



Corporate Profile

February 2005

Safe Harbour



- This presentation contains certain forward-looking statements regarding the anticipated market evolution and future prospects of Severstal. While these statements are based on the company's best estimates as of the date hereof, the actual results will vary due to market conditions, the action of competitors, consumer demand, steel prices, economic conditions and other factors.
- Certain numbers in this presentation are based on non-audited financial statements. The company makes no representation, direct or implied, that these figures are true and correct, and you should not rely on these numbers as having been audited or otherwise independently verified. Certain numbers may be presented differently once audited, and the company takes no responsibility and accepts no liability for such changes and accepts no responsibility for providing the final audited financial statements to you once the audit has been completed.



Company Overview

SECTION 1

Introduction



- Second largest producer of flat steel products in Russia and 5th largest integrated steel-maker in the U.S.
- First Russian steel company with upstream and downstream assets in the USA
- Supplies and transportation of iron ore, coal and limestone secured by affiliates in Russia
- Advantageous geographical location:
 - close to the Baltic Sea ports and key customers in Central Russia
 - near Detroit close to automotive customers and raw material suppliers in North America
- Increased focus on high quality auto steel and strips
- Cohesive and highly experienced management team
- Increased focus on domestic and cross-border consolidation

Operating and financial highlights



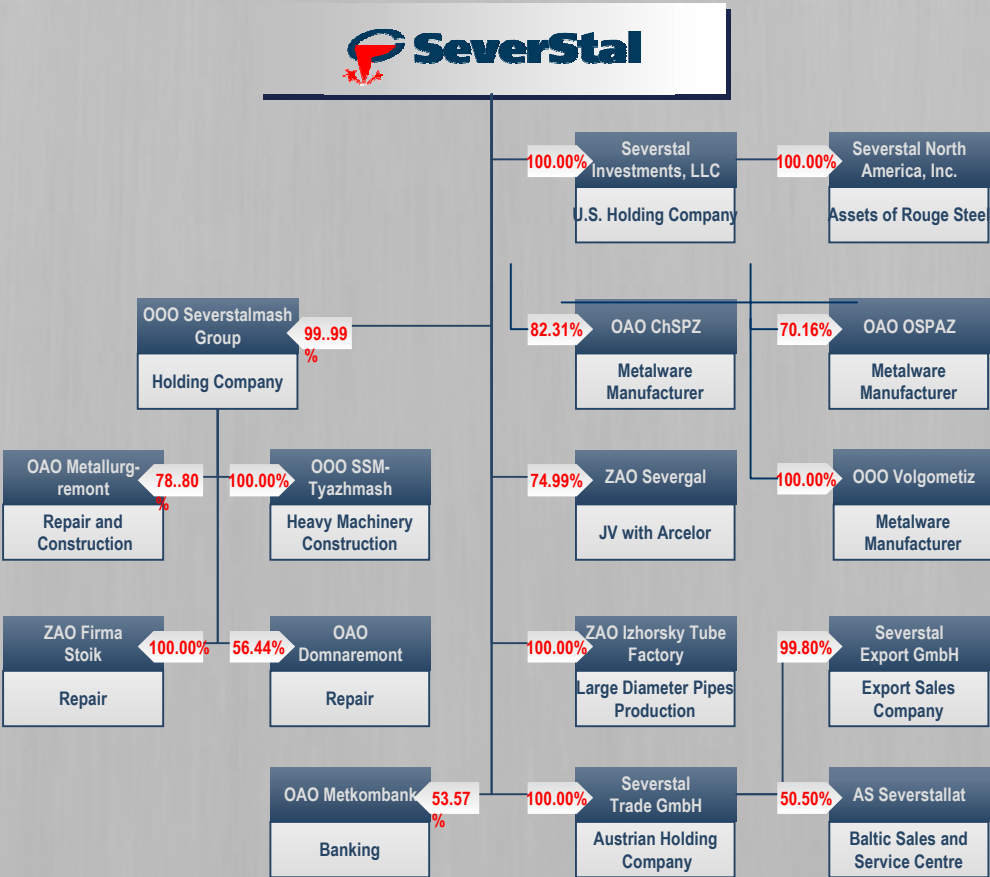
- Annual steel production capacity of 14 million tonnes, including 3 million tonnes at Severstal North America (SNA)
- 2004 crude steel production of 10.4 million tonnes in Russia, a 5.5% growth over 2003, and 12.8 million tonnes globally, a 29.1% addition to 2003
- Robust revenue of \$6,415 million in 2004E, doubling the previous full year figure
- Supportive price environment propelled EBITDA to \$2,376 million for 2004E compared to \$1,002 million in 2003
- Strong cash generation capability with 2003 and 2004E EBITDA margins of 31.3% and 37.0% respectively
- 127% increase in net profit for 2004E to \$1,344 million
- Solid balance sheet with a net debt of \$200 million

Source: Severstal estimation

Corporate and ownership structure

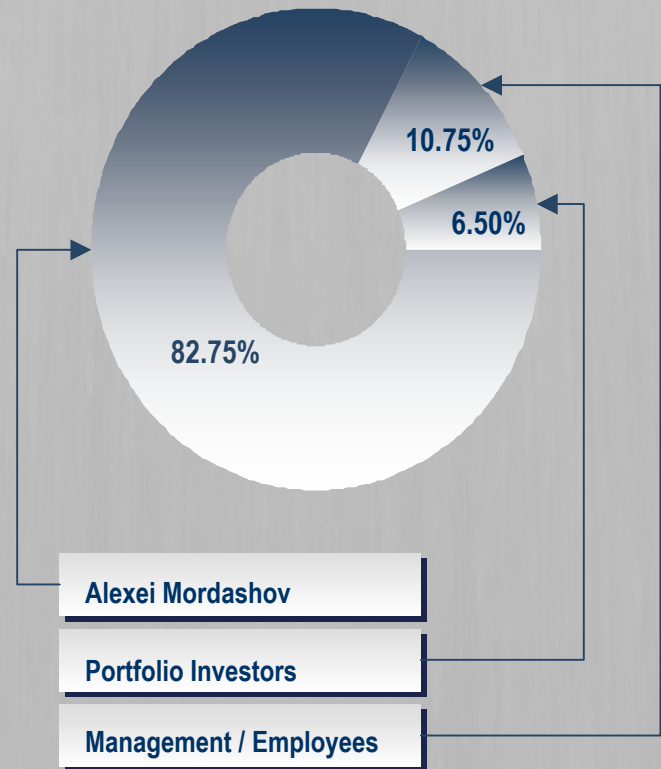


Corporate structure



Ownership structure

Market Capitalisation: \$5.6 billion*



* As of 3 March 2005



Business Strategy

SECTION 2

Strategy review



Industrial strategy

- **Strategic focus on domestic market**
- **Margin sustainability**
 - Retain position of a low cost producer
 - Higher cost business segments should offer higher margins
- **Security of raw material supply**
 - Iron Ore: Karelsky Okatysh, Olkon
 - Coal: Vorkutaugol, Kuzbassugol
- **Modernisation of production facilities**
 - Lower production cost
 - Maintain competitiveness
- **Energy supply security**
 - Add on internal power generation capacity

Global strategy

- **Driven by global industry consolidation trends...**
- **Severstal long-term plans are to be one of the global players**
- **Analysis of potential acquisition targets based on:**
 - strategic rationale
 - economic value
- **Ongoing cross boarder integration of acquired assets**
 - Severstal North America
 - Lucchini

SNA overview



- 5th largest integrated steel-maker in the U.S.
- Facilities adjacent to Ford's stamping and assembly operations in Dearborn, Michigan
- Markets
 - Automotive
 - Converters
 - Service centers
 - Construction
- 4.8% domestic market share in flat steel
- High quality flat carbon steel products
- 3 million tonnes of steel making capacity p.a.
- 4 million tonnes of rolling capacity p.a., incl.
 - 1.5 million tonnes of cold rolling
 - 0.6 million tonnes of galvanising capacity through its share in JVs
- 2,400 employees (w/o JV)

SNA acquisition rationale



Strategic

- Access to world class technology and marketing expertise
- Access to the world's largest auto steel market



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Economic

- High quality assets at attractive valuation
- Strong order book
- New collective bargaining agreement
- Only spot investments required
- Minimum legacy costs
- Industrial synergy

SNA highlights



- **Turnaround in profitability...**
 - EBITDA and Net Income back in the black
- **...due to higher prices and successful cost cutting**
 - New labour contract savings of \$50 mm
 - Process optimisation programme savings of \$8 mm
- **Equity more than doubled in 2004**
- **New contract prices with automotive plants up to 25% higher for the next 18-24 months**
- **Coke supply partially secured by JV with Wheeling-Pittsburgh**

Stelco acquisition rationale



- **Steel industry is undergoing a period of rapid, worldwide consolidation**
- **Stelco will witness a major strengthening of its operating parameters and financial wherewithal by partnering with a large and resourceful group such as Severstal**
- **Excellent opportunity for meaningful synergies, particularly for two important reasons:**
 - A significant portion of the business of Stelco and SNA is in the automotive sector
 - Geographic synergy between the two companies, with SNA located in Dearborn, Michigan
- **Severstal intends to establish a strong, long-term partnership with Stelco's workforce in order to facilitate world-class, competitive steel making facilities**
 - Severstal prides itself on its excellent labor relationships, including the relationship it has established at SNA with the United Auto Workers
- **Severstal enjoys excellent relationships with many of the Company's customers, including General Motors and DaimlerChrysler**



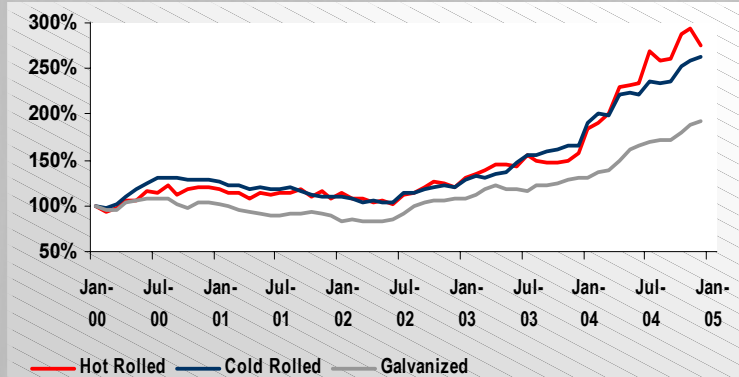
Performance Overview

SECTION 3

Strong results amidst supporting macro conditions

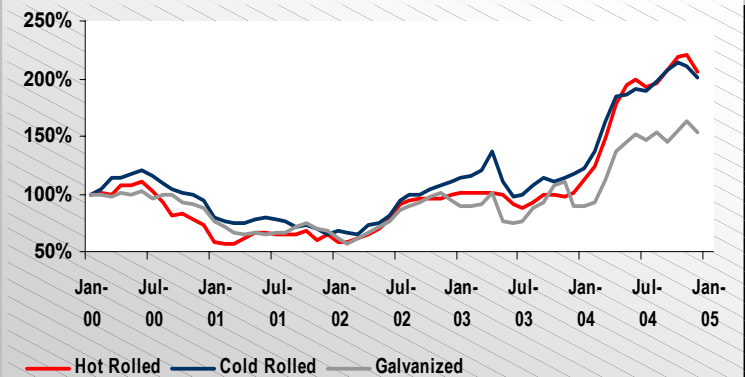


Domestic steel prices



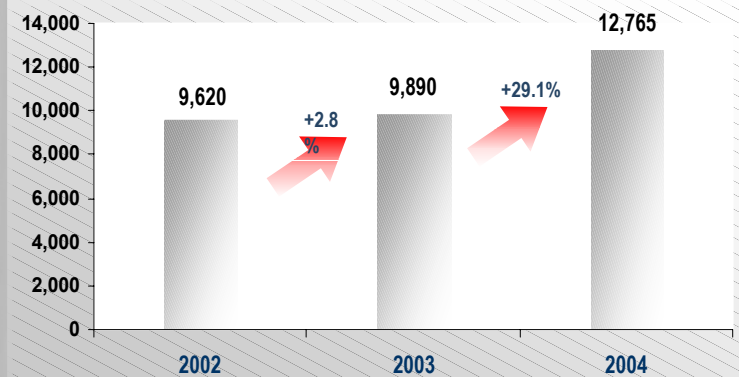
Note: rebased to 100%
Source: Severstal

Export steel prices



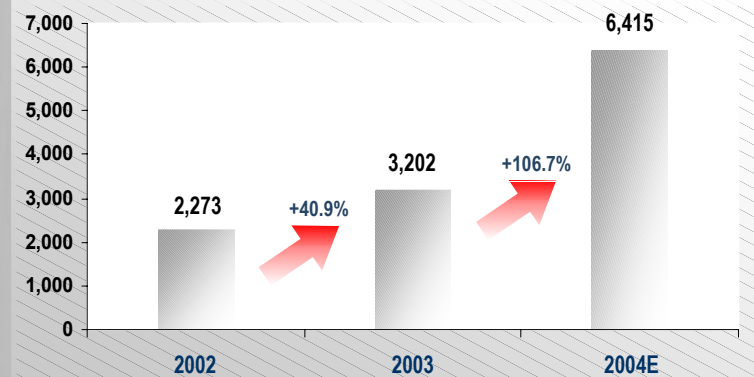
Note: rebased to 100% Source: Severstal

Crude steel production



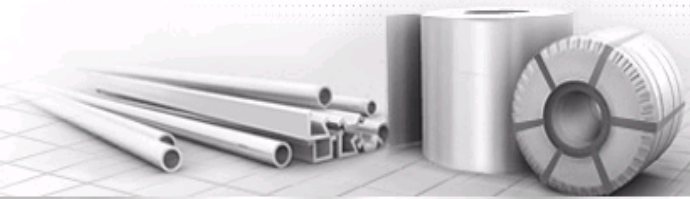
Note: 2004 includes SNA Source: Severstal

Sales growth

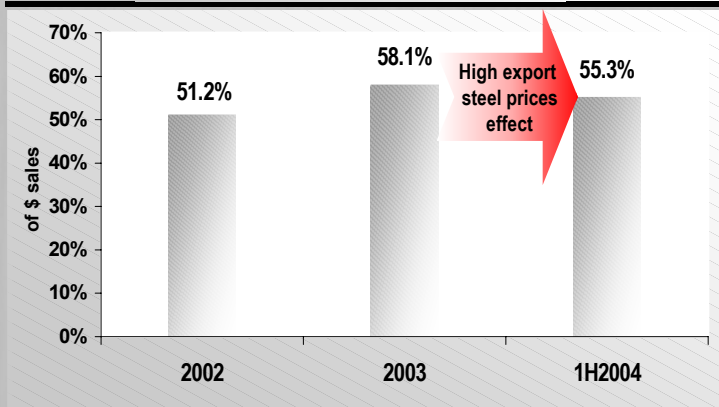


Note: 2004E includes SNA Source: Severstal consolidated IFRS financial statements

Consistent sales strategy...



Long-term focus on domestic market



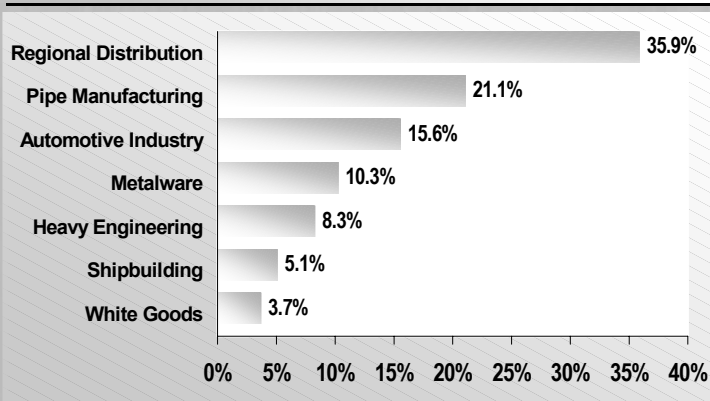
Note: 1H2004 excludes SNA Source: Severstal consolidated IFRS financial statements

Long-term focus on value added products



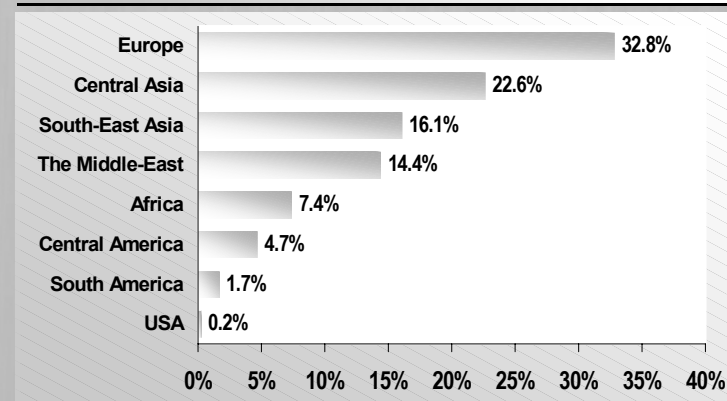
Note: 1H2004 excludes SNA Source: Severstal consolidated IFRS financial statements

2003 domestic sales by industry



Note: based on \$ sales Source: Severstal consolidated IFRS financial statements

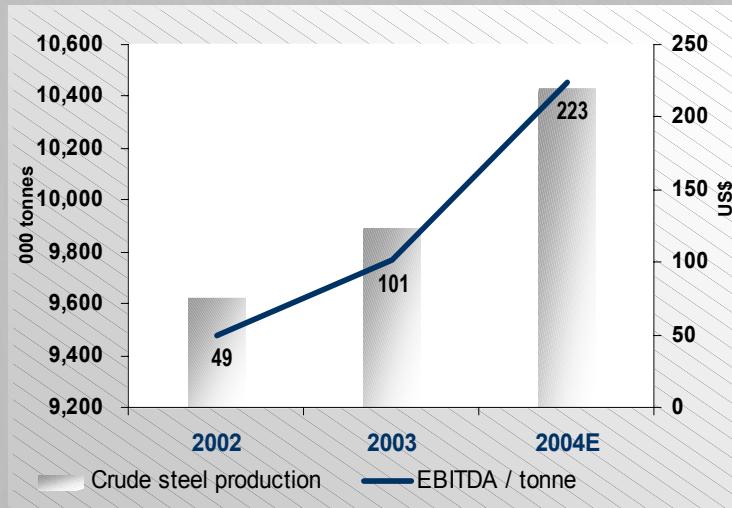
2003 export sales by geography



Note: based on \$ sales Source: Severstal consolidated IFRS financial statements

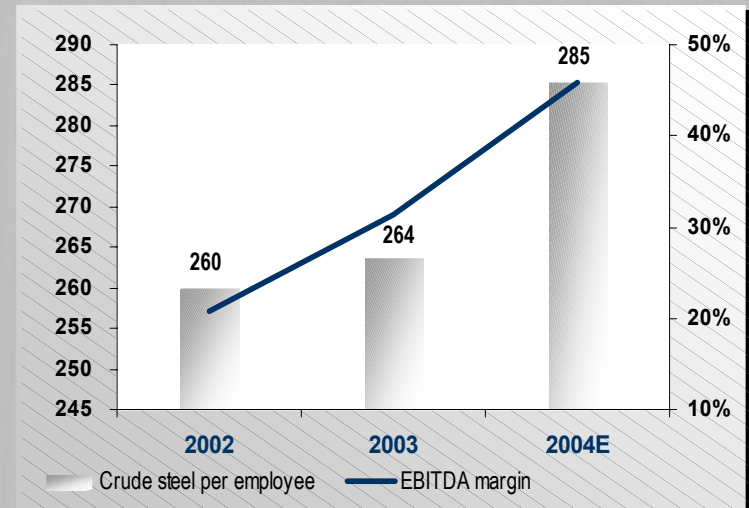
...translates into a compelling profitability story

Production vs EBITDA/tonne



Note: 2004 excludes SNA
Source: Severstal consolidated IFRS financial statements, Severstal estimates

Production per employee vs EBITDA margin, %



Note: 2004 excludes SNA
Source: Severstal consolidated IFRS financial statements, Severstal estimates

- **Balanced portfolio of termed and spot contracts locks in growing market upside but provides the floor in cycle turns**
- **Spectacular sales growth versus contained cost increase**
 - 1H2004 consumption of coke, lime and pig iron per tonne of steel down by 2.9%, 2.8% and 4.2% y-o-y, respectively
 - Number of employees down from 37,000 in 2002 to 36,570 at the end of 2004