3 months 2008 Financial Results Presentation

21 May 2008

SeverStal

Agenda

- ***Introduction***
- ***Financials***
- ***Outlook***
- ***Appendices***

Disclaimer

These materials may contain projections and other forward-looking statements regarding future events or the future financial performance of OAO SeverStal (SeverStal). You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might”, the negative of such terms, or other similar expressions. SeverStal wishes to caution you that these statements are only predictions and that actual events or results may differ materially. SeverStal does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Factors that could cause the actual results to differ materially from those contained in projections or forward-looking statements of SeverStal may include, among others, general economic conditions in the markets in which SeverStal operates, the competitive environment in, and risks associated with operating in, such markets, market change in the steel and mining industries, as well as many other risks affecting SeverStal and its operations.

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» *Introduction*

Financial Highlights

- ***Record revenues and EBITDA***
- ***Revenues up 16.7% to a record $4,309 million year-on-year***
  - *EBITDA* up 14.6% to $1,036 million*
  - *Net profit** slightly down to $439 million, primarily due to a larger share of taxable profit at Lucchini and in North America*
  - *Operating margin down to 17.8% from 19.4% in Q1 2007*
  - *EPS down to $0.44 from $0.45 in Q1 2007*
- ***Strong domestic and global demand for coal and iron ore drives good performance in Mining***
  - *EBITDA up 42.6% year-on-year*
- ***Economic growth in Russia continues to support domestic steel market***
  - *Seasonal factors limited price increases in Russia in January and February*
  - *Steel market gained momentum in March and continued into Q2*
- ***Other segments demonstrated significant year-on-year progress***

**EBITDA represents profit from operations plus depreciation and amortisation adjusted for gain (loss) on disposals of property plant and equipment*

***Net profit attributable to shareholders*

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Key numbers

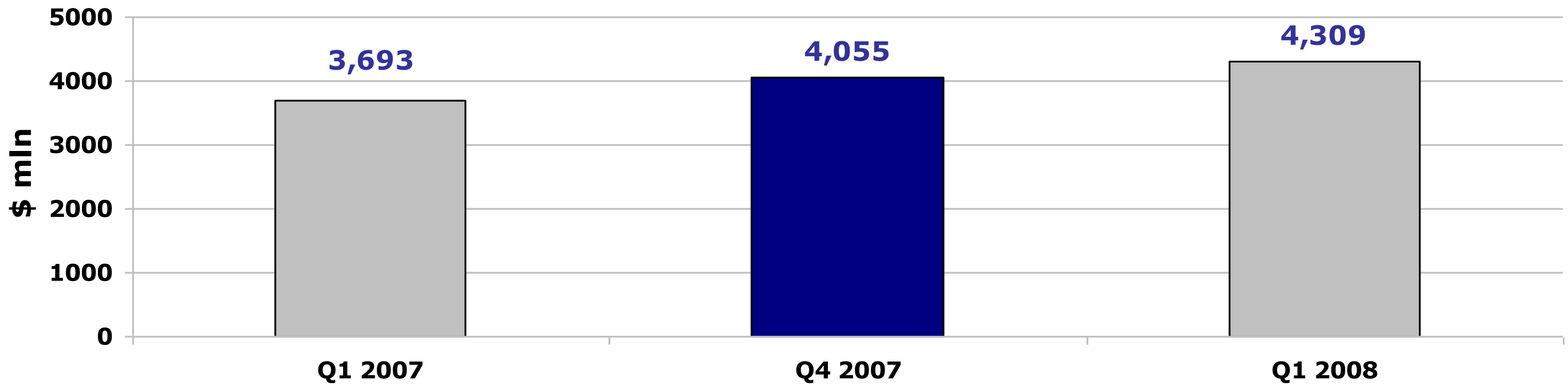
$ mln unless otherwise stated	Q1 2007	Q1 2008	Change, y-o-y	Q4 2007	Q1 2008	Change, q-o-q
Revenues	3,693	4,309	16.7%	4,055	4,309	6.3%
Profit from operations	717	765	6.7%	497	765	53.9%
Operating margin	19.4%	17.8%		12.3%	17.8%	
EBITDA*	904	1,036	14.6%	746	1,036	38.9%
EBITDA margin	24.5%	24.0%		18.4%	24.0%	
Net profit**	458	439	(4.1%)	340	439	29.1%
Net margin	12.4%	10.2%		8.4%	10.2%	
EPS	$ 0.45	$ 0.44	(2.2%)	$ 0.34	$ 0.44	29.4%
DPS***	$ 0.10	$ 0.22	120.0%	$ 0.16	$ 0.22	37.5%

**   EBITDA represents profit from operations plus depreciation and amortisation adjusted for gain (loss) on disposals of property plant and equipment*
*** Net profit attributable to shareholders*
**** Dividends announced on the basis of respective period results, translated at the exchange rate as of the date of declaration by Board of Directors*

» *Financials*

Revenue

- ***Strong revenue growth up 16.7% y-o-y for 3m 2008 due to:***
  - *Higher prices for coal, iron ore and rolled products*
  - *Volume growth in Russian Steel, Izhora pipe mill and North America (consolidation of SeverCorr)*
- ***Strongest price growth was in coal and iron ore***
- ***In rolled steel, price increases were spread across different products and geographies***



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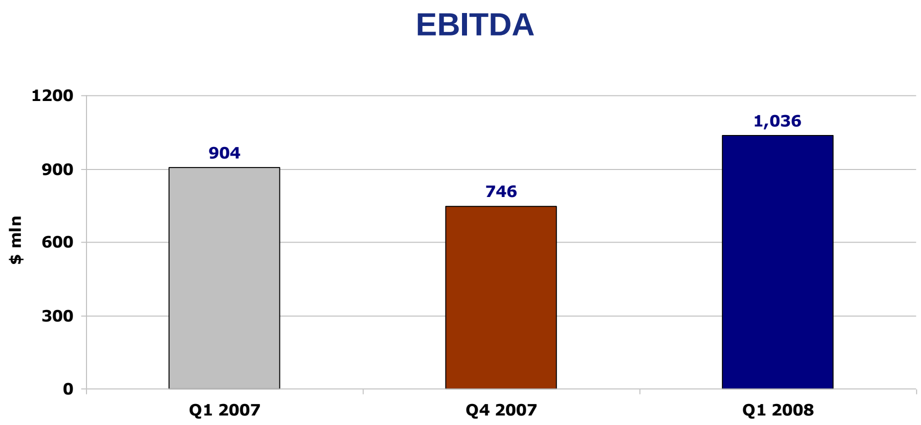
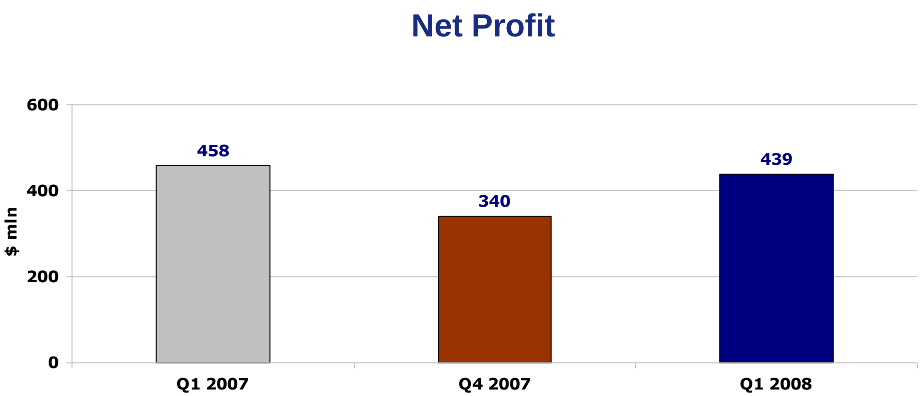
EBITDA and Net Profit





» ***EBITDA up 14.6% y-o-y***
- *Seasonal factors limited price increases in Russia in January and February*
- *Export sales were impacted by adverse weather and port congestion*

» ***Steel pricing on an improving trend in March and into Q2***
- *Domestic and export prices reached historical maximum* in Q2

» ***One-off events impacting profit in Q1***
- *$156 million gain (total amount of gain $177 million less $ 21 million - profit sharing with union) on long-term electricity supply contract buyout at SNA*
- *in Q1 net recoverable fixed costs amounting $21 million were recognized as other operating income in relation to business interruption, occurred as a result Blast furnace “B” explosion*

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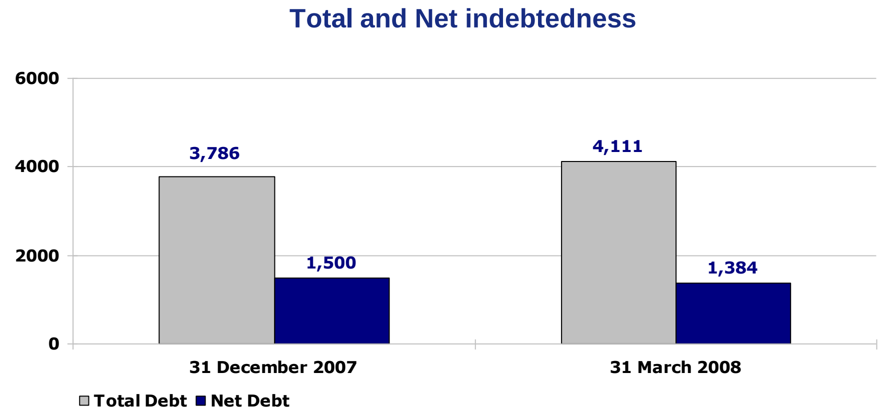
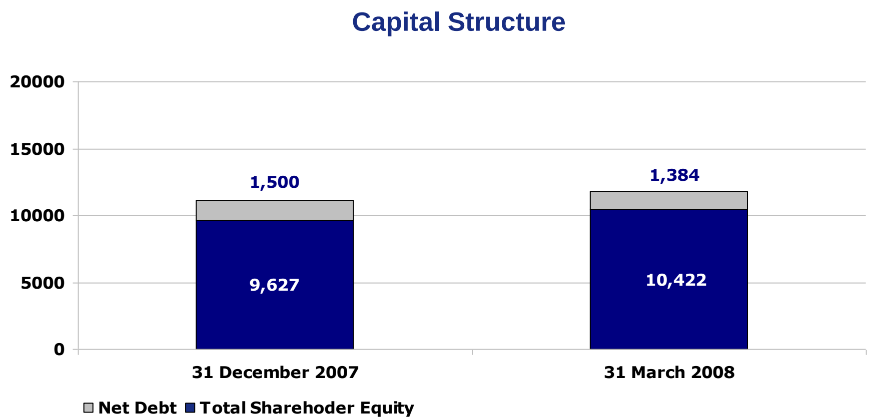
Balance Sheet and returns





Notes:

Net debt equals total debt less cash & cash equivalents, less short-term bank deposits

Net debt to EBITDA equals net debt over trailing 12 months EBITDA

- ***Strong balance sheet***
  - *Net debt to EBITDA ratio of 0.35 in Q1 2008*
- ***Capital structure flexibility***
  - *Additional debt capacity for organic or acquisition-led growth*
- ***Solid return ratios in***
  - *ROCE at 41.6%*
  - *RoA at 17.2%*
  - *ROE at 19.5%*
- ***And positive business drivers in 2008 are:***
  - *Strong price growth in Q2 for rolled products*
  - *Ramping up at Severcorr is in progress*
  - *Efficiency improvements*

ROCE represents trailing 12 months profit before financing and taxation over share capital plus short-term and long-term debt financing and finance lease liabilities average for the period

RoA represents trailing 12 months operating profit over total assets average for the period

ROE represents trailing 12 months net profit over shareholders equity

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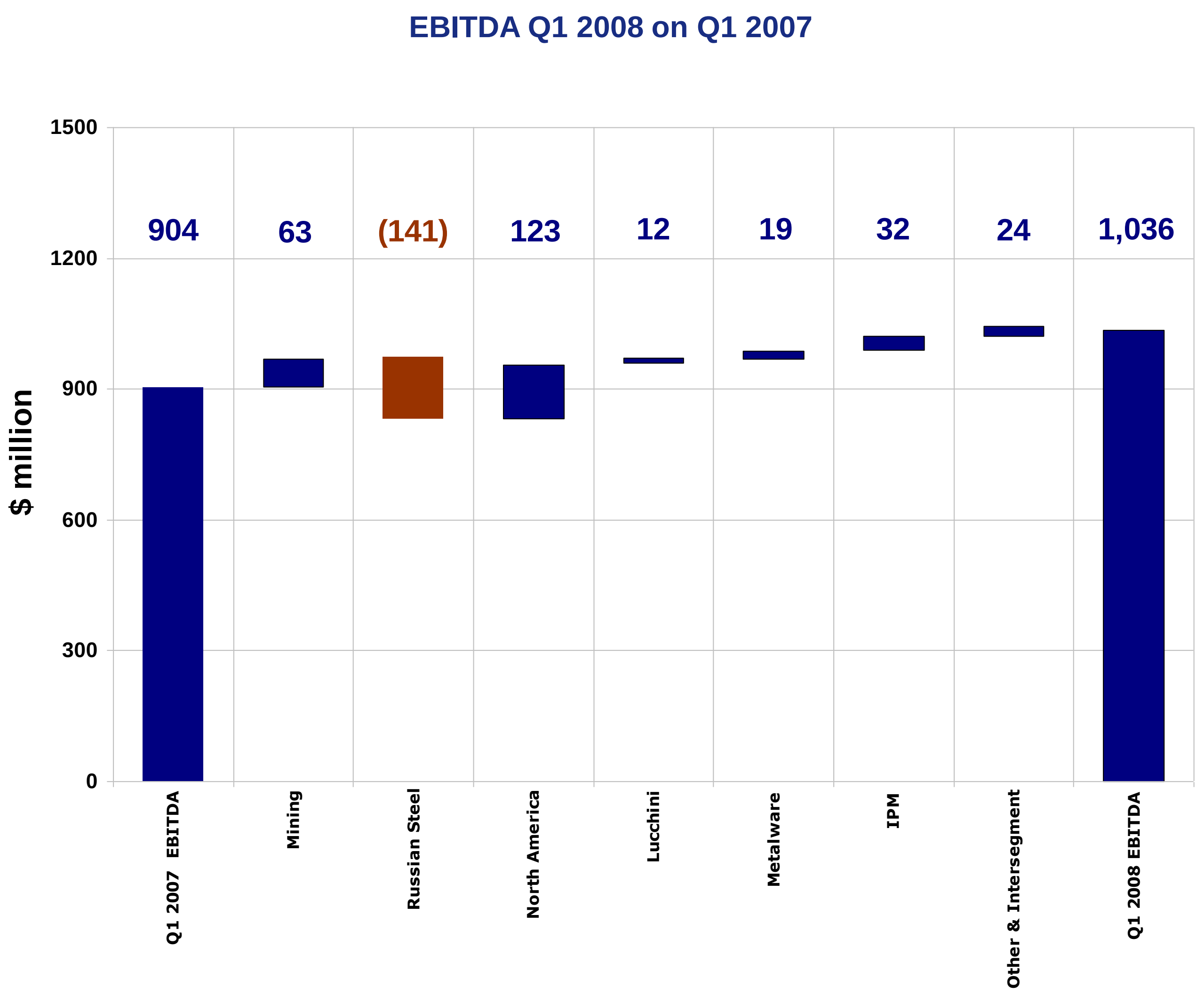
EBITDA Dynamics by segment



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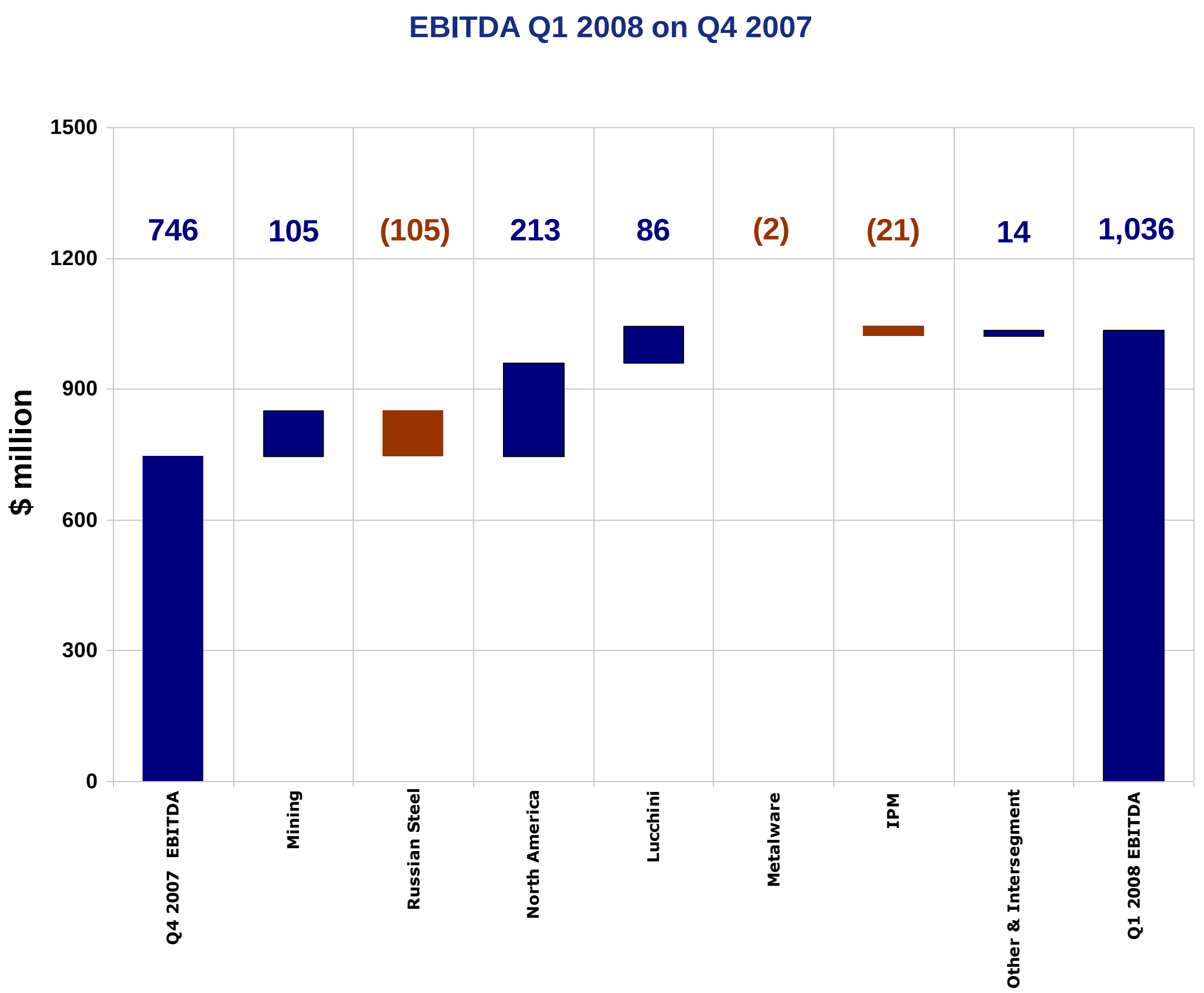
EBITDA Dynamics by segment



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Segmental results: revenue breakdown

$ mln unless otherwise stated	Q1 2007	Q1 2008	Change, y-o-y	Q4 2007	Q1 2008	Change, q-o-q
Mining	492	698	41.9%	614	698	13.7%
Russian Steel	1,892	2,086	10.3%	2,011	2,086	3.7%
North America	455	591	29.9%	503	591	17.5%
Lucchini	978	1,057	8.1%	969	1,057	9.1%
Metalware	224	272	21.4%	258	272	5.4%
Izhora pipe mill	63	160	154.0%	239	160	(33.1)%
Intersegment adjustments	(411)	(555)	n.a.	(539)	(555)	n.a.
Total	3,693	4,309	16.7%	4,055	4,309	6.3%

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Segmental results: EBITDA breakdown

$ mln unless otherwise stated	Q1 2007	Q1 2008	Change, y-o-y	Q4 2007	Q1 2008	Change, q-o-q
Mining	148	211	42.6%	106	211	99.1%
Russian Steel	598	457	(23.6%)	562	457	(18.7%)
North America	28	151	439.3%	(62)	151	n.a.
Lucchini	130	142	9.2%	56	142	153.6%
Metalware	12	31	158.3%	33	31	(6.1%)
Izhora pipe mill	9	41	355.6%	62	41	(33.9%)
Intersegment adjustments	(21)	3	n.a.	(11)	3	n.a.
Total	904	1,036	14.6%	746	1,036	38.9%

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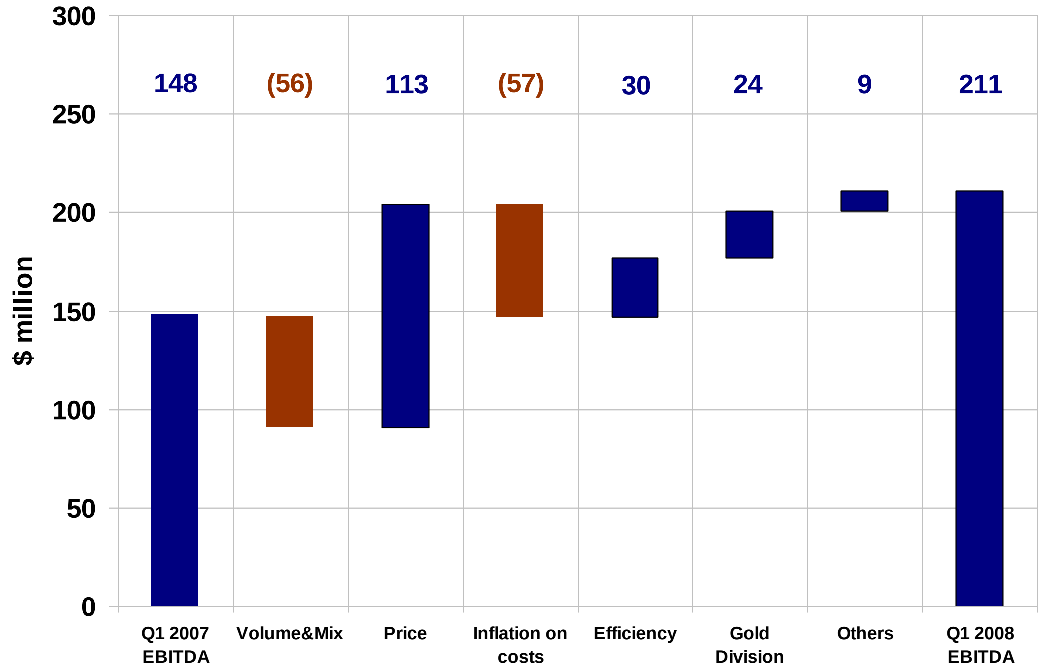
Mining Operations



- ***EBITDA amounted to $211 million, an increase of 42.6% compared with Q1 2007***
- ***Prices up on average by 47.8 %***
  - *Coal prices increased by 65.5 % y-o-y*
  - *Iron ore prices increased by 28.2 % y-o-y*
- ***Cash cost increased by 12% year-on-year (excluding scrap)***
  - *Payroll, energy and materials prices inflation partially offset by efficiency improvements*
- ***Iron ore production up 11% year-on-year***
- ***Management effort focused on coal production***

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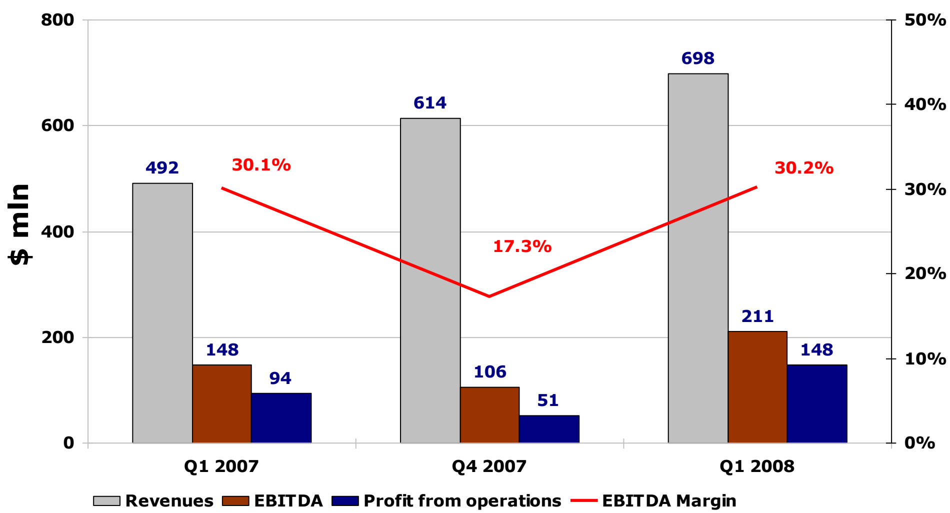
Mining Operations (cont.)

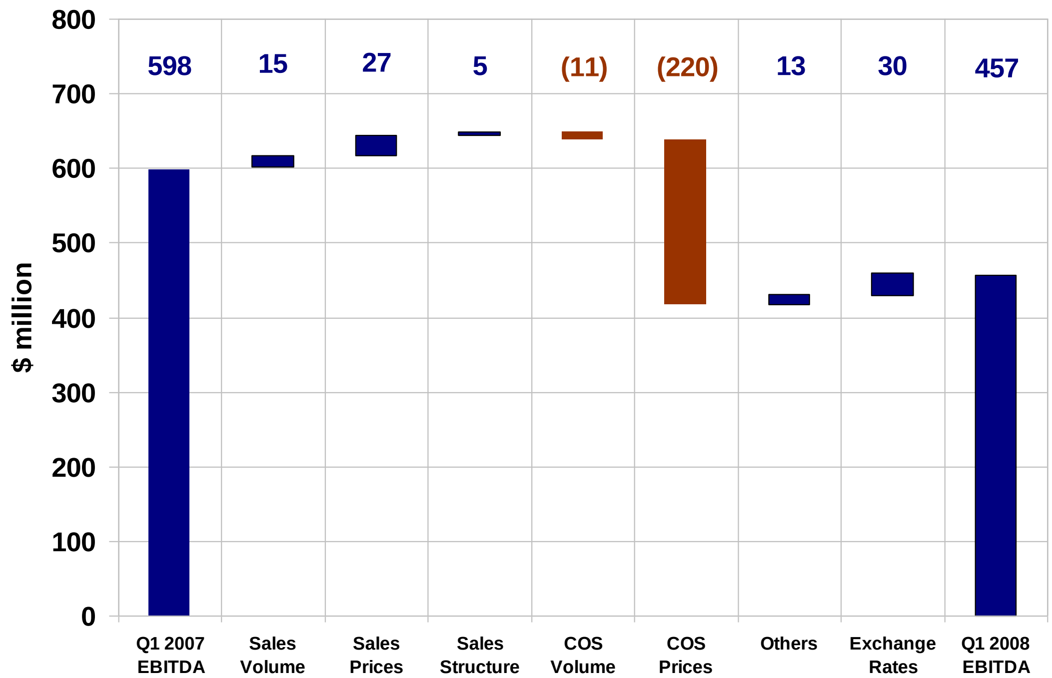


» ***EBITDA almost doubled q-o-q, mainly due to increased prices***
- *Coal up 33.8 % q-o-q*
- *Iron ore up 23.0 % q-o-q*

» ***EBITDA margin was 30.2 % in Q1 2008***
- *Stable margin despite cost pressure*
- *Excluding scrap estimated EBITDA margin was 37 %*

» ***Cost pressure derived from***
- *Payroll + 26% y-o-y*
- *Fuel + 64 % y-o-y*
- *Steel products +25 % y-o-y*

Russian Steel Operations



» ***Phasing of price increases the main reason for y-o-y fall in EBITDA***
- *Increases in raw material prices affected all of Q1, but output prices only began to rise in March*
- *Seasonal factors limited price increases in Russia in January and February*
- *Key customers contracted for Q1 in 2008*
- *Export sales impacted by seasonal logistic bottlenecks*

» ***Russian market gained momentum in late March and into Q2***

» ***Supply remains tight in both Russian and international markets***

» ***Main growth driver in Russia is construction market***

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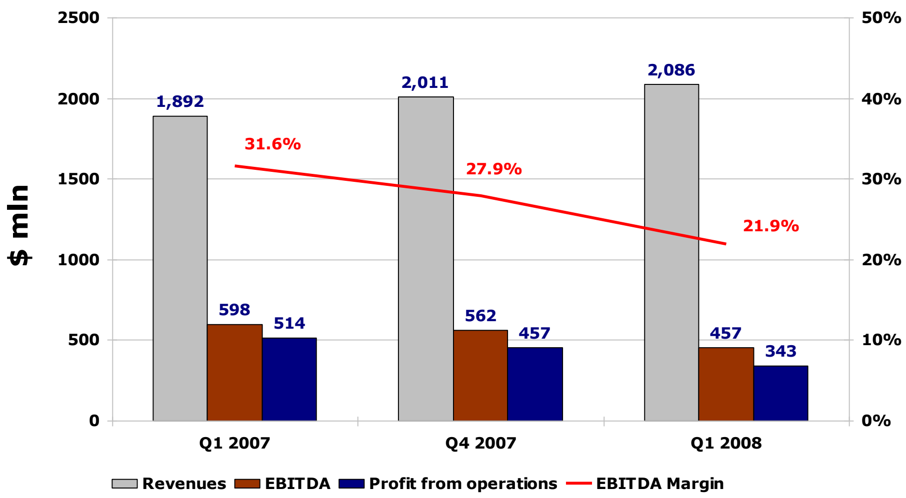
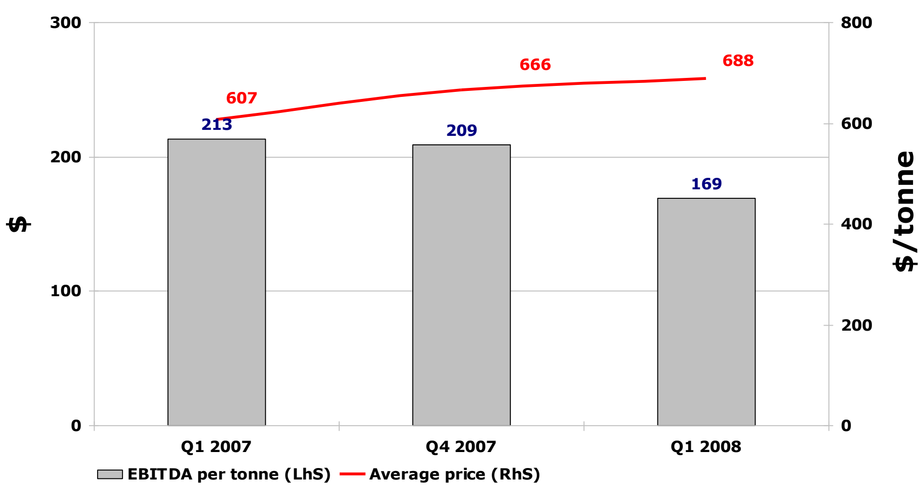
Russian Steel Operations (cont.)





» ***EBITDA margin down to 21.9% in Q1 2008***
- *Increase in cost was partially passed on to customers in Q1*
- *Further price growth in Q2 gives more scope to improve margins*

» ***Strong pressure on costs from***
- *Coal + 63% y-o-y*
- *Iron ore +28% y-o-y*
- *Labor rates increase coming in Q2*

» ***Strong momentum in Q2 supported by:***
- *Price acceleration as inventories decrease*
- *Successful contracting with key clients for Q2*

» ***Expect margin improvements on strong pricing in subsequent quarters***

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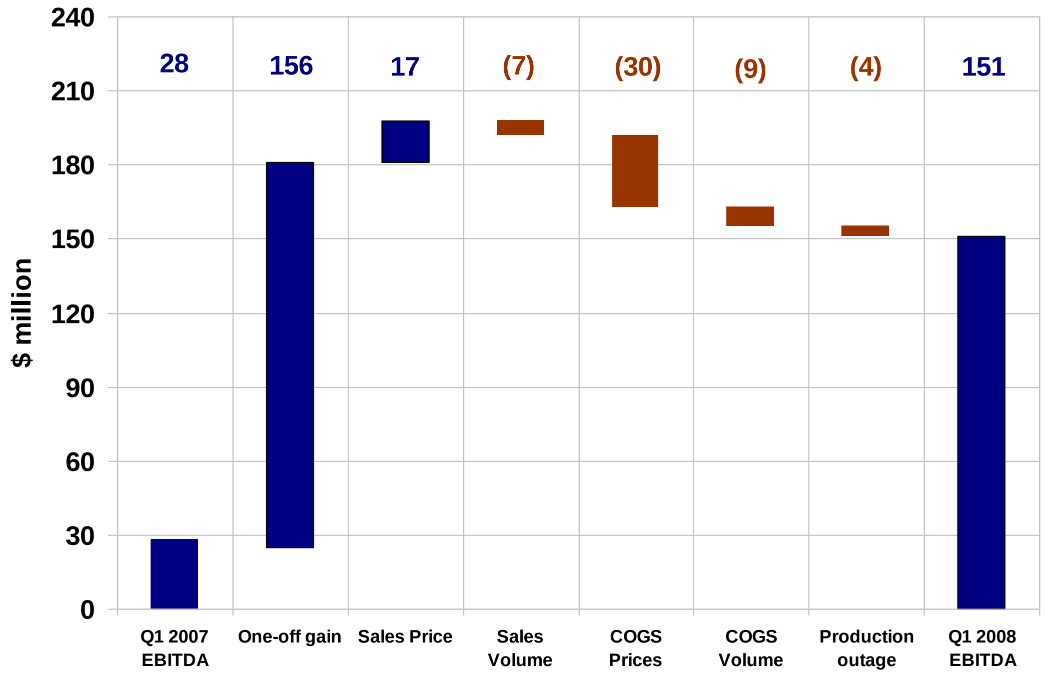
North America



- ***Volume reduction at Dearborn Plant due to "B" blast furnace was offset by addition of Severcorr***
- ***Strong performance at Severcorr***
  - *sales volume of 295 kt; revenue $186 million in Q1*
- ***Average price increased by $26/t (+3.8%) y-o-y***
- ***Backlog has been worked through with output pricing tracking raw material increases***
- ***$156 million one-off gain (total amount of gain $177 million less $ 21 million - profit sharing with union) on buyout of long-term electricity supply contract at Dearborn***
- ***in Q1 net recoverable fixed costs amounting $21 million were recognized as other operating income in relation to business interruption, occurred as a result Blast furnace "B" explosion Blast furnace "C" is ramping up to stabilized production during the Q1***

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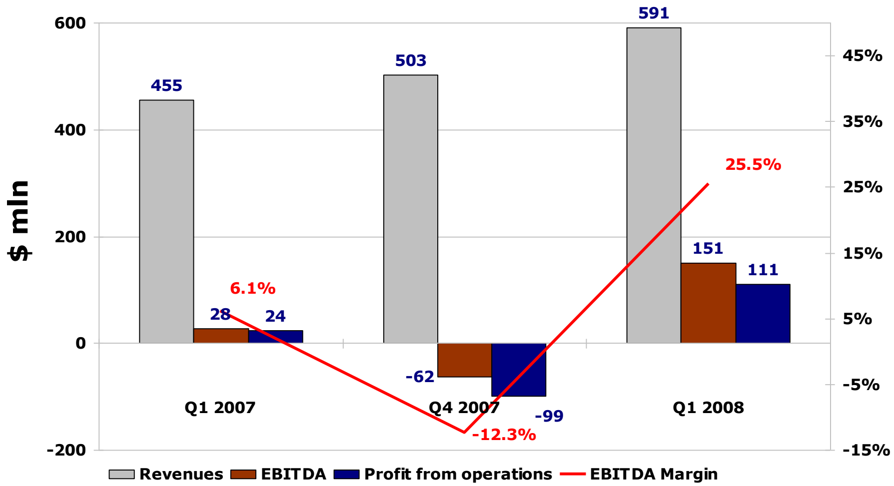
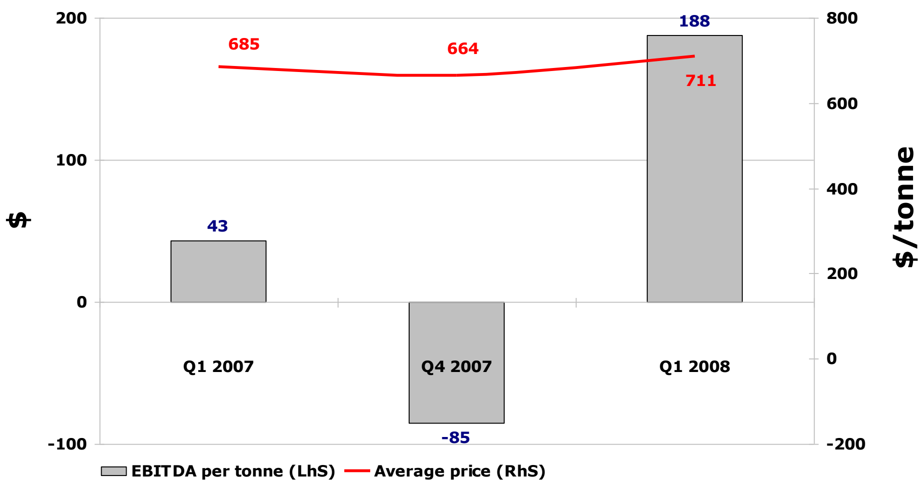
North America (cont.)





» ***Production of crude steel in Dearborn down in Q1 due to “B” blast furnace outage***

- *Insurance recovery expected to offset unabsorbed cost and lost profits in future periods*

» ***Severcorr consolidated in Q1, adding 295 kt of sales***

- *Successful ramp up is continuing*
- *Significant contribution to financial results is expected through the year*

» ***Rising steel prices expected to offset raw material inflation***

- *Prices for Q1 2008 have trended higher due to low inventory levels in Q4 2007*
- *Import pressure easing due to high ocean freight costs and weak dollar*

» ***Strong push to re-open long term fixed price contracts in seen in North America***

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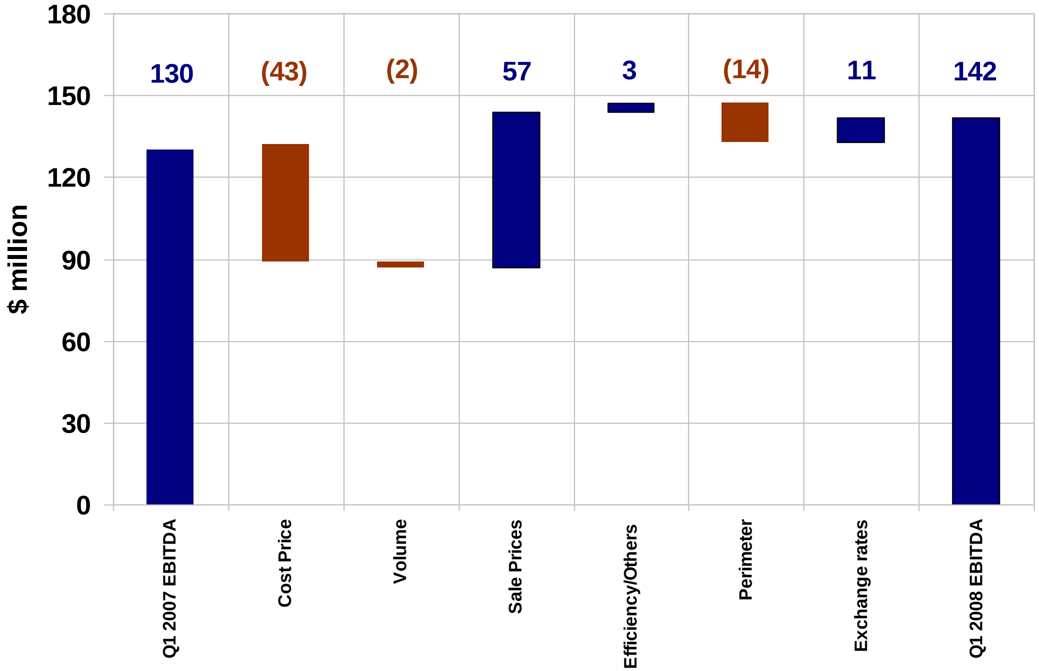
Lucchini



- ***EBITDA up 9.2% year-on-year***
  - *Like-for-like, EBITDA up 20% taking account of Sidermeccanica disposal in Q2 2007*
- ***Stable production rates***
- ***Production of rails up 14% y-o-y***
- ***Stable development***
  - *Strong prices for long products in Europe*
  - *Ascometal surcharge model neutral to higher scrap prices in Europe*

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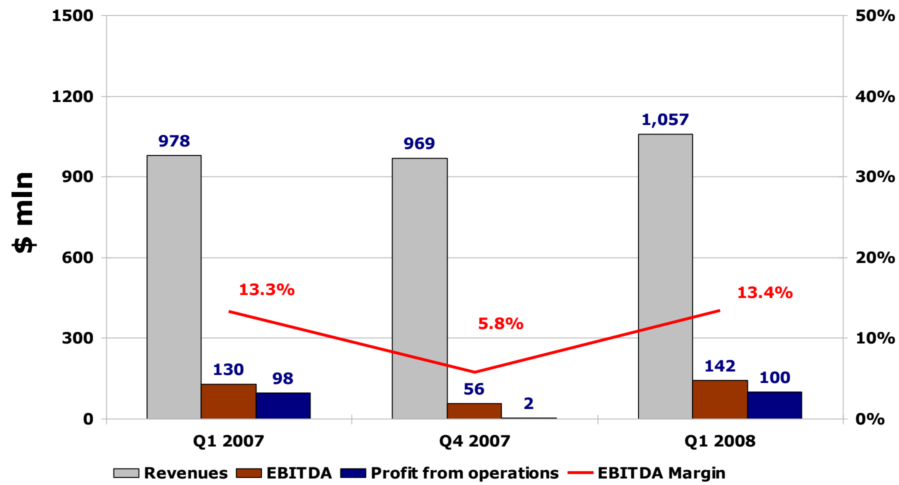
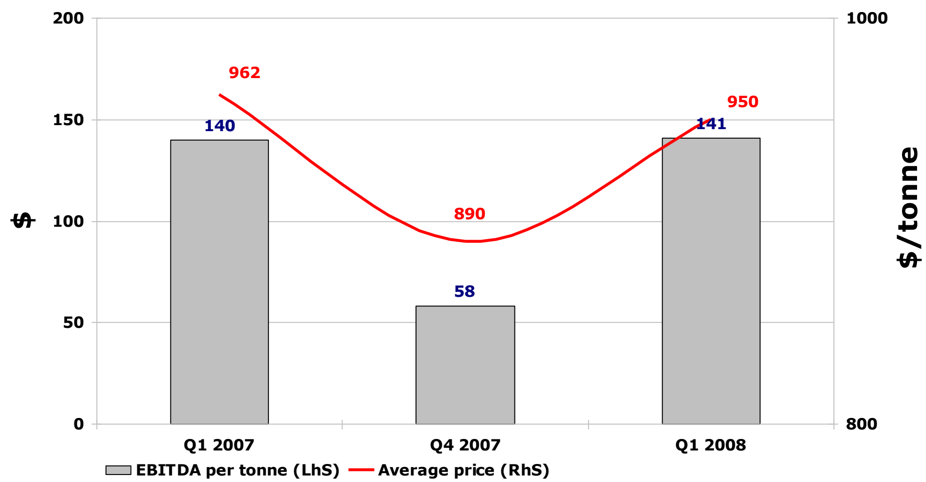
Lucchini (cont.)





» ***EBITDA margin was stable***
- *Revenues up 8.1 % y-o-y*
- *EBITDA up 9.2 % y-o-y*
- *Improvements in efficiency already in place*

» ***Raw material price increases likely to be the key factor influencing performance in 2008***
- *Positive price/cost squeeze for Piombino in Q1 2008 to be stabilized in Q2*

» ***Increasing efficiency will remain the key priority***

» ***Continued effort to improve products mix***
- *Reducing the share of the semi-finished products in the portfolio*

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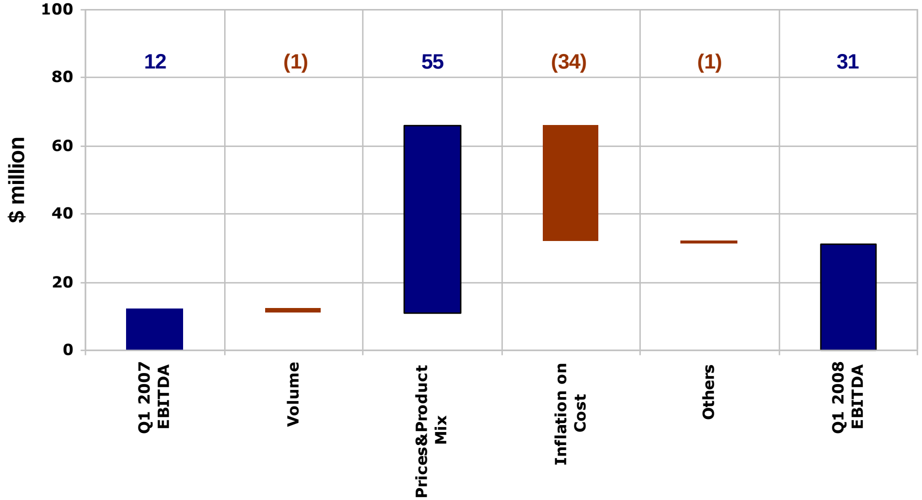
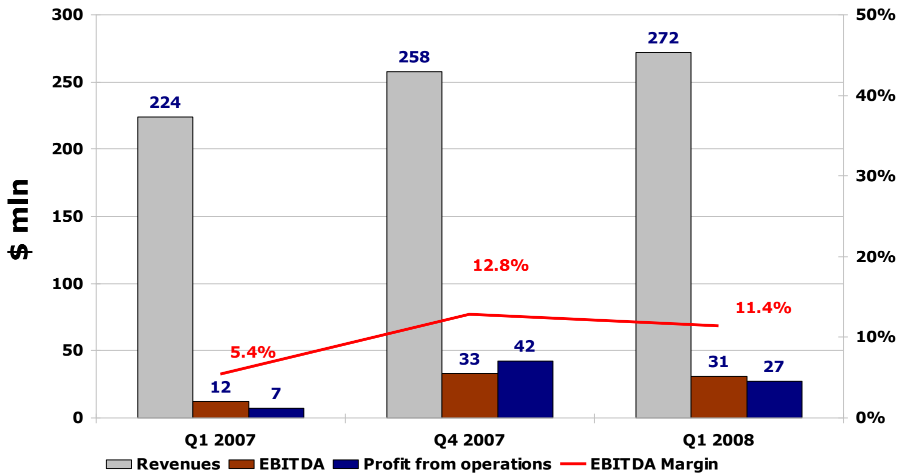
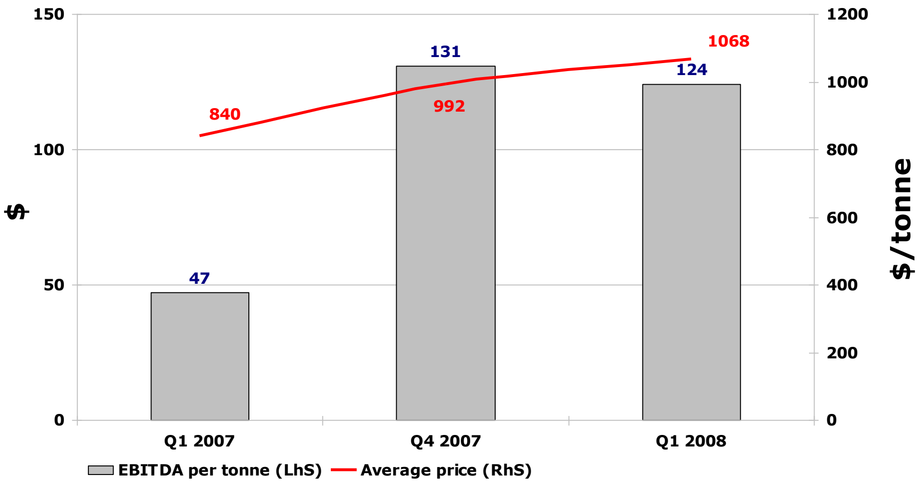
Metalware



- *EBITDA more than 2.5 times up y-o-y on back of:*
  - *product portfolio improvement*
  - *cost reduction programme*





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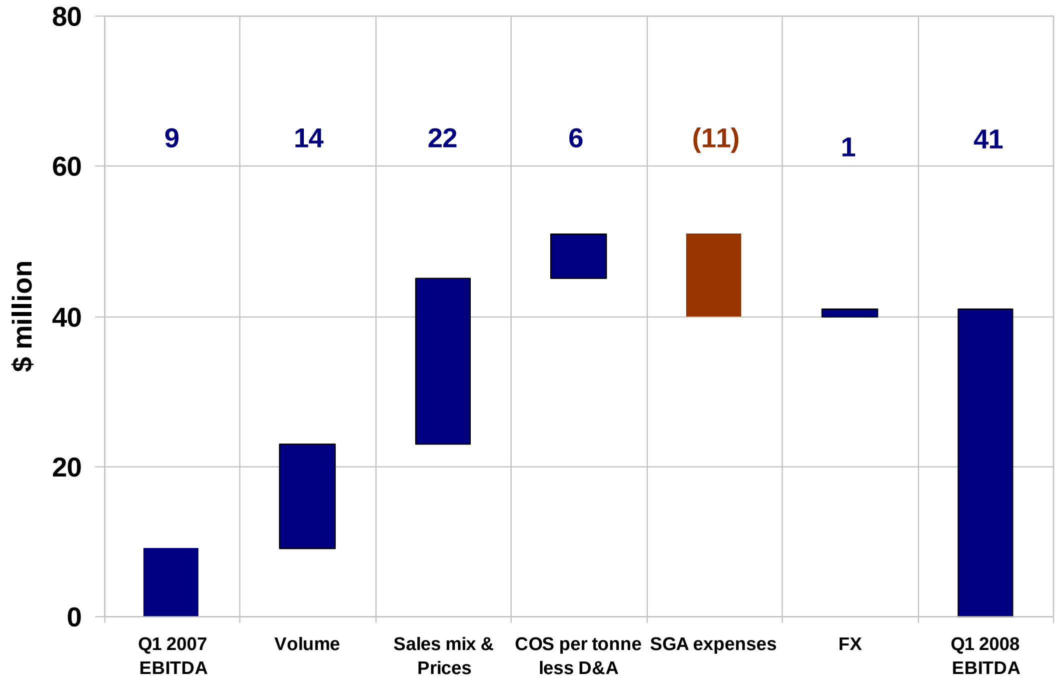
Izhora pipe mill



- ***EBITDA up more than 4 times y-o-y following successful ramp up***
  - *Average price increased by 30.2% y-o-y*
- ***Strong domestic market***
  - *Demand from Gasprom remains stable*
- ***Competition remains strong***
  - *Competitive advantages support market expansion*
- ***Cost per tonne decreased by 5% in Q1 2008 compared with Q1 2007***
  - *Fixed costs per tonne down after ramp up*
  - *Strip consumption rates per tonne of pipe down 1% y-o-y*

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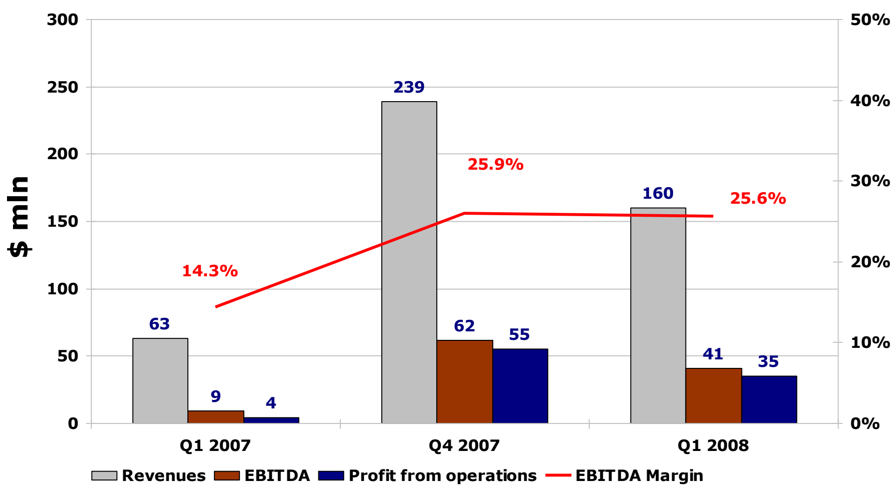
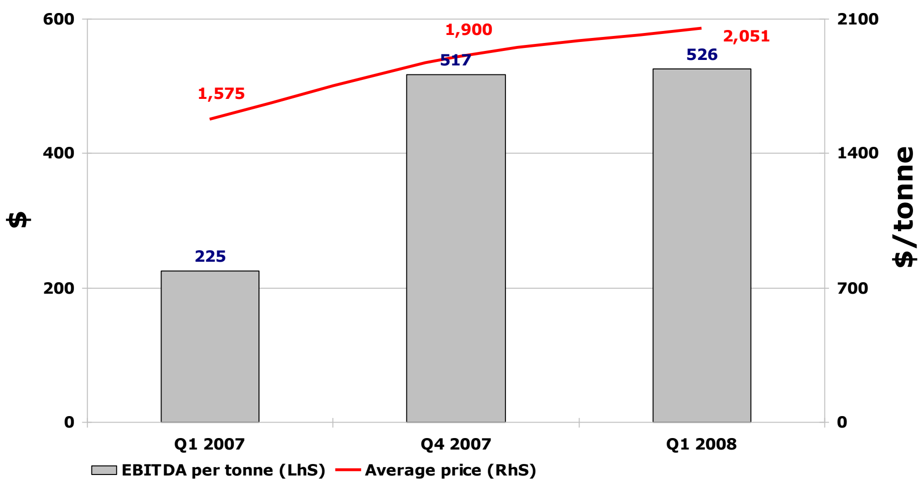
Izhora pipe mill (Cont.)





» ***EBITDA margin increased from 14.3% in Q1 2007 to 25.6% in Q1 2008***

- *Mill production is increasing to continuing stable levels*

» ***Decrease in margins in Q1 2008 compared with Q4 2007 is due to:***

- *Lower production rates due to maintenance outage in January*
- *Higher substrate price from Russian Steel*

» ***New contract prices with key clients are expected in Q2***

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Positive outlook for Severstal in 2008

- ***Favourable outlook for pricing***
  - *Positive sector outlook due to global steel demand supported by economic growth in developing economies and tight supply-demand balance*
  - *Steel industry is demonstrating ability to pass on increase in raw material costs to end customers*
  - *Domestic market gained momentum as economic growth in Russia continues to support domestic steel consumption*

- ***Anticipated growth in sales volumes across our businesses***
  - *Improved operational performance, especially in Mining*
  - *New acquisitions and expansions*

- ***We continue to expect 2008 to be another year of progress for Severstal***

Q&A

Thank you

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» *Appendices*

Summary of Balance Sheet

$ mln	As at December 31, 2007	As at March 31, 2008
Current Assets	8,048	9,131
Non-current Assets	9,273	9,792
Total Assets	17,321	18,923
Current Liabilities	3,291	3,868
Non-current Liabilities	3,924	4,122
Total Equity	10,106	10,933
Total Equity and Liabilities	17,321	18,923

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Summary of Income Statement

$ mln unless otherwise stated	Q1 2007	Q1 2008	Change, y-o-y
Sales	3,693	4,309	16.7%
Cost of Sales	(2,531)	(3,166)	25.1%
Profit from operations	717	765	6.7%
Operating margin, %	19.4%	17.8%	
Net profit	458	439	(4.1%)
Net margin, %	12.4%	10.2%	
EPS, $	0.45	0.44	(2.2%)

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Summary of Cash Flow Statement

$ mln	Q1 2007	Q1 2008
Profit before financing and taxation	698	733
Cash generated from operations	913	946
Interest paid (excluding banking operations)	(63)	(58)
Income tax paid	(180)	(193)
Net Cash Flow from operating activities	670	695
Cash from investing activities, including	(959)	(73)
Additions to PP&E	(342)	(414)
Cash from financing activities	42	73
Effect of exchange rates on cash and cash equivalents	15	91
Net (decrease) /increase in cash and cash equivalents	(233)	786
Cash & cash equivalents at beginning of the period	1,733	1,620
Cash & cash equivalents at end of the period	1,501	2,406

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