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EVRAZ ANNOUNCES FINANCIAL RESULTS FOR 2008

April 28, 2009 – Evraz Group S.A. (LSE: EVR) today announces its audited financial results for the year ended 31 December 2008.

Highlights for FY 2008:

Financials:

- Revenue advanced **58.5%** to US$20,380 million reflecting strong pricing during the first three quarters of the year, acquisitions and an improved sales mix
- Consolidated adjusted EBITDA rose **46.9%** to US$6,323 million
- Net profit attributable to equity holders of Evraz Group S.A. decreased by **11.2%** to US$1,868 million affected by significant one-off charges and write-downs totalling US$1,857 million and the challenging market environment in the fourth quarter of 2008
- Operating cash flow increased by **52.6%** to US$4,569 million, reflecting higher profit and the ongoing focus on working capital management

Steel:

- Crude steel production increased by 7.1% year-on-year to 17.7 million tonnes
- Total steel sales volumes rose 3.9% to 17.0 million tonnes

Vanadium:

- Revenues of vanadium segment increased by 106.9% to US$1,206 million
- Sales volumes of vanadium products rose 18.9% year-on-year to 26,400 tonnes in vanadium equivalent

Mining:

- Iron ore self-coverage of 93%
- Coking coal self-coverage of 89%

Corporate developments and acquisitions:

- Acquisition of Claymont Steel for US$420 million completed in January
- Acquisition of IPSCO Canada for US$2,450 million completed in June
- Acquisition of select Ukrainian assets for US$1,110 million and 4,195,150 new Evraz shares completed in September
- Successful bond placements totalling US$2.0 billion completed in April and May

Management's responses to challenging operating conditions:

The market environment deteriorated significantly in the fourth quarter of 2008. International financial turbulence led to a sharp contraction in demand across all product lines, causing significant price declines and a dramatic decrease in visibility with regard to future orders. An extensive program has been developed to mitigate these challenges, including cost reduction, operational improvements, capital preservation and an increase in liquidity.

Principal operational measures:

- Production optimisation, idling three blast furnaces, production flexibility allowing to rapidly align production to changing market environment
- Maintaining high utilisation rates in respect of our mining division with cost in this segment below market prices
- Heavy cost reduction across all segments, targeting a 40%+ decrease in labour costs and an approximate 50% decrease in services and raw material costs in 2009 compared to 2008
- Cutting CAPEX to maintenance level, suspension of all development projects: total CAPEX expected to be not more than US$500 million for 2009

Principal capital preservation initiatives:

- Prudent working capital management: working capital reduced from 16% of revenues in 2007 to 10% of revenues in 2008. Working capital reduction of more than US$700 million targeted for 2009
- US$601 million of bonds repurchased as of 31 March 2009, improving net debt by US$186 million
- Partial scrip dividend for H1 2008, no final dividend for FY2008. Company will only resume dividend payments upon completion of the deleveraging plan and market recovery

Improvement of liquidity position:

- Total debt reduced by US$1 billion during Q1 2009 to approximately US$9 billion
- Cash of US$800 million; undrawn credit lines of US$1.8 billion as of 31 March 2009
- US$650 million of short-term international bank debt rescheduled to longer term

Full year to 31 December (US$ million unless otherwise stated)	**2008**	2007	Change
Revenue	**20,380**	12,859	58.5%
Adjusted EBITDA [1]	**6,323**	4,305	46.9%
Profit from operations	**3,720**	3,468	7.3%
Net profit [2]	**1,868**	2,103	(11.2)%
Earnings per GDR [3], (US$)	**5.04**	5.87	(14.1)%

[1] *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*

Alexander Frolov, Evraz Group's CEO, commented:

"I am pleased to report that Evraz achieved a strong financial and operating performance in 2008, a year that witnessed another important step in the implementation of our corporate strategy. We grew our business by almost 60% last year, both organically and through a series of strategic international acquisitions, namely in the US, Canada and Ukraine. Organic growth benefited from a favourable pricing environment for much of the year enhanced by an improved product mix.

We further strengthened our position as the largest producer of crude steel and construction steel products in our core Russian market. Acquisitions of US and Canadian businesses served to underwrite our position as the regional leader in the plate and tubular products markets.

The exceptionally strong results achieved during the first nine months of 2008 were overshadowed by a sharp slowdown of the global economy in the fourth quarter. Our strategic disciplines of cost leadership, vertical integration, geographic diversification and product mix improvement, being very efficient in a growing market, also proved to be viable at a time of global recession.

One of Evraz's competitive strengths lies in management's ability to assess and react swiftly to market challenges. I am pleased to inform you that the initial results from the management action plan are encouraging. We were able to stabilise the situation and although some first signs of improvement are apparent there is still a long way to go and visibility of demand remains distinctly limited.

The aforementioned stabilisation has enabled management to focus on two key areas: efficiency gains through extensive cost reductions and deleveraging.

In order to improve our efficiency we need to get rid of our non-core activities and reduce our labour costs. We are focusing on the optimisation of our production capacities and the discontinuation of cost inefficient operations that lack a competitive edge on a global scale. We have set aggressive cost reduction targets, including cuts of as much as 50% in certain cost lines compared with 2008 levels. We have also decreased our capital expenditure to effective maintenance levels and planned investment in 2009 is not expected to exceed US$500 million. Our prudent management of working capital continued, as illustrated by the reduction from a 16% proportion of revenues in 2007 to 10% in 2008, despite the challenging market environment in the fourth quarter. We currently plan to reduce our working capital by US$700 million in 2009.

I am pleased that our liquidity plan has started to yield rewards. During the first quarter of 2009 we reduced our net debt by US$1 billion to approximately US$8 billion. As of 31 March 2009, we have accumulated more than US$800 million of current cash and US$1.8 billion of undrawn credit facilities. As part of the liquidity plan, and through dialogue with our debt-holders we have converted some US$650 million of short-term debt into longer-term debt during the last six months. We are pleased to see that our banking and lending relationships built up over time continue to hold us in fair standing and that the overwhelming majority of our debt-holders are professionally disposed to conduct continuous business with us.

All these factors indicate that consistent implementation of the management response plan will enable us to successfully weather the downturn and prepare to fully capitalise on a market recovery."

Outlook

Commenting on the outlook for 2009 and beyond **Mr Frolov** added:

"The industry and the wider global economy now face serious challenges and considerable uncertainty. Against this background and given the low visibility of our future revenues due to unprecedented shrinkage of demand, it would be irresponsible for me to give any firm guidance in respect of our prospective financial and operating results.

Few can doubt that 2009 is going to prove a difficult year for the global steel industry and for Evraz as one of the sector's key players. However we strongly believe that the combination of asset composition, a high degree of vertical integration and our geographic diversification, together with our experienced international management team, will ensure that we not only overcome the challenges but enter a new growth era with enhanced competitive credentials."

2008 Results Summary:

Evraz's **consolidated revenues** increased by 58.5% to US$20,380 million in 2008 compared with US$12,859 million in 2007. Steel segment sales accounted for the majority of the increase in revenues, largely due to the higher average prices of steel products and contributions from newly acquired operations in North America, South Africa and Ukraine. Evraz's sales volumes of steel products increased from 16.4 million tonnes in 2007 to 17.0 million tonnes in 2008.

The increase in steel sales volumes primarily relates to the contribution from Evraz's North American operations (+1.0 million tonnes), particularly reflecting the acquisition of Claymont Steel and IPSCO Canada, and the contribution from Dnepropetrovsky Metal Works, or DMZ, in Ukraine (+0.9 million tonnes). Approximately 0.2 million tonnes were contributed by South African operations due to full year consolidation of Highveld in 2008 compared with eight months in 2007. On the other hand, there was a 14% reduction, or approximately 1.1 million tonnes, in domestic steel sales volumes in respect of the Russian operations (excluding inter-segment sales), accompanied by a 6%, or 0.3 million tonnes, decrease in export sales volumes of the Russian operations. These decreases were caused by the general slowdown in the steel markets in the fourth quarter of 2008 and related cuts in production volumes.

Geographic breakdown of consolidated revenues

	Year ended December 31				
	2008		2007		2008 v 2007
	US$ million	**% of total**	US$ million	% of total	% change
Russia	**7,575**	**37.2%**	5,954	46.3%	27.2%
Americas	**4,538**	**22.3%**	2,138	16.6%	112.3%
Asia	**3,217**	**15.8%**	1,900	14.8%	69.3%
Europe	**2,862**	**14.0%**	1,864	14.5%	53.5%
CIS	**1,429**	**7.0%**	641	5.0%	122.9%
Africa	**720**	**3.5%**	353	2.7%	104.0%
Rest of the world	**39**	**0.2%**	9	0.1%	333.3%
Total	**20,380**	**100.0%**	12,859	100.0%	58.5%

Revenues from sales in Russia increased by 27.2% to US$7,575 million due to higher average steel prices on the local market.

In 2008, **revenues from non-Russian sales** rose by 85.4% to US$12,805 million compared with US$6,905 million in 2007 and increased as a percentage of total revenues to 62.8%, compared with 53.7% in 2007. The growth of revenues outside Russia in 2008 was driven by a strong pricing environment for much of the year and additional sales volumes from new acquisitions.

In 2008, **consolidated cost of revenues** amounted to US$13,308 million or 65.3% of consolidated revenues, compared with US$7,976 million, or 62.0% of consolidated revenues, in 2007. While the average prices of raw materials increased significantly, the growth in Evraz's own iron ore and coal production served, to a considerable extent, to shield Evraz's consolidated gross profit from the impact of such increases.

The effect of the strengthening of the average exchange rates of the Russian rouble, Czech Koruna and Euro against the US dollar contributed approximately 3%, 16% and 6% respectively, to the increase in costs of the operations at Russian subsidiaries, Evraz Vitkovice Steel and Evraz Palini e Bertoli in 2008 compared with 2007. The effect of the weakening of the average exchange rate of the South African Rand against the US dollar had a positive effect of around 19% on the costs of Highveld in 2008 vs. 2007.

Gross profit grew by 44.8% to US$7,072 million from US$4,883 million in 2007.

Selling, general and administrative (SG&A) expenses as a percentage of consolidated revenues decreased year-on-year from 9.5% to 8.9%.

Total social and social infrastructure expenses increased by 39.0% in 2008 vs. 2007. The increase is largely attributable to social and social infrastructure expenses in Russia. The new Ukrainian operations contributed 4.7% to this increase.

Impairment of assets increased by US$873 million to US$880 million for 2008, compared with US$7 million for 2007. Impairment of assets in 2008 is primarily attributable to impairment of goodwill related to the acquisition of the new operations in North America and Ukraine.

Profit from operations increased by 7.3% to US$3,720 million for 2008 compared with US$3,468 million in 2007, amounting to 18.3% and 27.0% of consolidated revenues respectively.

Consolidated adjusted EBITDA rose 46.9% to US$6,323 million in 2008 compared with US$4,305 million in 2007, with EBITDA margins of 31.0% and 33.5% respectively.

The interest income increased by 39.0% to US$57 million in 2008 from US$41 million in 2007, largely due to more efficient cash management policies. The 2008 interest expense increased by 60.1% to US$655 million from US$409 million in 2007 due to the higher debt level. In 2008, Evraz's share of profits of joint ventures and associates amounted to US$198 million compared with US$88 million in 2007 primarily due to a contribution by Evraz's investee, the Raspadskaya coal company.

Loss on financial assets and liabilities in the amount of US$129 million mainly relates to the revaluation of investments in Delong Holdings and Cape Lambert. Loss on disposal of assets held for sale amounted to US$43 million and is related to the disposal of vanadium assets by Highveld.

In 2008, **income tax expense** increased by 28.2% to US$1,213 million which corresponds to an effective tax rate of 38.6%, compared to 30.3% in 2007, due to a higher share of non-deductable expenses in 2008, in particular to impairment of goodwill related to acquisition of the new operations in North America and Ukraine.

In 2008, the Company reported consolidated **net profit attributable to equity holders of Evraz Group** of US$1,868 million vs. US$2,103 million in 2007. Our net profit line was affected by one-off charges and write-offs in the total amount of US$1,857 million. Without the effect of these charges our net profit would have grown by 72% in 2008 compared to the previous year.[2]

Explanation of One-Off Charges

By the end of 2008, Evraz's activities in most of its operating segments had been materially affected by the instability in international financial, currency and commodity markets resulting from the global financial crisis. As a result, the Group recognised in its financial statements significant extraordinary non-cash items in the total amount of US$1,857 million that negatively affected its profitability levels.

The key items were:

- Impairment loss on assets of US$880 million affected operating profit. This included impairment of goodwill in the amount of US$466 million on the Ukrainian assets, US$187 million on Claymont Steel and US$103 million on Evraz Inc. NA. It also included impairment of assets primarily caused by contemplated or planned shutdowns of some obsolete and inefficient Russian production facilities (open hearth furnaces, coke batteries) in the amount of US$123 million.
- Revaluation of inventories down to net realisable values which resulted in an additional charge of US$314 million that affected operating profit.
- Foreign exchange losses in the amount of US$471 million related to depreciation of local currencies of Evraz's Russian, European, Canadian and South African subsidiaries against the US dollar from 31 December 2007 to 31 December 2008.
- Revaluation of investments in Delong Holdings and Cape Lambert project by US$150 million in total to mark them down to current market values.

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[2] *Please refer to Attachment 2 for reconciliation of net profit to net profit without the effect of one-off charges*

- Evraz also booked a US$99 million gain on the selected bond repurchases made in the fourth quarter of 2008, which was partially offset by a US$19 million loss on the early repayment of Claymont Steel bonds at a premium.

Review of Operations

Steel Segment Results

Full year to 31 December (US$ million unless otherwise stated)	**2008**	2007	Change
Revenues*	**17,925**	11,908	50.5%
Profit from operations	**2,843**	3,036	(6.4)%
Adjusted EBITDA	**4,790**	3,578	33.9%
Adjusted EBITDA margin	**26.7%**	30.0%	

**Segmental revenues here and further include intersegment sales. Refer to Attachment 3 for intersegment eliminations*

Steel Segment Sales

	Year ended 31 December				
	2008		2007		2008 v 2007
	US$ million	**% of total**	US$ million	% of total	% change
Steel products					
Construction products [1]	**4,850**	**27.1%**	3,713	31.2%	30.6%
of which Highveld	*291*	*1.6%*	*164*	*1.4%*	*77.4%*
of which DMZ	*119*	*0.7%*	*n/a*	*n/a*	*n/a*
Flat-rolled products [3]	**3,239**	**18.1%**	1,968	16.5%	64.6%
of which Claymont	*435*	*2.4%*	*n/a*	*n/a*	*n/a*
of which Highveld	*338*	*1.9%*	*173*	*1.5%*	*95.4%*
of which IPSCO	*250*	*1.4%*	*n/a*	*n/a*	*n/a*
Railway products [2]	**2,226**	**12.4%**	1,697	14.3%	31.2%
of which DMZ	*10*	*0.1%*	*n/a*	*n/a*	*n/a*
Tubular products [4]	**1,861**	**10.4%**	703	5.9%	164.7%
of which IPSCO	*938*	*5.2%*	*n/a*	*n/a*	*n/a*
Semi-finished products [5]	**3,512**	**19.6%**	2,497	21.0%	40.6%
of which DMZ	*36*	*0.2%*	*n/a*	*n/a*	*n/a*
Other steel products [6]	**607**	**3.4%**	458	3.8%	32.5%
of which DMZ	*15*	*0.1%*	*n/a*	*n/a*	*n/a*
Other products [7]	**1,630**	**9.1%**	**872**	**7.3%**	**86.9%**
of which Ukrainian coke plants	*386*	*2.2%*	*n/a*	*n/a*	*n/a*
of which Claymont	*29*	*0.2%*	*n/a*	*n/a*	*n/a*
of which IPSCO	*63*	*0.4%*	*n/a*	*n/a*	*n/a*
Total	**17,925**	**100.0%**	**11,908**	**100.0%**	**50.5%**

[1] *Includes rebars, wire rods, wire, H-beams, channels and angles.*
[2] *Includes rail and wheels.*
[3] *Includes plates and coils.*
[4] *Includes large diameter, ERW, seamless pipes and casing.*
[5] *Includes billets, slabs, pig iron, pipe blanks and blooms.*
[6] *Includes rounds, grinding balls, mine uprights and strips.*
[7] *Includes coke and coking products, refractory products, ferroalloys and resale of coking coal.*

Steel Segment Sales Volumes*

Full year to 31 December (‘000 tonnes)	**2008**	2007	Change
Steel products			
Construction sector	**5,239**	5,191	0.9%
Railway sector	**2,438**	2,285	6.7%
Flat-rolled products	**2,651**	2,172	22.0%
Tubular products	**1,000**	544	83.8%
Semi-finished products	**5,188**	5,497	(5.6)%
Other steel products	**628**	750	(16.3)%
Total	**17,144**	16,439	4.3%

** Including intersegment sales*

Steel segment revenues increased by 50.5% to US$17,925 million in 2008 from US$11,908 million in 2007. Steel segment revenues benefited from the positive price dynamics for steel products, the acquisitions of Claymont Steel, IPSCO Canada and the Ukrainian steel and coke plants. Post-acquisition revenues of IPSCO Canada and Claymont Steel amounted to US$1,273 million (7.1% of steel segment revenues) and US$464 million (2.6% of steel segment revenues), respectively. Revenues attributable to the acquisition of new Ukrainian Assets, excluding intra-segment sales, contributed approximately US$1,045 million (5.8% of steel segment revenues) to the increase. Revenues of Highveld in 2008 amounted to US$650 million (3.6% of steel segment revenues) against US$422 million (3.5% of steel segment revenues) in 2007. Therefore, approximately US$3,007 million of the increase in steel segment revenues was due to organic growth and approximately US$3,010 million was attributable to acquisitions.

The proportion of revenues attributable to sales of construction products in total steel segment revenues decreased from 31.2% to 27.1% despite additional volumes provided by Highveld and DMZ as a result of a dramatic contraction of demand for construction products in the fourth quarter of 2008.

These factors also explain the decrease in the proportion of revenues attributable to sales of railway products despite an increase from 13.9% to 14.2% in the proportion of volumes of railway products in total steel sales.

The proportion of revenues attributable to sales of flat-rolled products increased due to additional sales volumes provided by the Group’s acquisitions in North America in 2008 and of Highveld in 2007.

The revenues from tubular product sales amounted to US$1,861 million in 2008, a 164.7% increase over 2007 as a result of increased volumes of tubular products sold by Evraz Inc. NA following the acquisition of the IPSCO Canada business.

A decline in the proportion of revenues attributable to sales of semi-finished products resulted from substantially lower sales volumes of semis sold by the Russian operations to the export markets and allocation of production capacities in favour of higher margin construction and railway products. It was partially compensated by increased proportion of export sales of semi-finished products in the fourth quarter due to a contraction in domestic demand.

The revenues attributable to other non-steel sales increased by 86.9% year-on-year resulting from sales of coke to the market from the Ukrainian coke plants, from the increased sales of coke from the Russian steel operations due to both volume and price factors and from the contributions of Claymont Steel and IPSCO Canada.

For 2008 and 2007, steel segment sales to the mining segment amounted to US$179 million and US$103 million respectively. The increase is attributable to increased sales of Russian steel operations to Russian mining operations and to sales of Ukrainian steel and coke operations to Sukha Balka.

Revenues from sales in Russia amounted to approximately 39% of steel segment revenues in 2008, compared to 47% in 2007. The decreased share of revenues from sales in Russia is primarily attributable to the acquisition by Evraz of non-Russian operations. The steel segment revenues in Russia in monetary terms increased from US$5,636 million in 2007 to US$6,946 million in 2008 mainly due to higher average prices of steel products.

Steel segment cost of revenues totalled US$12,546 million, or 70.0% of steel segment revenues in 2008 compared with US$7,856 million or 66.0% of steel segment revenues in 2007. The increase is attributable to the acquisitions in Ukraine and North America, as well as to higher average prices of raw materials, which was largely compensated by higher revenues of mining segment.

The cost of revenues, including intra-group profits, in respect of the Ukrainian assets amounted to US$1,161 million (9.3% of steel segment cost of revenues) and in respect of Claymont Steel to US$348 million (2.8% of steel segment cost of revenues). The post-acquisition cost of revenues of IPSCO Canada was US$916 million (7.3% of steel segment cost of revenues). Cost of revenues in respect of part of Highveld related to steel segment amounted to US$323 million (2.6% of steel segment cost of revenues) in 2008 compared to US$271 million (3.4% of steel segment cost of revenues) in 2007.

In 2008, **the steel segment profit from operations** decreased by 6.4% to US$2,843 million, or 15.9% of steel segment revenues, from US$3,036 million, or 25.5% of steel segment revenues in 2007. The new operations IPSCO Canada and Claymont Steel contributed US$143 million and US$66 million to the profit from operations of the steel segment in 2008. Highveld contributed US$287 million in 2008 against US$117 million in 2007. A loss of US$694 million attributable to the Ukrainian assets resulted to a large extent from impairment of goodwill initially recognised on their acquisition.

In 2008, **adjusted EBITDA in the steel segment** was US$4,790 million, or 26.7% of steel segment revenues, vs. US$3,578 million, or 30.0% in 2007.

Mining Segment Results

Full year to 31 December (US$ million unless otherwise stated)	**2008**	2007	Change
Revenues	**3,634**	1,903	91.0%
Profit from operations	**967**	444	117.8%
Adjusted EBITDA	**1,391**	654	112.7%
Adjusted EBITDA margin	**38.3%**	34.4%	

Mining Segment Sales

	Year ended 31 December				
	2008		2007		2008 v 2007
	US$ million	**% of total**	US$ million	% of total	% change
Iron ore products	**2,213**	**60.9%**	**1,433**	**75.3%**	**54.4%**
Iron ore concentrate*	625	17.2%	242	12.7%	158.7%
Sinter*	885	24.4%	665	34.9%	33.1%
Pellets*	566	15.6%	524	27.5%	8.0%
Other	137	3.8%	2	0.1%	n/a
of which Sukha Balka	*137*	*3.8%*	*2*	*0.1%*	*n/a*

Coal products	**1,251**	**34.4%**	**384**	**20.2%**	**225.8%**
Coking coal	259	7.1%	194	10.2%	33.5%
Coal concentrate	725	20.0%	159	8.4%	356.0%
Steam coal	267	7.3%	32	1.7%	n/a
Other revenues	**170**	**4.7%**	86	4.5%	97.7%
Total	**3,634**	**100.0%**	**1,903**	**100.0%**	**91.0%**

** Including resale of UGOK products in 2008*

Full year to 31 December (‘000 tonnes)	**2008**	2007	Change
Iron ore products	**21,740**	17,534	24.0%
Iron ore concentrate	6,554	3,504	87.0%
Sinter	7,860	7,825	0.4%
Pellets	5,273	6,149	(14.2)%
Other	2,053	56	n/a
Coal products	**11,703**	6,456	81.3%
Coking coal	3,117	3,592	(13.2)%
Coal concentrate	4,456	1,701	162.0%
Steam coal	4,130	1,163	255.1%

** Including intersegment sales*

Mining segment revenues rose 91.0% to US$3,634 million, compared with US$1,903 million in 2007, primarily reflecting the growth in the average prices of iron ore and coal and the acquisition of Yuzhkuzbassugol in June 2007 and Sukha Balka at the end of 2007. Sales volumes of iron ore and coal increased year-on-year by 24.0% and 81.3% respectively.

In 2008 mining segment sales to the steel segment amounted to US$2,340 million, or 64.4% of mining segment sales, vs. US$1,527 million, or 80.2% of mining segment sales in 2007.

The mining segment cost of revenues grew by 84.6% from US$1,272 million in 2007 to US$2.348 million in 2008, mainly as a consequence of the Yuzhkuzbassugol and Sukha Balka acquisitions.

The mining segment profit from operations increased by 117.8% to US$967 million, or 26.6% of mining segment revenues, in 2008. This compares with US$444 million, or 23.3% of mining segment revenues in 2007.

Adjusted EBITDA in the mining segment rose by 112.7% to US$1,391 million, or 38.3% of mining segment revenues in 2008 from US$654 million, or 34.4% of mining segment revenues in 2007. The growth was the result of higher prices and consolidation of Yuzhkuzbassugol and Sukha Balka.

Vanadium Segment Results*

Full year to 31 December (US$ million unless otherwise stated)	**2008**	2007	Change
Revenues	**1,206**	583	106.9%
Profit from operations	**170**	45	277.8%
Adjusted EBITDA	**212**	74	186.5%
Adjusted EBITDA margin	**17.6%**	12.7%	

Vanadium Segment Sales Volumes*

Full year to 31 December ('000 tonnes)	**2008**	2007	Change
Vanadium products	**26.4**	22.2	18.9%
Vanadium in slag	**10.3**	10.9	(5.5)%
Vanadium in alloys and chemicals	**16.1**	11.3	42.5%

* *Including intersegment sales*

Vanadium segment revenues increased by 106.9% to US$1,206 million in 2008, compared with US$583 million in 2007, due to additional volumes sold in Europe and South Africa following the acquisition of Highveld and Nikom as well as higher average prices for vanadium products in 2008.

The vanadium segment cost of revenues grew by 97.9% from US$466 million in 2007 to US$922 million in 2008.

The vanadium segment profit from operations amounted to US$170 million, or 14.1% of vanadium segment revenues in 2008 vs. US$45 million, or 7.7% of vanadium segment revenues, in 2007.

Adjusted EBITDA in the vanadium segment was up by 186.5% to US$212 million, or 17.6% of vanadium segment revenues, in 2008 from US$74 million, or 12.7% of vanadium segment revenues, in 2007.

Other operations segment results

Full year to 31 December (US$ million unless otherwise stated)	**2008**	2007	Change
Revenues	**1,022**	783	30.5%
Profit from operations	**83**	87	(4.6)%
Adjusted EBITDA	**134**	124	8.1%
Adjusted EBITDA margin	**13.1%**	15.8%	

Evraz's revenues from other operations including logistics, port services, power and heat generation and supporting activities reached US$1,022 million, a 30.5% increase compared with 2007's performance.

Consolidated Group Financial Position

Cash flow

Evraz demonstrated strong cash flow generation. **Cash flow from operating activities** increased by 52.6% to US$4,569 million in 2008 vs. US$2,994 million in 2007. The increase in net cash generated by operations was primarily due to increased profit and new acquisitions.

Net cash used in investing activities totalled US$3,736 million in 2008 vs. US$5,650 million in 2007.

In 2008, Evraz made **capital expenditures** of approximately US$1,103 million, including US$682 million in respect of its steel segment, US$382 million in respect of its mining segment and US$9 million in respect of its vanadium segment.

In 2008, Evraz paid approximately US$1,915 million for acquisitions of new subsidiaries (net of cash acquired) and US$120 million for purchases of minority interests.

In 2008, **net cash flows used in financing activities** amounted to US$127 million compared with US$2,112 million net cash generated from financing activities in 2007.

In 2008, Evraz paid approximately US$1,276 million in **dividends** to its shareholders.

Balance sheet

As at 31 December 2008 and 31 December 2007, **total debt** reached US$9,986 million and US$6,777 million, respectively. Cash and cash equivalents together with short-term bank deposits amounted to US$955 million and US$352 million, respectively. **Liquidity**, defined as cash and cash equivalents, amounts available under unrestricted credit facilities and short-term bank deposits with original maturity of more than three months, reached approximately US$2,634 million as of 31 December 2008 and approximately US$1,367 million as of 31 December 2007.

As of 31 December 2008, Evraz had unutilised borrowing facilities in the amount of US$1,679 million, including US$991 million of committed facilities and US$688 million of uncommitted facilities.

Net debt [3] increased to US$9,031 million as of 31 December 2008 from US$6,404 million as of 31 December, 2007.

As at 31 December 2008, **total assets** amounted to US$19,448 million, an increase of 4.4% from US$18,637 million as at 31 December, 2007.

Evraz Group S.A. shareholders' equity, including reserves and accumulated profits as at 31 December 2008, decreased by 20.5% to US$4,729 million from US$5,950 million as at 31 December 2007 due to the translation difference originating from weakening operating currencies of Evraz's subsidiaries against US dollar.

# # #

Note:

Percentage changes may not be exact due to rounding.

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[3] *Please refer to Attachment 4 for calculation of net debt*

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Attachment 1

Adjusted EBITDA

Adjusted EBITDA represents profit from operations plus depreciation, depletion and amortisation, impairment of assets and loss (gain) on disposal of property, plant and equipment. Evraz presents an Adjusted EBITDA because it considers Adjusted EBITDA to be an important supplemental measure of its operating performance and believes Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the same industry. 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. Adjusted EBITDA has limitations as an analytical tool, and potential investors should not consider it in isolation, or as a substitute for an analysis of our operating results as reported under IFRS. Some of these limitations include:

Adjusted EBITDA does not reflect the impact of financing or financing costs on Evraz's operating performance, which can be significant and could further increase if Evraz were to incur more debt.

Adjusted EBITDA does not reflect the impact of income taxes on Evraz's operating performance.

Adjusted EBITDA does not reflect the impact of depreciation and amortisation on Evraz's operating performance. The assets of Evraz's businesses which are being depreciated and/or amortised will have to be replaced in the future and such depreciation and amortisation expense may approximate the cost to replace these assets in the future. By excluding this expense from Adjusted EBITDA, Adjusted EBITDA does not reflect Evraz's future cash requirements for these replacements. Adjusted EBITDA also does not reflect the impact of a loss on disposal of property, plant and equipment.

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

	Year ended 31 December	
	2008	2007
	(US$ million)	
Consolidated Adjusted EBITDA reconciliation		
Profit from operations	3,720	3,468
Add:		
Depreciation, depletion and amortisation	1,215	749
Impairment of assets	880	7
Loss (gain) on disposal of property, plant & equipment	37	26
Foreign exchange loss (gain)	471	55
Consolidated Adjusted EBITDA	**6,323**	4,305
Steel segment Adjusted EBITDA reconciliation		
Profit from operations	2,843	3,036
Add:		
Depreciation and amortisation	773	469
Impairment of assets	821	4
Loss (gain) on disposal of property, plant & equipment	11	18
Foreign exchange loss (gain)	342	51
Steel segment Adjusted EBITDA	**4,790**	3,578
Mining segment Adjusted EBITDA reconciliation		
Profit from operations	967	444
Add:		
Depreciation, depletion and amortisation	363	205
Impairment of assets	56	2

	Year ended 31 December	
	2008	2007
	(US$ million)	
Loss (gain) on disposal of property, plant & equipment	15	8
Foreign exchange loss (gain)	(10)	(5)
Mining segment Adjusted EBITDA	**1,391**	654
Vanadium segment Adjusted EBITDA reconciliation		
Profit from operations	170	45
Add:		
Depreciation and amortisation	43	30
Impairment of assets	0	0
Loss (gain) on disposal of property, plant & equipment	0	0
Foreign exchange loss (gain)	(1)	(1)
Vanadium segment Adjusted EBITDA	**212**	74
Other operations Adjusted EBITDA reconciliation		
Profit from operations	83	87
Add:		
Depreciation	33	37
Impairment of assets	3	1
Loss (gain) on disposal of property, plant & equipment	11	2
Foreign exchange loss (gain)	4	(1)
Other operations Adjusted EBITDA	**134**	124

Attachment 2

Reconciliation of net profit to net profit without the impact of one-offs and write-offs (unaudited):

	Year ended 31 December	
	2008	2007
	(US$ million)	
Net profit*	1,868	2,103
Add:		
Impairment of assets	880	
Revaluation of inventories	314	7
Foreign exchange losses	471	55
Revaluation of investments in Delong Holdings and Cape Lambert	150	
Gain on selected bond repurchases	(99)	
Loss on early repayment of Claymont Steel bonds	19	
Other one-offs and write-offs	122	
Net profit*	**3,725**	2,165

* Attributable to equity holders of the parent entity

Attachment 3

(US$ million)	Steel production	Mining	Vanadium products	Other operations	Eliminations	Total
Revenue						
Sales to external customers	17,623	1,290	1,201	266	–	20,380
Inter-segment sales	302	2,344	5	756	(3,407)	–
Total revenue	17,925	3,634	1,206	1,022	(3,407)	20,380

Attachment 4

<u>Net Debt</u>

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 (unaudited):

	31 December 2008	31 December 2007
	(US$ million)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	6,064	4,653
Short-term loans and current portion of long-term loans	3,922	2,103
Less:		
Short-term bank deposits	(25)	(25)
Cash and cash equivalents	(930)	(327)
Net Debt	9,031	6,404

EVRAZ making the world stronger

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

	Year ended 31 December	
	2008	**2007**
Revenue		
Sale of goods	**19,990**	12,627
Rendering of services	**390**	232
	20,380	12,859
Cost of revenue	**(13,308)**	(7,976)
Gross profit	**7,072**	4,883
Selling and distribution costs	**(876)**	(538)
General and administrative expenses	**(938)**	(682)
Social and social infrastructure maintenance expenses	**(114)**	(82)
Loss on disposal of property, plant and equipment	**(37)**	(26)
Impairment of assets	**(880)**	(7)
Foreign exchange gains/(losses), net	**(471)**	(55)
Other operating income	**28**	14
Other operating expenses	**(64)**	(39)
Profit from operations	**3,720**	3,468
Interest income	**57**	41
Interest expense	**(655)**	(409)
Share of profits/(losses) of joint ventures and associates	**198**	88
Gain/(loss) on financial assets and liabilities, net	**(129)**	(71)
Gain/(loss) on disposal groups classified as held for sale	**(43)**	(6)
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition	**-**	10
Other non-operating gains/(losses), net	**(5)**	4
Profit before tax	**3,143**	3,125
Income tax expense	**(1,213)**	(946)
Net profit	**1,930**	2,179
Attributable to:		
Equity holders of the parent entity	**1,868**	2,103
Minority interests	**62**	76
	1,930	2,179
Earnings per share:		
basic, for profit attributable to equity holders of the parent entity, US dollars	**15.13**	17.62
diluted, for profit attributable to equity holders of the parent entity, US dollars	**15.07**	17.49

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

	31 December 2008	2007
ASSETS		
Non-current assets		
Property, plant and equipment	**9,012**	10,107
Intangible assets other than goodwill	**885**	806
Goodwill	**2,387**	2,145
Investments in joint ventures and associates	**551**	592
Deferred income tax assets	**44**	22
Other non-current assets	**278**	240
	13,157	13,912
Current assets		
Inventories	**2,416**	1,619
Trade and other receivables	**1,369**	1,802
Prepayments	**76**	196
Loans receivable	**108**	48
Receivables from related parties	**137**	60
Income tax receivable	**262**	86
Other taxes recoverable	**397**	351
Short-term investments	**589**	25
Cash and cash equivalents	**930**	327
	6,284	4,514
Assets of disposal groups classified as held for sale	**7**	211
	6,291	4,725
Total assets	**19,448**	18,637
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent entity		
Issued capital	**332**	320
Treasury shares	**(9)**	-
Additional paid-in capital	**1,054**	286
Revaluation surplus	**218**	211
Legal reserve	**30**	29
Accumulated profits	**4,448**	4,108
Translation difference	**(1,344)**	996
	4,729	5,950
Minority interests	**245**	406
	4,974	6,356
Non-current liabilities		
Long-term loans	**6,064**	4,653
Deferred income tax liabilities	**1,329**	1,690
Finance lease liabilities	**40**	54
Employee benefits	**292**	347
Provisions	**153**	132
Other long-term liabilities	**58**	55
	7,936	6,931
Current liabilities		
Trade and other payables	**1,479**	1,242
Advances from customers	**107**	305
Short-term loans and current portion of long-term loans	**3,922**	2,103
Payables to related parties	**322**	1,204
Income tax payable	**156**	76
Other taxes payable	**154**	209

	31 December 2008	2007
Current portion of finance lease liabilities	**15**	15
Provisions	**63**	55
Amounts payable under put options for shares of subsidiaries	**-**	6
Dividends payable by the parent entity to its shareholders	**309**	80
Dividends payable by the Group's subsidiaries to minority shareholders	**11**	16
	6,538	5,311
Liabilities directly associated with disposal groups classified as held for sale	**-**	39
	6,538	5,350
Total equity and liabilities	**19,448**	18,637

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

	Year ended 31 December	
	2008	**2007**
Cash flows from operating activities		
Net profit	**1,930**	2,179
Adjustments to reconcile net profit to net cash flows from operating activities:		
Deferred income tax (benefit)/expense	**(381)**	(87)
Depreciation, depletion and amortisation	**1,215**	749
Loss on disposal of property, plant and equipment	**37**	26
Impairment of assets	**880**	7
Foreign exchange (gains)/losses, net	**471**	55
Interest income	**(57)**	(41)
Interest expense	**655**	409
Share of (profits)/losses of associates and joint ventures, net	**(198)**	(88)
(Gain)/loss on financial assets and liabilities, net	**129**	71
Loss on disposal groups classified as held for sale	**43**	6
Excess of interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition	**-**	(10)
Other non-operating (gains)/losses, net	**5**	(4)
Bad debt expense	**59**	9
Changes in provisions, employee benefits and other long-term assets and liabilities	**25**	(8)
Share-based payments	**35**	5
Other	**12**	2
	4,860	3,280
Changes in working capital:		
Inventories	**(605)**	(111)
Trade and other receivables	**323**	(80)
Prepayments	**100**	(66)
Receivables from / payables to related parties	**165**	-
Taxes recoverable	**(355)**	37
Other assets	**(3)**	3
Trade and other payables	**238**	(9)
Advances from customers	**(203)**	4
Taxes payable	**51**	(74)
Other liabilities	**(2)**	10
Net cash flows from operating activities	**4,569**	2,994
Cash flows from investing activities		
Issuance of loans receivable to related parties	**(1)**	(31)
Proceeds from repayment of loans issued to related parties, including interest	**32**	1
Issuance of loans receivable	**(147)**	(94)
Proceeds from repayment of loans receivable, including interest	**33**	58
Purchases of subsidiaries, net of cash acquired	**(1,914)**	(4,755)
Purchases of minority interests	**(120)**	(421)
Purchase of interest in associates/joint ventures	**-**	-
Purchases of other investments	**(896)**	(2)
Sale of other investments	**99**	1

	Year ended 31 December 2008	2007
Restricted deposits at banks in respect of investing activities	**3**	(1)
Short-term deposits at banks, including interest	**29**	24
Purchases of property, plant and equipment and intangible assets	**(1,103)**	(744)
Proceeds from disposal of property, plant and equipment	**27**	34
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	**161**	223
Dividends and advances in respect of future dividends received	**70**	57
Other investing activities, net	**(8)**	-
Net cash flows used in investing activities	**(3,736)**	(5,650)
Cash flows from financing activities		
Issue of shares, net of transaction costs of $1 million and $0, respectively	**(1)**	35
Repurchase of vested share options	**(77)**	(21)
Purchase of treasury shares	**(197)**	(8)
Sale of treasury shares	**81**	2
Distribution to a shareholder	**(68)**	-
Proceeds from loans provided by related parties	**-**	3
Repayment of loans provided by related parties, including interest	**(21)**	(1)
Net proceeds/(repayment) from bank overdrafts and credit lines, including interest	**(54)**	212
Proceeds from bank loans and guaranteed notes	**5,657**	4,638
Repayment of bank loans and guaranteed notes, including interest	**(3,949)**	(1,771)
Restricted deposits at banks in respect of financing activities	**-**	9
Dividends paid by the parent entity to its shareholders	**(1,276)**	(916)
Dividends paid by the Group's subsidiaries to minority shareholders	**(81)**	(48)
Payments under finance leases, including interest	**(20)**	(22)
Payments of restructured liabilities, including interest	**(121)**	-
Net cash flows from/(used in) financing activities	**(127)**	2,112
Effect of foreign exchange rate changes on cash and cash equivalents	**(103)**	29
Net increase/(decrease) in cash and cash equivalents	**603**	(515)
Cash and cash equivalents at beginning of year	**327**	842
Cash and cash equivalents at end of year	**930**	327
Supplementary cash flow information:		
Cash flows during the year:		
Interest paid	**(565)**	(392)
Interest received	**44**	42
Income taxes paid	**(1,680)**	(1,084)