EVRAZ GROUP S.A.

The Russia Forum

31 January 2008
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Evraz Group’s Main Locations
Evraz Strategy

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

- 1H07 revenues increased by 57% to US$ 6,023 mln
- Total 1H07 shipments almost flat at 8.466 mln tonnes
- 1H07 EBITDA grew by 87% h-o-h to US$ 2,050 mln with EBITDA margin advanced to 34%; FY2006 EBITDA was US$2,652 mln and EBITDA margin of 32%.
- Russia remains key market with revenue up 47% and volumes increasing by 16%
- Average price for steel products grew by 51% to US$629/t with a mix shift in favour of higher margin products
- Share of semi-finished products sales fell from 37% to 23% with volumes decreasing by 27%
Steel: Yielding on Russian Demand Growth

- Russian steel revenue grew by 53% fuelled by domestic construction boom and strong pricing
- Steel sales volumes increased by 16% to 3.8 mln tonnes and selling price averaged 637$/tonne
- Russian construction sales: almost double revenues on the back of 32% increase in sales volumes
- Railway products: revenues grew by 26% with sales volumes increasing by 5%
- Flat products revenue jumped by 105%

1H07 Segment Revenues: Russia

1H07 Russian Steel Sales Volumes
Steel: North America

- Sales jumped from US$117 mln to US$961 mln on Evraz OSM and Stratcor acquisition
- Total steel sales increased by 156% to 854 thousand tonnes of higher margin products
- 1H07 Evraz OSM revenues totalled US$828 mln with EBITDA of US$108 mln
Steel: Europe

- Sales grew by 38% to US$820 mln on the back of strong pricing environment and contribution from vanadium products sales
- Average slab and plate sales prices were up 41% and 32% respectively
- 1H07 EBITDA of Palini e Bertoli and Evraz Vitkovice Steel amounted to US$60 mln and US$99 mln respectively

1H07 European Steel Revenues

1H07 European Steel Sales Volumes
Vanadium: Leveraging Market Exposure

- Vanadium business contributed US$241 mln to revenues compared with US$83 mln in 1H06.
- Vanadium slag volumes increased to 5.5 thousand tonnes* and vanadium products volumes totalled 4.2 thousand tonnes* due to Stratcor and Highveld consolidation.
- Russian vanadium slag sales volumes increased by 9% to 4.7 thousand tonnes*.
- 1H07 Stratcor revenue totalled US$98 mln with total sales of 2.7 thousand tonnes* of vanadium products.

1H07 Vanadium Revenues by Region

Vanadium Market Price**

* Metric tonnes of vanadium equivalent
** Per tonne of Vanadium in Ferro-vanadium products at major European destinations

Source: Metal Bulletin
Mining: Hedging Steel Production Costs

- EBITDA increased by 157% to US$345 mln on 53% price growth
- Iron ore self-coverage of 84%
- 10.8 mln tonnes of raw metallurgical coal produced by affiliates covered* 83% of steel production needs in 1H07
- Significant hidden value of Yuzhkuzbassugol to be unlocked through major turnaround

### 1H07 Coking Coal Production

![Graph showing 1H07 coking coal production](image)

### 1H07 Iron Ore Production

![Graph showing 1H07 iron ore production](image)

*Self-coverage is calculated as a sum of coking coal production by Mine 12, YuKU and Raspadskaya pro-rated by Evraz’s respective ownership (all in coal concentrate equivalent), divided by group’s total coking coal consumption excluding coal used in production of coke products for sale.
2007 Operational Results

- Production grew from 16.1 mln tonnes to 16.3 mln tonnes
  - Crude steel production declined in Russia due to maintenance work at Zapsib and open hearth furnaces closure
  - Decline was offset by contribution from North American and South African steel mills
  - A major shift in product mix from semis to higher value-added products

### Crude Steel Production by Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2006</th>
<th>FY2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>16,114</td>
<td>16,114</td>
</tr>
<tr>
<td>Europe</td>
<td>95</td>
<td>832</td>
</tr>
<tr>
<td>North America</td>
<td>553</td>
<td>553</td>
</tr>
<tr>
<td>South Africa</td>
<td>(1,261)</td>
<td>537</td>
</tr>
<tr>
<td>Total</td>
<td>16,333</td>
<td>16,333</td>
</tr>
</tbody>
</table>

### Production by Products

<table>
<thead>
<tr>
<th>Product</th>
<th>FY2006 '000 tonnes</th>
<th>FY2007 '000 tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-finished</td>
<td>14,457</td>
<td>(2,127)</td>
</tr>
<tr>
<td>Construction</td>
<td>573</td>
<td>573</td>
</tr>
<tr>
<td>Railway</td>
<td>694</td>
<td>694</td>
</tr>
<tr>
<td>Flat</td>
<td>581</td>
<td>581</td>
</tr>
<tr>
<td>Tubular</td>
<td>468</td>
<td>468</td>
</tr>
<tr>
<td>Other steel</td>
<td>537</td>
<td>537</td>
</tr>
<tr>
<td>Total</td>
<td>15,183</td>
<td>15,183</td>
</tr>
</tbody>
</table>
Operational Results by Regions, 2006-2007

- Change in overall product mix due to acquisitions in North America and South Africa in 2007
- Continuing upward trend for Evraz’s steel products prices in the world steel markets over the past two years
2007 Operational Results – Russia

- Decrease of semis production by 29% in 2007 vs. 2006
- Higher volumes of construction, railway and flat-rolled products at the expense of semis due to:
  - Global shift in Company’s policy to production of higher value-added products
  - Great demand and solid pricing for these products in Russia
  - In 2007, construction products led the way in terms of production and price growth
Ukraine: Diversifying into One of the Lowest Cost Producing Regions

In December 2007 an agreement was signed to acquire a number of assets in Ukraine, i.e.:

- Integrated steel mill Dnepropetrovsky Metal Works
  - 3 blast furnaces, 3 oxygen converters, 3 rolling mills
  - Crude steel annual production - 1.3 mln tonnes
  - 2007 sales of 1.4 mln tonnes of products
- Sukhaya Balka iron ore mining and processing complex
  - 2 underground iron ore mines with 2007 production of 2.85 mln tonnes of iron ore and 107 mln tonnes of reserves,
- 3 coking plants (Bagleykoks, Dneprkoks, Dneprodzerzhinsk Coke Chemical Plant)
  - Total annual capacity of 3.52 mln tonnes of metallurgical coke
  - 2007 production of 1.9 mln tonnes of coke

Dnepropetrovsky Metal Works Sales Mix

Coke production

Sukhaya Balka iron ore sales
Claymont Steel

- In January 2008 Evraz successfully completed tender offer for shares of Claymont Steel for total value of $565 mln
- Leading producer of custom steel plate on the East Coast of the USA
- 500,000 short tons* of finished plate capacity per year
- LTM 6/30/07 revenue and EBITDA of US$ 345.2 mln and US$ 78.9 mln respectively

Historical Tons Shipped and Sales per Ton

Historical Adjusted EBITDA

* Short ton equals to 907.2 kg
** One time costs include sponsor fees, CITIC settlement and non-cash compensation.
2007 Construction Steel Market in Russia

- Russian and CIS steel consumption per capita remains below global benchmarks
- Rebar market increased by 30% in 2006 and by 23% in 2007
- Sections market grew by 32% in 2007 due to increased investments in industrial and infrastructure constructions with strong demand for H-beams and channels, Evraz leadership products
- Steel usage in construction is expected to increase from 75 kg per m² to 93 kg per m² due to higher volumes of monolithic buildings

### Rebar Market in Russia

<table>
<thead>
<tr>
<th>Year</th>
<th>'000 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>
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### Sections Market in Russia

<table>
<thead>
<tr>
<th>Year</th>
<th>'000 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
Strong Pricing Environment to Continue

Average Retail Prices: Moscow

US$/tonne

Source: Evraz market estimates

EVRAZ
Semi-products prices are set to grow

*Prices has shown on Far East FOB basis except Jan-Jul 07 (Black Sea FOB)
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