EVRAZ GROUP

FOR IMMEDIATE RELEASE | **27.04.2006**

PRELIMINARY RESULTS FOR YEAR ENDED DECEMBER 31, 2005

EXCELLENT PROGRESS AGAINST IPO COMMITMENTS

April 27, 2006 **– Evraz Group S.A. (LSE: EVR), one of the leading vertically integrated steel production and mining businesses with operations mainly in Russia, today announces its preliminary results for the year ended 31 December 2005 with a strong year-on-year growth in revenues and excellent progress against IPO commitments.**

IPO Commitments Highlights:

Strong results in testing market environment

- **Record revenues driven by strong domestic growth**
- **Adjusted EBITDA of US$1,859.8 million**
- **Record cash flow from operations of US$1,496.1 million, up 58.1%**

Full year to December 31 (US$ million unless stated)	2005	2004	Change
Revenues	6,508.1	5,933.1	9.7%
EBITDA [1]	1,859.8	2,017.3	(7.8%)
Profit from operations	1,584.5	1,836.6	(13.7%)
Net profit [2]	905.2	1,179.6	(23.3%)
Operational cash flow	1,496.1	946.5	58.1%
Earnings per share [3], US$	8.03	11.0	

[1] Adjusted EBITDA (refer to Attachment 1 for reconciliation to profit from operations)

[2] Net profit attributable to equity holders of the parent entity

[3] 1 share is represented by 3 GDRs

Delivering superior growth

- **18.3% growth in Russian sales**
- **Acquisitions of Palini e Bertoli and Vitkovice Steel enhances access to higher quality downstream export markets and improved profitability and cash generation**

Expanded mining platform

- **Strong growth in mining, with revenues up 61.9% and EBITDA up 180.4%**
- **Increased coking coal and iron ore resources through acquisitions of Mine 12 and Evrazruda. Effective 30 December 2005, the acquisition of the 50% interest in Yuzhkuzbassugol will additionally significantly increase the Group's coking coal entitlements**

Investments strengthening long-term cost competitiveness

- **$695 million capex to increase cost efficiency delivered on time**

Enhanced corporate structure and transparency

- **Consolidating subsidiary ownership structure by acquiring minority interests at an investment cost of $414.5 million**
- **Improved corporate governance and management accountability with split of Chairman and CEO roles**

Commenting on the results, Alexander Abramov, Evraz's Chairman, said:

"We have made excellent progress against our IPO commitments in testing business conditions for the steel industry, in particular in the second half of the year. Strong growth in Russian markets has reinforced our position as Russia's leading long products producer and we have made excellent progress in diversifying into high quality export markets. We have expanded our mining platform, significantly increasing our self-sufficiency levels in coking coal and iron ore and enhancing profit potential through vertical integration. Furthermore, our ongoing capex initiatives have further improved our cost efficiency and will continue to yield further benefits in the coming years. We remain focused on strengthening our superior long-term competitive position across all of Evraz's businesses and delivering sustainable value to shareholders irrespective of market conditions".

Summary Results:

Evraz consolidated revenues increased by 9.7% to US$ 6,508.1 million in 2005 from US$5,933.1 million in 2004. The majority of this increase is attributable to higher average sales prices for steel products in Russia, as well as a better pricing environment for sales of vanadium slag, coke and coking products. Total volumes of steel products sold in 2005 did not change significantly compared to 2004.

In 2005, consolidated cost of revenues amounted to US$4,159.9 million compared to US$3,514.0 million in 2004. Cost of revenues as a percentage of consolidated revenues increased from 59.2% reported in 2004 to 63.9% in 2005. Whilst during the year raw materials prices increased significantly, the growth of Evraz's own iron ore production shielded their effect on consolidated gross profit to a considerable extent. Gross profit was down 4.0% year-on-year at US$2,348.2 million in 2005, compared to US$2,447.1 million in 2004.

In 2005, revenues from Russian sales amounted to US$3,889.1 million, or 59.8% of total sales, compared with $3,288.1 million and 55.4% in 2004. The increased share of domestic revenues was attributable to stronger prices in the Russian market compared to non-Russian markets.

Profit from operations decreased by 13.7% to US$1,584.5 million in 2005, compared to US$1,836.6 million in 2004. Profit from operations as a percentage of consolidated revenues decreased from 31.0% in 2004 to 24.3% in 2005. This decline is attributable to the decrease in consolidated gross profit margin and increased selling and general and administrative expenses in 2005.

Consolidated EBITDA decreased by 7.8% in 2005 to US$1,859.8 million, or 28.6% of revenues, compared to US$2,017.3 million in 2004, or 34.0% of revenues.

In 2005, the Company reported consolidated net profit attributable to equity holders of Evraz Group of US$905.2 million, compared to US$1,179.6 million in 2004. In 2005, the income tax charge amounted to $476.5 million which corresponds to an effective tax rate of 31.4%, up from 21.9% in 2004.

Review of Operations

Steel Segment Results

Full year to December 31 (US$ million unless stated)	2005	2004	Change
Revenues	6,221.1	5,809.0	7.1%
Profit from operations	1,310.8	1,742.3	(24.8%)
Adjusted EBITDA	1,510.3	1,899.3	(20.4%)
EBITDA margin	24.3%	32.7%	

Steel Segment Production

Full year to December 31 (million tonnes)	2005	2004	Change
Pig Iron	11.5	11.6	(0.9%)
Steel	13.85	13.69	(1.2%)
Rolled products	12.1	12.0	0.8%

Steel Segment Sales

	Year ended 31 December				
	2005		2004		2005 v 2004
	US$ million	% of total	US$ million	% of total	% change
Construction products	1,755.1	28.2%	1,606.1	27.6%	9.3%
of which Vitkovice Steel	*10.5*	*0.2%*	*n/a*	*n/a*	*n/a*
Railway products	884.1	14.2%	658.2	11.3%	34.3%
Mining products	121.2	1.9%	113.2	1.9%	7.0%
Semi-finished products	2,203.2	35.4%	2,350.8	40.5%	(6.3)%
Other steel products	527.5	8.5%	377.9	6.5%	39.6%
of which Palini	*104.5*	*1.7%*	*n/a*	*n/a*	*n/a*
of which Vitkovice Steel	*69.9*	*1.1%*	*n/a*	*n/a*	*n/a*
Other products	729.9	11.7%	702.9	12.1%	3.9%

Steel segment revenues for 2005 were US$6,221.1 million, an increase of 7.1% compared with segment revenue of US$5,809.0 million in 2004. Steel segment revenues were affected by increased volumes and higher prices for certain steel products and by the acquisitions of Palini e Bertoli in August 2005 and Vitkovice Steel in November 2005, both of which produce mainly high value added flat products.

Robust performance in Evraz's key sectors – construction and railway products - contributed to the growth of steel sales. Sales of construction products grew by volumes around 5% on 2004 and amounted to 4.00 million tonnes, or 31.0% of total volumes. Sales of railway products were up 13% in volume terms reaching 1.65 million tonnes, or 12.8% of total volumes. Steel segment revenues were affected by the positive pricing momentum for these products; e.g. prices for railway products increased by 19% on average, while prices for steel products sold to the construction sector went up approximately 4% year-on-year.

Contribution of newly acquired Palini e Bertoli (since August 2005) and Vitkovice Steel (since mid-November 2005) supported non-Russian sales to make them flat year-on-year in value terms.

In 2005, **the steel segment profit from operations** decreased by 24.8% to US$1,310.8 million, or 21.1% of steel segment revenues, from US$1,742.3 million, or 30.0% of steel segment revenues in 2004. Increased raw material cost and higher SG&A costs contributed to a decline in profit from steel segment operations, but their impact was significantly offset by increased mining segment margins resulting from growth in internal supplies of iron ore. Stronger pricing for vanadium slag, coke and coking products also mitigated these cost pressures.

In 2005 **EBITDA in the steel segment** totalled US$1,510.3 million, or 24.3% of steel segment revenues, compared to US$ 1,899.3 million in 2004, or 32.7% of steel segment revenues.

Mining Segment Results

Full year to December 31 (US$ million unless stated)	2005	2004	Change
Revenues	989.1	610.8	61.9%
Profit from operations	259.1	91.8	182.3%
Adjusted EBITDA	313.3	111.7	180.4%
EBITDA margin	31.7%	18.3%	

Mining Segment Production

Full year to December 31 (million tonnes)	2005	2004	Change
Iron ore			
Concentrate	2.7	2.5	10.1%
Sinter	8.8	7.9	11.2%
Pellets	5.2	3.3	56.2%
Reference			
Coking coal (Raspadskaya)	6.4	n/a	n/a

Mining segment revenue grew by 61.9% to US$989.1 million in 2005, compared to US$610.8 million in 2004. 85.1% of the revenues from mining segment sales are generated by intercompany sales, providing for material vertical integration benefits. Self-sufficiency in iron ore increased to 76%, and additionally there were third party sales effectively increasing the Group's operational requirement coverage in iron ore to 86%. A major contributor to this growth was the acquisition of KGOK in May 2004. Revenues attributable to KGOK in 2005 amounted to US$508.1 million compared with US$209.4 million in 2004.

The mining segment profit from operations increased by 182.3% to US$259.1 million in 2005, 26.2% of mining segment revenues. This compares with US$91.8 million, 15.0% of mining segment revenues in 2004. The increase is largely attributable to the acquisition of KGOK as well as higher iron ore prices and improved overall efficiency.

EBITDA in the mining segment rose by 180.4% to US$313.3 million in 2005, or 31.7% of mining segment revenues, compared with US$111.7 million in 2004.

Consolidated Group Financial Position

Cash flow

Cash flow from operating activities was a record US$1,496.1 million compared with US$946.5 million in 2004, some 58.1% higher than in 2004. The increase in net cash generated by operations was primarily due to a substantial decrease in net working capital requirement. Such improvement in working capital management resulted in an additional US$89.7 million of cash being generated from existing operating activities (2004 net outflow from working capital was US$649.4 million). Net working capital[1] to revenue ratio in 2005 remained flat at 19% due to a number of acquisitions being made in the course of 2005 and therefore additional working capital being consolidated on the Company's balance sheet as at 31 December 2005.

Cash used in investing activities was US$1,764.2 million in 2005 as compared to US$816.7 million in 2004.

In 2005 capital expenditure peaked at US$695.4 million, including US$563.9 million attributable to the steel segment and US$120.9 million attributable to the mining segment. Steel segment capital expenditure represents the high point in the Group's planned modernisation programme, driven by the Group's intent to improve steel production efficiency and achieve sustainable competitive advantage.

Acquisitions of subsidiaries (Palini e Bertoli, Vitkovice Steel) and associates (Yuzhkuzbassugol) generated cash outflows of US$712.1 million. A total of US$414.5 million was used to buy out minorities in subsidiaries.

Balance sheet

Net debt[2] increased as compared to 31 December 2004 by US$636.4 million to US$1,709.5 million as of 31 December 2005. Cash reserves were up by 118.7% as compared to 31 December 2004 to US$640.8 million as of 31 December 2005. Liquidity, defined as cash reserves and amounts available under unrestricted credit lines, reached US$1,316 million at 31 December 2005 compared to US$563 million at 31 December 2004.

In 2005, total assets increased by US$2,397.7 million to US$6,650.9 million.

Valery Khoroshkovsky, Evraz Group's CEO, commented on the outlook for 2006:

"In 2006, Evraz continues to be committed to enhancing its position as a leading low cost producer of long products in Russia and CIS and expanding its presence in non-Russian markets. We will complete the integration of our recent European acquisitions and continue to pursue further downstream integration to secure access to attractive markets. Management also aims to increase production and sales of iron ore and coking coal through de-bottlenecking production facilities and through greenfield mining projects. Management will focus on further development of the asset base, roll-out of further operational improvement programmes and building of a performance-driven culture within the organisation.

The Group has enjoyed a promising start to 2006. Steel volumes in the first quarter increased by 11.6%, driven by continued strength in demand for domestic construction and

---

[1] Net working capital estimated as sum of inventories, trade and other receivables, prepayments, receivables from related parties, taxes recoverable, restricted deposits at banks less sum of trade and other payables, advances from customers, payables to related parties (adjusted for amounts not related to trading activities) and taxes payable.

[2] Please refer to Attachment 2 for calculation of net debt

rail products. Iron ore volumes were down in the first quarter due to optimisation of inventory levels and unusually harsh weather conditions in Russia.

We expect some improvement in the world steel markets, primarily in slabs. In the Russian market the pricing outlook is positive and stable, supported by robust demand from the construction segment".

# # #

For further information:

Evraz Group
Corporate Affairs and Investor Relations
Irina Kibina
Tel: +7 495 232 1370
IR@evraz.com

Note:

Percentage changes may not be exact due to rounding.

Attachment 1

<u>Adjusted EBITDA</u>

Adjusted EBITDA represents profit from operations plus depreciation and amortisation, impairment of assets and loss (gain) on dispositions of property plant and equipment. Adjusted EBITDA is not a measure of financial performance under IFRS, and it should not be considered as an alternative to net profit as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Evraz's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Reconciliation of Adjusted EBITDA to profit from operations is as follows:

	Year ended 31 December	
	2005	2004
	(thousands of U.S. dollars)	
Consolidated Adjusted EBITDA reconciliation		
Profit from operations	1,584,492	1,836,583
Add:		
Amortisation of negative goodwill		(28,012)
Depreciation	242,908	196,302
Impairment of assets	8,412	1,366
Loss (gain) on disposal of property, plant & equipment	24,009	11,011
Consolidated Adjusted EBITDA	1,859,821	2,017,250
Steel segment Adjusted EBITDA reconciliation		
Profit from operations	1,310,836	1,742,283
Add:		
Amortisation of negative goodwill		(18,305)
Depreciation	181,142	159,541
Impairment of assets	330	5,431
Loss (gain) on disposal of property, plant & equipment	18,034	10,383
Steel segment Adjusted EBITDA	1,510,342	1,899,333

	Year ended 31 December	
	2005	2004
	(thousands of U.S. dollars)	
Mining segment Adjusted EBITDA reconciliation		
Profit from operations	259,059	91,767
Add:		
Amortisation of negative goodwill		(8,166)
Depreciation	50,176	30,059
Impairment of assets		(5,356)
Loss (gain) on disposal of property, plant & equipment	4,018	3,395
Mining segment Adjusted EBITDA	313,253	111,699
Other operations Adjusted EBITDA reconciliation		
Profit from operations	33,818	6,368
Add:		
Amortisation of negative goodwill		(1,541)
Depreciation	11,590	6,702
Impairment of assets		1,291
Loss (gain) on disposal of property, plant & equipment	1,957	(2,767)
Other operations Adjusted EBITDA	47,365	10,053

Attachment 2

Net Debt

Net Debt represents long-term loans, net of current portion, plus short-term loans and current portion of long-term loans less cash and cash equivalents (excluding restricted deposits). Net Debt is not a balance sheet measure under IFRS, and it should not be considered as an alternative to other measures of financial position. Evraz's calculation of Net Debt may be different from the calculation used by other companies and therefore comparability may be limited.

Net Debt has been calculated as follows:

	As of 31 December	
	2005	2004
	(thousands of U.S. dollars)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	1,514,864	788,093
Short-term loans and current portion of long-term loans	835,449	577,948
Less:		
Cash and cash equivalents	640,778	292,947
Net Debt	1,709,535	1,073,094

Evraz Group S.A.
Consolidated Income Statement
(In thousands of US$, except for per share information)

	Year ended December 31, 2005	2004
Revenue		
Sale of goods	$6,386,888	$5,794,879
Rendering of services	121,195	138,242
	6,508,083	5,933,121
Cost of revenue	(4,159,904)	(3,514,048)
Amortisation of negative goodwill	–	28,012
Gross profit	2,348,179	2,447,085
Selling and distribution costs	(181,064)	(192,535)
General and administrative expenses	(476,941)	(346,689)
Social and social infrastructure maintenance expenses	(75,615)	(47,314)
Loss on disposal of property, plant and equipment	(24,009)	(11,011)
Impairment of assets	(8,412)	(1,366)
Foreign exchange gains/(losses), net	(4,703)	1,152
Other operating income/(expenses), net	7,057	(12,739)
Profit from operations	1,584,492	1,836,583
Interest income	14,657	9,639
Interest expense	(141,884)	(105,460)
Share of profits/(losses) of joint ventures and associates	44,840	43,037
Gain/(loss) on extinguishment of debts	7,998	(140,321)
Net trading gain from a related party	–	–
Gain/(loss) on financial assets	(297)	57,189
Loss on sale of minority interest	–	(34,885)
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition	15,216	53,963
Other non-operating gains/(losses), net	(5,934)	2,432
Profit before tax	1,519,088	1,722,177
Income tax expense	(476,467)	(377,289)
Net profit	$1,042,621	$1,344,888
Attributable to:		
Equity holders of the parent entity	$ 905,162	$1,179,625
Minority interests	137,459	165,263
	$1,042,621	$1,344,888
Earnings per share:		
basic, for profit attributable to equity holders of the parent entity, US dollars	$ 8.03	$ 11.00
diluted, for profit attributable to equity holders of the parent entity, US dollars	$ 8.02	$ 11.00

Evraz Group S.A.
Consolidated Balance Sheet
(In thousands of US dollars)

	December 31,	
	2005	2004
ASSETS		
Non-current assets		
Property, plant and equipment	$2,960,190	$2,398,929
Goodwill/(negative goodwill)	84,526	(362,612)
Investments in joint ventures and associates	893,570	196,650
Restricted deposits at banks	8,071	8,570
Other non-current assets	60,805	16,357
	4,007,162	2,257,894
Current assets		
Inventories	963,851	807,819
Trade and other receivables	374,517	285,747
Prepayments	53,780	79,801
Loans receivable	465	7,959
Receivables from related parties	89,953	89,316
Taxes recoverable	477,289	397,533
Short-term investments and notes receivable	19,326	21,804
Restricted deposits at banks	23,794	12,441
Cash and cash equivalents	640,778	292,947
	2,643,753	1,995,367
Total assets	$6,650,915	$4,253,261
EQUITY AND LIABILITIES		
Equity		
Parent shareholders' equity		
Issued capital	$ 315,879	$ 42
Additional paid-in capital	546,774	319,177
Legal reserve	22,331	–
Unrealised gain on financial assets	311	–
Accumulated profits	1,737,882	1,126,070
Translation difference	71,682	163,755
	2,694,859	1,609,044
Minority interests	190,018	357,579
	2,884,877	1,966,623
Non-current liabilities		
Long-term loans	1,514,864	788,093
Liabilities under the Settlement Agreements	–	4,224
Restructured taxes payable	712	23,259
Loans payable to related parties	–	–
Deferred income tax liabilities	227,179	214,481
Finance lease liabilities	30,352	25,661
Post-employment benefits	78,540	53,381
Provisions	13,720	20,581
Other long-term liabilities	4,948	21,208
	1,870,315	1,150,888
Current liabilities		
Trade and other payables	397,667	227,935
Advances from customers	43,065	55,189
Short-term loans and current portion of long-term loans	835,449	529,951
Payables to related parties	314,779	117,806
Taxes payable	266,257	197,721
Current portion of liabilities under the Settlement Agreements	–	–
Current portion of finance lease liabilities	7,064	4,688
Current portion of other long-term liabilities	138	44

Provisions	14,869	–
Dividends payable by the parent entity to its shareholders	2,854	–
Dividends payable by the Group’s subsidiaries to minority shareholders	13,581	2,416
	1,895,723	1,135,750
Total equity and liabilities	$6,650,915	$4,253,261

Evraz Group S.A.
Consolidated Cash Flow Statement
(In thousands of US dollars)

	Year ended December 31,	
	2005	**2004**
Cash flows from operating activities		
Net profit	**$1,042,621**	**$1,344,888**
Adjustments to reconcile net profit to net cash provided by operating activities:		
Amortisation of negative goodwill *(Note 4)*	–	(28,012)
Depreciation, depletion and amortisation *(Note 5)*	242,908	196,302
Deferred income tax (benefit)/expense *(Note 6)*	2,491	(66,749)
Loss on disposal of property, plant and equipment	24,009	11,011
Impairment of assets	8,412	1,366
(Gain)/loss on extinguishment of debts *(Notes 13,,18, 23)*	(7,998)	140,321
Loss on sale of minority interest *(Note 15)*	–	34,885
Foreign exchange (gains)/losses	4,703	(1,152)
Share of (profits)/losses from associates and a joint venture	(44,840)	(43,037)
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition	(15,216)	(53,963)
Gain on financial assets *(Note 5)*	297	(57,189)
Other non-operating (gains)/losses	5,934	(2,432)
Interest income	(14,657)	(9,639)
Interest expense	141,884	105,460
Net trading gain from a related party	–	–
Bad debt expense	7,863	23,815
Share-based payments	8,033	–
	1,406,444	1,595,875
Changes in operating assets and liabilities:		
Inventories	(14,246)	(277,068)
Trade and other receivables	31,857	(223,086)
Prepayments	21,785	(29,978)
Receivables from / payables to related parties	(30,375)	(3,647)
Taxes recoverable	(101,267)	(198,075)
Other assets	(3,245)	298
Trade and other payables	128,677	(9,206)
Advances from customers	(14,541)	26,778
Taxes payable	55,044	57,441
Other liabilities	16,003	7,130
Net cash flows from operating activities	**1,496,136**	**946,462**
Cash flows from investing activities		
Issuance of loans receivable to related parties	(201,987)	(5,730)
Proceeds from repayment of loans issued to related parties	206,194	14,833
Issuance of loans receivable	(38,275)	(3,978)
Proceeds from repayment of loans receivable	45,074	4,585
Purchases of subsidiaries, net of cash acquired	(312,149)	(224,820)
Purchases of minority interests	(414,503)	(47,443)
Purchase of interest in an associate/joint venture	(400,000)	(61,800)

Restricted deposits at banks	(10,681)	5,601
Short-term deposits at banks	15,594	6,867
Purchases of property, plant and equipment	(695,358)	(533,951)
Proceeds from disposal of property, plant and equipment	7,610	3,577
Payments to acquire equity of other companies	(10,893)	(2,120)
Proceeds from sales of equity of other companies	3,842	1,608
Payments to acquire debt instruments of other companies	–	(9,629)
Proceeds from sale/redemption of debt instruments of other companies	11,690	35,698
Dividends received	29,676	–
Net cash flows used in investing activities	(1,764,166)	(816,702)
Cash flows from financing activities		
Proceeds from issuance of share capital, net of transaction costs of $22,472, $0 and $65, respectively *(Note 15)*	$399,478	$ 30,042
Contributions from Crosland Limited	131,020	–
Proceeds from issue of shares by a consolidated subsidiary to minority shareholders	–	–
Payments to entities under common control for the transfer of ownership interest in subsidiaries	(32,866)	(60,847)
Proceeds from loans provided by related parties	8,590	417,574
Repayment of loans provided by related parties, including interest	(61,746)	(646,733)
Net (repayment)/proceeds from bank overdraft credit lines, including interest	(135,632)	202,661
Proceeds from loans and promissory notes	1,304,978	2,559,675
Repayment of loans and promissory notes, including interest	(418,362)	(2,230,292)
Dividends paid by the parent entity to its shareholders	(523,765)	(55,584)
Dividends paid by the Group's subsidiaries to minority shareholders	(11,444)	–
Payments under finance leases, including interest	(12,156)	(10,459)
Proceeds from sale-leaseback	–	21,717
Payments under Settlement Agreements, including interest, and purchases of debts in subsidiaries	(8,479)	(243,470)
Payments of restructured taxes, including interest	(22,015)	(20,572)
Net cash flows from (used in) financing activities	617,601	(36,288)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,740)	3,794
Net increase in cash and cash equivalents	347,831	97,266
Cash and cash equivalents at beginning of year	292,947	195,681
Cash and cash equivalents at end of year	$640,778	$ 292,947
Supplementary cash flow information:		
Cash flows during the year:		
Interest paid	$121,801	$ 86,330
Income taxes paid	476,548	441,910