EVRAZ

making the world stronger

FY 2014 Financial Results

1 April 2015

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Highlights

Executive Summary

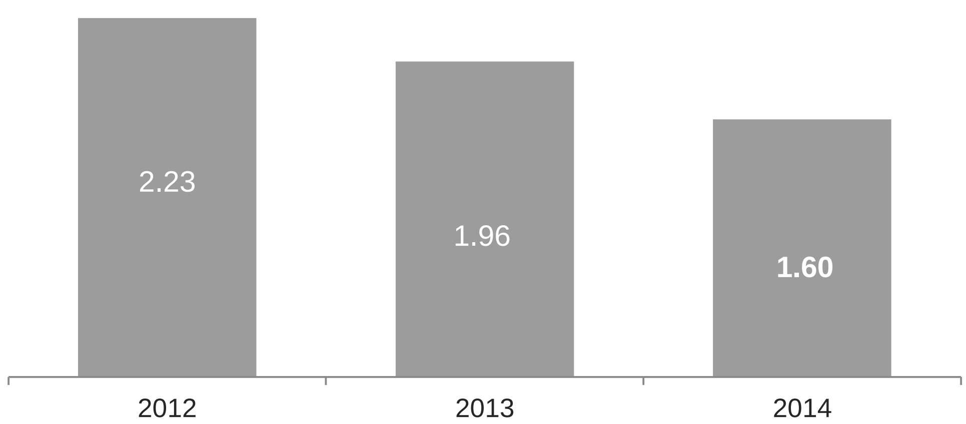
Solid financial results

- **EBITDA** of US$2.3 billion, up 28% YoY
- **EBITDA margin** up to 17.8% vs. 12.6% in 2013
- **Revenue** of US$13.1 billion, down 9% YoY
- **CAPEX** of US$0.65 billion, down 27% vs 2013
- **Free cash flow** of US$1.0 billion up 124%
- **Net loss** of US$1.3 billion vs. FY 2013 net loss of US$0.6 billion
- **Net debt** down to US$5.8 billion

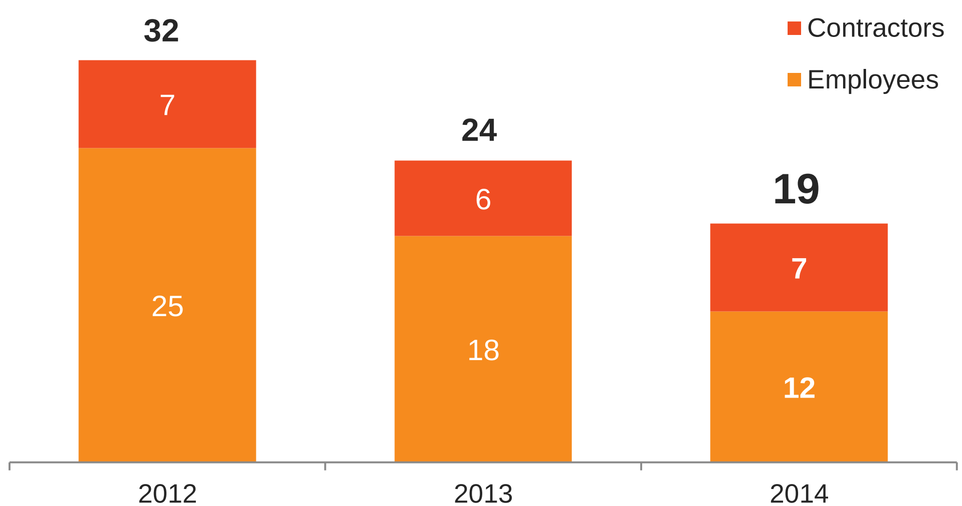
HSE performance

- **Safety is our key value**
- **LTIFR** of 1.60x;
- 19 fatalities (12 employee and 7 contractor fatalities) recorded in FY 2014, a 21% decrease YoY
- Employees' unsafe behaviour accounts for up to 90% of incidents
- Commitment to achieve zero fatality incidents
- Initiatives to improve safety performance:
  - Improvement plans in the areas with serious incidents
  - Behavioural safety trainings and safety audits
  - Implementation of energy isolation principles (LOTO) at all EVRAZ facilities
  - Safety focus on contractors' operations that need to be in full compliance with EVRAZ safety standards

Lost Time Injury Frequency Rate (LTIFR)*



Fatalities



* Calculated as number of lost working hours due to injuries, excluding fatalities, per 1 million hours worked

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Delivering on commitments

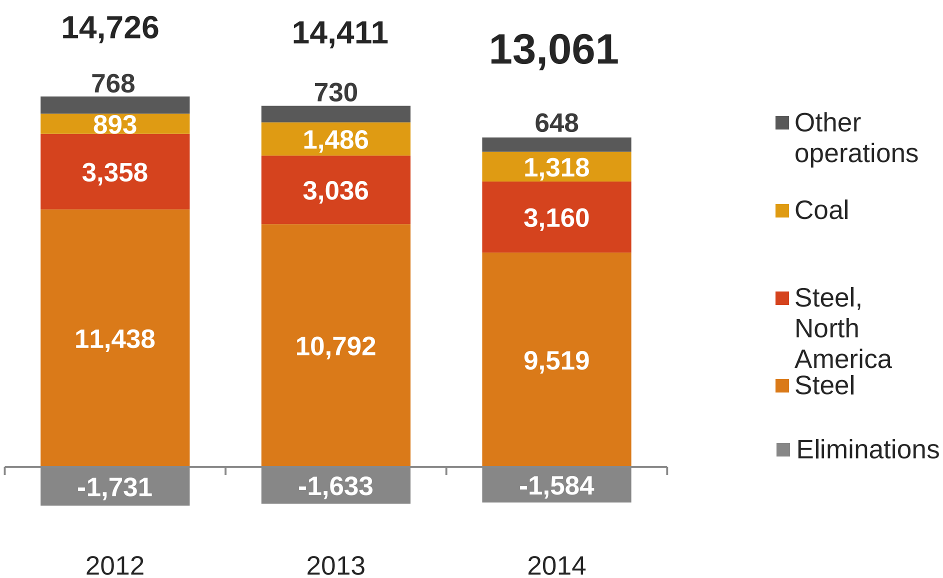
- Sustainability in volatile market environment; EBITDA margin improved from 12.6% to 17.8%
- Operational efficiency plan implemented
- Optimisation of asset portfolio; EVRAZ Vitkovice Steel sold for US$287 million
- Strong cash flow sufficient to pay down debt; Net Debt/EBITDA down to 2.5x vs 3.6x YoY
- We are transforming our coal business into a large scale market participant in Russia and globally – revamping of Raspadskaya finalised
- We are committed to investing into selected projects from our wide project portfolio that will achieve rate of return which will significantly exceed our current cost of capital
- We further extended our portfolio of high value-added products and enhanced the quality of our customer service
- The efficacy of our strategy was underlined by the strong operating results achieved by business units in 2014

Financial Performance

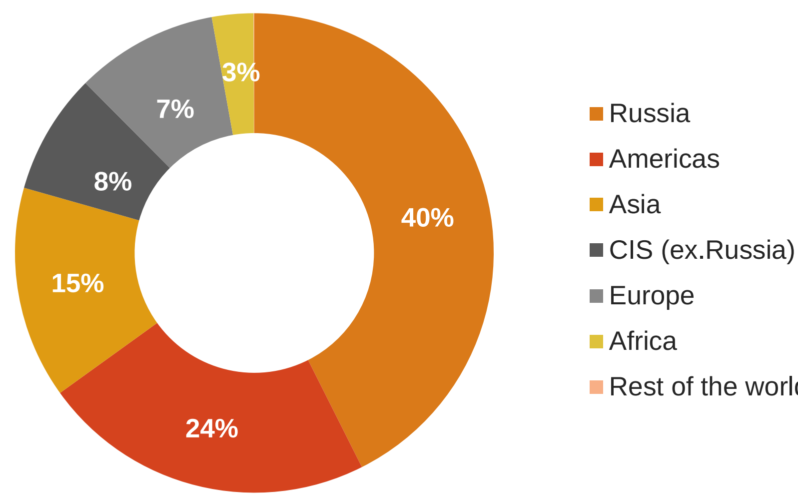
Revenue analysis

- Group revenues decreased by 9%, mostly as a result of a decline in the Steel segment revenues as a result of lower prices of steel products, in line with the general negative trend in steel pricing
- Steel sales volumes were unchanged at 15.2mt
- Revenues of the Steel, North America segment increased by 4.1% driven by higher sales volumes, particularly of tubular and railway products
- Coal segment revenues dropped by 11.3%, primarily due to reduced selling prices, partially offset by increased volumes
- Russia and Americas remain our key markets together accounting for 2/3 of total revenues

Consolidated revenue by segment, $m



Consolidated revenue by region, %



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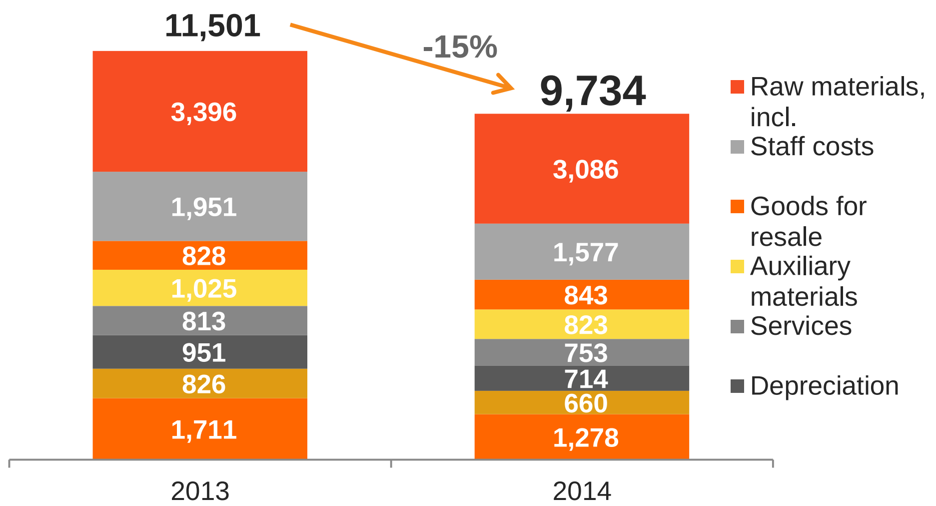
Cost of revenue

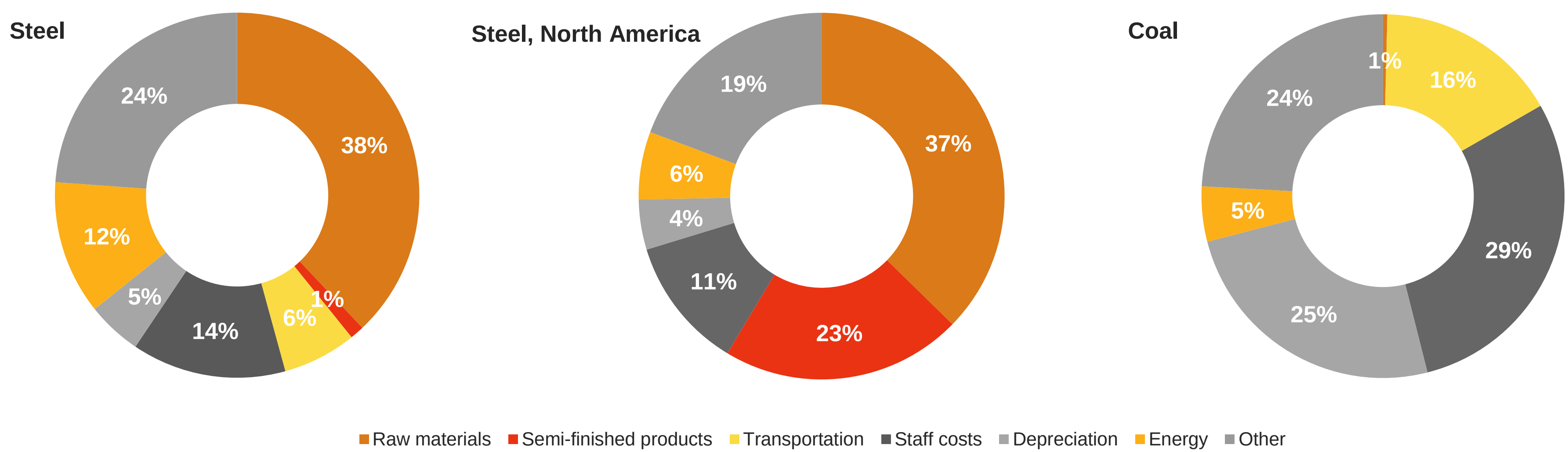
- The Group's cost of revenue decreased by 15.4% due to reduction in all costs due to cost cutting initiatives and devaluation of the Russian rouble

- Cost of revenue structure largely unchanged in FY2014 with major cost items being raw materials (32%) and staff costs (16%)

Cost of revenue breakdown by item, $m



Cost of revenue breakdown by segment, $m



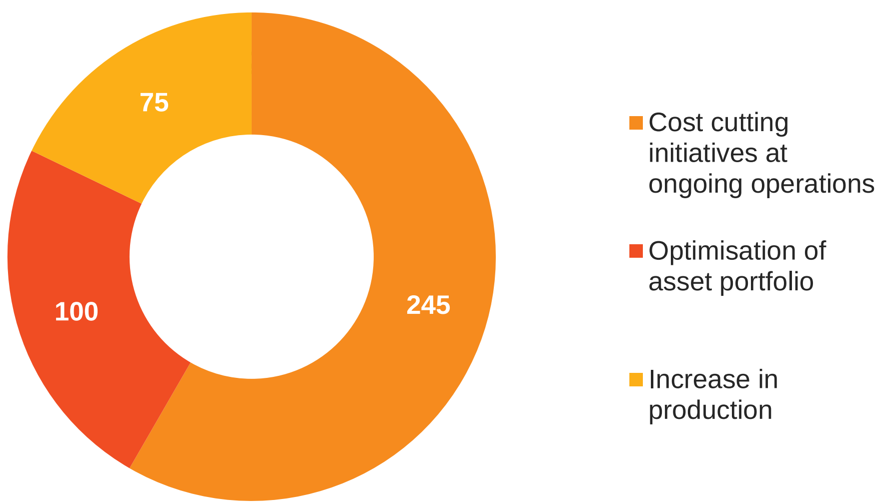
Source: Management accounts

Efficiency improvement plan: 2014 progress update

- Implementation of efficiency savings plan resulted in savings of US$420 million* exceeding the 2014 target of US$400 million
- Approximate US$55 million reduction in G&A included, as planned

* our actions to reduce costs and improve operational performance have had a significant positive impact on overall performance during the year. To facilitate assessment of performance our cost saving targets and quantification are based on management accounts adjusted to eliminate macroeconomic impacts (such as exchange rate fluctuations and inflation) and once-off expenditure (such as employee severance payments and other discontinuation costs). On this basis there has been a cost improvement of US$420 million during the year

Efficiency improvement, $m

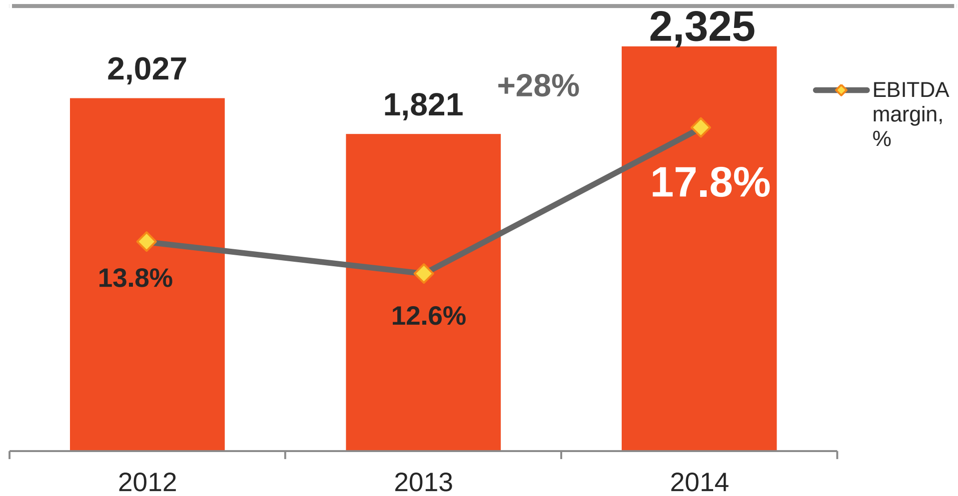


Cost cutting initiatives at ongoing operations:	**$245m**
Reduction of headcount and related G&A costs	$80m
Optimisation of costs in the Coal segment	$45m
Improving yields, raw material and conversion costs in steel mills	$92m
Other cost optimisation	$28m
Optimisation of assets portfolio:	**$100m**
Mines shutdown and disposal at Evrazruda and Yuzhkuzbassugol	$56m
Suspension of EVRAZ Claymont, disposal of Central Heat and Power Plant and shutdown of plate rolling mill at EVRAZ ZSMK	$44m
Increase in production:	**$75m**
Volume growth at EVRAZ North America's ongoing assets	$48m
Recovery of production at Raspadskaya mine	$27m

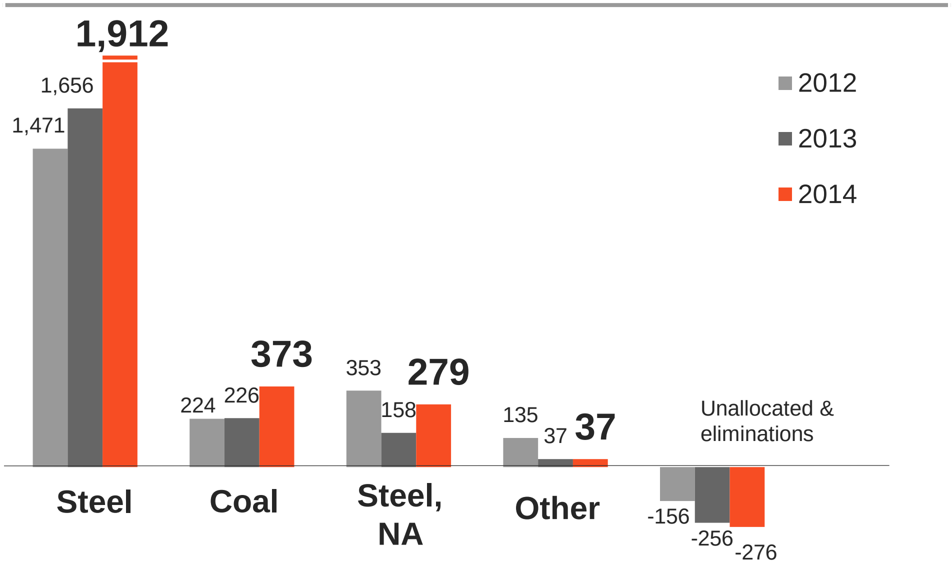
EBITDA dynamics and breakdown

- EBITDA up 28% mainly as a result of:
  - asset optimisation
  - cost reduction activities
  - decrease in expenses in US$ terms at Russian and Ukrainian subsidiaries due to the local currencies devaluation
- Steel segment EBITDA increased as a result of cost reduction activities and a decrease in expenses in US dollar terms following the local currency devaluation; ~82% of Group EBITDA comes from the Steel segment
- EBITDA in Ukraine up 55% to US$110 million
- Russia and North America account for the largest proportion of EBITDA

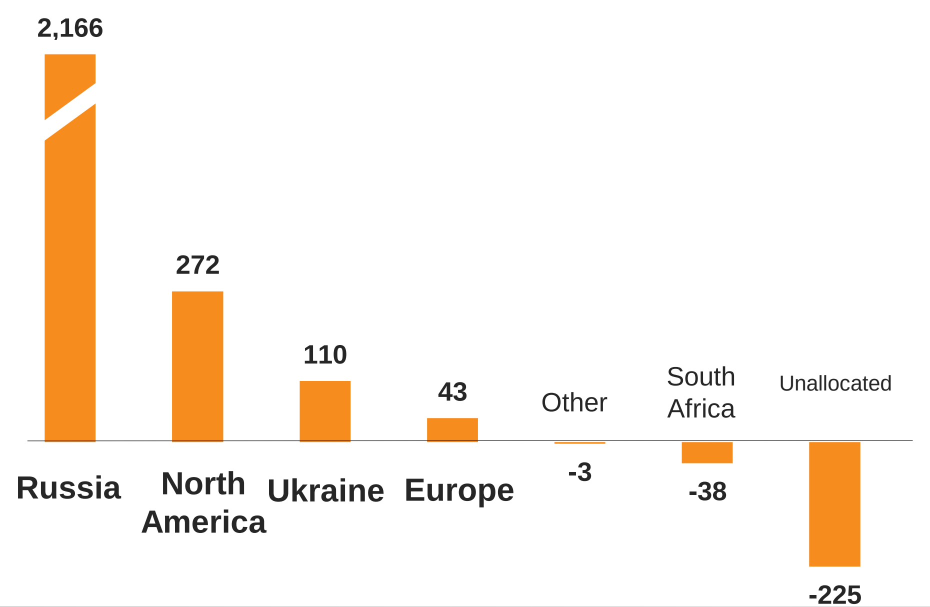
Consolidated EBITDA dynamics, $m



EBITDA breakdown by segment, $m



EBITDA breakdown by region, $m



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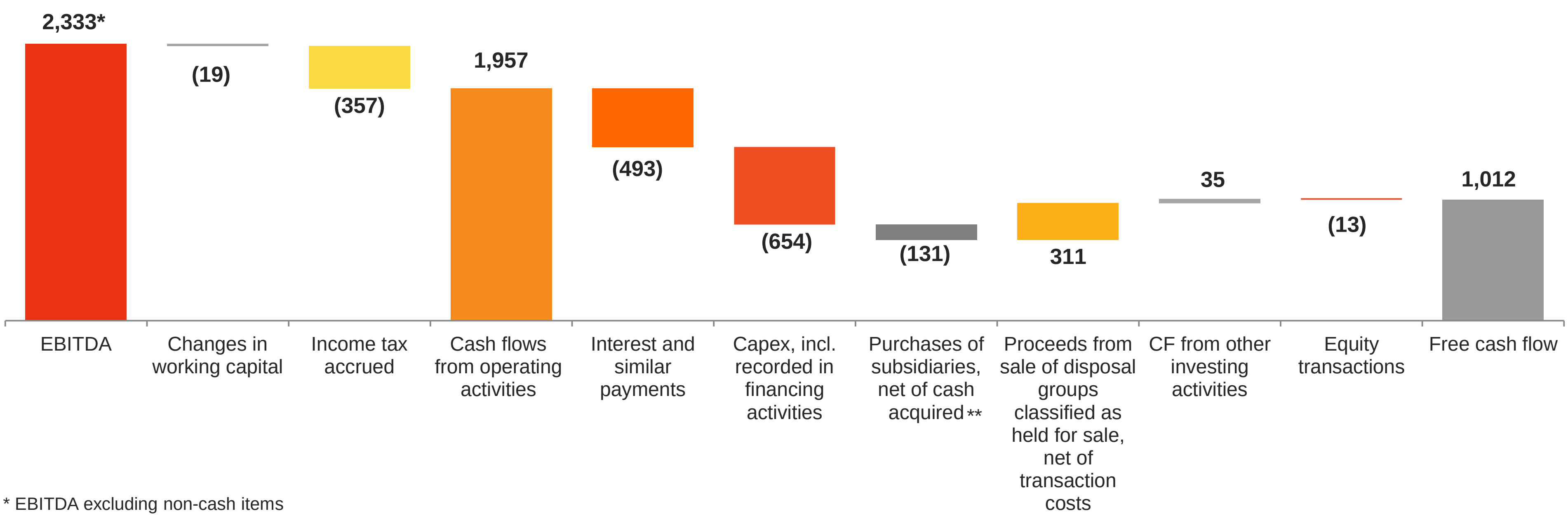
2014 FCF generation

- Free cash flow for the period is a positive US$1,012 million
- Cash flows from operating activities before changes in working capital increased by 35% in 2014 to US$1,976 million reflecting better operational results compared to 2013 and the Russian rouble and Ukrainian hryvnia weakening influence
- Proceeds from sale of disposal groups amounted to US$311 million
- On 31 March 2015, the Board resolved to announce a return of capital to be effected by a tender offer to shareholders at $3.10 per ordinary share in the amount of up to US$375 million

US$ million

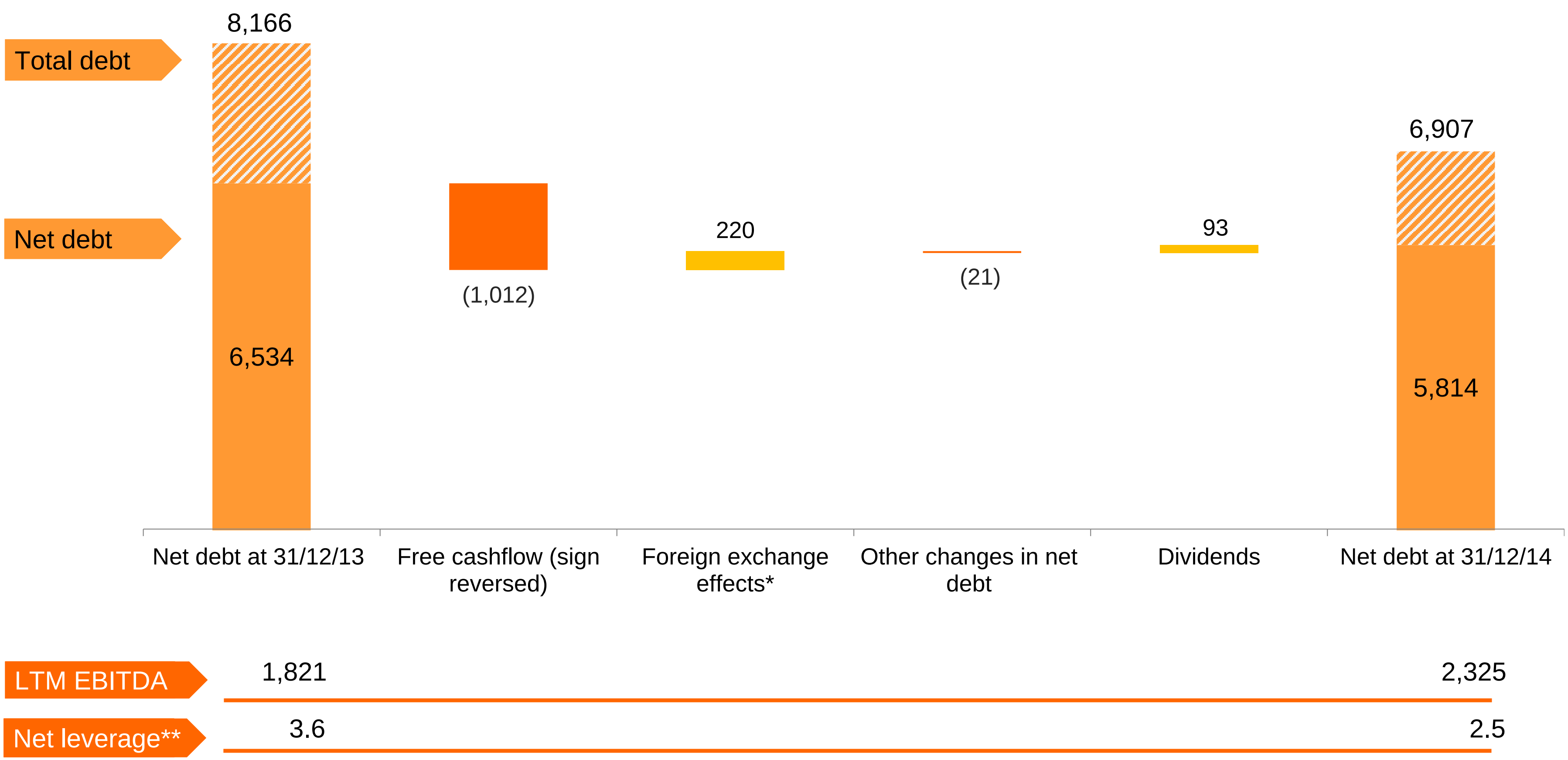


* EBITDA excluding non-cash items
** including interest in JV and associates

FY 2014 debt bridge and Net leverage

US$ million

Deleveraging on track: Net debt/EBITDA reached 2.5x



Note. These calculations should not be considered for covenants purposes
* Including effects on cash, debt and hedging instruments
** Net leverage is a ratio of Net debt as of the reporting date to LTM EBITDA

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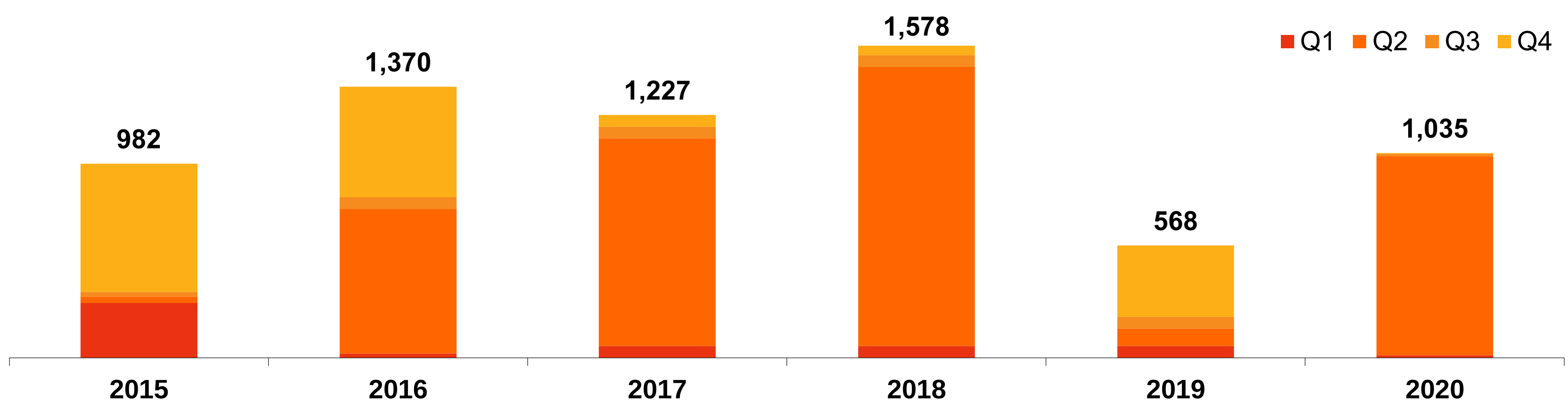
Liquidity and debt maturity profile

- Cash and short-term deposits of US$1,086 million as at 31 December 2014 compared to short-term debt of US$1,040 million*
- Cash on hand sufficient to pay down all redemptions for 2015
- Debt currency composition: USD – 97% (incl. synthetic USD); EUR – 3%
- Cash currency composition: USD – 87%; RUB – 10%; other – 3%
- US$500 million of Q4 2016 debt repayments have been negotiated with Gazprombank to extend maturity to 2018 and 2019**

Debt* maturities schedule, $m**



* Adjusted for hedging exposure under cross-currency swaps
**The extension is not shown on the graph Debt maturities schedule on this page
*** Principal of loans and borrowings (incl. hedging exposure and excl. interest payments)

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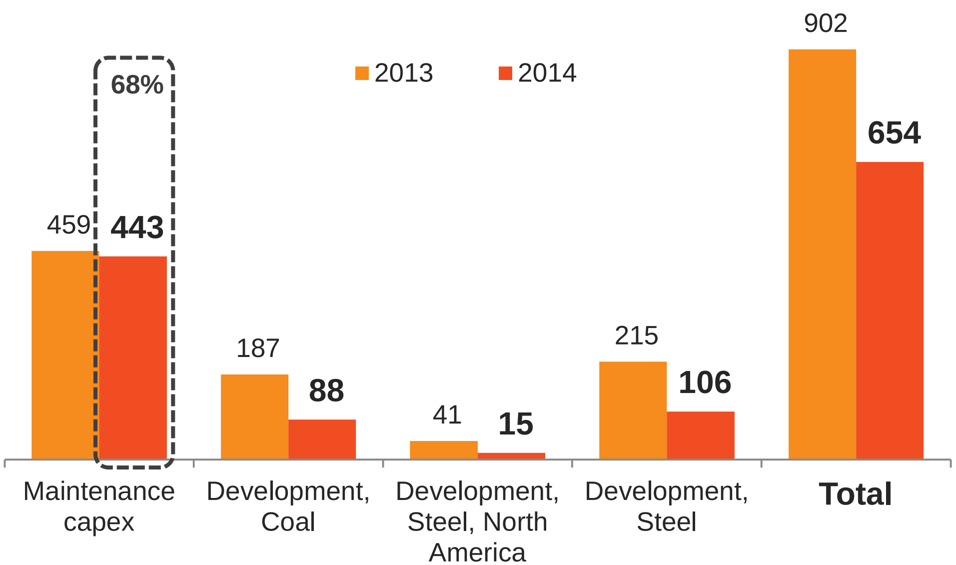
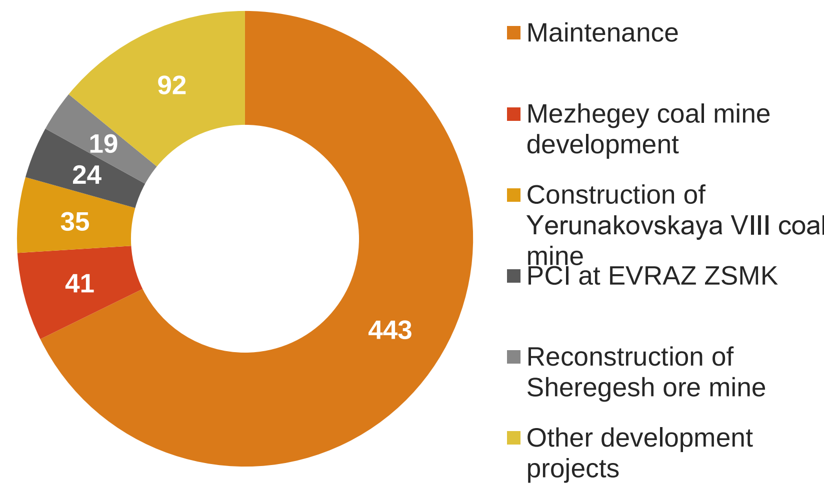
Capex

- FY2014 total capital expenditures, including recorded in financing activities, reduced to US$654 million, a US$248 million reduction compared to FY2013
- No major capital spending in 2014 as key investment projects were completed in 2013
- Significantly increased capex flexibility going forward
- Capex is mostly allocated to maintenance

Capex dynamics and breakdown by segment, $m



Capital expenditure breakdown by projects, $m



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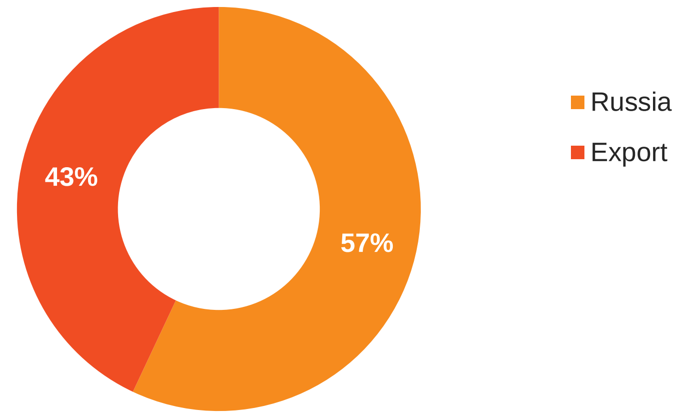
Segment Performance

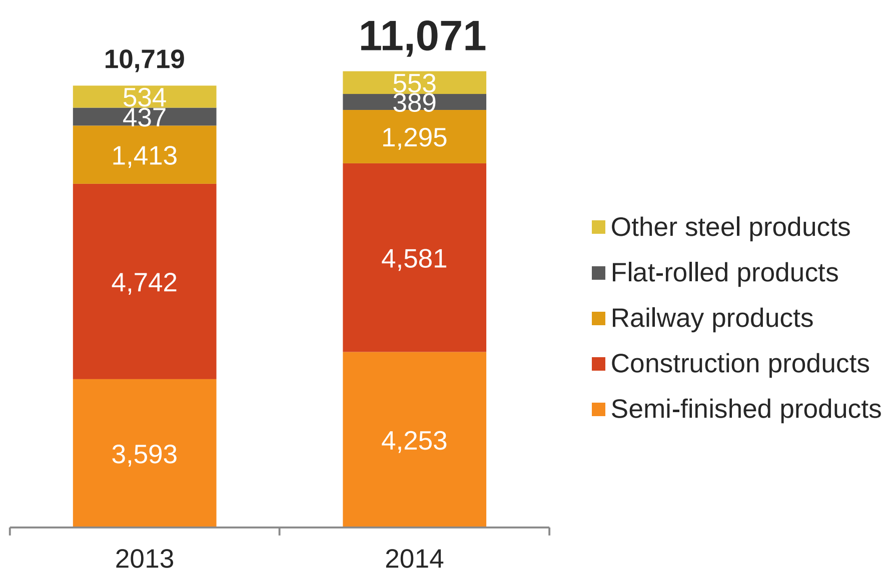
Russia: Steel

- Capacity utilisation remains high
- Crude steel output largely unchanged YoY, reaching 11.8mt
- Shipments remain stable
- Sales of rebars in Russia went up by 4% YoY
- Sales volumes of construction products dropped 3% to 4.5mt, with revenues impacted by lower prices
- 1.3mt of railway products produced, an 8% decrease YoY as a result of lower orders for solid wheels and railcar sections, railways products revenue fell
- Average cash cost of slabs declined to US$266/t from US$348/t in 2013

Steel sales breakdown by destination



External steel sales by products, kt



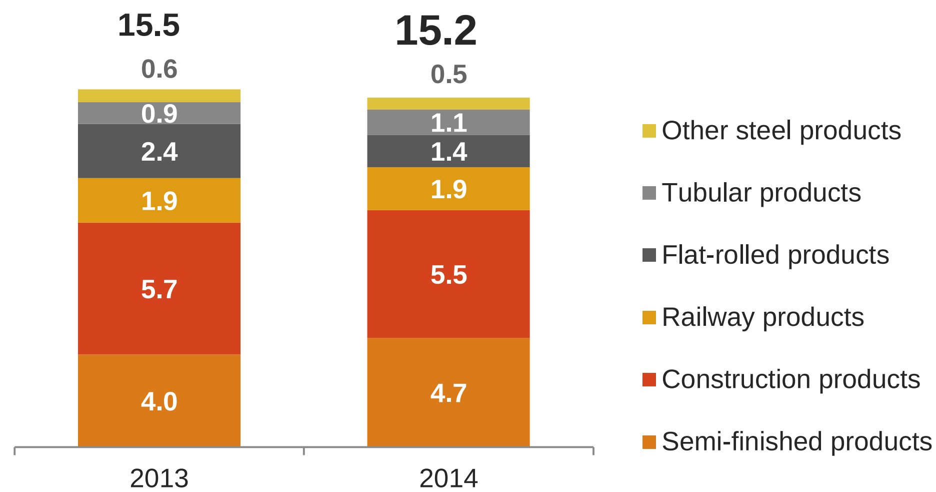
Steel products revenues

Products	Revenue, US$ million		Revenue per tonne, US$	
	2013	2014	2013	2014
Semi-finished products	1,814	2,130	505	501
Construction products	3,417	2,920	721	637
Railway products	1,278	989	904	764
Flat-rolled products	265	217	606	558
Other steel products	373	341	697	617
TOTAL	**7,147**	**6,597**	**667**	**596**

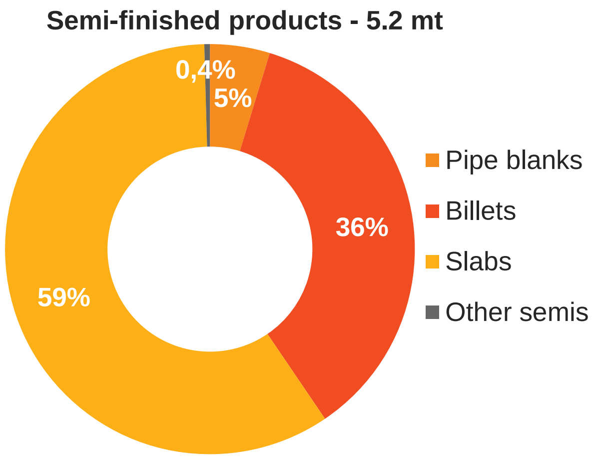
Sales Mix. Steel. External sales.

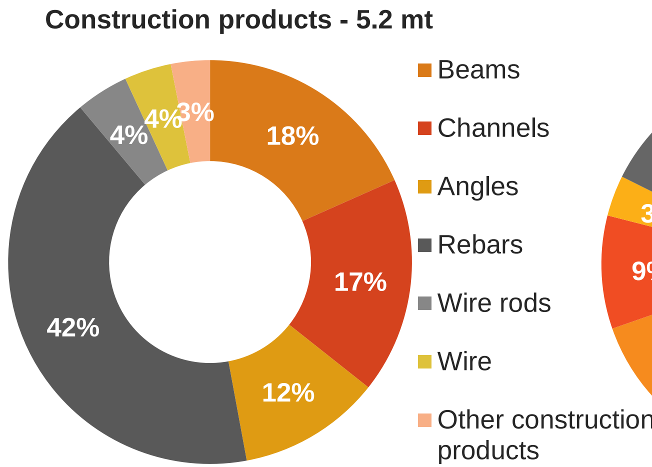
- Production of steel and steel products remains the core EVRAZ's business
- Consolidated crude steel sales totaled 15.5 mt, a 4% decrease YoY
  - the decline is mainly attributed to the disposal of EVRAZ Vitkovice Steel (Czech Rep) and the shutdown of EVRAZ Claymont (US)

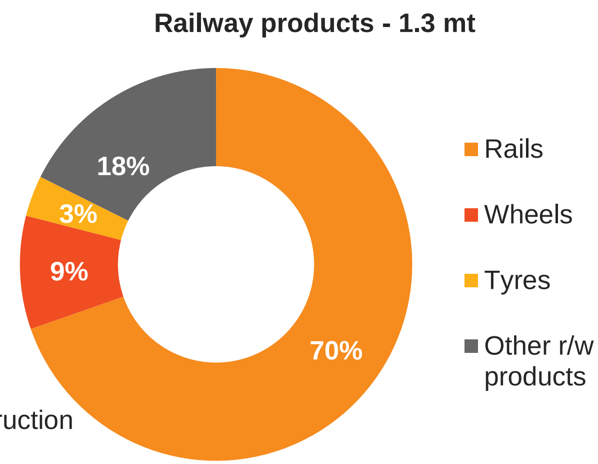
Consolidated sales by product (mt)



Steel segment* sales mix (mt), FY2014, main focus





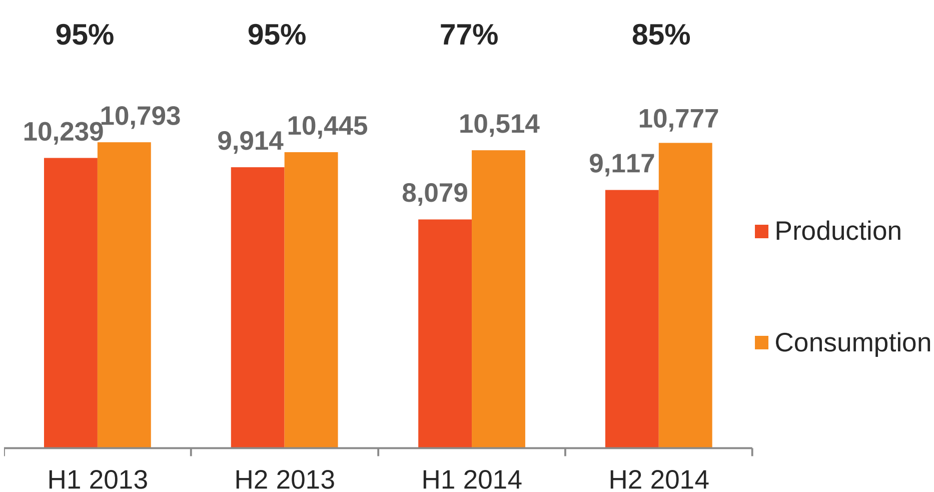


* Includes steelmaking and iron ore mining operations in Russia, Kazakhstan, Ukraine and South Africa, trading companies and vanadium business

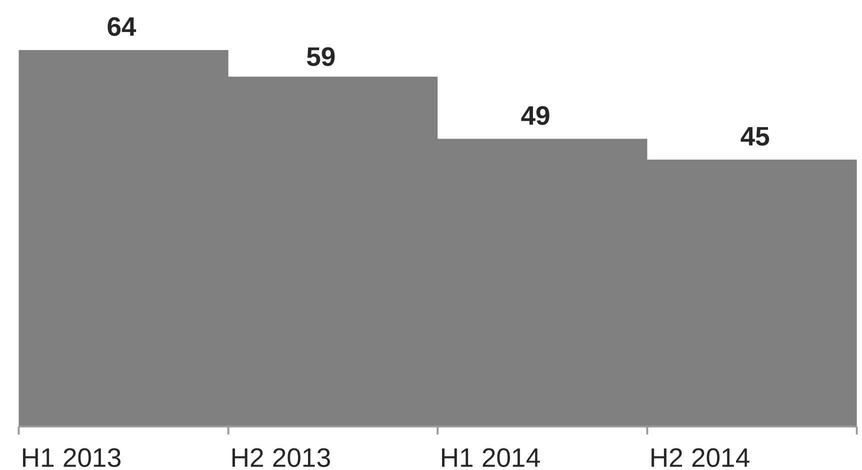
Russia: Iron ore

- Production of iron ore products (sinter and pellets) in Russia decreased by 4% in 2014, amounting to 17.6mt vs 18.4mt in 2013, as a result of the disposal of high cost loss making assets
- Steel segment revenues from the sales of iron ore products decreased by 32%, primarily as a result of the fall in iron ore prices
- Ca. 57% of iron ore consumption by steelmaking was supplied by the Group's own operations vs. 68% in 2013
- Cash costs of iron ore products (Fe 58%) decreased from US$56/t in 2013 to US$47/t in 2014

Iron ore self-coverage*, kt



Cash cost, Russian iron ore products (Fe 58%), $/t**



* Self-coverage, %= total production divided by total BF plants consumption

** The data in this chart is derived from the unaudited monthly management accounts of EVRAZ in respect of the indicated periods

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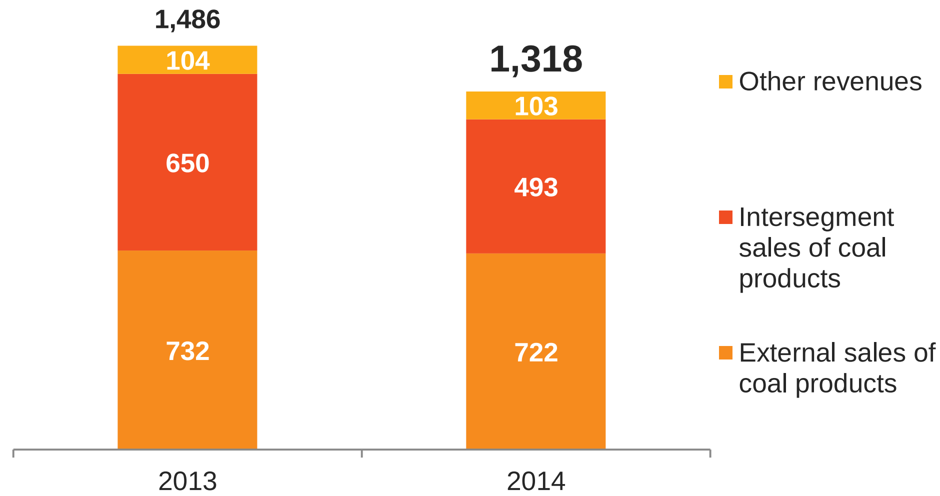
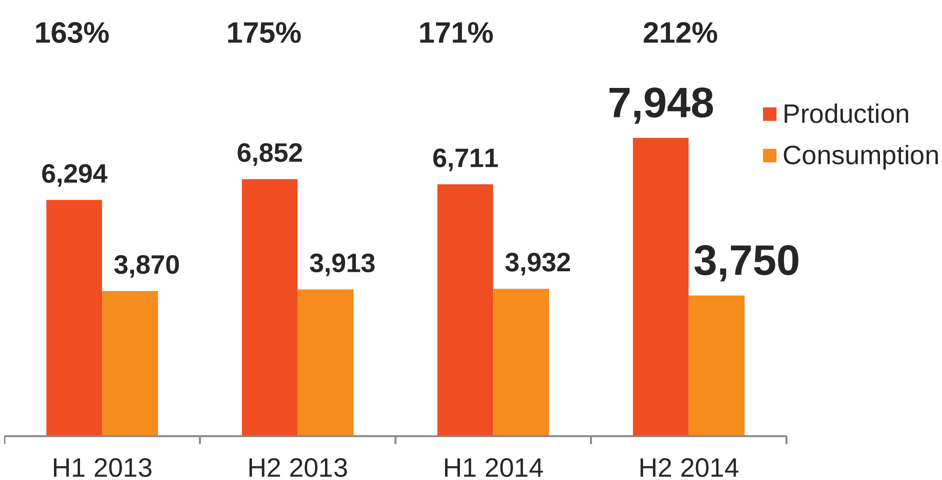
Russia: Coal

- 21mt of raw coking coal mined and 14mt of coking coal concentrate produced by Yuzhkuzbassugol and Raspadskaya
- External sales volumes up 20% mainly due to higher sales of coking concentrate
- Coal segment revenues decreased 11% vs. 2013, due to lower sales prices and increased coking coal concentrate sales volumes as a result of the successful implementation of the Raspadskaya mine's restoration
- Ca.72% of EVRAZ's steelmaking coking coal consumption was satisfied by own operations vs. 75% in 2013

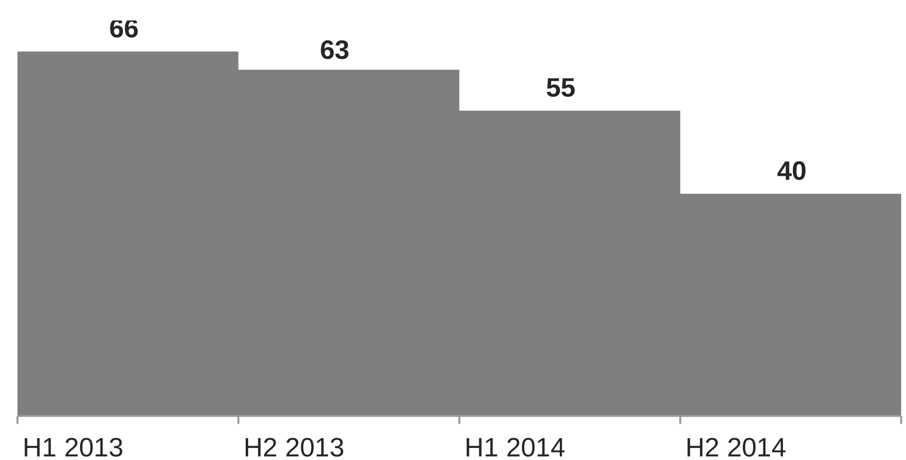
Coal segment revenues by products, $m



Washed coking coal (concentrate) self-coverage*, kt



Cash cost, Russian washed coking coal, $/t**

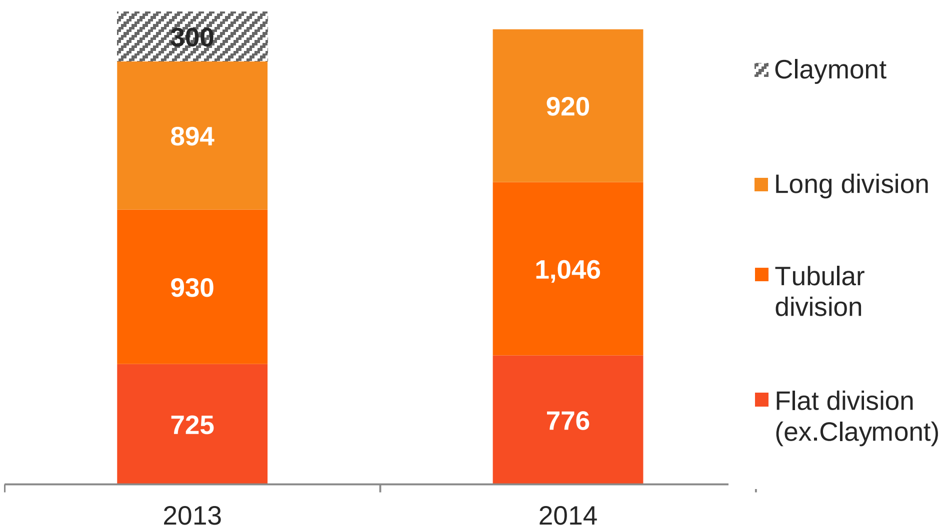


* Self-coverage, %= total production in washed coking coal equivalent divided by BF plants consumption (excluding consumed for coke for sale)
**The data in this chart is derived from the unaudited monthly management accounts of EVRAZ in respect of the indicated periods

North America: Steel

- 10% growth in sales volumes from continuing operations and 6% improvement in average sales prices on the back of continued improvement in economic indicators and outlook in the US
- Record rail sales supported by higher output post EVRAZ Pueblo rail mill upgrade, strong customer relationships, and high levels of demand from Class-I railways
- Strong performance of the Tubular product group underpinned by operating improvements at tubular facilities and strong demand from oil & gas segments. Positive outlook for large diameter pipe demand in North America
- Improved profitability of the Flat-rolled division despite lower volumes thanks to strong prices and the suspension of unprofitable EVRAZ Claymont operations
- OCTG demand will face severe headwinds in 2015 resulting from low oil prices and high distributor inventories; current oil price forecasts imply improving demand towards the end of 2015

Steel product sales (totals shown net of intercompany), kt



Steel product revenues

Products	Revenue, US$ million		Revenue per tonne, US$	
	2013	2014	2013	2014
Long Division	870	987	974	1,072
Tubular Division	1,277	1,450	1,372	1,385
Flat Division (ex Claymont)	685	756	944	974
TOTAL net of eliminations	**2,585**	**2,995**	**1,142**	**1,185**

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Looking Forward

Russia and global: 2015 market outlook

- Global steel production increased 2% in 2014; global capacity utilisation rate stands at 76.8%, down 1.3%
- Pressure on global steel prices as a result of growing competition between major exporters continues and growing steel exports from China
- China's economic slowdown persists, despite lower oil prices providing support to consumer spending
- Russian crude steel production of 70.7mt, up 2.6%
- Russian steel consumption is expected to weaken in 2015 but will be mostly offset by higher exports
- Stronger competition in the Russian construction products markets is expected, as newly launched minimills reach their designed capacity; growing competition will result in an increased import substitution and domestic premia compression
- Coke production in Russia is expected to decrease by 2-3% which will result in higher competition in the Russian market

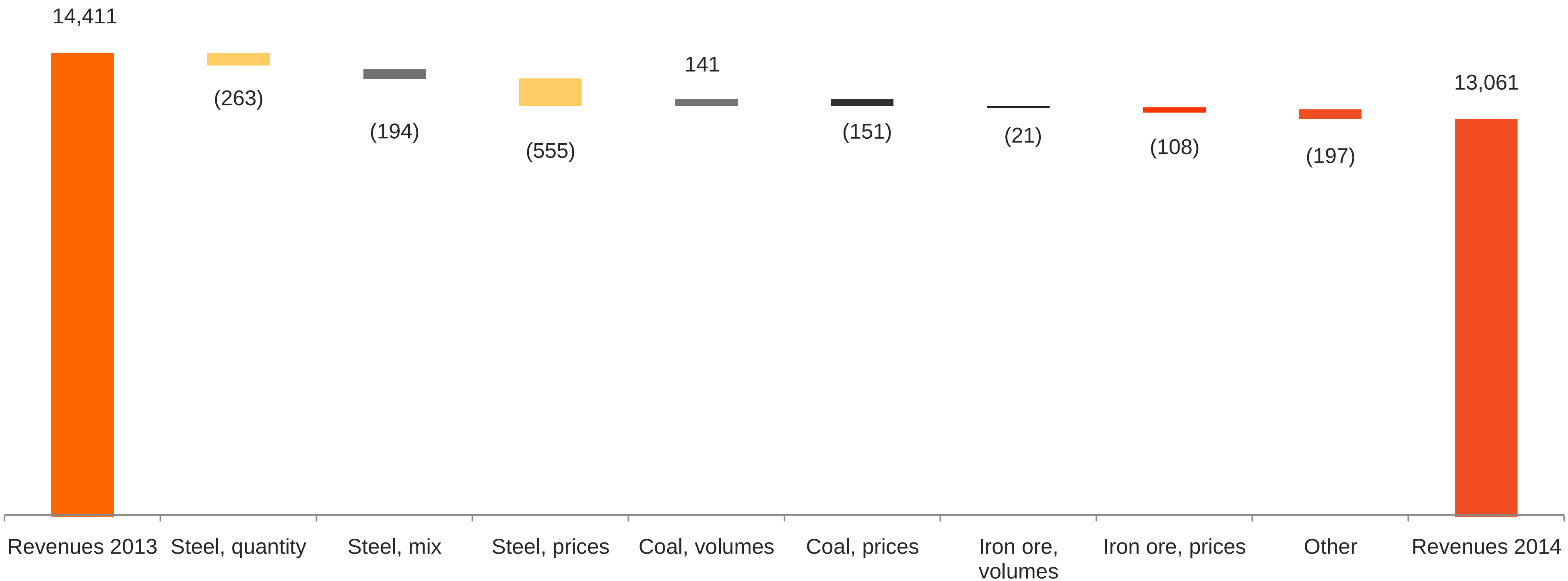
USA and Canada: 2015 market outlook

- Continued strength in US steel demand in-line with economic recovery and increasing activity levels in the automotive, energy and construction sectors
- Positive outlook on rail underpinned by another year of record capital expenditures by Class-I railroads
- Continued growth in large diameter pipe shipments as oil and natural gas producers in the US and Canada are keen to find low cost access to tide-water and in-land markets
- Import pressures will likely grow through the year as a strong US dollar and slow demand outside the US make it an attractive destination for excess capacity; the inventory overhang at service centers will materially diminish during H1 2015
- Despite overall crude steel capacity utilisation dropping from 74.3% to 73.5%, EVRAZ North America's electric arc furnaces operated at nearly full capacity

Appendix

Revenue Drivers

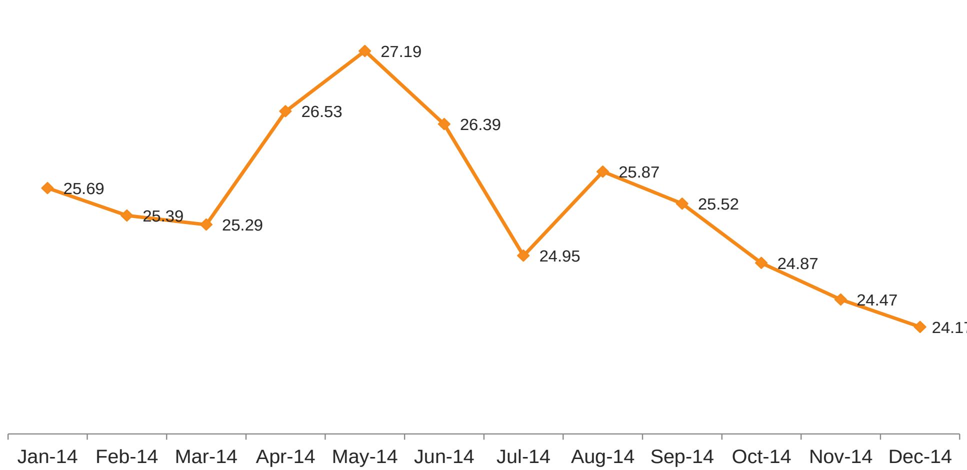
Revenue drivers, US$ million



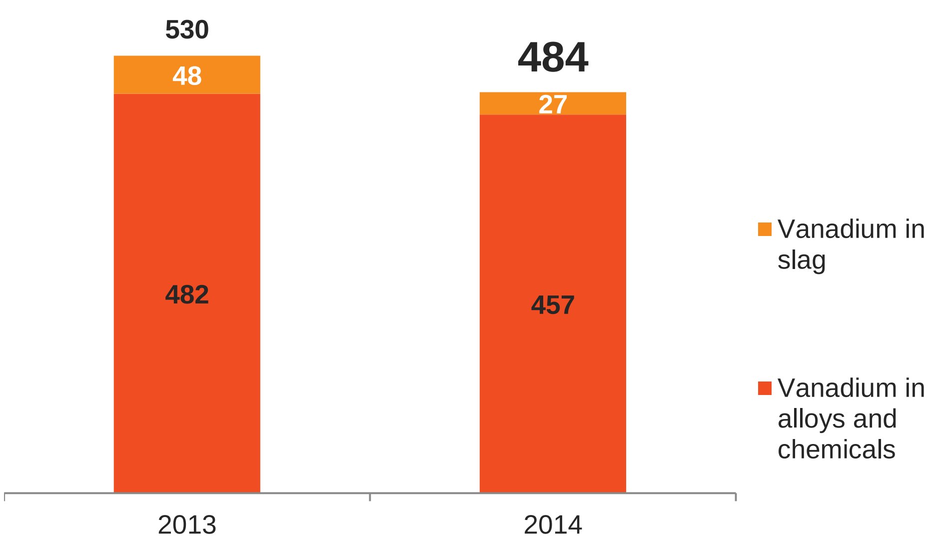
Vanadium

- Vanadium consumption and prices continue to be largely driven by trends in the steel market
- Due to the launch of new projects in 2015, vanadium supply growth is expected to slightly outpace demand
- EVRAZ remains one of the most competitive producers: ca.80% of vanadium originates from vanadium slag as the cheapest source of material
- Steel segment revenues from the sales of vanadium products declined by 8.2% mainly due to lower prices

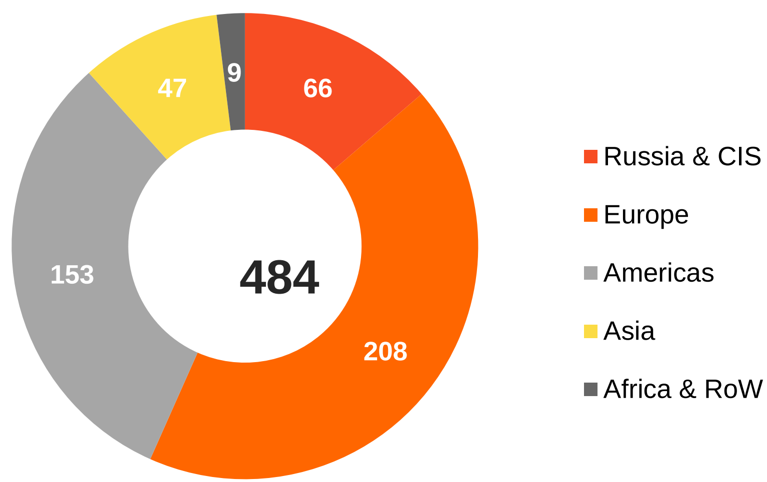
Ferrovanadium prices (FeV), $/kg contained V



Vanadium external sales, t of V



Vanadium external sales by region, $m



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