

EVRAZ GROUP S.A.

2007

Interim Results

October 2007



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1H 2007 Financial Summary

US\$ mln unless otherwise stated	1H2007	1H2006	Y-o-Y, %	2H2006 ⁽¹⁾	H-o-H, %
Revenue	6,023	3,825	57%	4,467	35%
Cost of revenue	(3,725)	(2,517)	48%	(2,646)	41%
SG&A	(487)	(346)	41%	(386)	26%
EBITDA ⁽²⁾	2,050	1,096	87%	1,551	32%
<i>EBITDA margin</i>	34.0%	28.7%		34.7%	
Net Profit ⁽³⁾	1,126	568	98%	809	39%
<i>Net Profit margin</i>	18.7%	14.8%		18.1%	
EPS (USD per GDR)	3.19	1.62	97%	2.3	39%
Sales volumes ⁽⁴⁾ ('000 tonnes)	8,466	8,344	1.5%	7,656	11%

(1) The 2H06 data were calculated as the difference between FY06 and 1H06 figures

(2) EBITDA represents profit from operations plus depreciation and amortisation, impairment of assets and loss (gain) on disposal of PP&E

(3) Net profit attributable to equity holders of Evraz Group S.A.

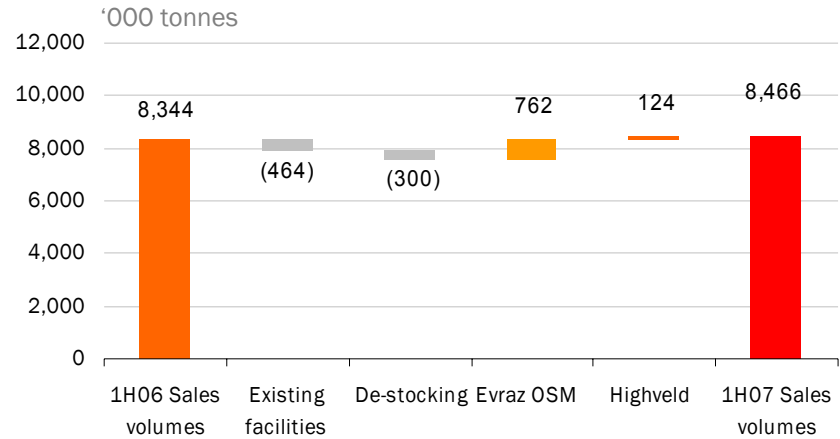
(4) Steel segment sales volumes to third parties



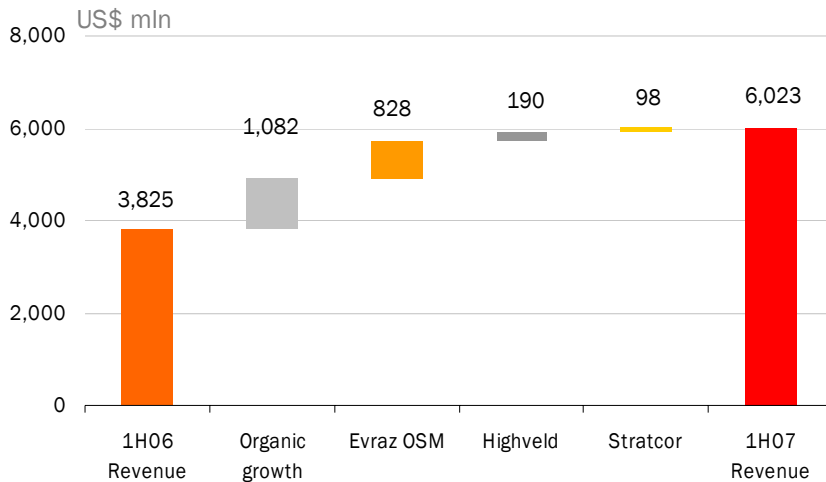
1H 2007 Financial Highlights

- Favourable pricing and an improved sales mix delivered strong organic growth
- Recent acquisitions (Evraz OSM, Highveld, Stratcor, Yuzhkuzbassugol) contributed US\$1,116 mln to total revenue and US\$209 mln to EBITDA

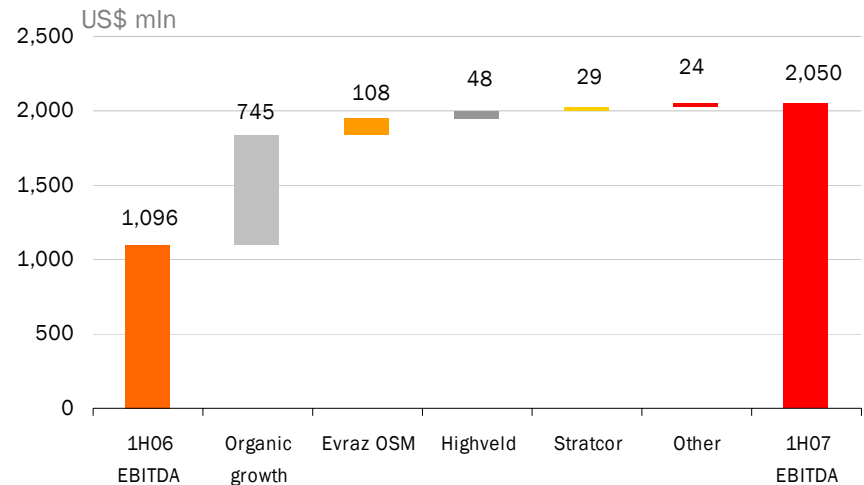
Sales Volumes, 1H06 vs. 1H07



Revenue, 1H06 vs. 1H07



EBITDA, 1H06 vs. 1H07





1H 2007 Strategy Implementation Highlights

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Advance long product leadership in Russia and CIS

- Strong growth in construction products sales in Russia and CIS
- De-bottlenecking at Russian plants

Expand presence in international plate markets

- Acquisition of strong US plate business of Oregon Steel Mills complemented export slab sales
- Established presence on the growing South African market

Enhance cost leadership position

- Acquisitions of ZapsibTETs to increase energy self-sufficiency
- Open hearth furnaces shutdown at NKMK
- Zapsib blast furnace #1 relining

Complete vertical integration and competitive mining platform

- Acquisition of Yuzhkuzbassugol, a leading Russian coal producer
- Iron ore production up by 10%, increasing self coverage to 84%

Achieve world leadership in vanadium business

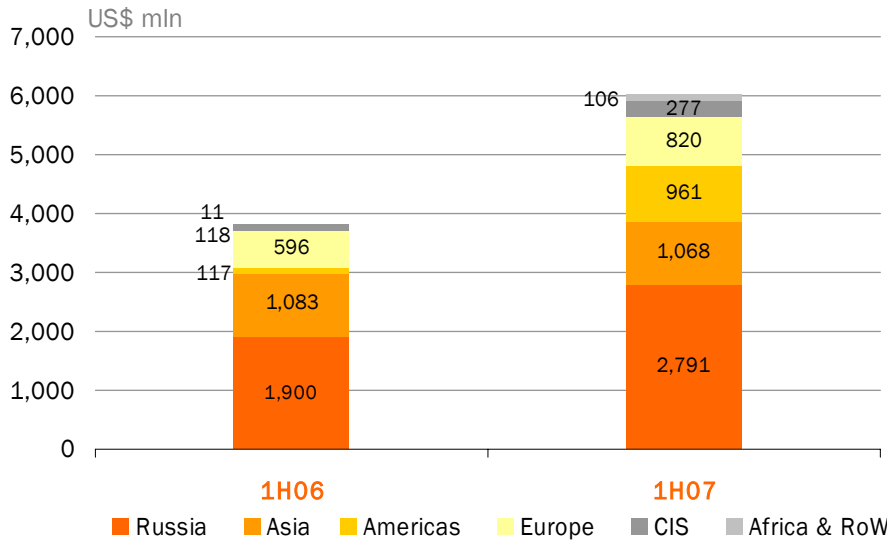
- Acquisition of controlling stake in Highveld Steel and Vanadium, a global leading vanadium producer



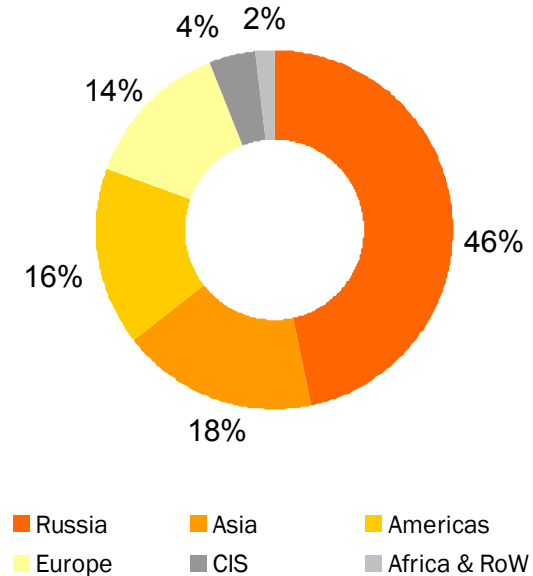
Strengthening Position in Attractive Markets

- Russia remains key market with revenue up 47% and volumes up 16%
- European sales advanced by 38% driven by better prices
- Sales in North America jumped from US\$117 mln or 3% of total revenues in 1H06 to US\$961 mln or 16% of total revenues in 1H07 due to Evraz OSM and Stratcor acquisitions
- Asian sales slipped from 28% in 1H06 to 18% in 1H07 with revenues almost flat y-o-y

Revenues by Region



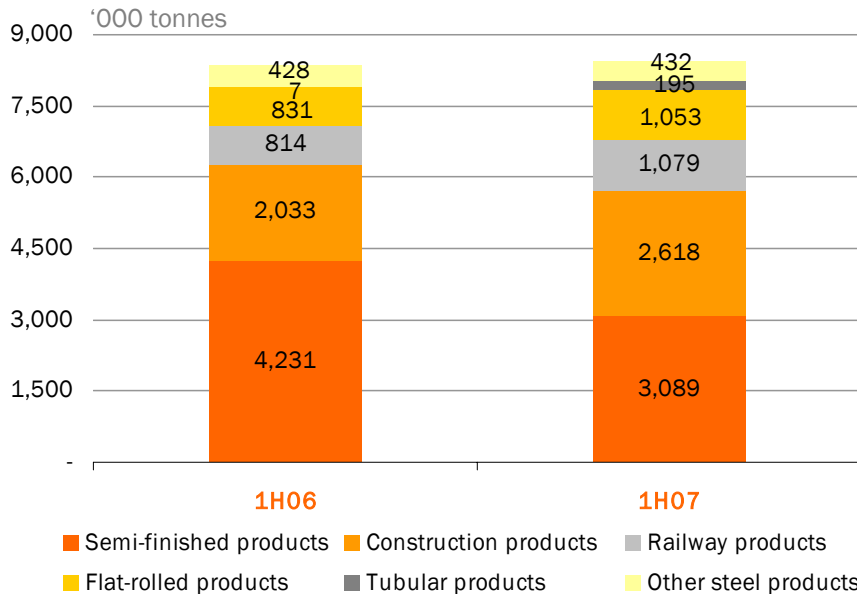
Composition of Revenue by Region



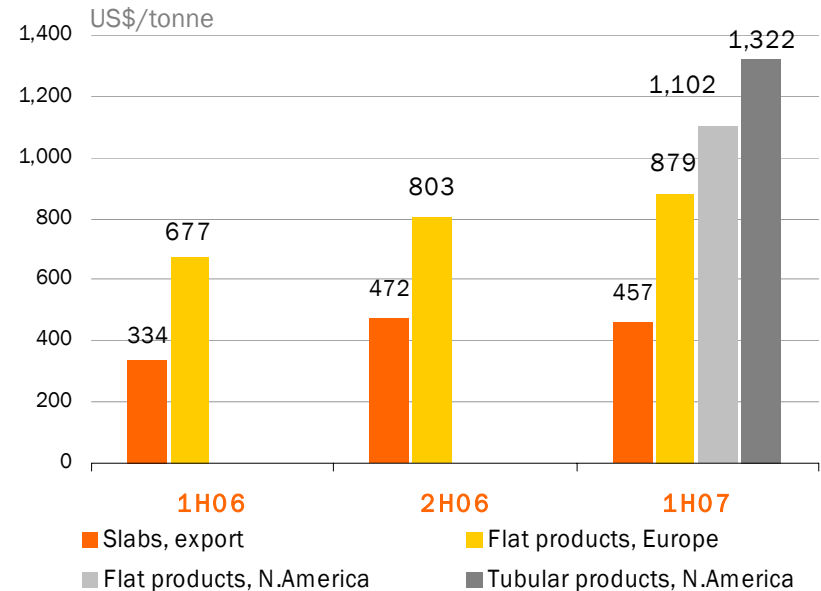
Shift to Higher Margin Products

- Average price for steel products grew by 51% to US\$629/tonne with mix shift in favour of higher margin products
- Share of semi-finished products sales fell from 37% to 23% with volumes decreasing by 27%
- Evraz OSM acquisition contributed 762 thousand tonnes of rolled products, including 189 thousand tonnes of tubular and 228 thousand tonnes of railway products
- Highveld contributed 124 thousand tonnes of steel products for the two months of consolidation

Steel Product Sales Volumes



Prices by Products by Region

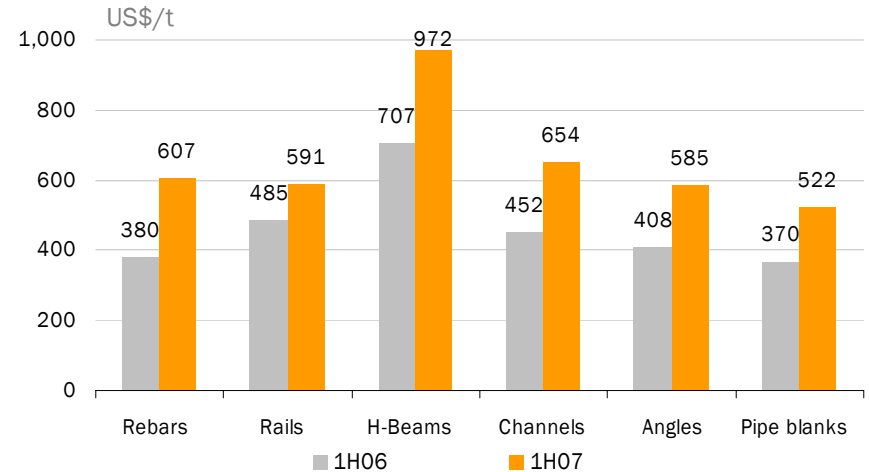




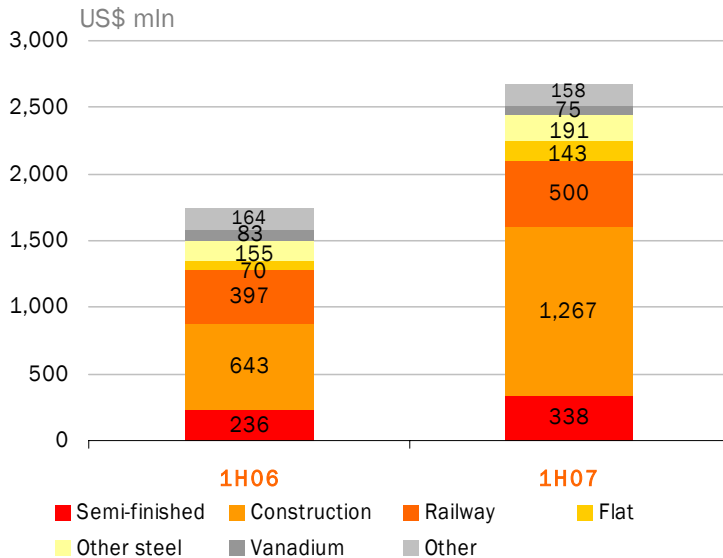
Steel: Yielding on Russian Demand Growth

- 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%

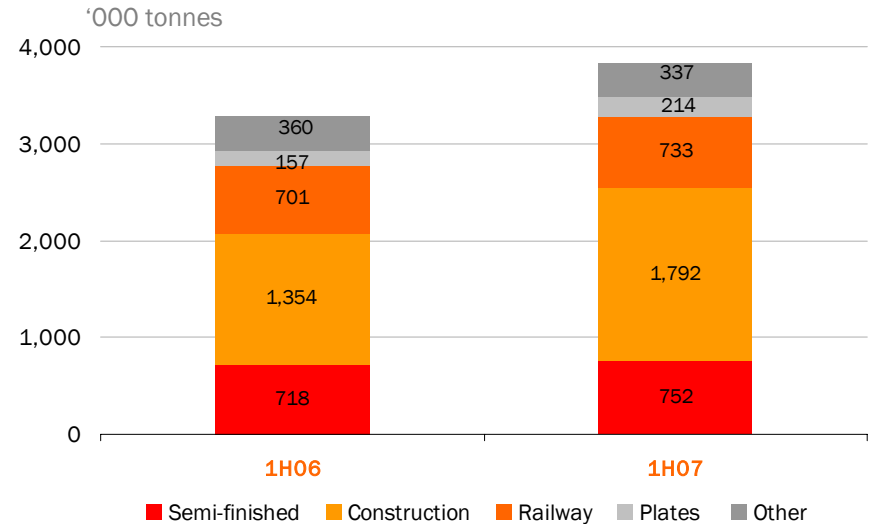
Key Products Prices in Russia



Segment Revenues: Russia



Russian Steel Sales Volumes

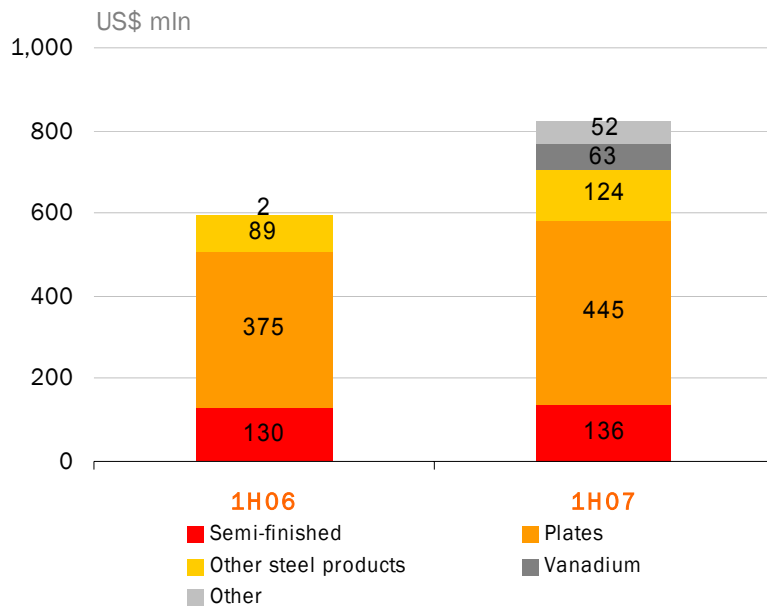




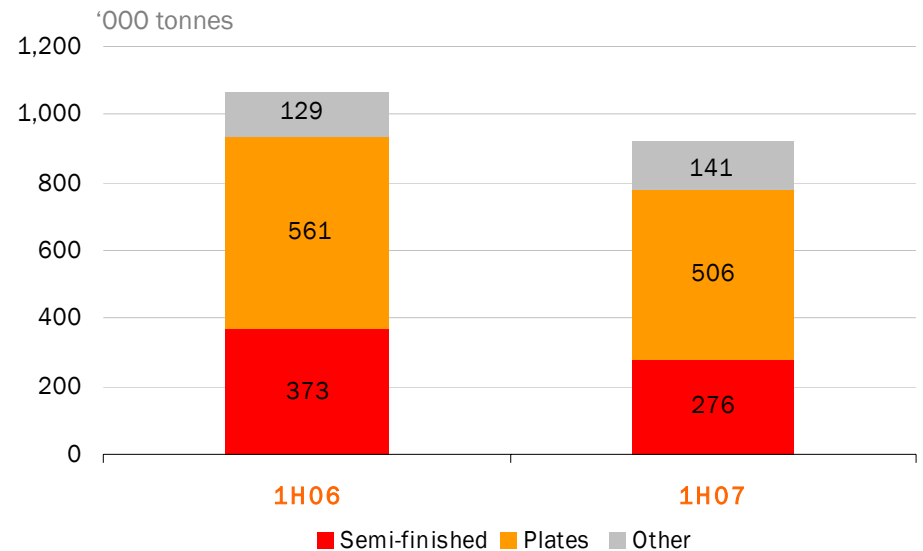
Steel: Europe

- 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

European Steel Revenues



European Steel Sales Volumes

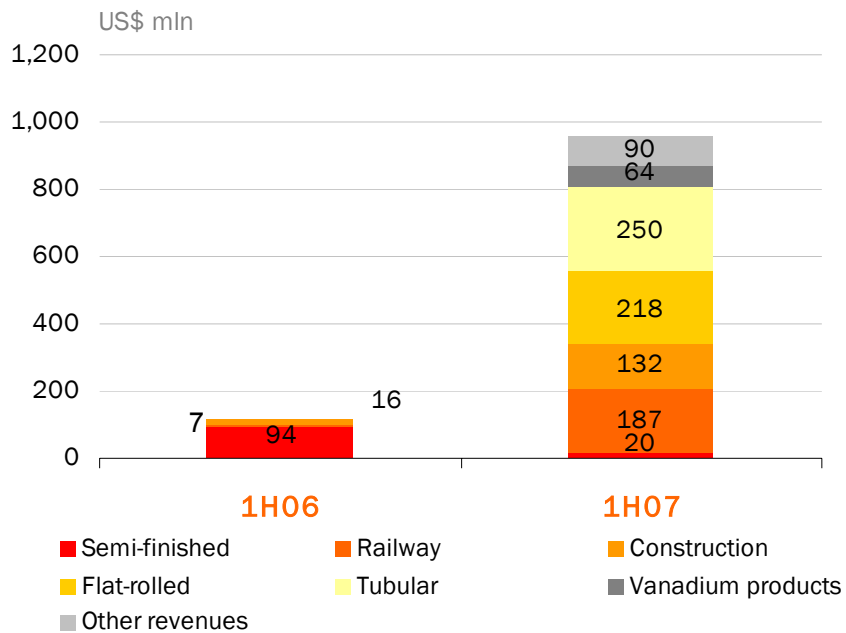




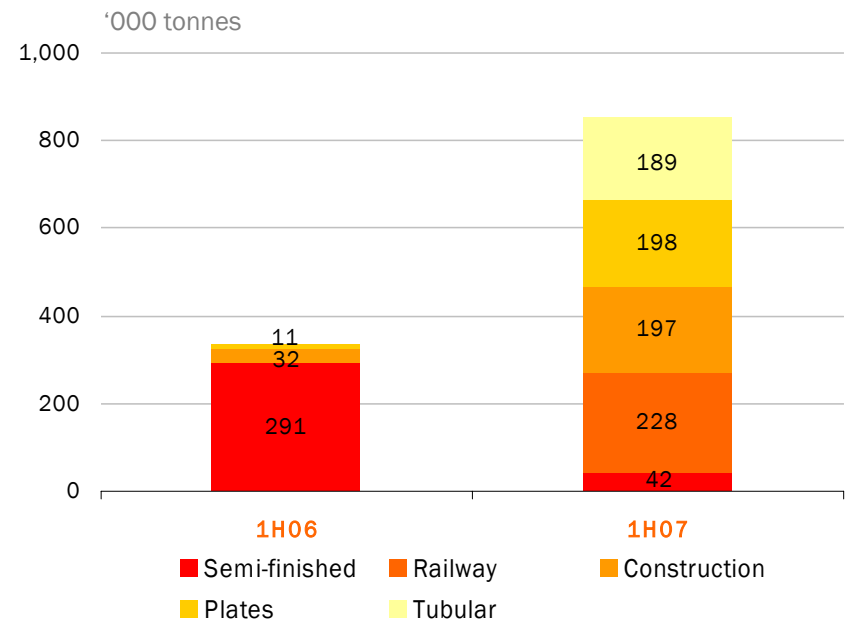
Steel: North America

- 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

N. America Revenues



N. America Steel Sales Volumes



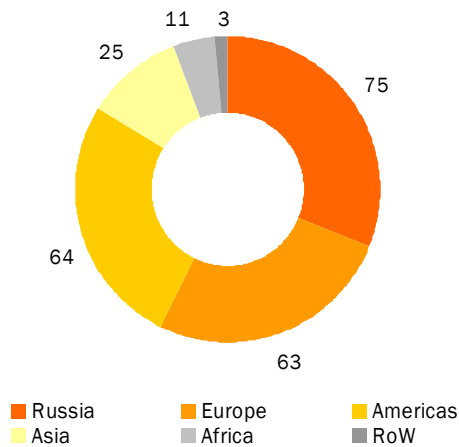


Vanadium: Leveraging Market Exposure

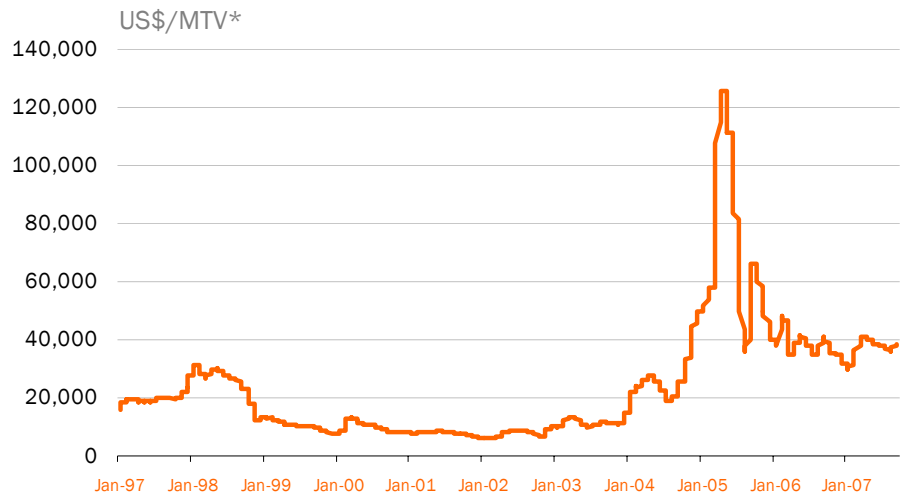
- Vanadium business contributed US\$241 mln to revenues compared with US\$83 mln in 1H06
- Vanadium slag volumes increased to 5.5 thousand tonnes* and vanadium products volumes totalled 4.2 thousand tonnes* due to Stratcor and Highveld consolidation
- Russian vanadium slag sales volumes increased by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

Vanadium Revenues by Region

US\$ mln



Vanadium Market Price**



Source: Metal Bulletin

* Metric tonnes of vanadium equivalent

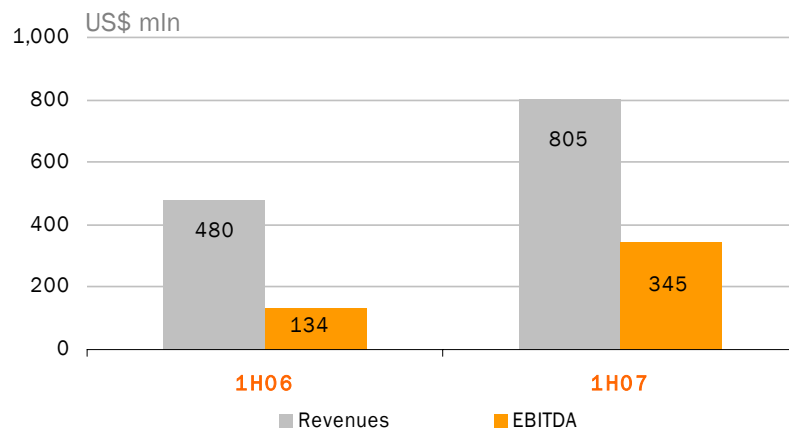
** Per tonne of Vanadium in Ferro-vanadium products at major European destinations



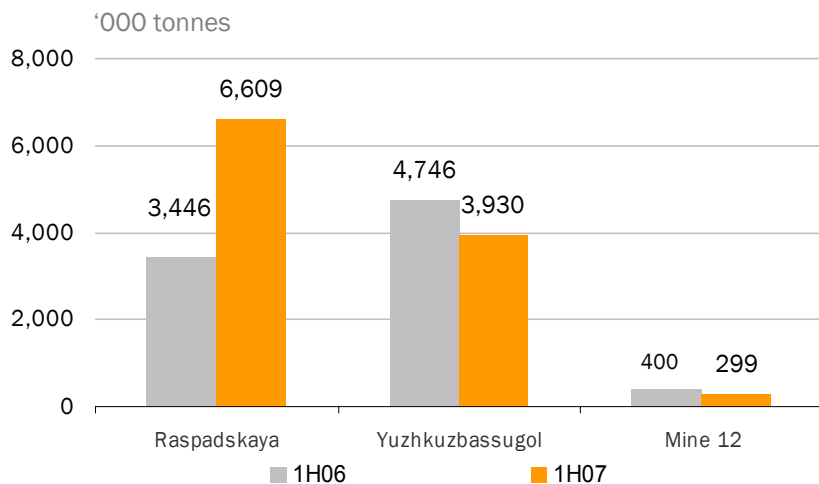
Mining: Hedging Steel Production Costs

- 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

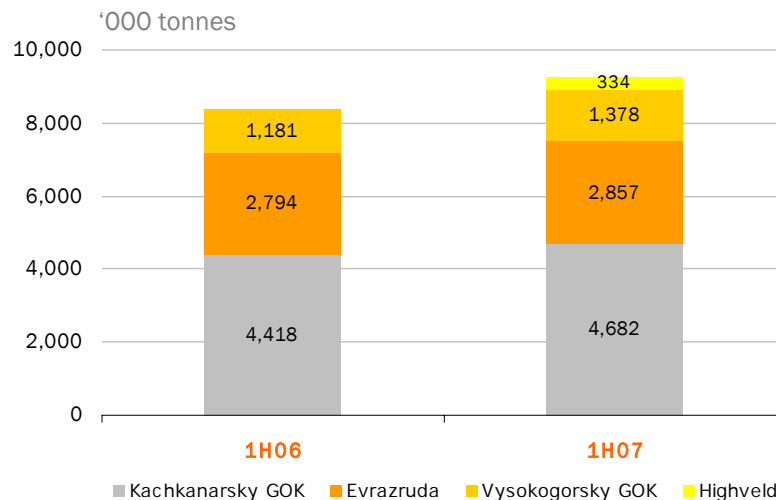
Mining Segment Performance



Coking Coal Production



Iron Ore Production



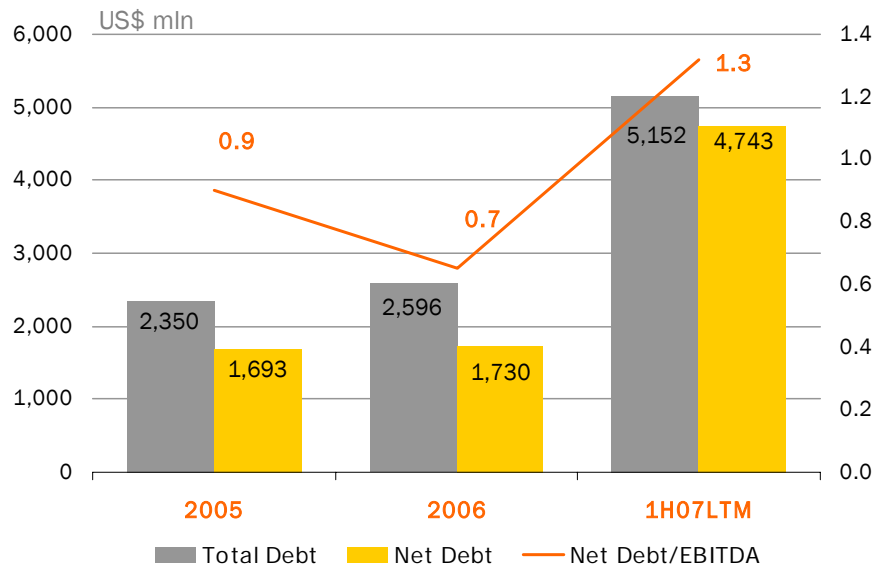
*Self-coverage is calculated as a sum of coking coal production by Mine 12, YuKU and Raspadskaya pro-rated by Evraz's respective ownership (all in coal concentrate equivalent), divided by group's total coking coal consumption excluding coal used in production of coke products for sale



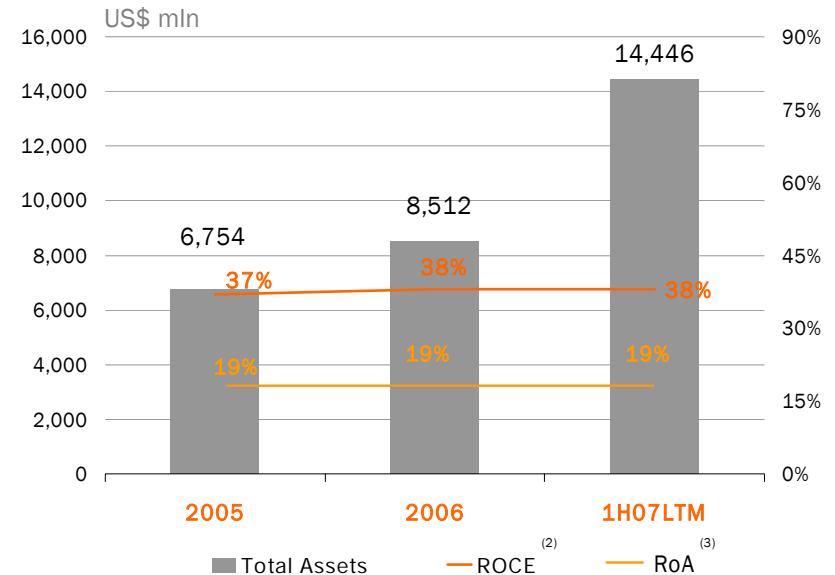
Well-Capitalised Balance Sheet to Fund Future Growth

- Net Debt ⁽¹⁾/EBITDA on LTM basis increased to 1.3x within stated target
- Current credit ratings: BB by Fitch; Ba3 by Moody's; BB- by S&P
- ROCE ⁽²⁾ remains strong at 38% and RoA ⁽³⁾ flat at 19%

Net Debt-to-EBITDA Ratio



Total Assets and Return on Assets



⁽¹⁾Net Debt equals total debt less cash & cash equivalents and short-term bank deposits.

⁽²⁾ROCE represents profit from operations over total equity plus interest bearing loans and finance lease liabilities average for the period

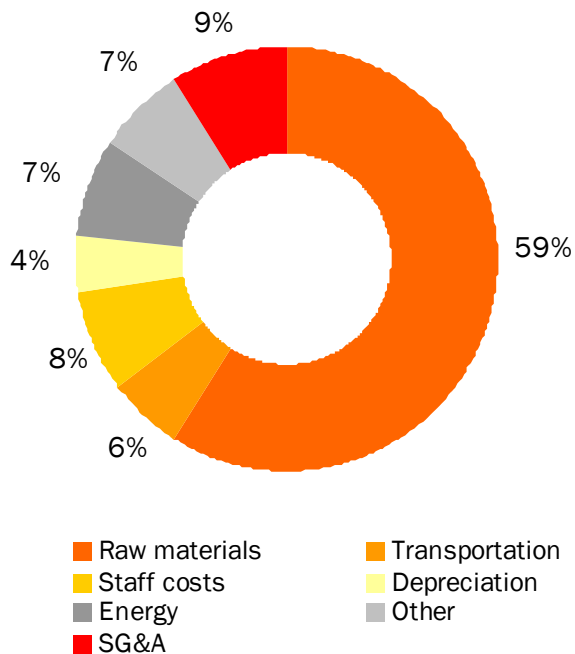
⁽³⁾ RoA represents profit from operations over total assets



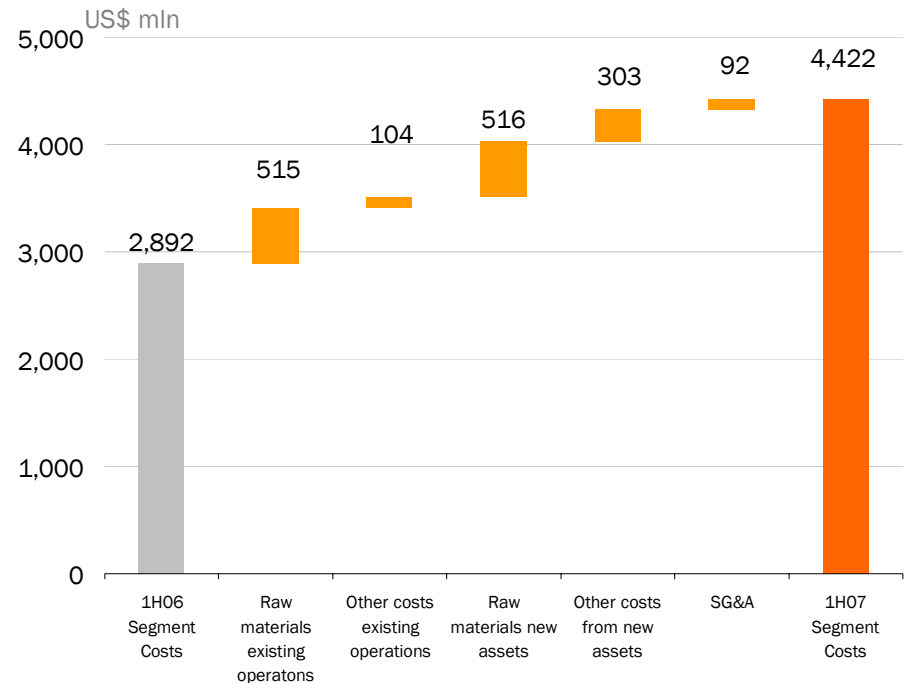
Steel Segment Costs

- Steel segment costs increased by 53% to US\$4,422 mln from US\$2,892 mln in 1H06
- New foreign subsidiaries – EOSM, Highveld and Stratcor – contributed US\$690 mln, US\$167 mln and US\$45 mln respectively to the segment costs

Steel Segment Costs 1H07



Segment Cost Bridge 1H06 vs. 1H07

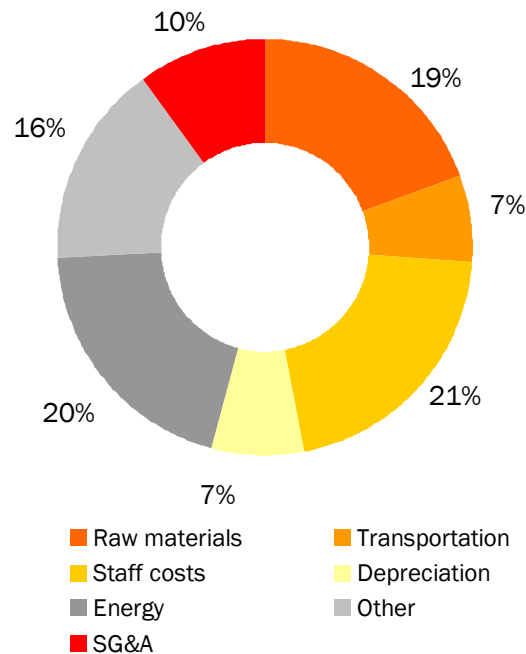




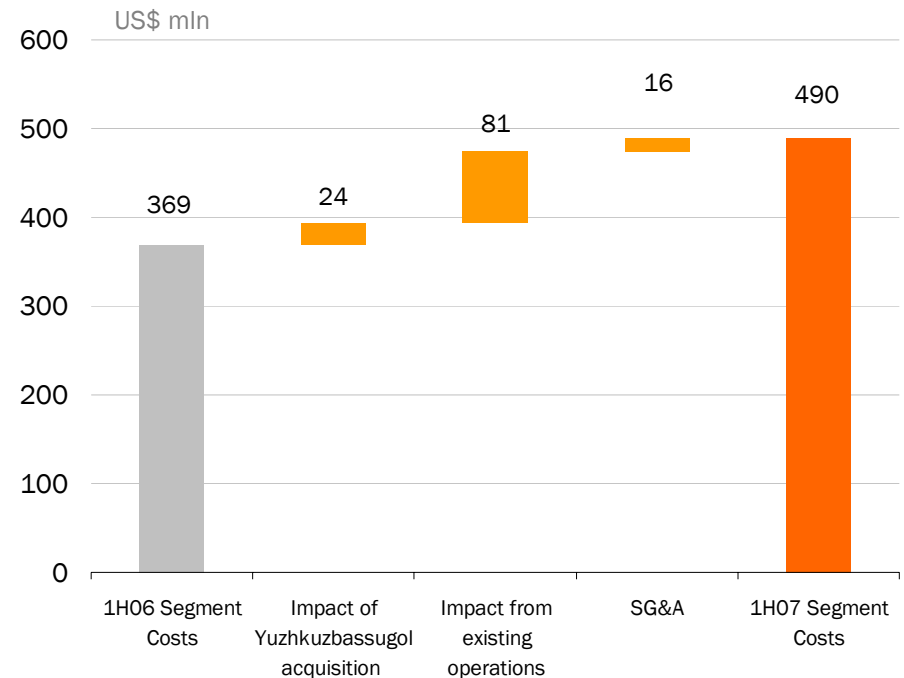
Mining Segment Costs

- Mining segment costs increased by 29% to US\$490 mln from US\$369 mln in 1H06
- The acquisition of Yuzhkuzbassugol contributed US\$24 mln to segment costs

Mining Segment Costs 1H07



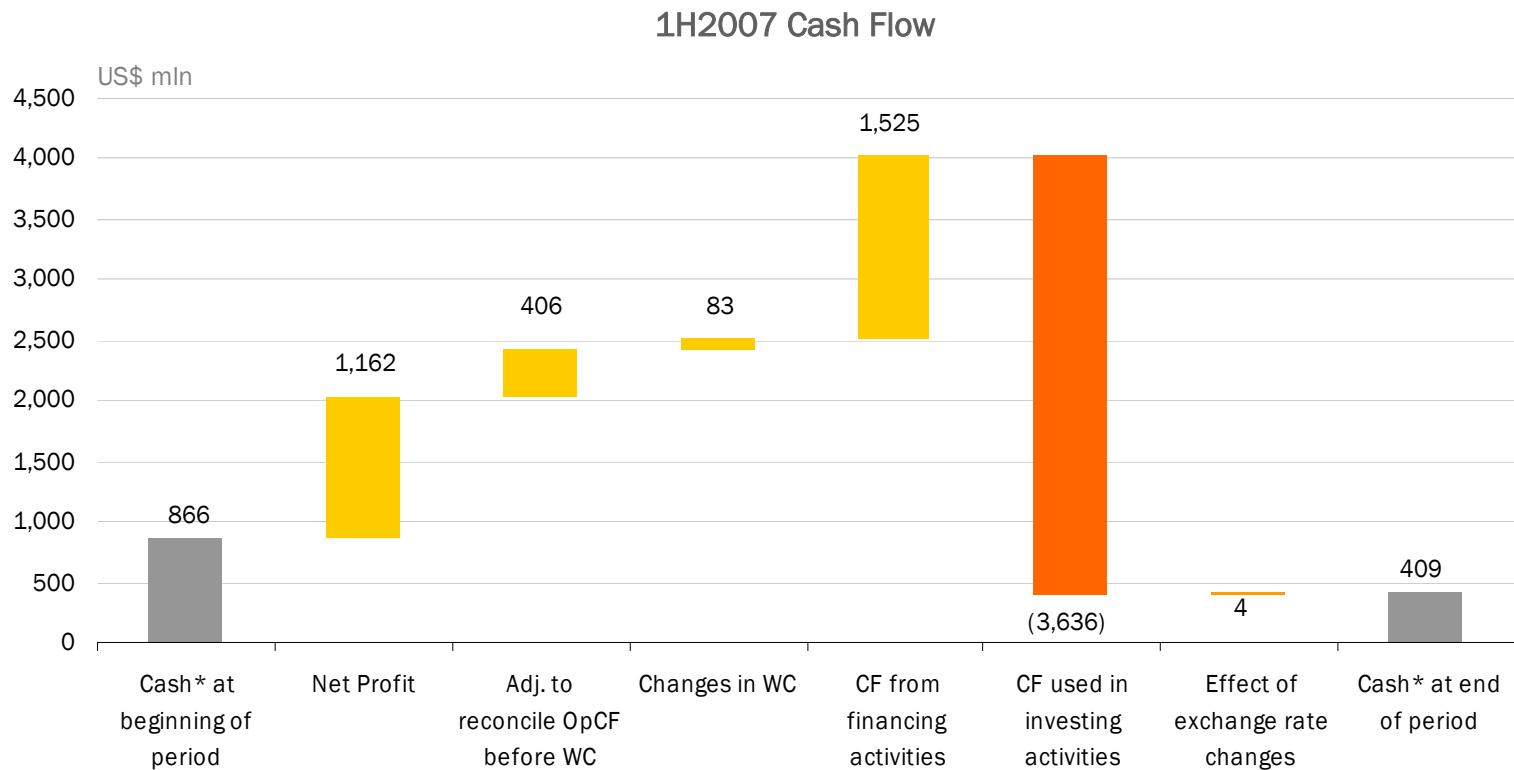
Segment Cost Bridge 1H06 vs. 1H07





Strong Cash Flow Generation

- Strong net cash flow from operating activities of US\$1,651 mln
- EBITDA to Net Operating Cash Flow conversion at 81%
- Cash balance, including US\$23 mln in short-term deposits, amounted to US\$409 mln



*Cash at beginning and end of period includes short-term deposits amounted to US\$24 mln and US\$23 mln respectively

1H 2007 Capex Programme

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Investment highlights:

- Capital spending of US\$235 mln in 1H07 vs. US\$262 mln in 1H06 focused on efficiency improvements mainly in steel production
- FY07 capex budget was revised to US\$690 mln to meet the needs of the acquired assets
- NTMK converter shop expansion programme commenced in 2006 with an aim to increase installed BOF capacity up to 4.3 mln tpa
- NTMK wheels quality testing has been put into operation in July
- Additional capex will be spent on safety and degassing equipment at Yuzkuzbassugol

 Investment capex : US\$104 mln

 Maintenance capex: US\$131 mln



Evraz FY2007 Outlook

Production:

- Full year 2007 steel production target: 16.0-16.2 mln tonnes of crude steel, and 15.1-15.3 mln tonnes of rolled products, including 1.8 mln tonnes in the US and 0.5 mln tonnes in South Africa
- Pig iron sales will amount to 1 mln tonnes
- Zapsib blast furnace #1 relining was completed in 105 days and was put into operation in early October, ahead of schedule

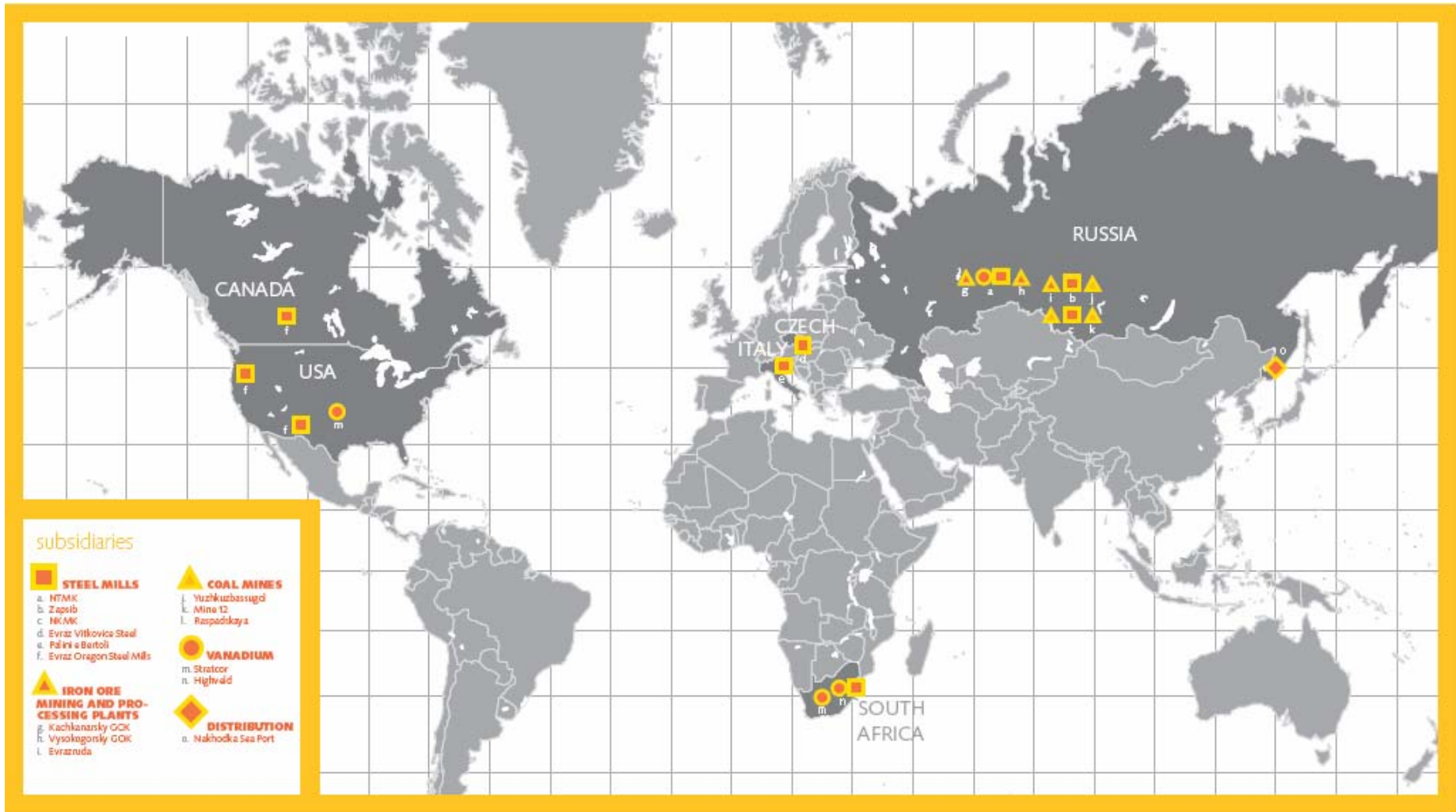
Risks:

- Potential further staff cost increase in Russia

Financial Outlook FY 2007 :

- Consolidated revenues expected to increase by 45-55% (Y-o-Y)
- EBITDA expected to grow by 55-60% (Y-o-Y)

Evraz Group's Main Locations



+7 495 232-1370
IR@evraz.com

www.evraz.com