

EVRAZ GROUP

Investor Presentation

September 2010



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The information contained in this document is provided as at the date of this document and is subject to change without notice.

Key Facilities:

- 1 - ZSMK
- 2 - NKMK
- 3 - NTMK
- 4 - DMZP
- 5 - Evraz Inc. NA
- 6 - Highveld
- 7 - Evraz Palini e Bertoli
- 8 - Evraz Vitkovice Steel
- 9 - Evrazruda
- 10 - KGOK
- 11 - VGOK
- 12 - Sukha Balka
- 13 - Yuzhkuzbassugol
- 14 - Rapsadskaya
- 15 - Bagley Coke
- 16 - Dneprodzerzhinsk Coke
- 17 - Dnepropetrovsk Coke
- 18 - Stratcor
- 19 - Nikom
- 20 - Vanady-Tula
- 21 - Nakhodka Sea Port



Product mix improvements

- Modernisation of rail mills enabling the production of high value-added products
- Upgrade of wheel shops
- Shift to production of American Petroleum Institute certified slabs and other enhanced quality higher margin steel products
- Product mix expansion geared to local market demand (new rebar grades, beams, pipe blanks, sheet)
- Exploring opportunities for development of construction steel rolling capacities in regions with high demand

Raw material base development

- Development of a coal deposit in Yerunakovsky region of Kuzbass
- Expansion of resource base and development of the Mezhegey coal deposit
- Increase of own iron ore production and supplementary exploration at existing sites

Cost-saving measures

- Implementation of pulverised coal injection projects at the Russian steel mills to eliminate usage of natural gas in blast furnaces and reduce consumption of coking coal. Added effect will be an increase in pig iron production volumes and, therefore, crude steel production
- Cost saving programmes in place, yielding US\$20-30m efficiency gains a year at each plant

Increase in production volumes

- Reconstruction of 4th converter and 3rd slab machine at NTMK should increase crude steel output by up to 0.5 mtpa
- Considering construction of a second converter shop at NTMK with additional crude steel capacity of 1.5-2.0 mtpa

1H 2010 Financial Summary

US\$ mln unless otherwise stated	1H 2010	1H 2009	Change
Revenue	6,379	4,639	38%
Cost of revenue	(5,296)	(4,297)	23%
SG&A	(750)	(595)	26%
Adjusted EBITDA*	1,154	468	147%
<i>Adjusted EBITDA margin</i>	18%	10%	
Net Profit/(Loss)**	(270)	(999)	
EPS (US\$ per GDR)	(0.64)	(2.52)	
Net Debt***	7,198	7,783	(9)%
Short-term Debt***	1,740	3,937	(56)%
Steel sales volumes**** ('000 tonnes)	7,714	6,823	13%

* Adjusted EBITDA represents profit from operations plus depreciation and amortisation, impairment of assets, revaluation deficit, foreign exchange loss (gain) and loss (gain) on disposal of PP&E. See the appendix on p.29 for reconciliation of profit (loss) from operations to Adjusted EBITDA

** If cost model of accounting for PP&E were applied, net result would have been a profit of approximately US\$146 million for the 1H 2010

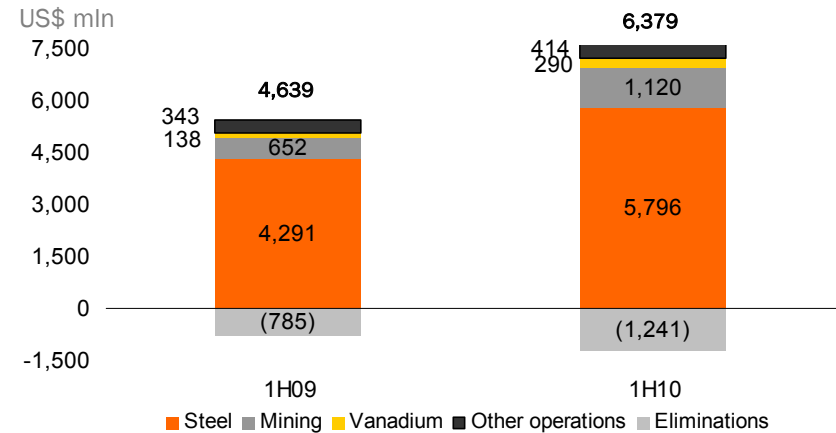
*** As of the end of the reporting period

**** Here and throughout this presentation segment sales data refers to external sales unless otherwise stated

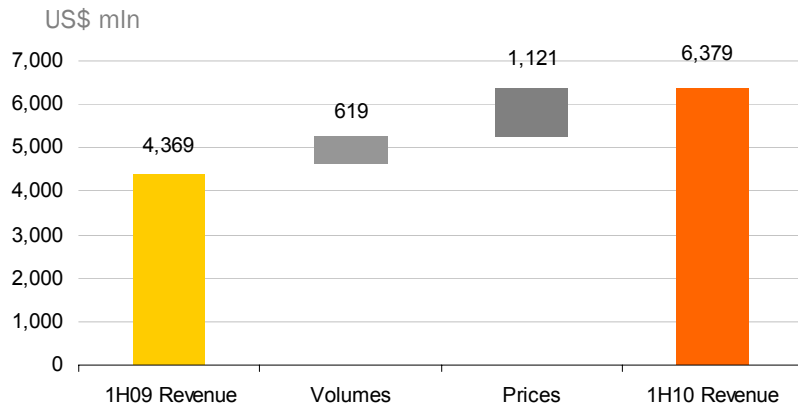
1H 2010 Financial Highlights

- Group revenue rose by 38%, largely driven by increase in sales volumes of steel products and higher average prices
- Group EBITDA advanced by 147% reflecting revenue expansion and cost control
- Mining segment EBITDA more than quadrupled, largely due to the growth in iron ore and coal prices
- EBITDA margin improved from 10% in 1H09 to 18% in 1H10

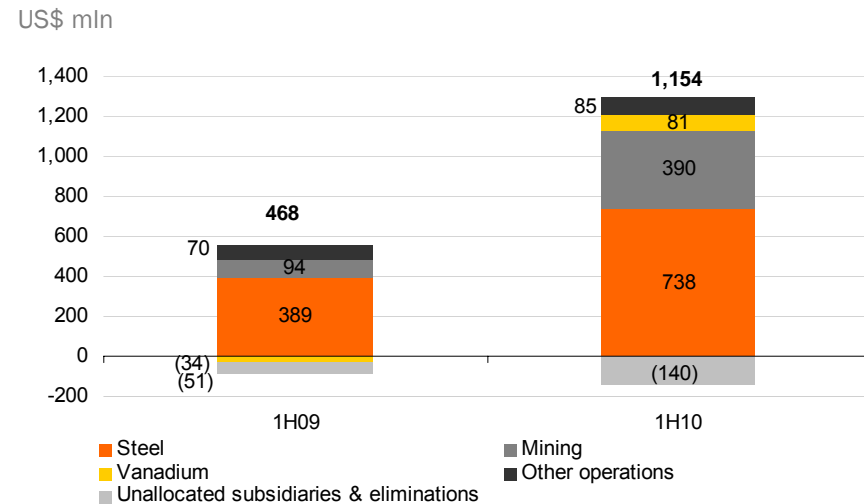
Consolidated Revenue by Segment



Revenue Drivers



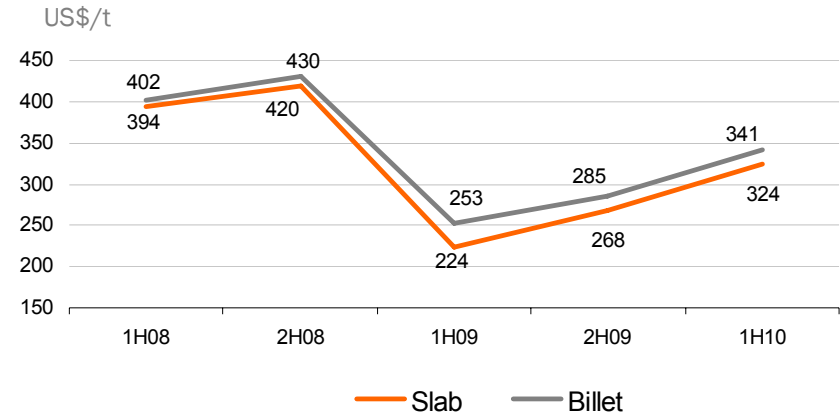
Consolidated Adjusted EBITDA



Cost Dynamics

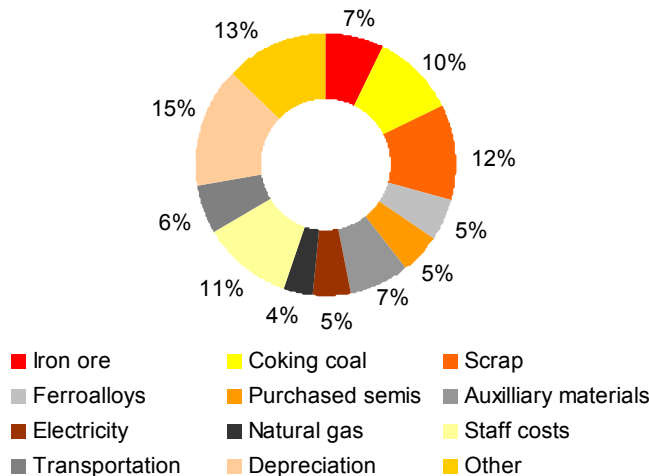
- Growth in scrap, coking coal and iron ore prices in 1H 2010 increased steelmakers' costs
- This cost increase was significantly offset by Evraz's high level of vertical integration into iron ore and coking coal
- Consolidated cost, approx. 65% of which is Rouble denominated, was negatively impacted by 10% Rouble appreciation vs. US dollar compared to 1H09
- Increase in cash cost of coking coal concentrate resulted from lower production volumes due to postponed longwall repositioning at the Ulyanovskaya mine

Cash Cost*, Slabs & Billets

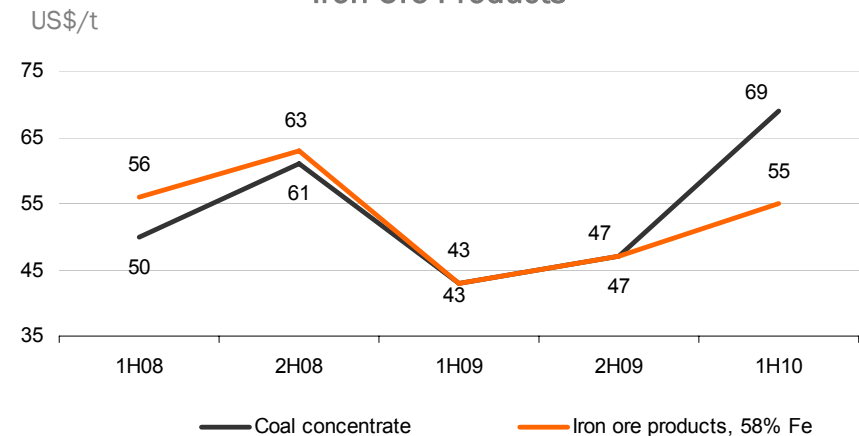


* Average for Russian steel mills, integrated cash cost of production, EXW

Consolidated Cost of Revenue, 1H 2010

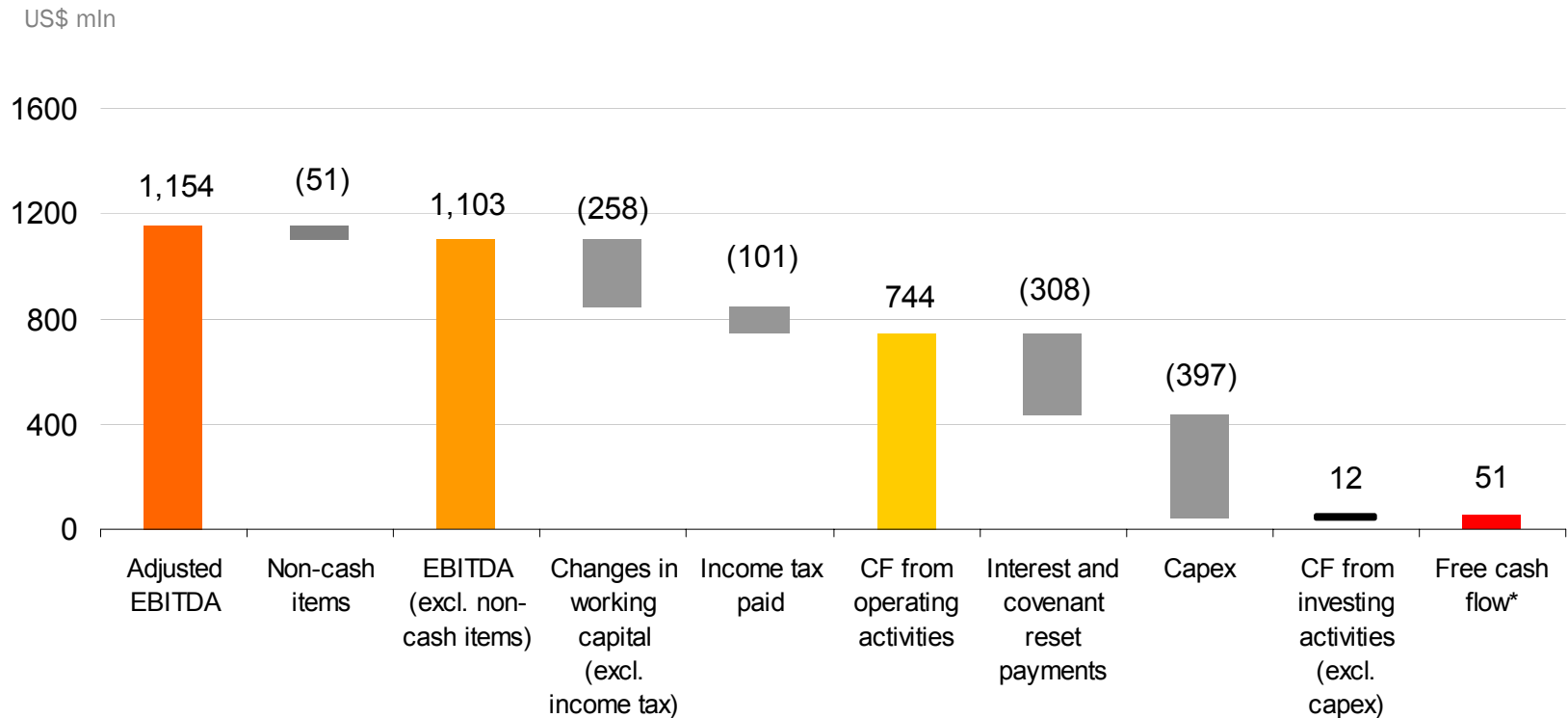


Cash Cost, Russian Coking Coal and Iron Ore Products



Source: Management accounts

EBITDA to FCF Reconciliation

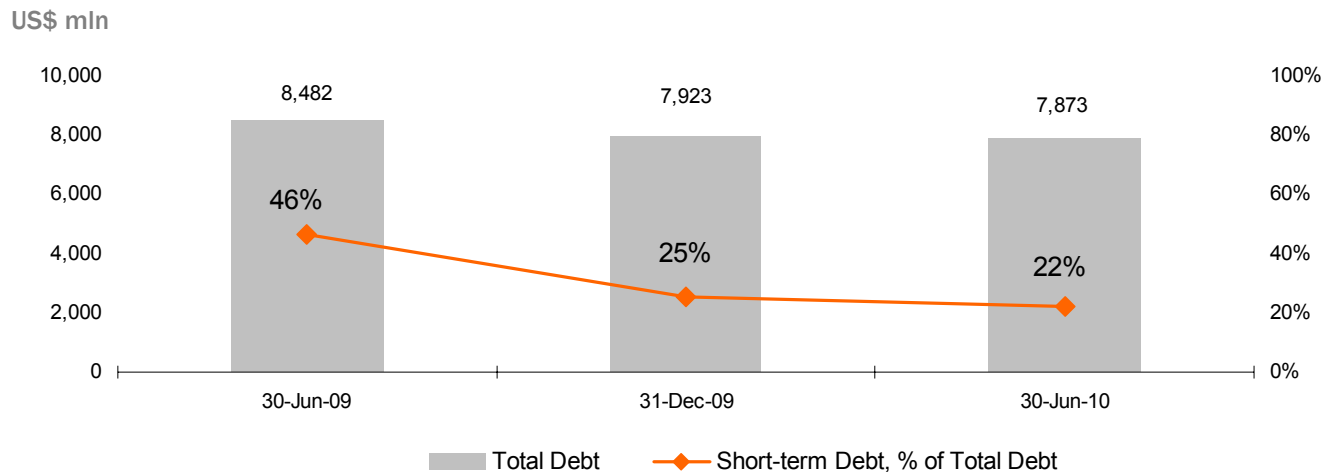


* Free cash flow comprises cash flows from operating activities less interest paid, covenant reset charges, cash flows from investing activities

Developments: Capital Markets

- RUB15bn (equivalent to US\$500 million) 3-year bonds issued in March 2010, swapped into US dollars to minimise Rouble currency exposure
- In May 2010, Evraz drew down US\$950 million 5-year Gazprombank loan and repaid US\$1,007million VEB loan
- In June-July 2010, Evraz refinanced US\$357 million Nordea Bank loan due 4Q10 with new 4-year Nordea loan facilities in the amount US\$404 million

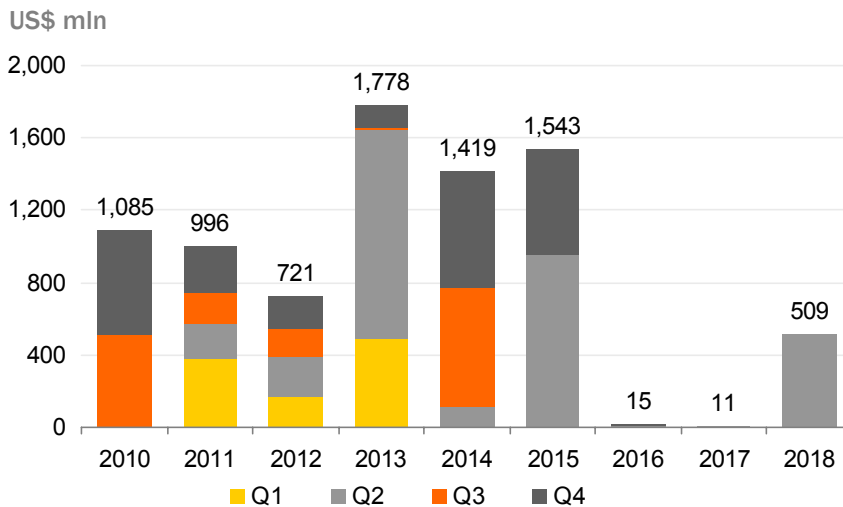
Proportion of Short-term Debt to Total Debt



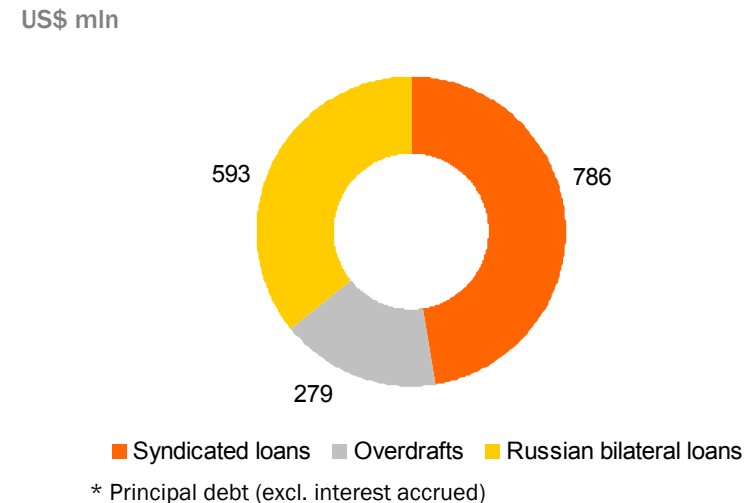
Balanced Debt Maturity Profile

- Total debt of approx. US\$7.9bn, net debt of US\$7.2bn as of 30 June 2010
- Consolidated cash balance of not less than US\$500 million constantly maintained
- Liquidity (defined as cash and cash equivalents, amounts available under credit facilities and short-term bank deposits with original maturity of <3 months) totalled approx. US\$1,598 million as of 30 June 2010
- Declining cost of capital (bond yields have decreased from approx. 10% in October 2009 to around 6%) reflects improvements in Evraz's performance and market conditions and permits further refinancing of short-term debt
- We intend to further decrease our leverage and extend debt maturities

Debt Maturities Schedule (as of 30 June 2010)



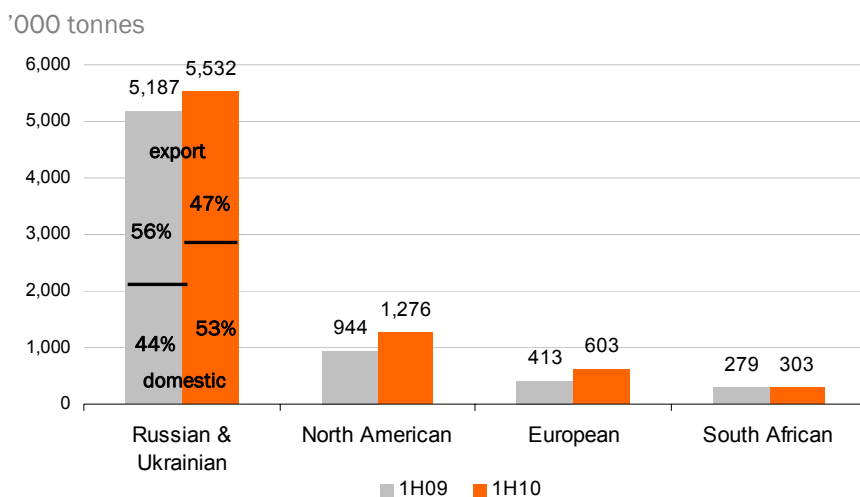
Breakdown of Short-term Debt* (as at 30 June 2010)



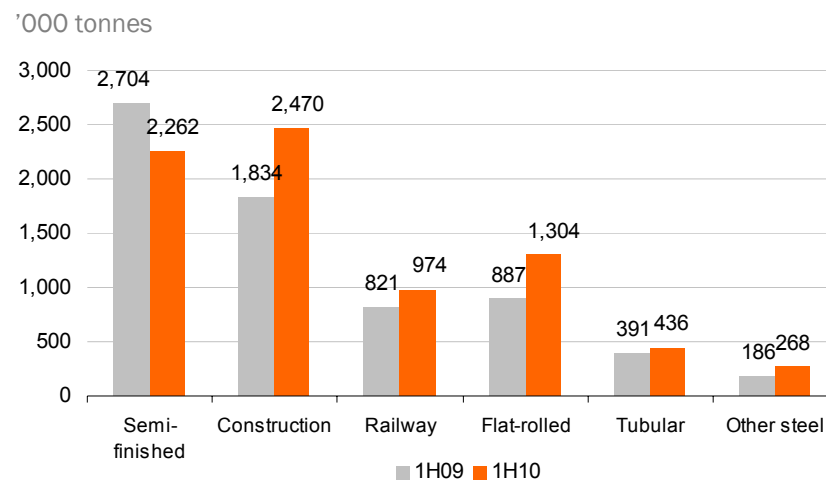
Steel: Geographic and Product Mix Change

- Recovery in demand for construction and railway products in Russian market raised the proportion of finished products in the portfolio
- Share of construction products increased from 25% to 32%
- Share of semi-finished products fell from 40% to 29%
- Share of Group's sales volumes in the Russian market increased from 29% to 33% following recovery in domestic demand
- Domestic sales of Russian and Ukrainian operations advanced from 44% to 53%

Steel Product Sales Volumes by Operations



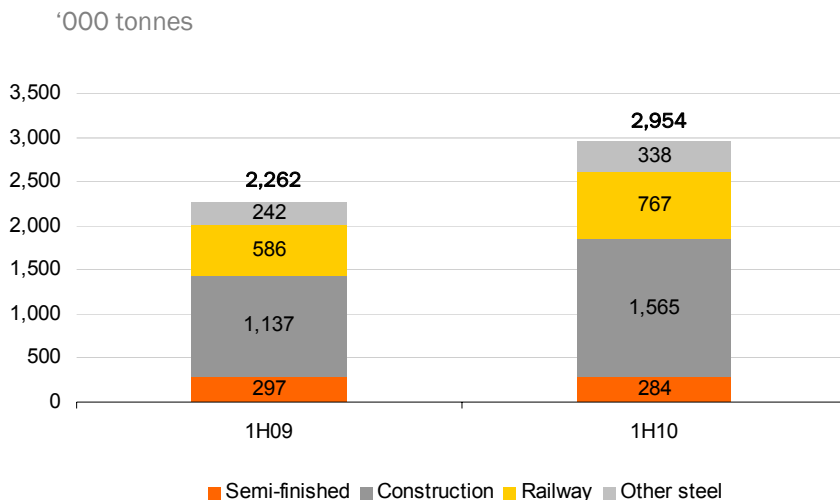
Steel Sales Volumes by Product



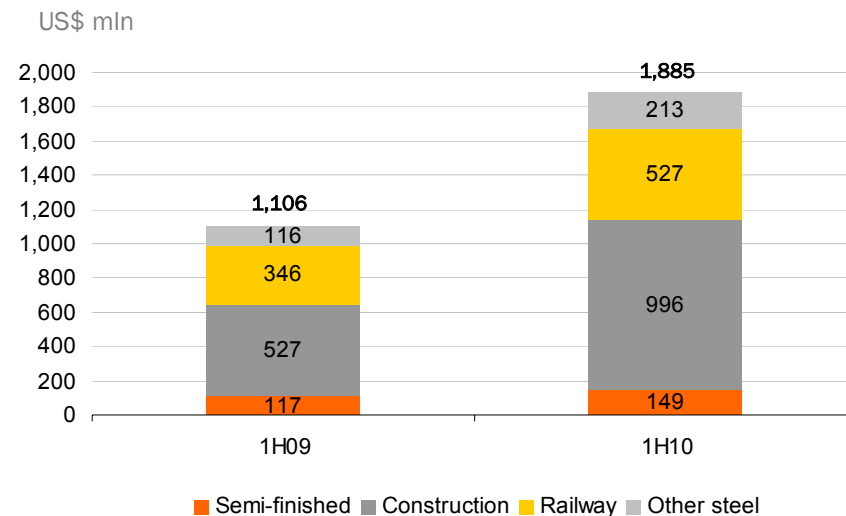
Steel: CIS Domestic

- Real demand for finished steel increased from approx. 70% of pre-crisis peak level to approx. 80% with significant fluctuations in apparent demand due to destocking/restocking cycles
- Sales volumes of steel products to CIS market expanded by 31%
- Sales volumes of construction steel and railway products rose 38% and 31% respectively
- Prices of key products strengthened in response to demand recovery and growth in raw material prices and remain close to export parity level
- Government infrastructure spending is currently supporting demand for construction and infrastructure steel, as well as railway products, in the Russian market

Steel Product Sales Volumes



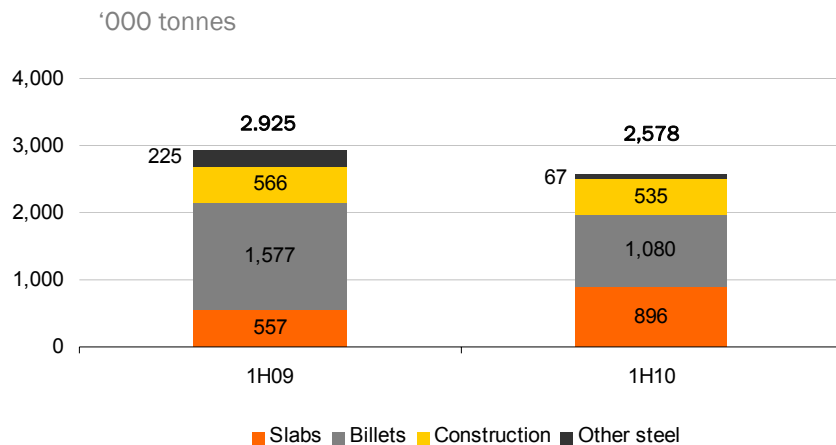
Steel Product Revenues



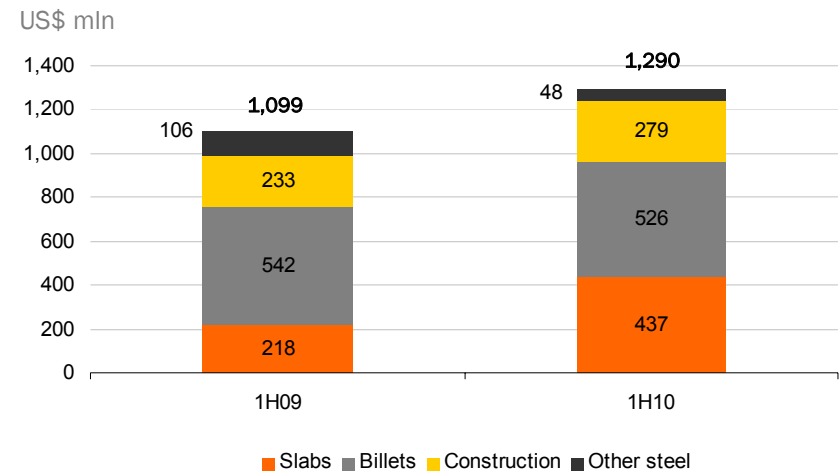
Steel: CIS Export

- Strong underlying demand from developing countries
- Some correction in prices due to supply pressure of Chinese steel in Asian markets associated with cancellation of export rebates in China
- Export sales of steel products declined by 12% in volume terms reflecting the switch of volumes towards the CIS market and higher volumes of slab re-rolling within the Group (+0.4 million tonnes)
- Increase in production of slabs vs. billets to take advantage of more favourable pricing environment
- Delayed effect of rising steel prices due to the fact that export prices are typically fixed one to three months ahead of production

Steel Product Sales Volumes



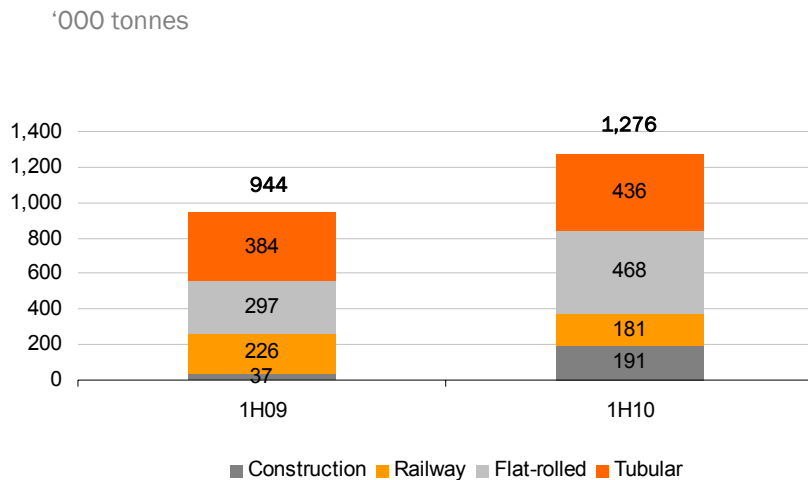
Steel Product Revenues



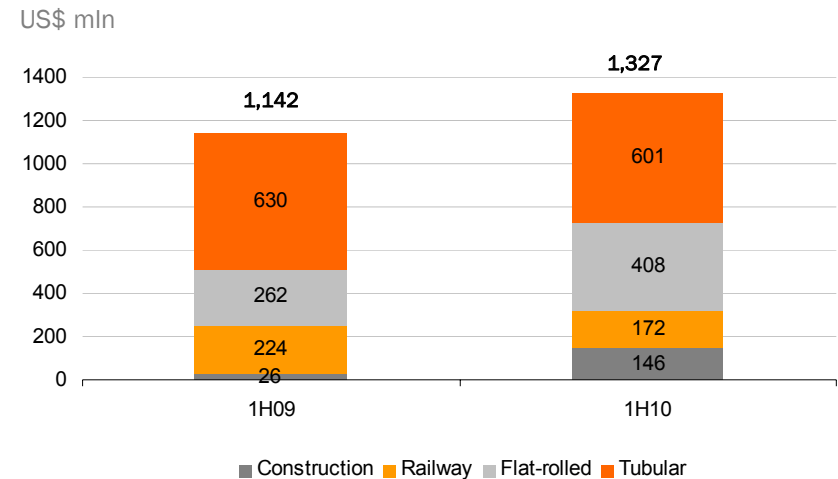
Steel: North America

- Gradual recovery in demand driven by economic improvements and the onset of regional governments' infrastructure spending
- Shale gas exploration projects generate strong demand for small diameter pipe
- Sales volumes of steel products increased by 35%
- Flat-rolled steel volumes increased by 56%; construction steel by 5 times
- Pricing of steel products generally follows scrap price trends

Steel Product Sales Volumes



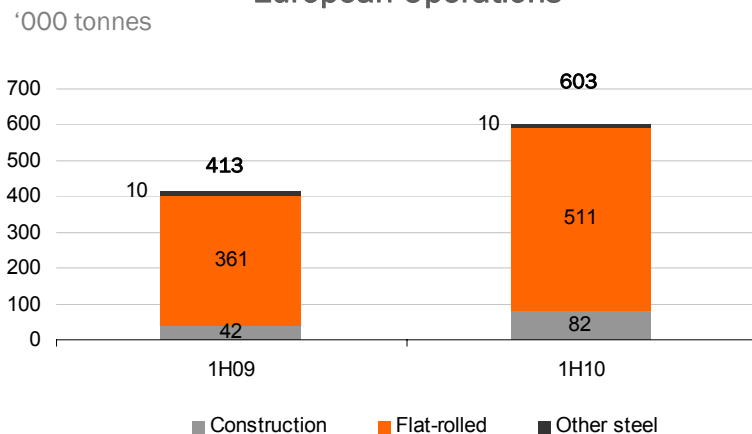
Steel Product Revenues



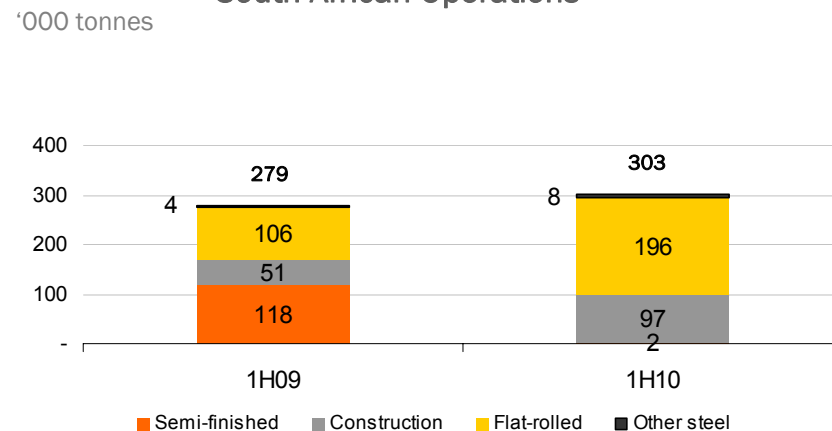
Steel: Europe, South Africa

- Domestic demand in Europe remains weak and mostly related to public projects
- Temporary shutdown of steelmaking in the Czech Republic:
 - Evraz Vitkovice Steel temporarily closed its steelmaking operations from July 2010 due to the price dispute with the supplier of liquid pig iron
 - Rolling capacities in the Czech Republic are operating at the same rate
 - The shutdown had no material economic impact on Evraz's production volumes and costs
- Domestic demand in South African market remains weak, with approx. 25% of South African steel volumes exported

Steel Product Sales Volumes,
European Operations



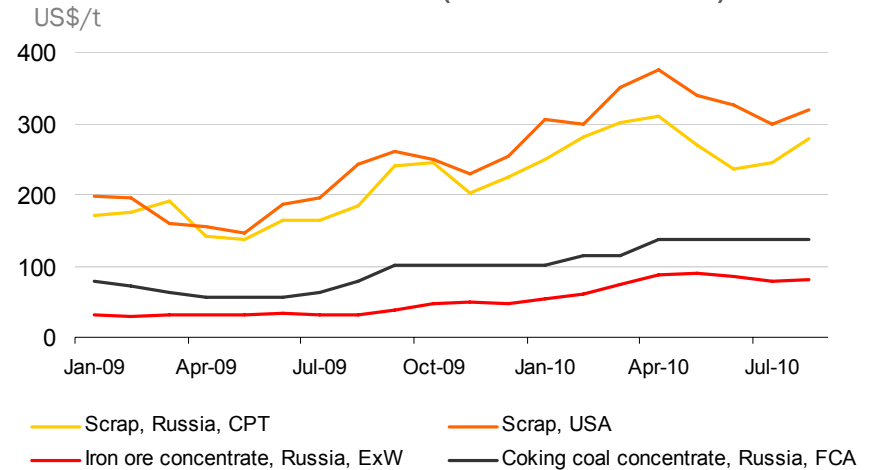
Steel Product Sales Volumes,
South African Operations



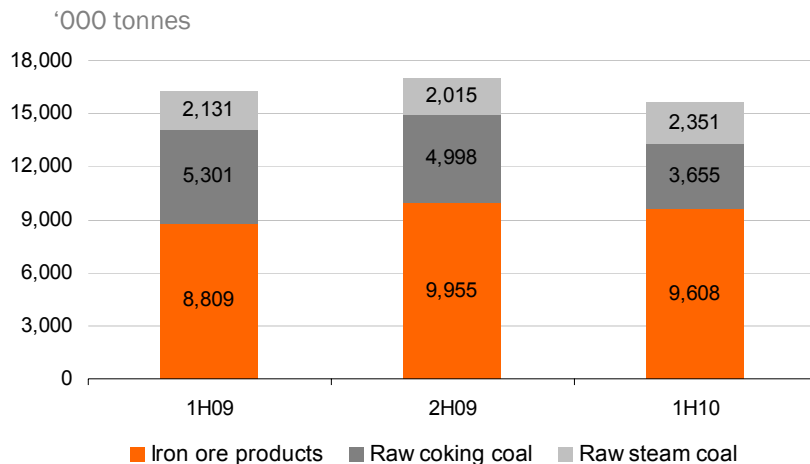
Benefiting from Rising Prices for Iron Ore and Coal

- Volumes of coking coal mined decreased due the repositioning of longwall at Ulyanovskaya mine
- Mining segment revenue doubled and EBITDA quadrupled reflecting the growth in prices
- A decline in coking coal supplies, following the Rapsadskaya mine explosion, led to lower external sales of coke and a negative EBITDA effect of approx. US\$5 million per month

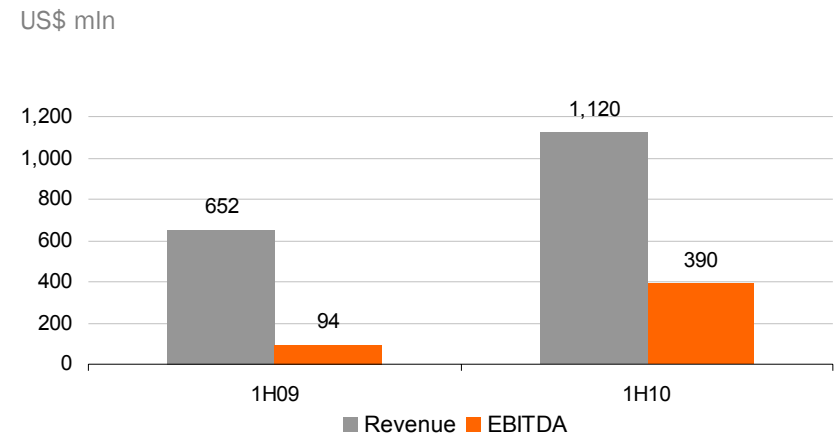
Raw Material Prices (Domestic Markets)



Iron Ore and Raw Coal Production



Mining Segment Revenue* and EBITDA

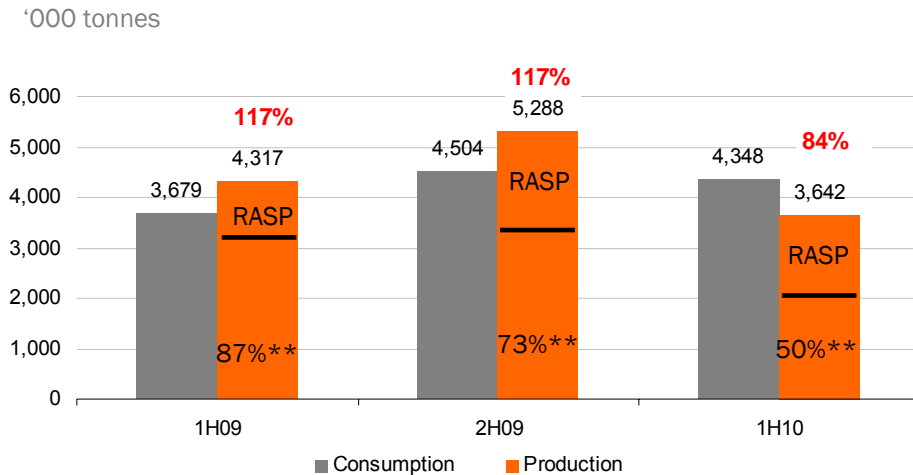


* Includes intersegment sales

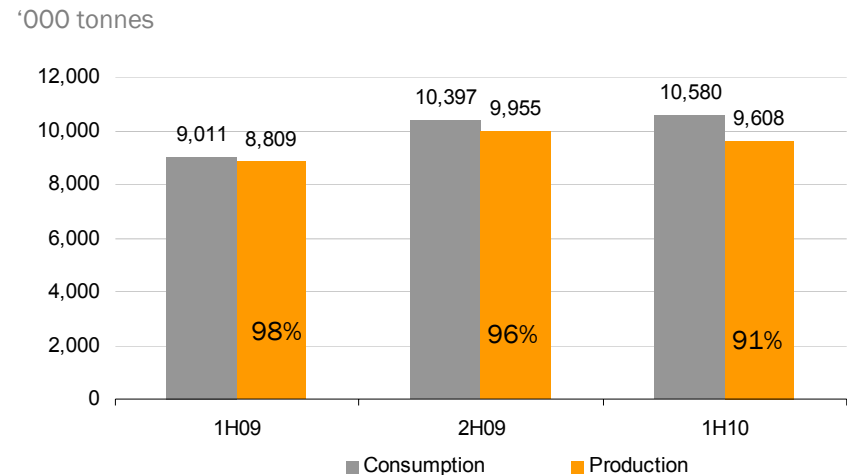
Mining: Vertical Integration

- High level of vertical integration into iron ore sustained and continues to mitigate effect of rising raw material prices
- Coking coal volumes decreased due to postponement of longwall repositioning at the Ulyanovskaya mine
- Third quarter volumes depressed due to temporary safety shutdowns and safety inspections

Washed Coking Coal (Concentrate) Self-Coverage*



Iron Ore Self-Coverage*



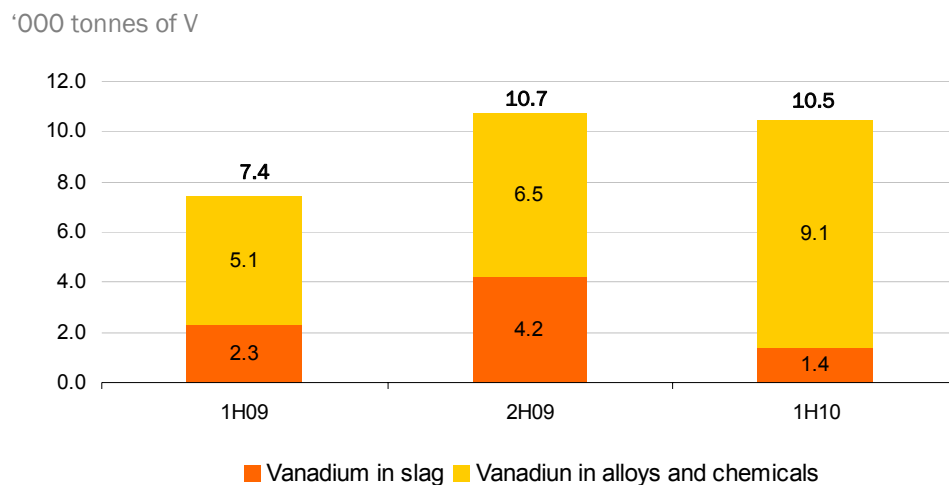
* Self-coverage, %= total production (for coal, plus 40% of Raspadskaya production) divided by total steel segment consumption

** Coking coal self-coverage excl. 40% Raspadskaya share

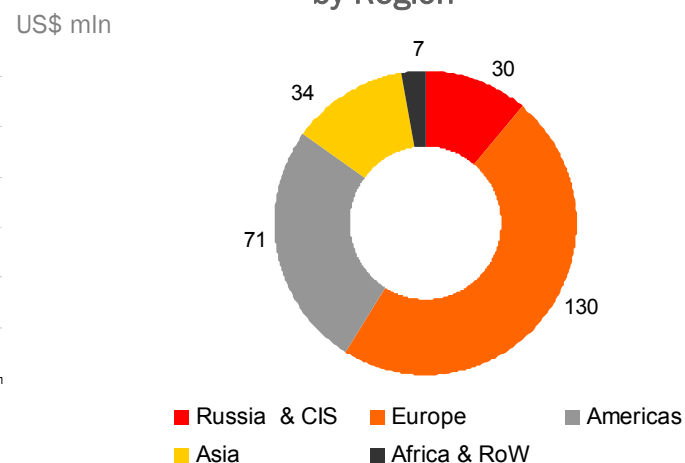
Vanadium

- Global leader with geographically diversified revenues via five operating units on four continents
- Vanadium is used predominantly in steelmaking and follows steel market trends
- Significant improvement in global demand for vanadium, although price growth is limited by supply pressure from China
- Acquisition of Vanady-Tula in 2009, Russia's largest ferrovanadium producer, signals further expansion of vanadium-processing capacity
- Long-term demand for vanadium is expected to grow faster than for steel due to the tightened regulatory requirements for higher vanadium content in steel used by developing countries

Vanadium Products Sales Volumes *



Vanadium Products Revenues*
by Region



* External sales

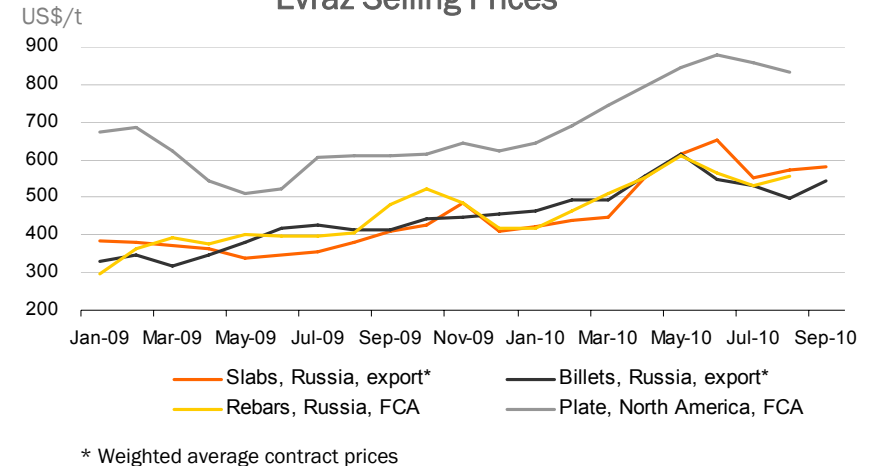
□ Key Investment Project and CAPEX Guidance

- 1H 2010 CAPEX totalled US\$397m
- FY2010 CAPEX is expected to be around US\$950m vs. previous guidance of US\$800m due to sustainable market improvement
- Increase of US\$50m to US\$450m in maintenance CAPEX designed to decrease down time and increase production volumes
- Acceleration of existing projects:
 - US\$40m for coking coal mining resource base development
 - US\$30m increase in the 2010 budget of pulverised coal injection (PCI) project at NTMK and ZSMK to speed up project implementation, for completion in 2012
- Introduction of new projects for a total of US\$40m in 2010:
 - Investment in new wheel shop expansion project at NTMK to improve wheel quality, on-stream by 2011
 - Investment in product mix enhancement at NTMK's H-beam mill to produce new high margin products by 2012
 - Investment in expansion of Sheregeshsky and Kazsky iron ore mines to increase iron ore production, for completion in 2012-2013
 - Purchase new railcars by EvrazTrans in order to raise cargo volumes carried by Evraz's own rolling stock

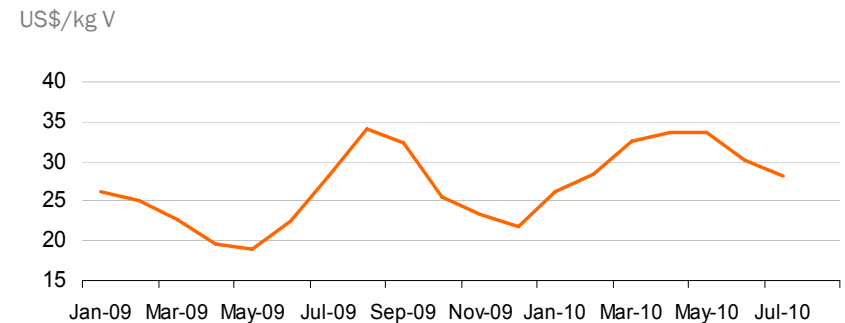
Key Market Developments






- Growth in steel prices is driven by demand recovery and increases in input costs
- International prices for semi-finished steel declined in May-June due to seasonal and regulatory factors but stabilised in July and could recover further
- Russian domestic demand for construction steel is expected to be approx. 10% higher in 2010 than in 2009
- Anticipated steelmaking capacity utilisation in 3Q10:
 - Russia – to remain >95%
 - North America – >95%
 - Czech Republic – temporarily closed since July
 - South Africa – >95%
- Russian mining assets are running at 75% capacity in coal and 85% in iron ore
- Vanadium expected to perform better than steel as vanadium usage rates in the emerging markets' steel production sector approach the levels of industrially developed countries

Evraz Selling Prices









Vanadium Prices, FeV, LMB



-  High raw material prices and improving demand provides support for steel prices
-  Russian construction market displaying positive dynamics
-  Due to the lag between the spot prices and sales prices, market volatility during May-July 2010 will negatively affect 3Q10 results
-  3Q 2010 EBITDA is expected to be in the range of US\$480-550 million
-  2010 CAPEX is expected to amount to some US\$950 million vs. previous guidance of US\$800 million, with the expanded CAPEX programme reflecting sustainable market improvement

Summary

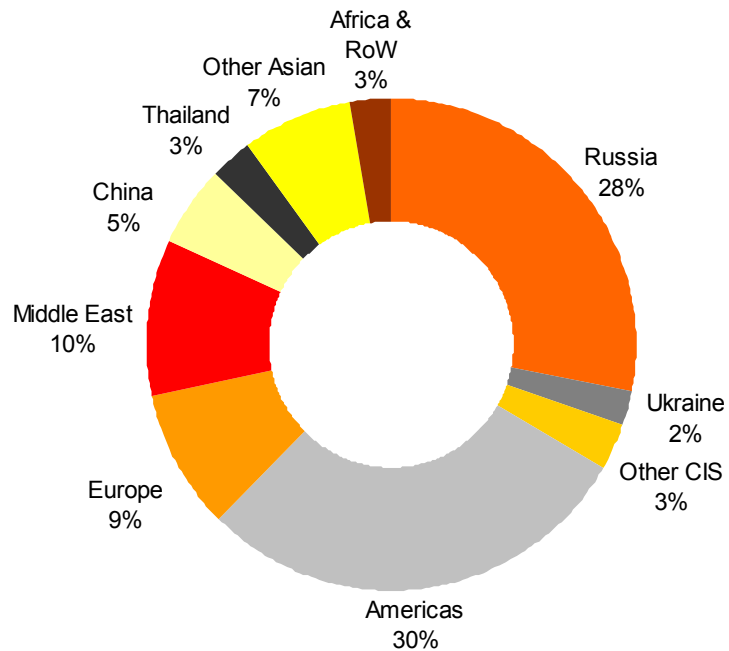
-  1H 2010 saw a continuation of the gradual market recovery
-  Rapidly rising raw material prices provide support for steel prices and create cost pressure, particularly in relation to scrap and externally purchased iron ore
-  Increase in the proportion of finished products in the mix reflecting demand improvement in key markets of Russia and North America
-  Strategic focus on operational efficiency, modernisation of existing capacities and integration of international assets
-  Further refinancing of short-term debt supported by improved market conditions
-  Improved demand and stronger pricing environment together with our cost leadership leave us well positioned to fully capitalise on the market recovery

Appendices

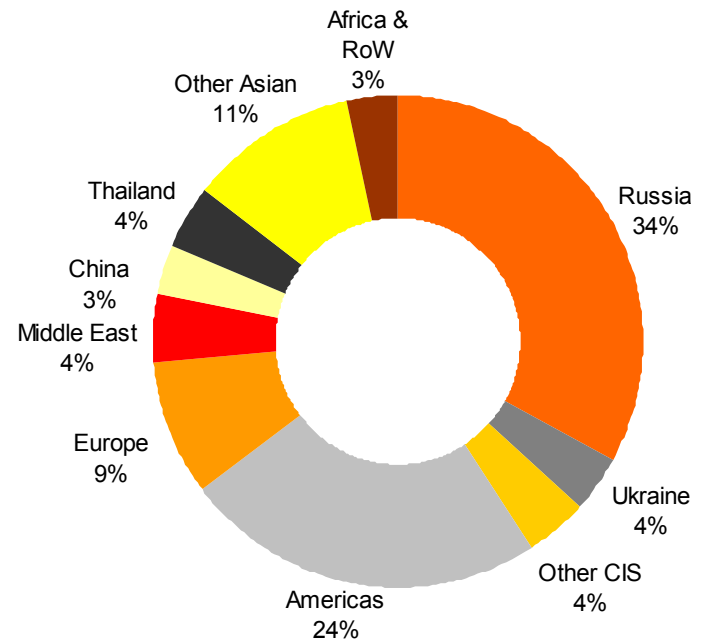


Revenue by Geography of Customers

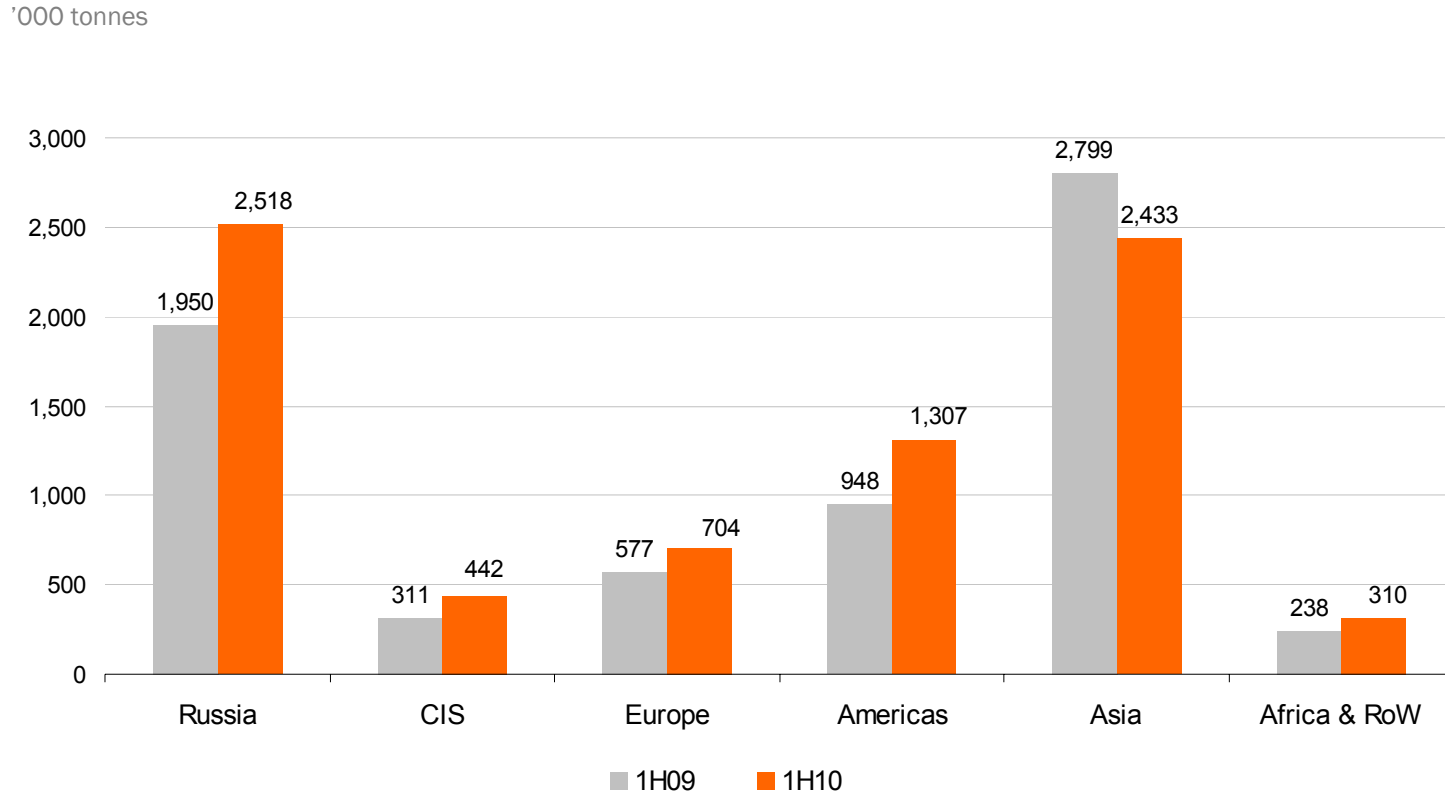
1H 2009



1H 2010



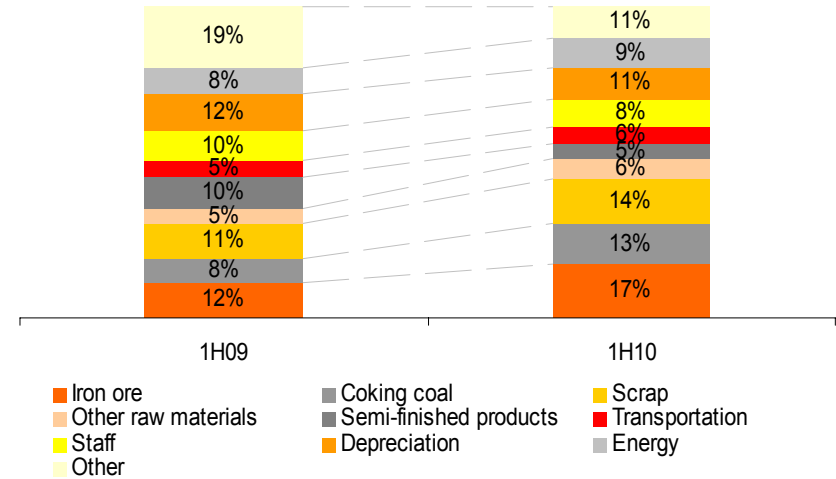
Steel Products Sales by Market



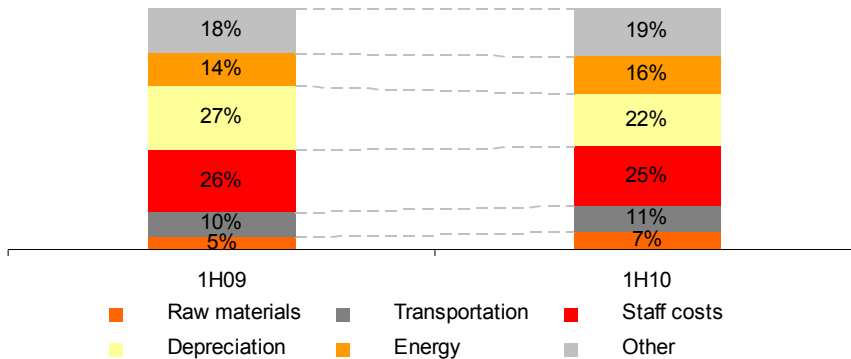
Cost Structure by Segment

- Rapid rises in coking coal, iron ore and scrap prices caused an increase in the contribution of raw materials to steel segment costs
- Vertically integrated model largely protects steelmaking segment from escalation in raw material prices
- Exception is scrap prices, although portion of increase is managed through the scrap-based price formula for certain products

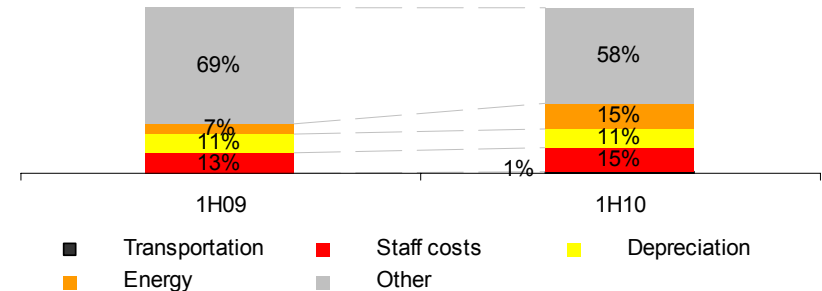
Cost Structure of Steel Segment



Cost Structure of Mining Segment



Cost Structure of Vanadium Segment



Adjusted EBITDA

<i>(millions of US dollars)</i>	Six months ended 30 June	
	2010	2009
Consolidated Adjusted EBITDA reconciliation		
(Loss) profit from operations	167	(1,046)
Add:		
Depreciation, depletion and amortisation	861	782
Impairment of assets	38	211
Loss on disposal of property, plant & equipment	24	25
Foreign exchange (gain) loss	(74)	(68)
Revaluation deficit	138	564
Consolidated Adjusted EBITDA	<u>1,154</u>	<u>468</u>



+7 495 232-13-70

IR@evraz.com

www.evraz.com

