FOR IMMEDIATE RELEASE

EVRAZ ANNOUNCES PRELIMINARY UNAUDITED FINANCIAL RESULTS FOR 2011

28 March 2012 – EVRAZ plc (LSE: EVR) (together with its subsidiaries referred to as "EVRAZ" or the "Group"), today announces its preliminary unaudited financial results for the year ended 31 December 2011.

The financial information presented in this preliminary announcement has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority, International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the provisions of the Companies Act 2006. The financial information presented in this preliminary announcement is also consistent with IFRS as issued by the International Accounting Standards Board.

EVRAZ plc was incorporated on 23 September 2011 as a public company under the laws of the United Kingdom and became a new parent entity of the Group. The unaudited financial information for the year ended 31 December 2011 contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2011, which are the first statutory financial statements of EVRAZ plc to be presented since its incorporation, will be approved by the Directors, audited and delivered to the Registrar of Companies in due course.

As the Group has been formed through a reorganisation in which EVRAZ plc became a new parent entity of the Group, the consolidated financial information has been prepared as a continuation of the existing group.

2011 Highlights:

Financials:

- Consolidated revenue **US$16,400 million** (+22% vs. 2010)
- Consolidated adjusted EBITDA **US$2,898 million** (+23%)
- Net profit **US$453 million** (-4%)
- Operating cash flow **US$2,647 million** (+59%)
- Net debt **US$6,442 million** (-10% vs. 31 December 2010)
- Final dividend of **US$228 million** announced

Steel segment:

- Crude steel production 16.8 million tonnes (+3%)
- Total external steel sales volumes 15.5 million tonnes (+0%)
- Steel segment revenue US$14,717 million (+21%)

Mining segment:

- Iron ore production 21.2 million tonnes (+7%)
- Raw coking coal production 6.3 million tonnes (-16%)
- Steam coal production 3.0 million tonnes (-23%)
- Mining segment revenue US$3,784 million (+51%)

Vanadium segment:

- Primary vanadium (slag) production 20,741 tonnes (+0.4%)
- External vanadium product sales volumes 26,632 tonnes (+34%)
- Vanadium segment revenue US$665 million (+17%)

Corporate developments:

- Move to a Premium Listing on the London Stock Exchange
- Inclusion in the FTSE 100
- Appointment of Sir Michael Peat as Senior Non-Executive Independent Director
- Appointment of Alexander Izosimov as an Independent Non-Executive Director

Financial management:

- Issuance of US$850 million Eurobonds at a coupon rate of 6.75% due 2018
- Early redemption of US$622 million of 2013 Eurobonds
- Issuance of RUB20 billion (US$621 million) 5-year Rouble bonds at a coupon rate of 8.40%
- Conversion of US$650 million convertible bonds originally due in 2014 resulted in a US$553 million decrease of debt
- 5-year US$500 million credit facility signed with Gazprombank
- 5-year US$610 million revolving facility signed with a consortium of banks by North American subsidiary at record-low 1.5% to 2% over LIBOR
- Rating upgrades by Moody's, Standard & Poor's and Fitch to "Ba3", "B+" and "BB-" respectively

CAPEX:

- CAPEX in 2011 amounted to US$1,281 million compared with US$832 million in 2010
- Launch of Yerunakovskaya-VIII coking coal mine development
- Expansion of our largest iron ore mine KGOK started

Dividends:

- Under the revised dividend policy EVRAZ will target to maintain a long-term average dividend payout ratio of at least 25% of the consolidated net profit adjusted for non-recurring items, for the relevant period
- EVRAZ declares a gross final dividend of US$0.17/ordinary share of EVRAZ plc
- Ex-dividend date – 6 June 2012, record date – 8 June 2012; deadline for currency election – 11 June 2012; fixing of FX rate date – 22 June 2012; payment date – 9 July 2012.

Alexander Abramov, Chairman of the Board of EVRAZ plc, commented:

"2011 was a landmark year in the development of EVRAZ. We produced a robust operating performance in volatile markets, posted strong financial results, delivered against key management objectives, simplified the company's capital structure and moved up to trading on the Main Market of the London Stock Exchange, becoming a Premium Listed UK company and a constituent of the FTSE100 Index.

"That the group was able to deliver such a resilient performance in a year characterised by global economic uncertainty is testament to the power of our integrated business model, the sustainability of our strategy and the efforts of our management team and employees. Although the new company, EVRAZ plc, represents the same underlying assets as EVRAZ Group S.A., the listing will enable us to broaden our shareholder base, improve the liquidity of the Company's shares, and provide better access to the international capital markets. Importantly the listing also shows EVRAZ's commitment to the highest standards of governance, transparency and information disclosure.

“As a global organisation our undertaking is to make the world Stronger, Safer and Cleaner and to this end, we are increasing our emphasis on the Health, Safety and Environmental management of the Group.”

Alexander Frolov, Chief Executive of EVRAZ plc, commented:

“First of all, I’d like to emphasise that the safety of our employees remains our top priority. In 2011 we have recorded significant improvement in both lost time injury frequency rate and fatal injury frequency rate, with the former down 23% and the latter down 50% year-on-year. Our main goal now is to make these improvements sustainable.

"Our main strategic priorities in 2011 were to grow our steelmaking raw material base and to improve the performance and efficiency of our existing mining operations. During the year we launched a number of growth initiatives to improve productivity and secure our self-coverage in raw materials. We remain on track to reach our long-term objective of achieving integration levels in excess of 100% self-coverage in iron ore and coking coal supply.

"At the same time, we have focused on the need for operational excellence in our steel operations, firstly, in order to preserve our competitive advantage as one of the world's leading low cost steel producers, and secondly, to reposition the business and increase our share of higher value-added finished products. We have made considerable progress in pursuit of these goals: modernising existing facilities, investing in new projects and successfully shifting our production more toward value-added steel products.

Mining Segment

"In 2011, we focused on investments in the development of our iron ore resource base, primarily the expansion of the Kachkanar iron ore operations to ensure steady supply of iron ore to our steelmaking operations in the years to come. As a result, our KGOK plant increased production of raw iron ore from 52 to 55 million tonnes. Production of iron ore products increased as a result of continuous efforts on debottlenecking. Our mining segment sold 18% more iron ore products to our steel segment and to external customers in 2011 compared to 2010.

“One of our challenges in 2011 was to stabilise our existing coking coal mining operations and lay the foundation for a future increase in production. The performance of our coal mines has been affected in the past few years by a combination of negative factors including difficult geological conditions, mine shutdowns and temporary stoppages, divestments and the impact of more stringent health and safety requirements. As a result, the production of raw coking coal fell from 10 million tonnes in 2009 to 6.3 million tonnes in 2011.

“2011 was not an exception as we had to temporarily stop the Alardinskaya and Osinnikovskaya mines for longwall repositionings and additional implementation of safety equipment. In the fourth quarter these works were finished and all the mines became operative. In October, production was launched at the Ulyanovskaya mine. As a result, fourth quarter production was up 19% compared to the third quarter.

“To prepare for the future depletions of existing mines and increase our coking coal self-coverage we launched construction of the Yerunakovskaya 8 mine. We have also looked into possible variants of starting the development of the Mezhegey coal deposit, even with limited mining volumes, as early as 2013.

“With implementation of all the plans we expect the production volumes of coking coal in 2012 to increase over the 2011 level, bringing our coking coal self-coverage to over 100% by the end of 2013, which will help improve profitability of our business.

Steel Segment

"Buoyed by strong contributions from our core markets of Russia and North America, our steelmaking business made progress in 2011. With all our major facilities operating at full capacity, production volumes of crude steel rose 3% year on year to 16.8 million tonnes.

“Within the product mix, we saw a further shift away from semi-finished products towards higher margin, value-added finished products. As a consequence, the share of finished products as a proportion of total output increased to 77% from 75% in 2010, a record contribution in our corporate history.

“A special emphasis of 2011 was on cost reduction and improving product quality. We invested in the development of pulverised coal injection technology (PCI) at all our Russian blast furnaces, designed to significantly reduce consumption of coking coal and natural gas in blast furnace production.

“The modernisation of the Russian rail mills, when completed by the end of 2012, will allow us to supply better quality rails to satisfy the immediate demand of our major customer in Russia, Russian Railways. The next stage will be production of 100-metre heat-treated rails for high-speed railroads in line with the Russian long-term state programme to develop rail transportation in the country. We have also modernised the wheel production significantly improving the quality of railway wheels made at our plant in Nizhny Tagil, supplied also to Russian Railways and commercial customers in Russia and other CIS countries.

Operational Improvements

"In order to preserve our competitive advantage and compete effectively in the global market, we need to create more value for our customers and to do so more efficiently by using fewer resources, which is why we have introduced the EVRAZ Business System into the organisation. We are applying Lean business principles across our business to create a culture of continuous improvement. Lean is a management philosophy which defines the way we work, and our goal is not just to identify cost reductions, but to change the way our entire organisation thinks and acts.

“In 2011, we streamlined further our business by moving into our new headquarters in Moscow, relocated our North American centre of operations, and commenced the consolidation of our European assets into a single unit. We also merged our two major integrated steel plants, NKMK, the leading rail producer in Russia, and ZSMK, Siberia’s largest steel mill, into a new unified business, United ZSMK, creating one of the largest steel plants in Russia.

Positioned for Growth

"We are committed to enhancing our mining asset base, modernising our steel making facilities and improving product quality in order to maintain and strengthen our competitive position in our key markets. To achieve these goals, we invested US$1.28 billion in a number of projects in 2011. Some of them will come on-stream by the end of 2012, starting with the increased production of our iron ore mine at Kachkanar, followed in 2013 by (1) an additional 2 million tonnes of raw coking coal per year to be mined at the Yerunakovskaya 8 mine and (2) the start of mining at the Mezhegey coking coal deposit, with an estimated 700 million tonnes of reserves and resources. The development of new deposits will help to underpin our goal of reaching integration levels in excess of 100% self-coverage in iron ore and coking coal.

“By the end of 2012, we will start using pulverised coal injection technology (PCI) at all our Russian steelmaking facilities, which will reduce coking coal consumption by 20% and eliminate the need for natural gas in blast furnace production, thus lowering our steelmaking costs.

"We are continuing to modernise and expand existing steel making and rolling facilities, commission new steel mills and invest in new production technology. The reconstruction of our Russian rail mills at United ZSMK and NTMK should be completed in 2012, enabling EVRAZ to increase its manufacturing capacity for high-speed rails and improve the quality of the products.

“In 2013 we expect two new rolling mills, in the south of Russia and in Kazakhstan, to start producing rebars and small sections from internally supplied billets. This will allow us to further increase the proportion of higher value-added products and improve the profitability of our steel operations."

Giacomo Baizini, EVRAZ plc Chief Financial Officer, commented:

“Our financial performance was strong with revenues growing by 22% to US$16.4 billion, driven primarily by price increases. Stronger revenues and a higher proportion of value-added products within the revenue mix had a positive impact on adjusted EBITDA, which increased 23% year on year to US$2.9 billion. Whilst the Steel division was the major contributor to revenue growth, our mining operations were responsible for more than half the Group’s adjusted EBITDA, reinforcing the value of a strong raw materials asset base.

“Notwithstanding our growth in EBITDA, our net profit contracted by 3% in 2011 as it was negatively affected by a number of one-off items. In H1 it was negatively impacted by US$161 million relating to the incentivised conversion of our 2014 convertible bonds. In H2 we incurred US$19 million of expenses for the move to the Premium Listing on the London Stock Exchange. Without these items our 2011 net profit would have been US$633 million.

“Our H1 2011 profit was also affected by US$71 million of charges on the early repurchase of our 2013 Eurobonds, and H2 2011 profit was also negatively affected by an increased mining depletion charge of US$182 million. This was due to the growth in per tonne depletion rates caused by estimation of relatively higher per tonne future capital expenditures required to develop proved and probable reserves that were added by the Group as a result of independent JORC valuation of the Group’s iron ore and coal reserves and resources in the middle of the year.

“The business delivered strong cash performance, generating operating cashflow of US$2.6 billion, which supported capital expenditure of US$1.28 billion. The Group produced free cashflow of US$641 million (vs. US$282 million in 2010). The strong cash generation and the incentivised conversion of the 2014 convertible bonds resulted in a reduction of net debt during the year of US$742 million to US$6.4 billion at 31 December 2011.

“Refinancing of short-term debt using debt instruments with longer-term maturities remains our financial management strategy. In April 2011 we repurchased US$622 million of the 2013 Eurobonds and issued a new US$850 million 7-year Eurobond at an interest rate of 6.75%. We also continued to take advantage of the Rouble bond market with a further RUB 20 billion issue, which was then swapped into US dollars at very attractive rates. We signed a 5-year US$500 million credit line with Gazprombank in October 2011 and a 5-year revolving credit facility in North America at a record-low interest rate.

“We also converted US$650 million convertible bonds originally due in 2014 thereby reducing our debt level by US$553 million. Our short-term debt has decreased by 15% and now stands at US$626 million – less than 10% of our total debt. Leverage was 2.2x net debt to LTM Adjusted EBITDA and we have no material maturities until 2013.

“Our improved financial position was reflected in credit rating upgrades by Moody’s, Standard & Poor’s and Fitch Ratings.

“On the back of such results we are today announcing a final dividend for 2011 of US$228 million or US$0.17 per share. Including the interim ordinary dividend of US$89 million paid in October, this gives a total ordinary dividend for 2011 of US$317 million, or 50% of net profit adjusted for non-recurring items of US$633 million, (where non-recurring items are US$161 million of incentivised conversion premium and US$19 million of expenses related to the Premium Listing on the London Stock Exchange).This is in-line with the Company’s stated policy of targeting a long-term average dividend payout ratio of at least 25% of adjusted net profit”.

Outlook

Commenting on the outlook for 2012 and beyond **Mr. Frolov** said:

“The long-term prospects for global infrastructure, a sector where EVRAZ has established a strong reputation and footprint, remain attractive. As a low cost, vertically integrated global steel manufacturer, EVRAZ is well placed to benefit from the increased emphasis on infrastructure development globally.

“In the near-term, the outlook for the global steel industry is likely to continue to be challenging in 2012. Our current expectation is for a modest overall rise in steel consumption, driven by demand from the emerging markets. The wider global economy and, in turn, the steel industry, continues to face challenges and will likely remain volatile.

“However, we have substantial experience of managing the business in an extremely challenging environment in late 2008-2009 and enter this period of uncertainty with confidence. Inventories at traders and at our mills and ports are very low and we do not ship without a pre-payment, which minimises our credit risk.

“We continue to run our steelmaking capacities at full utilisation and expect the situation to remain the same in the foreseeable future. This is expected to result in a slight increase in volumes of finished steel products in 2012 compared to 2011 due to the completion of certain maintenance and modernisation projects.

"In Russia steel prices have remained broadly flat in Q1 2012 on Q4 2011, and our cost base is increasing due to the ongoing strengthening of the Rouble. Prices of steel products have remained broadly flat since the beginning of 2012. Russian Railroads remains a very strong customer and we expect it to maintain purchase volumes over the next several years. In addition, we expect to improve our product mix and generate additional revenue through our rail mill and wheel shop modernisation.

“Demand for our products in North America remains strong and the relative performance of this region so far in 2012 is higher than in 2011.

“CAPEX for FY2012 is expected to remain at the level of 2011 but we continuously assess the market environment and have flexibility in our CAPEX plans.

“We strongly believe that the quality of EVRAZ Group’s asset base, the competitive advantages derived from vertical integration, its low cost position, geographic breadth and highly experienced management team leave the Company well positioned to continue to implement its growth strategy and deliver value for shareholders.”

Mr. Baizini added:

“Given the challenging outlook for the industry, we continue carefully to monitor and proactively address any potential issues of future compliance with the covenants associated with the Company's financial indebtedness. Furthermore, EVRAZ continues to have substantial financial headroom, having in excess of US$800 million of cash on our balance sheet at the end of 2011 as well as significant liquidity available in committed and uncommitted credit lines to support our operations and investment plans.”

Full year to 31 December (US$ million)	**2011**	2010 [1]	Change
Revenue	**16,400**	13,394	22.4%
Adjusted EBITDA [2]	**2,898**	2,350	23.3%
Profit from operations	**1,860**	1,330	39.8%
Net profit	**453**	470	(3.6)%
Earnings per share, (US$)	**0.36**	0.39	(7.7)%

1 The amounts shown here and in similar tables throughout the press release do not correspond to the 2010 financial statements and reflect adjustments made in connection with the completion of initial accounting
2 Refer to Appendix 1 for reconciliation to profit from operations

2011 Results Summary:

EVRAZ's consolidated revenues for the year ended 31 December 2011 increased by 22.4% to US$16,400 million compared with US$13,394 million in 2010. Increases in both prices and volumes contributed to this revenue growth. Price increases accounted for US$2,774 million, or approximately 92% of the revenue growth, while volume increases accounted for US$232 million, or approximately 8% of the revenue growth.

The price effect was partially attributable to the change in shipment terms by EVRAZ's Russian mills to domestic customers (except for sales of rails to Russian Railways) from ExWorks to CPT (Carriage paid to) Incoterms from April 2011. Transportation included in 2011 revenues for CPT shipments in Russia amounted for approximately US$248 million.

The steel segment accounted for the majority of the increase in revenue due to higher average prices of steel products. EVRAZ's sales volumes of steel products to external customers remain at the same level as in 2010.

While total steel sales volumes did not change in 2011 compared to 2010, there were some changes between the markets. Sales volumes in the Russian and Ukrainian markets increased by 1.2 million tonnes and 0.1 million tonnes respectively compared to 2010. This increase was fully offset by a decrease in export sales volumes from EVRAZ's Russian and Ukrainian operations, which reflects EVRAZ's strategy to direct sales away from export markets where prices for its steel products were generally lower in 2011, to domestic CIS markets, where prices for steel products were higher. Sales volumes of EVRAZ's European operations increased by 0.1 million tonnes, while volumes of North American operations increased by 0.1 million tonnes. Steel sales volumes of EVRAZ's South African operations remained flat in 2011.

Geographic breakdown of consolidated revenues

	Year ended 31 December				
	2011		2010		2011 v 2010
	US$ million	**% of total**	US$ million	% of total	% change
Russia	**6,632**	**40.4%**	4,692	35.0%	41.3%
Americas	**3,741**	**22.8%**	3,162	23.6%	18.3%
Asia	**2,350**	**14.3%**	2,671	20.0%	(12.0)%
Europe	**1,941**	**12.0%**	1,422	10.6%	36.4%
CIS	**1,187**	**7.2%**	960	7.2%	23.6%
Africa	**544**	**3.3%**	485	3.6%	12.2%
Rest of the world	**5**	**0.0%**	2	0.0%	150.0%
Total	**16,400**	**100.0%**	13,394	100.0%	22.4%

Revenues from sales in Russia increased both in absolute terms and as a proportion of total revenues from 35.0% to 40.4%, driven by improving demand for construction products in the Russian market supported by additional sales through sales branches of EVRAZ Metall Inprom.

In 2011, revenues from non-Russian sales rose by 12.3% to US$9,768 million compared with US$8,702 million in 2010 but decreased as a percentage of total revenues to 59.6%, compared with 65.0% in 2010.

In 2011, the consolidated cost of revenues amounted to 76.1% of consolidated revenues, or US$12,473 million compared with 77.0% of consolidated revenues, or US$10,319 million, in 2010.

Gross profit rose by 27.7% from US$3,075 million in 2010 to US$3,927 million in 2011. This increase in gross profit margin primarily resulted from an increase in steel and mining product prices.

Selling, general and administrative (SG&A) expenses as a percentage of consolidated revenues increased year-on-year from 11.5% to 12.7%.

Total loss on the disposal of property, plant and equipment in 2011 amounted to US$50 million compared with US$52 million in 2010.

Total impairment of assets amounted to US$104 million in 2011 as compared to US$147 million in 2010. Impairment in 2010 was partly attributable to impairment of goodwill in the amount of US$16 million related to Stratcor. EVRAZ recognized impairment of assets, other than goodwill, in the amounts of US$104 million and US$131 million in 2011 and 2010 respectively, including impairment of certain items of property, plant and equipment and intangible assets.

The total foreign exchange gain amounted to US$269 million in 2011 compared to US$104 million in 2010. The foreign exchange gain in 2011 primarily related to gains in respect of intercompany loans issued by Russian subsidiaries to Mastercroft Finance Ltd (a Cyprus based subsidiary) in Roubles (gains recognised in Mastercroft Finance Ltd) and intercompany loans issued by Russian subsidiaries in US dollars (gains recognised in Russian subsidiaries) due to the depreciation of the Rouble against the US dollar between 31 December 2010 and 31 December 2011.

Profit from operations improved from US$1,330 million, or 9.9% of consolidated revenues, in 2010, to US$1,860 million, or 11.3% of consolidated revenues, in 2011.

Consolidated adjusted EBITDA increased by 23.3% to US$2,898 million in 2011 compared to US$2,350 million in 2010, with adjusted EBITDA margin of 17.6% and 17.5% respectively.

Interest expense decreased 2.7% to US$708 million in 2011 compared with US$728 million in 2010 due to reduction in total debt.

In 2011, income tax expense amounted to US$420 million compared to US$163 million in 2010. EVRAZ's effective tax rate, defined as income tax expense (benefit) as a percentage of profit (loss) before tax, increased from 25.8% in 2010 to 48.1% in 2011. The lower effective rate in 2010 is explained by a US$142 million benefit arising from a new tax code in Ukraine.

The net profit attributable to equity holders of EVRAZ plc in 2011 was US$461 million compared with US$486 million in 2010.

Review of Operations

Steel Segment Results

Full year to 31 December (US$ million)	**2011**	2010	Change
Revenues*	**14,717**	12,123	21.4%
Profit from operations	**580**	878	(33.9)%
Adjusted EBITDA	**1,262**	1,485	(15.0)%
Adjusted EBITDA margin	**8.6%**	12.2%	(3.6)%

**Segment revenues include intersegment sales*

Steel Segment Sales*

	Year ended 31 December				
	2011		2010		2011 v 2010
	US$ million	**% of total**	US$ million	% of total	% change
Steel products					
Construction products [1]	**4,430**	**30.1%**	3,337	27.5%	32.8%
Railway products [2]	**1,969**	**13.4%**	1,472	12.1%	33.8%
Flat-rolled products [3]	**2,763**	**18.8%**	2,007	16.6%	37.7%
Tubular products [4]	**1,322**	**9.0%**	1,309	10.8%	1.0%
Semi-finished products [5]	**2,235**	**15.2%**	2,340	19.3%	(4.5)%
Other steel products [6]	**592**	**4.0%**	411	3.4%	44.0%
Other products [7]	**1,406**	**9.5%**	1,247	10.3%	12.8%
Total	**14,717**	**100.0%**	12,123	100.0%	21.4%

[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 Products Sales Volumes*

Full year to 31 December ('000 tonnes)	**2011**	2010	Change
Steel products			
Construction products	**5,515**	**5,090**	8.3%
Railway products	**2,098**	**1,913**	9.7%
Flat-rolled products	**2,872**	**2,573**	11.6%
Tubular products	**912**	**924**	(1.3)%
Semi-finished products	**3,479**	**4,481**	(22.4)%
Other steel products	**674**	**584**	15.5%
Total	**15,550**	**15,565**	(0.1)%

** Including intersegment sales*

Steel segment revenues increased by 21.4% to US$14,717 million in 2011 compared with US$12,123 million in 2010, a reflection of increasing prices for steel products, as described above.

The proportion of revenues attributable to sales of construction products increased as a result of higher sales volumes and prices of construction products in Russia.

The proportion of revenues attributable to sales of railway products increased in 2011 compared with 2010 due to growth in sales volumes. In 2010, EVRAZ signed an agreement with Russian Railways that linked the prices for EVRAZ's rails supplied to Russian Railways to the market prices of scrap metal. This agreement had the effect of protecting EVRAZ's margin.

The proportion of revenues attributable to sales of flat-rolled products (primarily plates) increased in response to sales volumes growth across EVRAZ's Russian, North American and European operations.

The proportion of revenues attributable to sales of tubular products decreased due to relative stability of prices and volumes of tubular products compared with the growing revenues of other product groups.

The proportion of revenues attributable to sales of semi-finished products decreased largely due to lower sales volumes of semi-finished products sold by the Russian and Ukrainian operations to export markets.

Revenues from sales in Russia amounted to approximately 41.7% of steel segment revenues in 2011, compared with 35.3% in 2010. The increased share of revenues from sales in Russia resulted from the reallocation of steel volumes from Asian export markets to the Russian market.

Steel segment cost of revenues increased to 83.8% of steel segment revenues in 2011, or US$12,380 million, compared with 82.3% of steel segment revenues, or US$9,983 million, in 2010. The increase in cost of revenues in monetary terms is attributable to a rise of 33.5% in raw material costs due to growth in the prices of all key raw materials (particularly coking coal and iron ore) and appreciation of Russian Rouble and other Group's reporting currencies against the US dollar; increased energy costs (+24.5%) due to higher energy prices and the currencies appreciation against the US dollar; and enhanced staff costs (+23.6%). Costs of semi-finished products increased by 20.2% mainly due to increased slab usage volumes in EVRAZ North America, and higher average cost of slabs.

In 2011, the steel segment recorded an operating profit of US$580 million (3.9% of steel segment revenues), compared with US$878 million (7.2% of steel segment revenues) in 2010.

Mining Segment Results

Full year to 31 December (US$ million)	**2011**	2010	Change
Revenues	**3,784**	2,507	50.9%
Profit/(loss) from operations	**1,150**	613	87.6%
Adjusted EBITDA	**1,628**	935	74.1%
Adjusted EBITDA margin	**43.0%**	37.3%	5.7%

Mining Segment Sales*

	Year ended 31 December				
	2011		2010		2011 v 2010
	US$ million	**% of total**	US$ million	% of total	% change
Iron ore products	**2,438**	**64.4%**	**1,526**	**60.9%**	**59.8%**
Iron ore concentrate	723	19.1%	516	20.6%	40.1%
Sinter	576	15.2%	369	14.7%	56.1%
Pellets	853	22.5%	521	20.8%	63.7%
Other	286	7.6%	120	4.8%	138.3%
Coal products	**1,247**	**33.0%**	**901**	**35.9%**	**38.4%**
Raw coking coal	157	4.1%	161	6.4%	(2.5)%
Coking coal concentrate	862	22.8%	501	20.0%	72.1%
Raw steam coal	52	1.4%	108	4.3%	(51.9)%
Steam coal concentrate	176	4.7%	131	5.2%	34.4%
Other revenues	**99**	**2.6%**	**80**	**3.2%**	**23.8%**
Total	**3,784**	**100.0%**	**2,507**	**100.0%**	**50.9%**

Full year to 31 December ('000 tonnes)	**2011**	2010	Change
Iron ore products	**19,951**	16,936	17.8%
Iron ore concentrate	6,434	5,825	10.5%
Sinter	4,423	3,969	11.4%
Pellets	6,064	5,451	11.2%
Other	3,030	1,691	79.2%
Coal products	**8,595**	9,456	(9.1)%
Raw coking coal	1,595	2,444	(34.7)%
Coking coal concentrate	4,150	3,568	16.3%
Raw steam coal	1,437	2,247	(36.0)%
Steam coal concentrate	1,413	1,197	18.0%

** Including intersegment sales*

Mining segment revenues rose 50.9% to US$3,784 million in 2011, compared with US$2,507 million in 2010, primarily reflecting higher prices of iron ore and coking coal products in 2011.

Total sales volumes of EVRAZ's mining segment in 2011 as compared to 2010 increased by 17.8% in respect of iron ore products and decreased by 9.1% in respect of coal products. The decrease in total sales volumes of coking coal products in 2011 was caused by lower production volumes of raw coking coal following temporary stoppages of some mines in 2011 for additional implementation of safety equipment and procedures Sales volumes of steam coal decreased by 17.2% due to lower volumes of raw steam coal mined as some steam coal facilities were not operating in 2011. In monetary terms, a higher proportion of raw coal processed by EVRAZ's mining segment into coal concentrate, sold at higher prices, offset the impact of decreased mined raw coal volumes.

In 2011, mining segment sales to the steel segment amounted to US$2,706 million, or 71.5% of mining segment sales, compared with US$1,747 million, or 69.7% of mining segment sales, in 2010.

In H1 2011, EVRAZ's iron ore requirements were self-covered by approximately 99% and in H2 2011 by approximately 106% compared with 90% in H1 2010 and 102% in H2 2010. Self-coverage in coking coal (including 40% share of Raspadskaya production) was 88% in H1 2011 and 71% in H2 2011 compared to 90% and 80% respectively in 2010. Excluding the Raspadskaya share self-coverage was 62% in 1H 2011 and 49% in H2 2011.

Approximately 40% of the mining segment's external sales in 2011 were to customers in Russia compared with 48% in 2010. The decrease in the share of third party sales outside Russia is largely attributable to higher sales volumes of iron ore in the CIS and European markets.

Mining segment cost of revenues decreased to 62.4% of mining segment revenues, or US$2,363 million, in 2011 from 62.6% of mining segment revenues, or US$1,569 million, in 2010. The increase in monetary terms was primarily attributable to the growth in raw materials costs (+114.7%) which resulted from higher prices and volumes of external coking coal purchased by the mining segment for processing (due to decrease in the Yuzhkuzbassugol's mining volumes) and increased prices of purchased iron ore; higher depreciation and depletion costs (+92.5%) as a result of an increased mining depletion charge of US$180 million in 2011, fixed assets additions and appreciation of the Russian Rouble against the US dollar.

Vanadium Segment Results

Full year to 31 December (US$ million)	**2011**	2010	Change
Revenues	**665**	566	17.5%
Loss from operations	**(13)**	(10)	
Adjusted EBITDA	**22**	53	(58.5)%
Adjusted EBITDA margin	**3.3%**	9.4%	(6.1)%

Vanadium Segment Sales*

	Year ended 31 December				
	2011		2010		2011 v 2010
	US$ million	**% of total**	US$ million	% of total	% change
Vanadium in slag	76	11.4%	39	6.9%	94.9%
Vanadium in alloys and chemicals	579	87.1%	516	91.2%	12.2%
Other revenues	10	1.5%	11	1.9%	(9.1)%
Total	**665**	**100.0%**	**566**	**100.0%**	**17.5%**

Full year to 31 December ('000 tonnes of pure Vanadium)	**2011**	2010	Change
Vanadium products	**27.4**	20.6	33.0%
Vanadium in slag	**6.7**	3.1	116.1%
Vanadium in alloys and chemicals	**20.7**	17.5	18.3%

** Including intersegment sales*

Vanadium segment revenues increased by 17.5% to US$665 million in 2011, compared with US$566 million in 2010, reflecting significantly higher sales volumes of vanadium products despite lower prices. Sales volumes of the vanadium segment increased from 20.6 thousand tonnes of pure vanadium in 2010 to 27.4 thousand tonnes of pure vanadium in 2010.

Vanadium segment cost of revenues increased to 91.7% of vanadium segment revenues, or US$610 million, in 2011 from 88.5% of vanadium segment revenues, or US$501 million, in 2010. The increase in monetary terms was primarily attributable to higher sales volumes.

Other operations segment results

Full year to 31 December (US$ million)	**2011**	2010	Change
Revenues	**966**	823	17.4%
Profit from operations	**162**	77	110.4%
Adjusted EBITDA	**197**	144	36.8%
Adjusted EBITDA margin	**20.4%**	17.5%	2.9%

EVRAZ's other operations include logistics, port services, power and heat generation and supporting activities.

Consolidated Group Financial Position

Cash flow

Cash flow from operating activities increased from US$1,662 million in 2010 to US$2,647 million in 2011. Cash provided by operating activities before working capital adjustments increased from US$2,030 million in 2010 to US$2,528 million in 2011.

Net cash used in investing activities totalled US$1,188 million in 2011 compared with US$744 million in 2010. Substantially, all the cash used in investing activities related to own capital expenditures.

In 2011, EVRAZ's capital expenditure totalled US$1,281 million, including US$678 million in respect of the steel segment and US$452 million in respect of the mining segment. EVRAZ's capital expenditure plans are subject to change depending, among other things, on the development of market conditions and the cost and availability of funds. EVRAZ's 2012 budget anticipates total capital expenditure for 2012 to be in line with 2011.

Net cash used in financing activities amounted to US$1,282 million in 2011 compared to US$899 million in 2010 reflecting a reduction in debt and interest paid.

Statement of financial position

As of 31 December 2011 total debt decreased to US$7,206 million compared to US$7,811 million as of 31 December 2010. Cash and cash equivalents together with short-term bank deposits amounted to US$803 million, against US$684 million as of 31 December 2010. Liquidity, defined as cash and cash equivalents, amounts available under credit facilities and short-term bank deposits with original maturity of more than three months, totalled approximately US$2,125 million as of 31 December 2011 compared with approximately US$1,694 million as of 31 December 2010. *(Please refer to Appendix 2 for calculation of liquidity)*

As of 31 December 2011, EVRAZ had unutilised borrowing facilities of US$1,322 million, including US$560 million of committed facilities and US$762 million of uncommitted facilities. Committed facilities consisted of credit facilities available for Russian and North American operations in the amounts of US$261 million and US$299 million respectively. Uncommitted facilities consisted of revolving credit lines of US$522 million with international banks for export trade financing at East Metals and credit facilities available for South African, European, North American and Russian operations in the amounts of US$49 million, US$136 million, US$15 million and US$40 million respectively.

EVRAZ's current ratio, defined as current assets divided by current liabilities, slightly decreased from 1.77 as of 31 December 2010 to 1.76 as of 31 December 2011.

Net debt amounted to US$6,442 million as of 31 December 2011 compared with US$7,184 million as of 31 December 2010. *(Please refer to Appendix 3 for calculation of net debt)*

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Appendix 1

Adjusted EBITDA

Adjusted EBITDA represents profit from operations plus depreciation, depletion and amortisation, impairment of assets, loss (gain) on disposal of property, plant and equipment, and foreign exchange loss (gain). 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. Adjusted EBITDA, due to the exclusion of this expense, 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 profit (loss) from operations to adjusted EBITDA is as follows:

	Year ended 31 December	
	2011	2010
	(US$ million)	
Consolidated Adjusted EBITDA reconciliation		
Profit from operations	1,860	1,330
Add:		
Depreciation, depletion and amortisation	1,153	925
Impairment of assets	104	147
Loss on disposal of property, plant & equipment	50	52
Foreign exchange gain	(269)	(104)
Consolidated Adjusted EBITDA	**2,898**	**2,350**
Steel segment Adjusted EBITDA reconciliation		
Profit from operations	580	878
Add:		
Depreciation and amortisation	546	558
Impairment of assets	78	81
Loss on disposal of property, plant & equipment	29	33
Foreign exchange loss/(gain)	29	(65)
Steel segment Adjusted EBITDA	**1,262**	**1,485**
Mining segment Adjusted EBITDA reconciliation		
(Loss)/profit from operations	1,150	613
Add:		
Depreciation, depletion and amortisation	530	282
Impairment of assets	31	20
Loss on disposal of property, plant & equipment	20	18
Foreign exchange loss/(gain)	(103)	2
Mining segment Adjusted EBITDA	**1,628**	**935**
Vanadium segment Adjusted EBITDA reconciliation		
Loss from operations	(13)	(10)
Add:		
Depreciation and amortisation	34	47
Impairment of assets	0	16
Foreign exchange loss	1	0
Vanadium segment Adjusted EBITDA	**22**	**53**
Other operations Adjusted EBITDA reconciliation		
Profit from operations	162	77
Add:		
Depreciation and amortisation	40	37
Impairment of assets	(5)	30
Loss on disposal of property, plant & equipment	1	1
Foreign exchange gain	(1)	(1)
Other operations Adjusted EBITDA	**197**	**144**
Unallocated Adjusted EBITDA reconciliation		
Profit from operations	(51)	(118)
Add:		
Depreciation and amortisation	3	1
Foreign exchange gain	(195)	(40)
Unallocated Adjusted EBITDA	**(243)**	**157**
Intersegment eliminations		
Profit from operations	32	(110)
Eliminations Adjusted EBITDA	**32**	**(110)**

Appendix 2

<u>Liquidity</u>

Liquidity is not a measure under IFRS and it should not be considered as an alternative to other measures of financial position. EVRAZ's calculation of Liquidity may be different from the calculation used by other companies and therefore comparability may be limited.

	31 December 2011	31 December 2010
	(US$ million)	
Liquidity Calculation		
Cash and cash equivalents	801	683
Amounts available under credit facilities	1,322	1,010
Short-term bank deposits	2	1
Total estimated liquidity	2,125	1,694

Appendix 3

<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, plus finance lease liablilities, including current portion of finance lease liabilities, less cash and cash equivalents (excluding restricted deposits). Net Debt is not a 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:

	31 December 2011	31 December 2010
	(US$ million)	
Net Debt Calculation		
Add:		
Long-term loans, net of current portion	6,593	7,097
Short-term loans and current portion of long-term loans	613	714
Finance lease liabilities, including current portion		
Less:	39	57
Short-term bank deposits	(2)	(1)
Cash and cash equivalents	(801)	(683)
Net Debt	**6,442**	**7,184**