

# EVRAZ GROUP S.A.

**Deutsche Bank  
Russia One-on-One  
Conference**

5-7 February 2008



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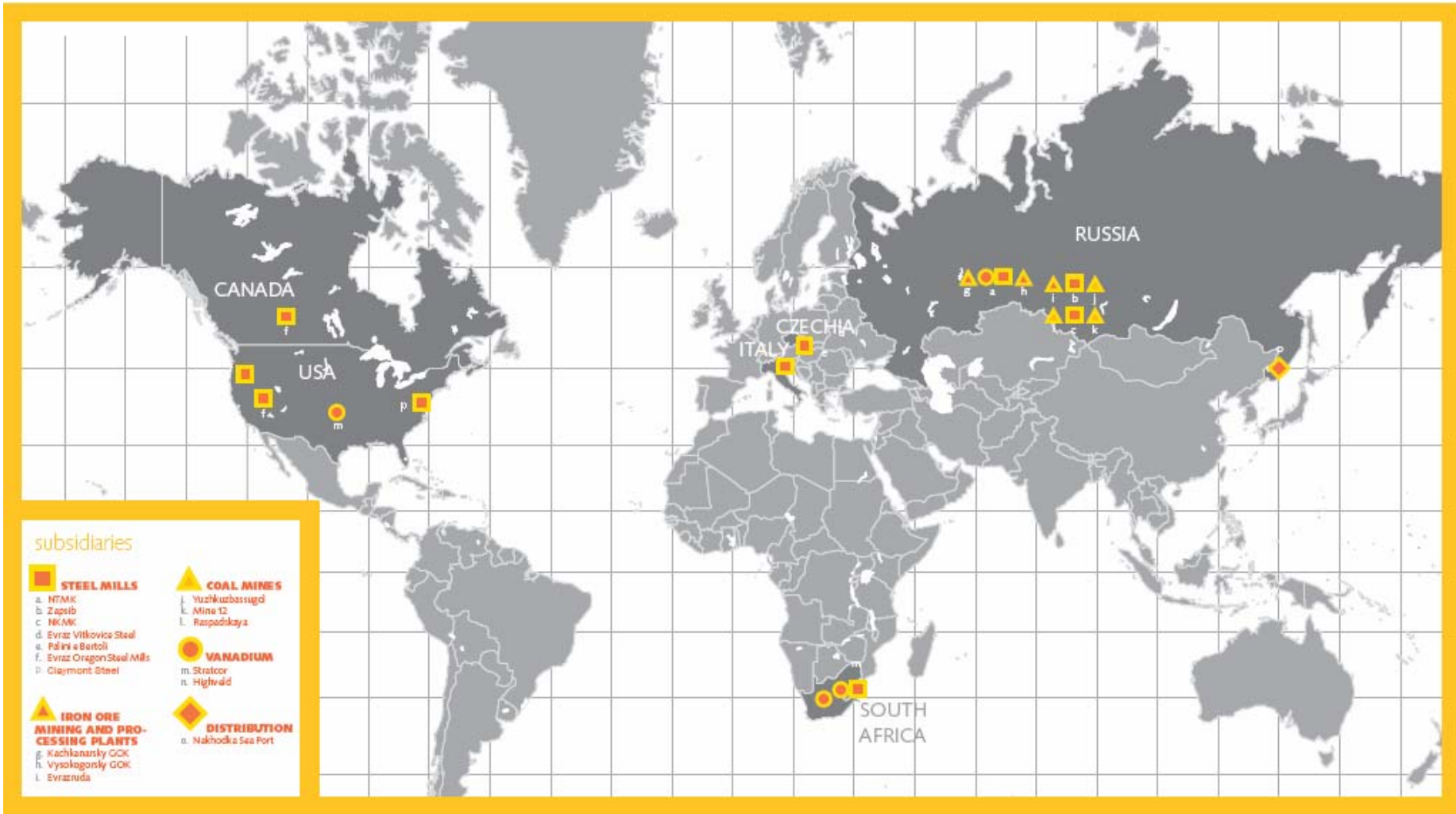
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# Evraz Strategy

- 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

# Evraz Group's Main Locations

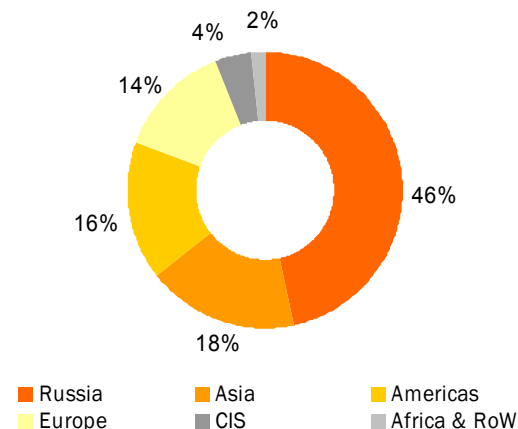




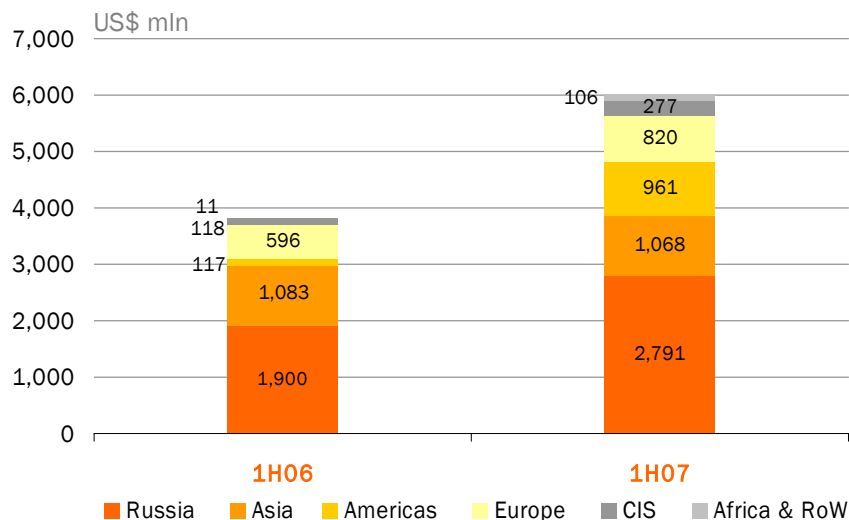
# Strengthening Position in Attractive Markets

- 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%

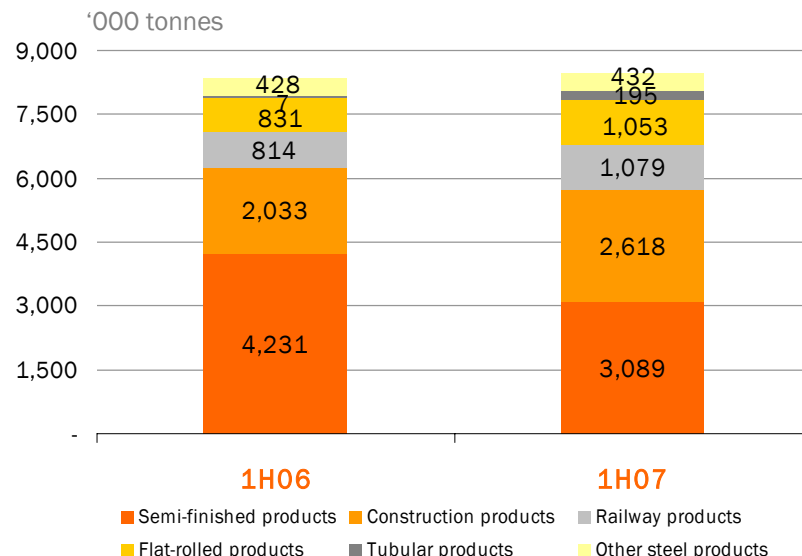
### Composition of Revenue by Region



### 1H07 Revenues by Region



### 1H07 Steel Product Sales Volumes

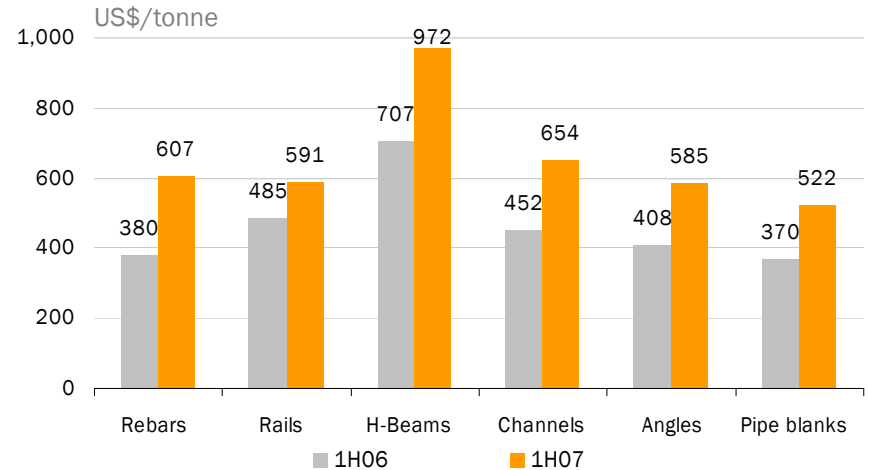




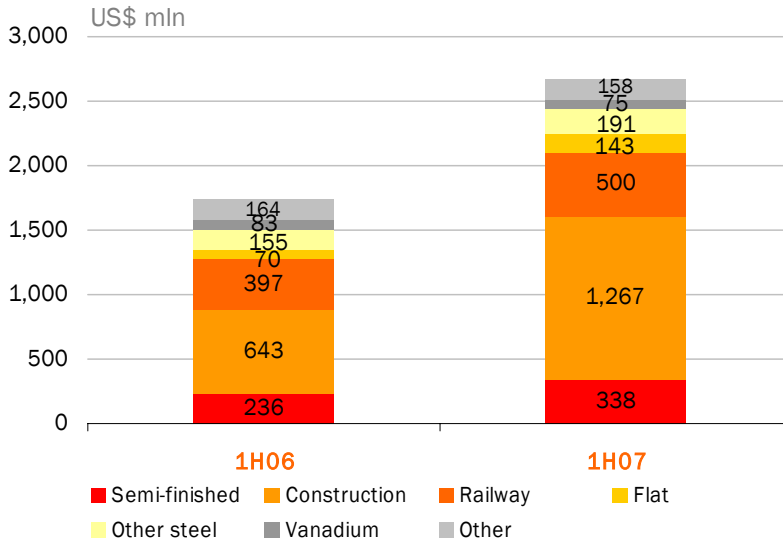
# Steel: Yielding on Russian Demand Growth

- 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%

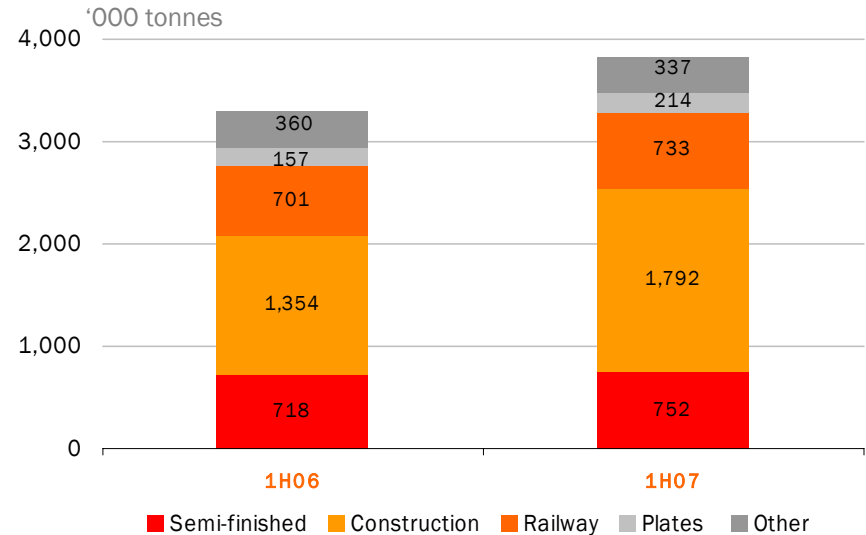
### Key Products Prices in Russia



### 1H07 Segment Revenues: Russia



### 1H07 Russian Steel Sales Volumes

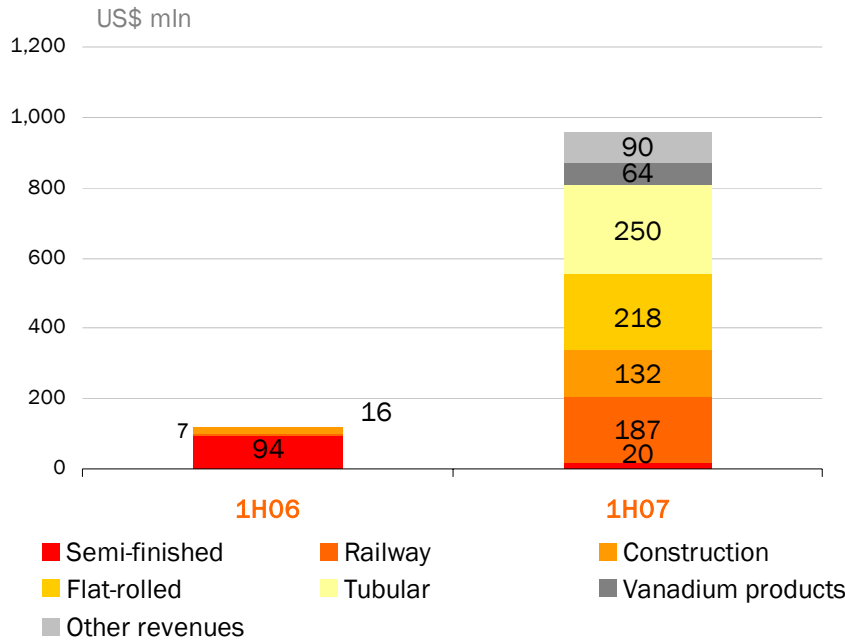




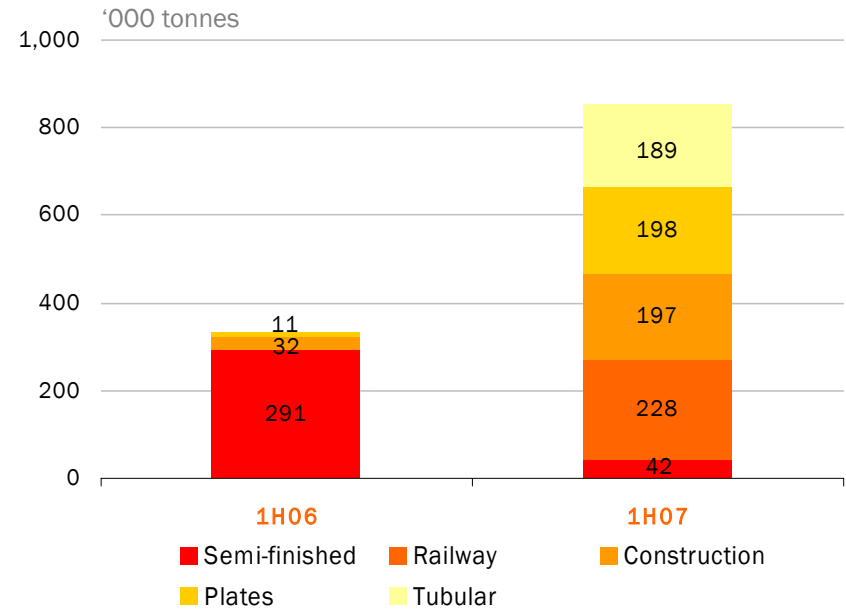
# Steel: North America

- 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

### 1H07 N. America Revenues



### 1H07 N. America Steel Sales Volumes

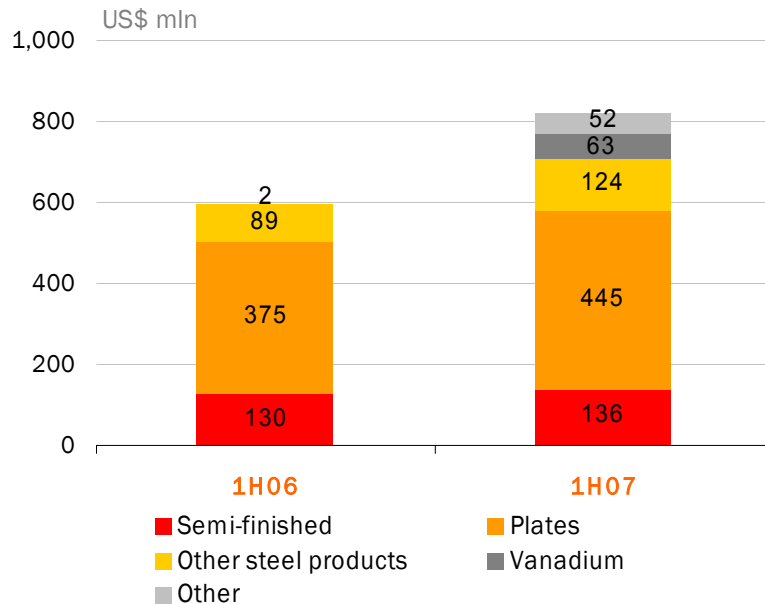




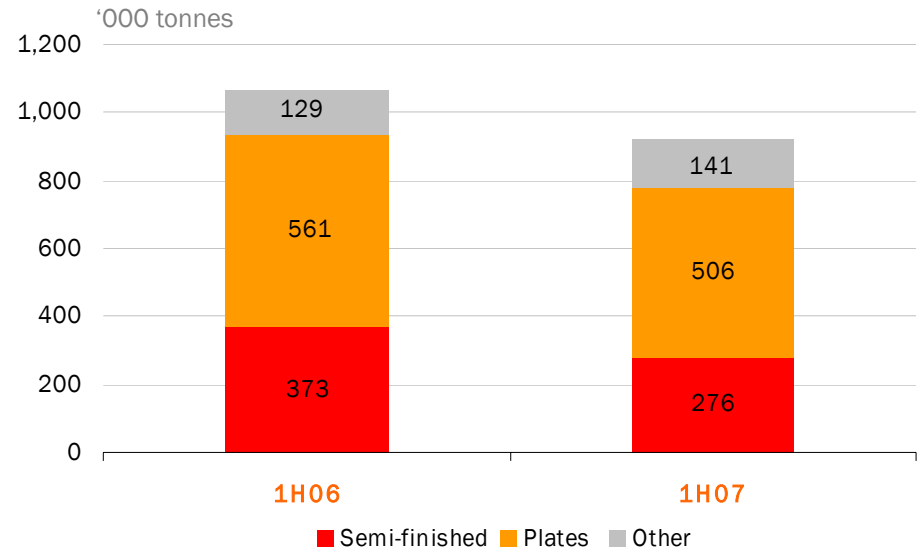
# Steel: Europe

- 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

### 1H07 European Steel Revenues



### 1H07 European Steel Sales Volumes



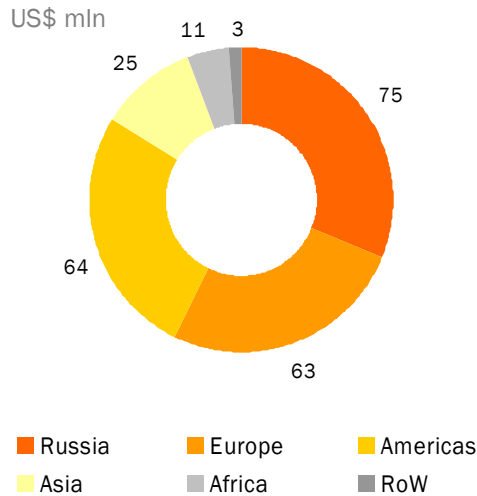




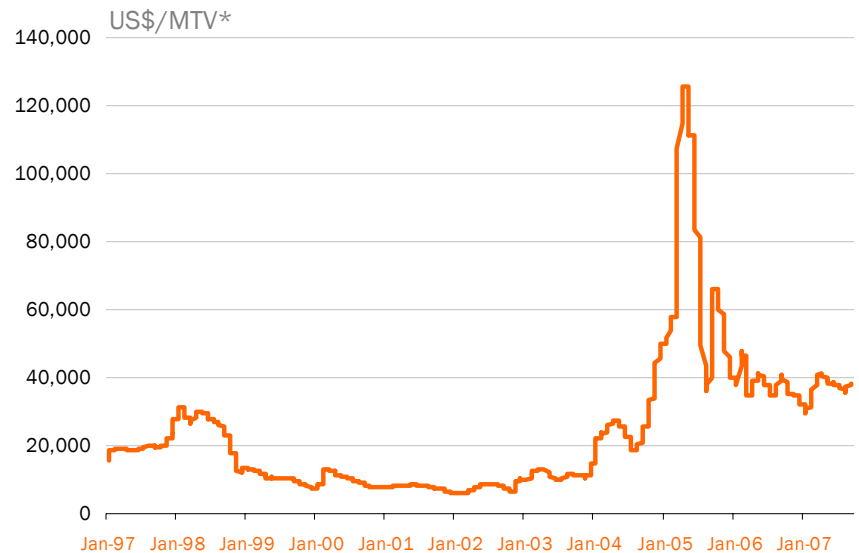
# Vanadium: Leveraging Market Exposure

- 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

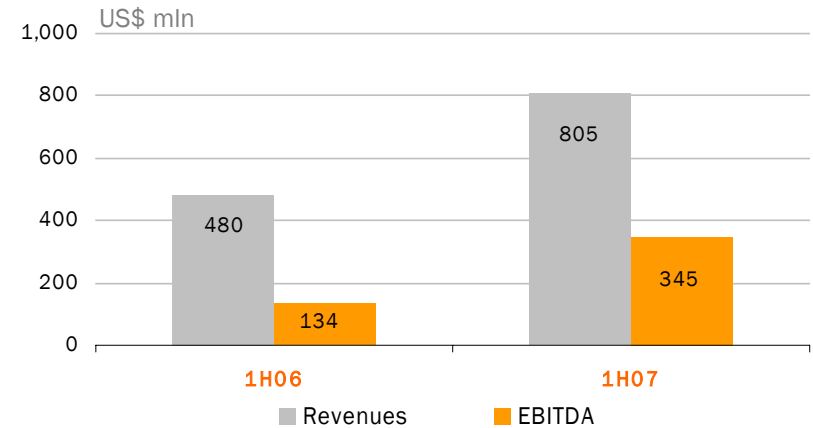
Source: Metal Bulletin



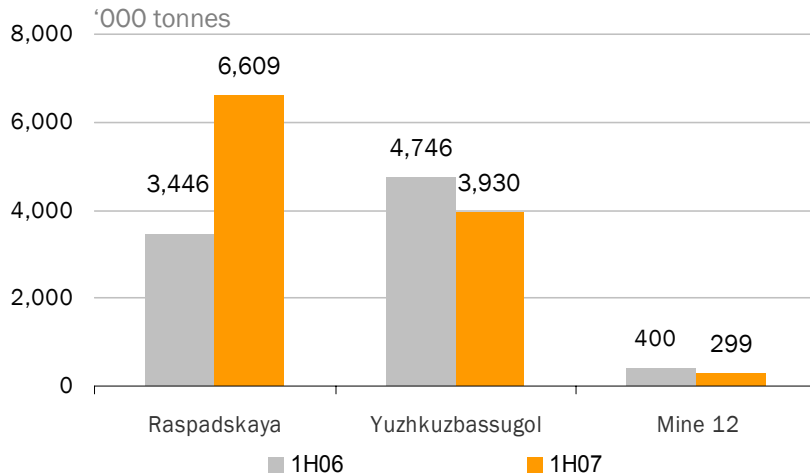
# Mining: Hedging Steel Production Costs

- 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

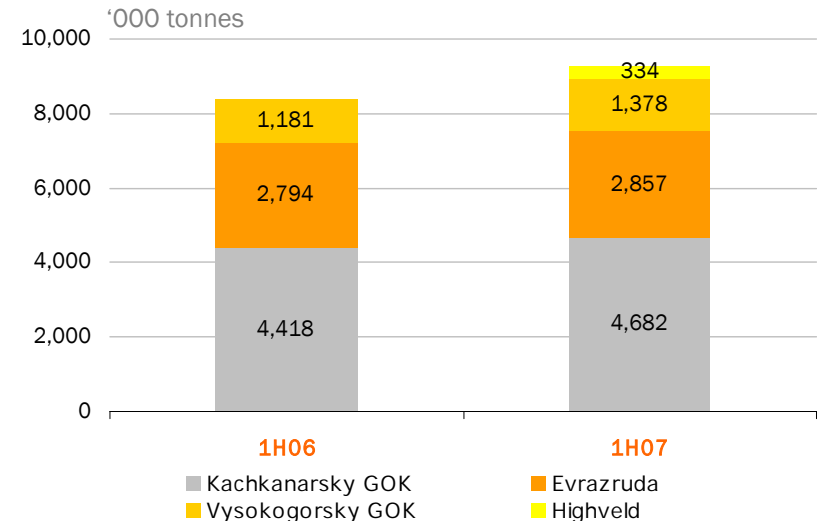
### Mining Segment Performance



### 1H07 Coking Coal Production



### 1H07 Iron Ore Production



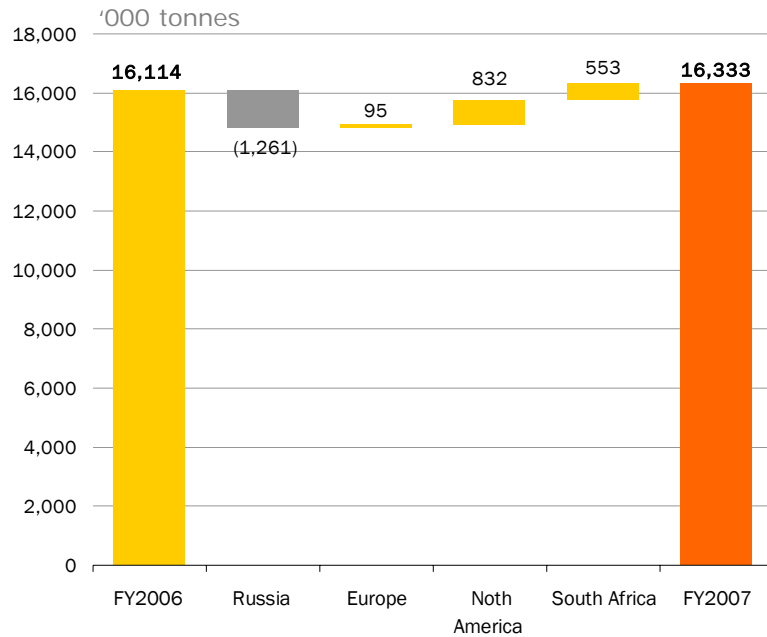
\*Self-coverage is calculated as a sum of coking coal production by Mine 12, YuKU and Raspadskaya pro-rated by Evraz's respective ownership (all in coal concentrate equivalent), divided by group's total coking coal consumption excluding coal used in production of coke products for sale



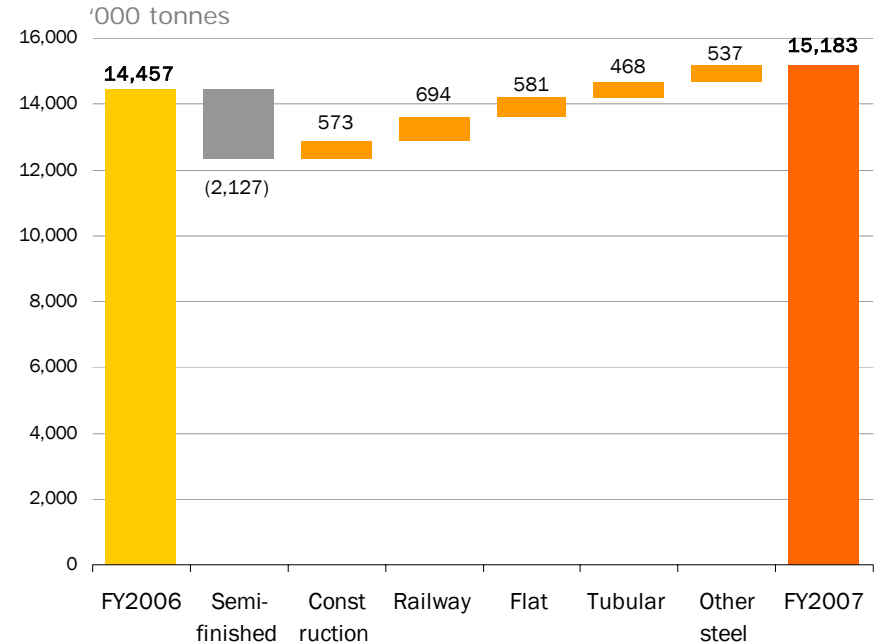
# 2007 Operational Results

- 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



### Production by Products

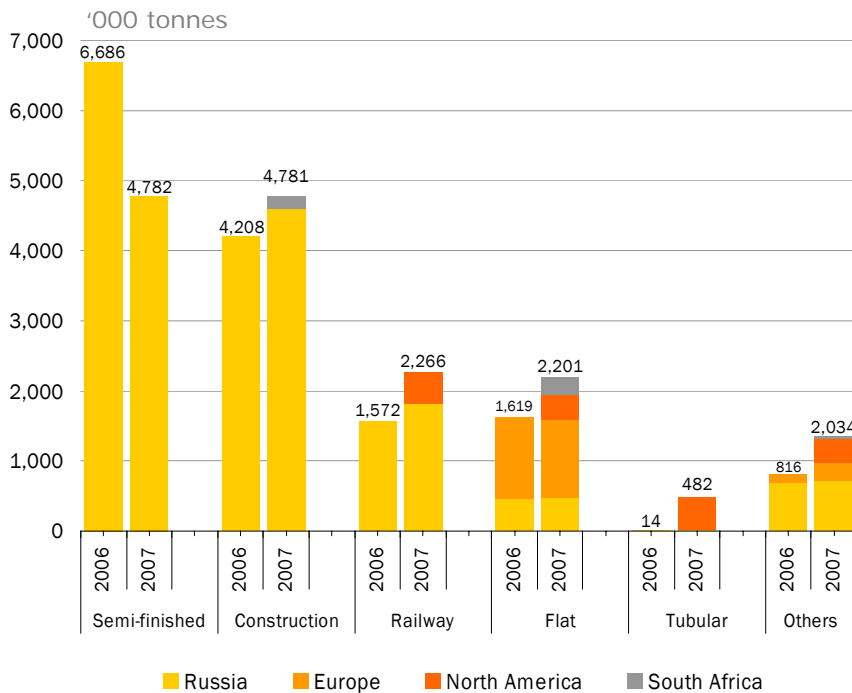




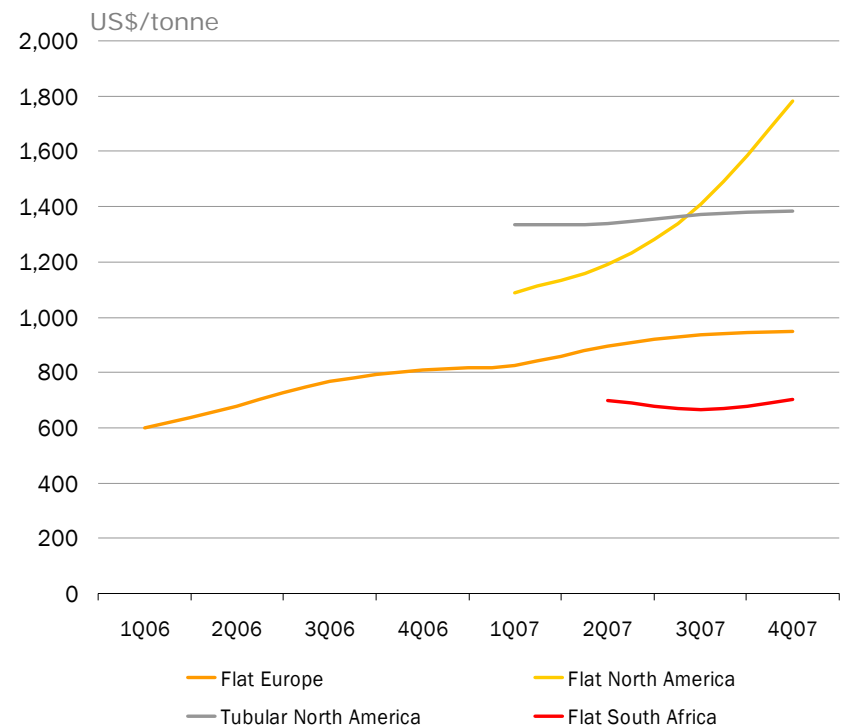
# Operational Results by Regions, 2006-2007

- 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

### Product Mix



### Selling Prices for Evraz's Products

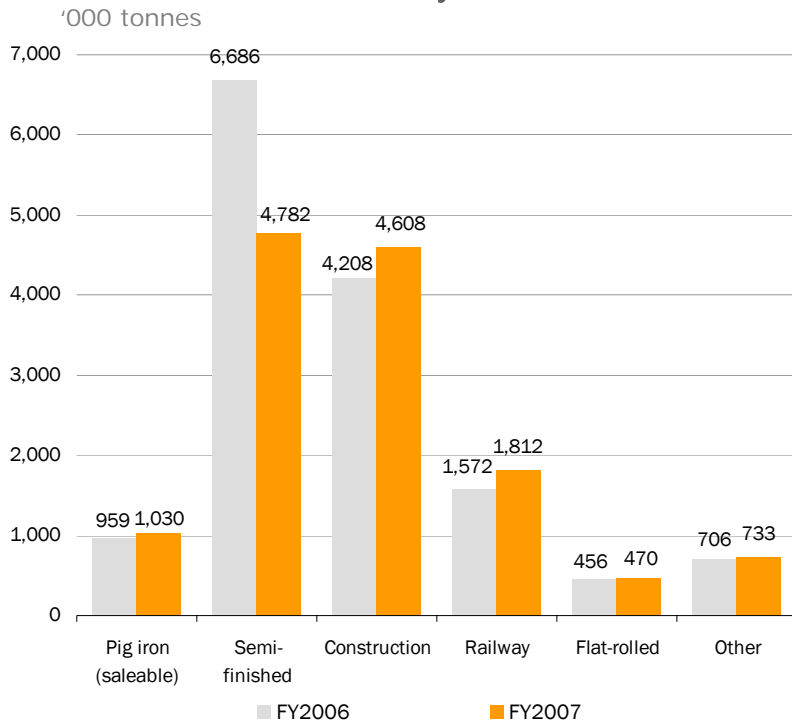




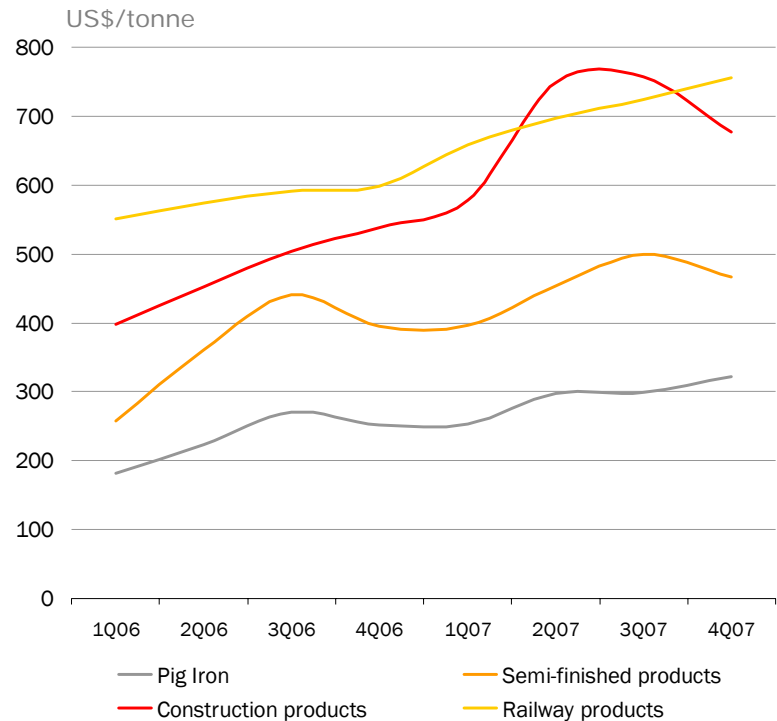
# 2007 Operational Results – Russia

- 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

### Production by Products



### Selling Prices, Russia

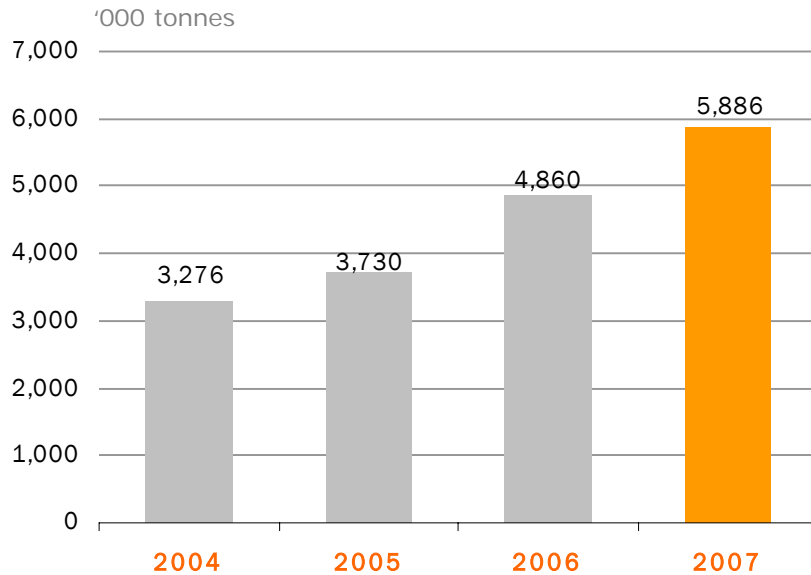




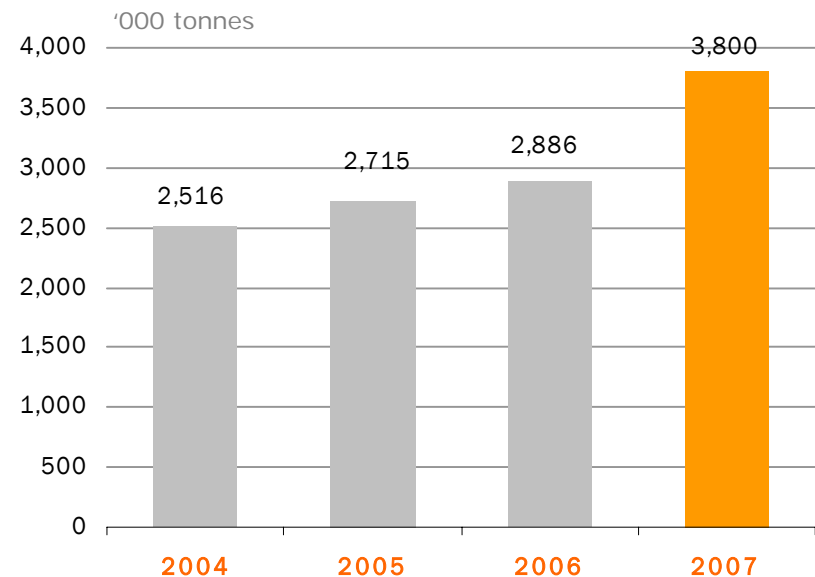
# 2007 Construction Steel Market in Russia

- 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 m<sup>2</sup> to 93 kg per m<sup>2</sup> due to higher volumes of monolithic buildings

Rebar Market in Russia



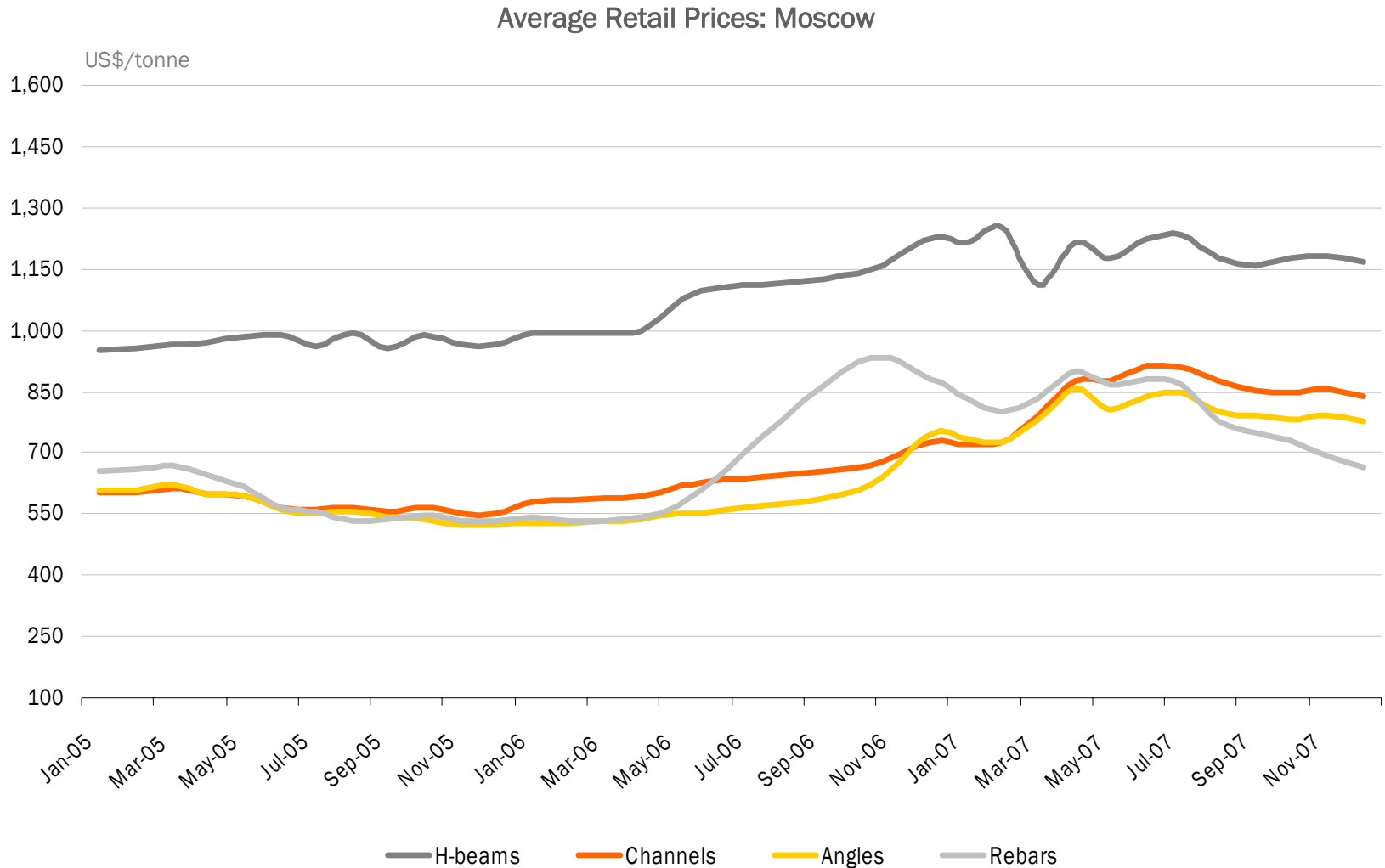
Sections Market in Russia



Source: Evraz market estimates



# Strong Pricing Environment to Continue



Source: Evraz market estimates



# Semi-products prices are set to grow



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



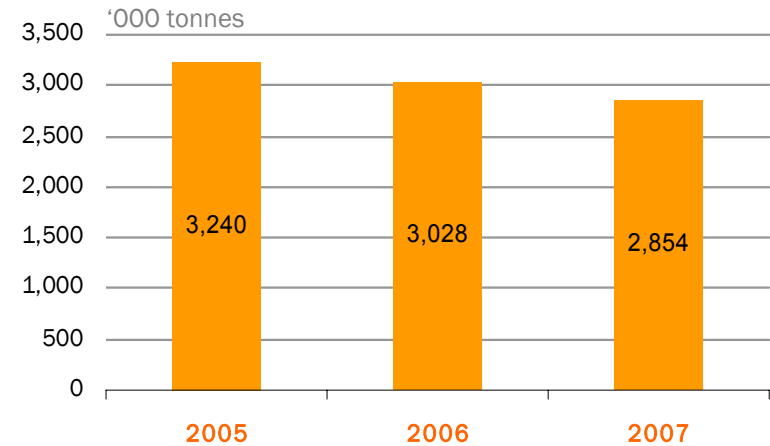


# Ukraine: Diversifying into One of the Lowest Cost Producing Regions

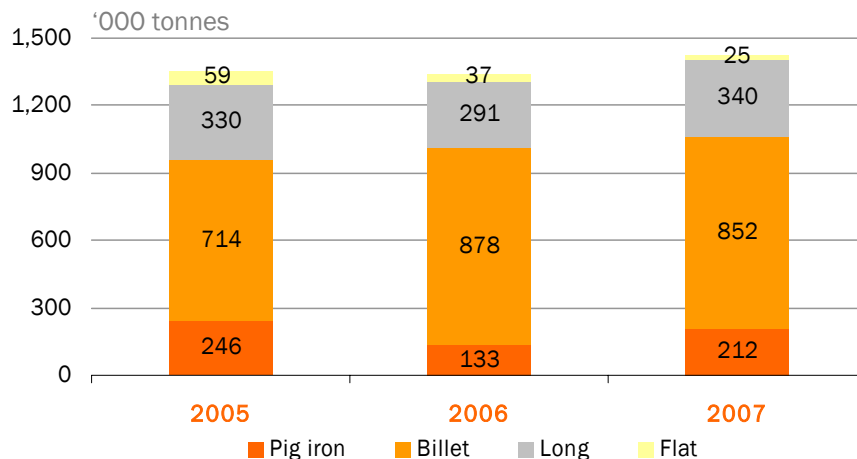
In December 2007 an agreement was signed to acquire a number of assets in Ukraine, i.e.:

- 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

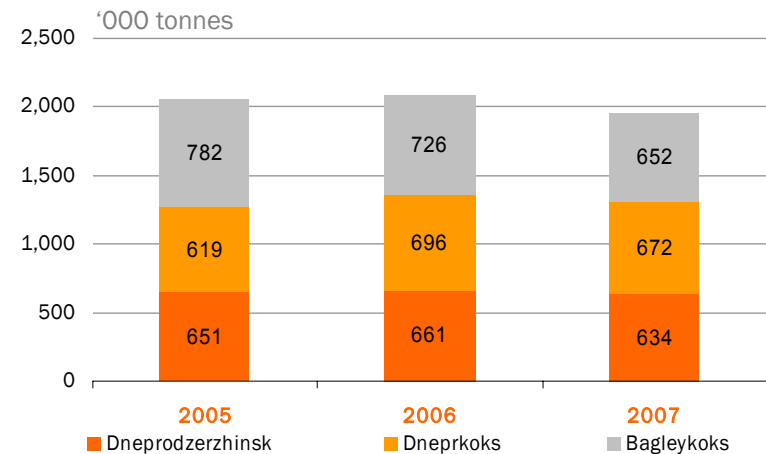
### Sukhaya Balka iron ore sales



### Dnepropetrovsky Metal Works Sales Mix



### Coke production

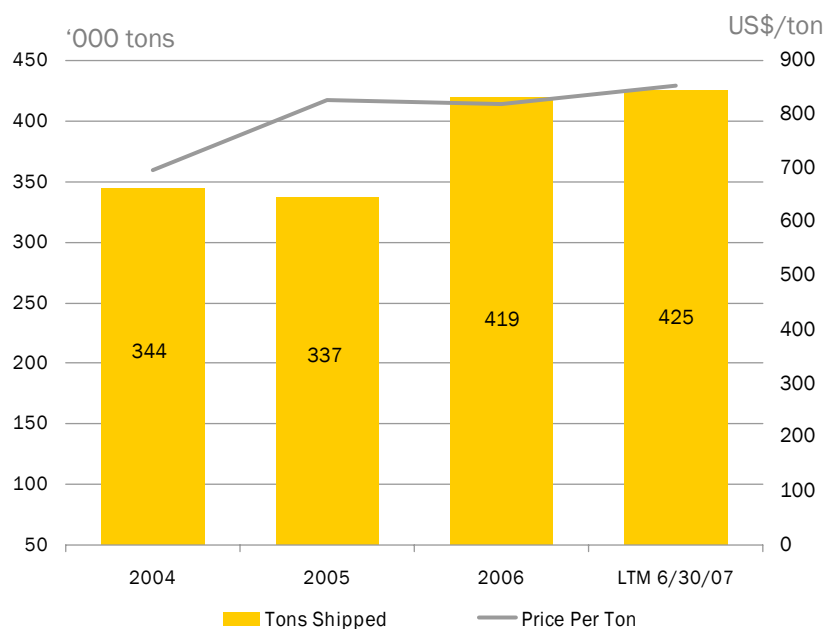




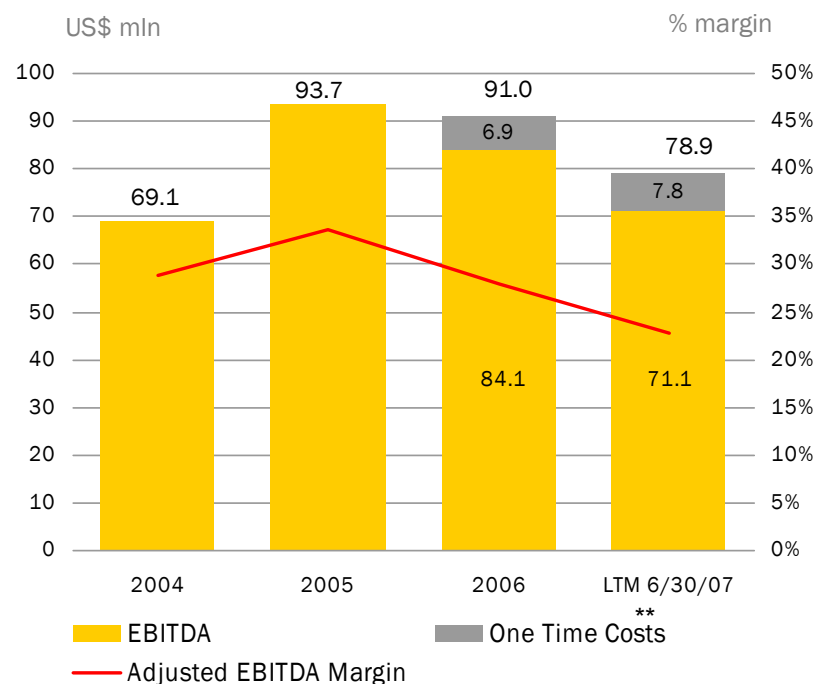
# Claymont Steel

- 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 Cost 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.

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