voluntary partial scrip dividend in respect of the 2008 interim dividends:

- Part of the dividend in the amount of US$2.25/share (US$0.75/GDR) will be paid in new shares issued by the Company at US$22.50/share (7.50/GDR) if the holders have so elected.
- Cash payment to the shareholders who voted against the option or abstained will be made within two weeks of the EGM.