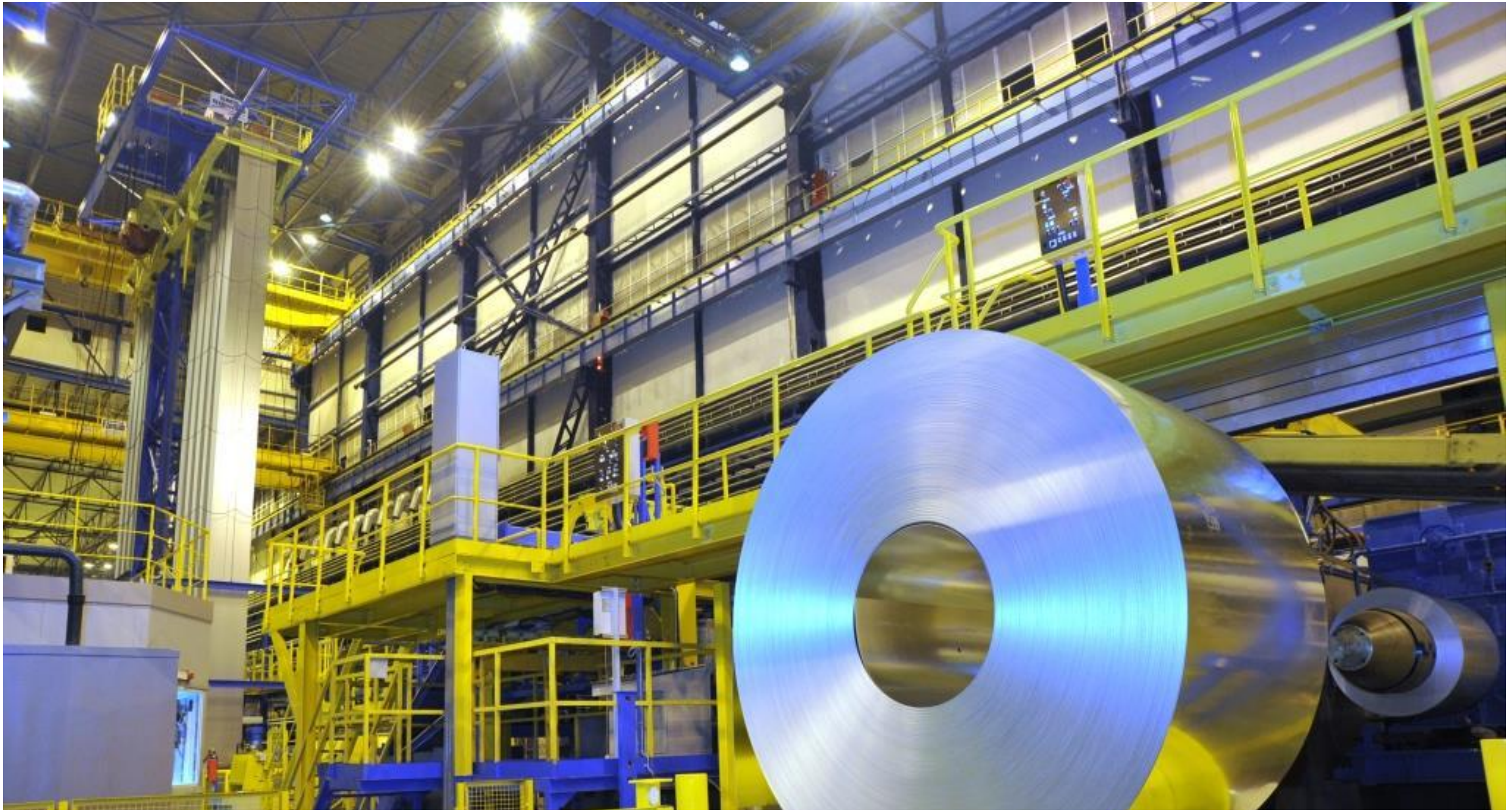

Severstal
Achieve more together

Q4 and FY 2013 Financial Results Presentation

27 February 2014

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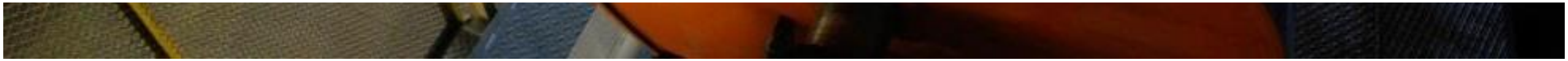


Severstal

Q4 and FY 2013 Results Overview

Summary

Q4 and FY 2013 Highlights

- A resilient FY13 performance against the market backdrop. A slight y/y decrease in EBITDA* offset by a higher EBITDA margin to 15.5%. The second half of 2013 showed a much stronger performance h/h, driven by focus on costs and operational efficiencies
- Q4 was the fourth consecutive quarter of earnings improvement, boosted by EBITDA surge at Severstal International and increase at Severstal Resources. Group EBITDA margin reached 18.1%, the strongest level since Q4 2011
- FY13 revenue decreased 5.6% y/y to $13,312m (FY12: $14,104m) as a result of weaker selling prices across the Group's product mix, although Severstal International was resilient with flat revenue. Q4 revenue up 6.0% q/q to $3,384m due to higher revenues across divisions
- FY13 EBITDA down 4.4% y/y to $2,063m (FY12: $2,158m): a relatively resilient performance supported by the boost in Severstal International earnings and higher EBITDA at Severstal Russian Steel. Q4 EBITDA improved 12.5% q/q to a solid $611m (Q3 2013: $543m) as a result of better earnings of Severstal Resources and Severstal International
- FY13 net profit** of $83m (FY12: $762m), mainly negatively impacted by FX losses of $350m and the total amount of asset impairment of $356m. Q4 net loss of $74m (Q3 2013: net profit of $157m), mainly owing to FX loss of $83 million and the total amount of asset impairment of $349m. Excluding those non-cash items, Severstal would have had a net profit of $358m in Q4 2013
- Y/y decline in gross debt by 16.7% to $4,754m and 6.7% y/y decrease in net debt to $3,718m. During FY13 our net debt/EBITDA went up to 2.2x from 1.8x as of EOY12. However our operational improvements and cost cutting initiatives enabled us to return to 1.8x by EOY13 and we are now well on track to achieve our internal target of 1.5x
- FY13 capex*** of $1,178m, 18.6% down y/y. Q4 2013 capex of $334m, 18.4% higher q/q due to completion of several projects
- Recommended dividend payment of 3.83 roubles per share (approximately $0.11) for the 12 months ended 31 December 2013

* EBITDA represents profit/(loss) from operations plus depreciation and amortization of productive assets (including the Group's share in depreciation and amortization of associates and joint ventures) adjusted for gain/(loss) on disposals of PPE and intangible assets and for share in associates' and joint ventures' non-operating income/(expenses)

** Net profit/ (loss) attributable to shareholders of OAO Severstal.

*** Represents cash outflow on capex in the period

Revenue Dynamics and Breakdown

Q4 2013 Revenue: $3,384m

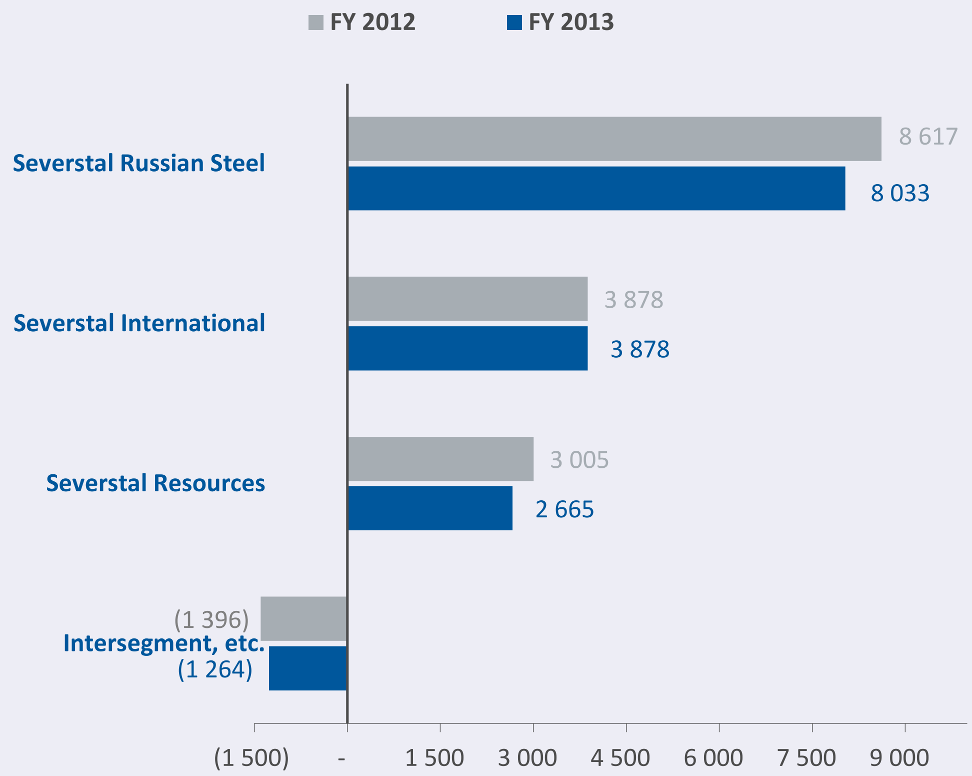
(Q3 2013: $3,192m; +6.0%)

All divisions increased their revenues. This was due to better pricing at Severstal Resources and Severstal International and higher sales volumes at Severstal Russian Steel

FY 2013 Revenue: $13,312m

(FY 2012: $14,104m; -5.6%)

Severstal Russian Steel and Resources decreased revenues on lower realized prices, while Severstal International offset weaker prices through stronger volumes and higher HVA share



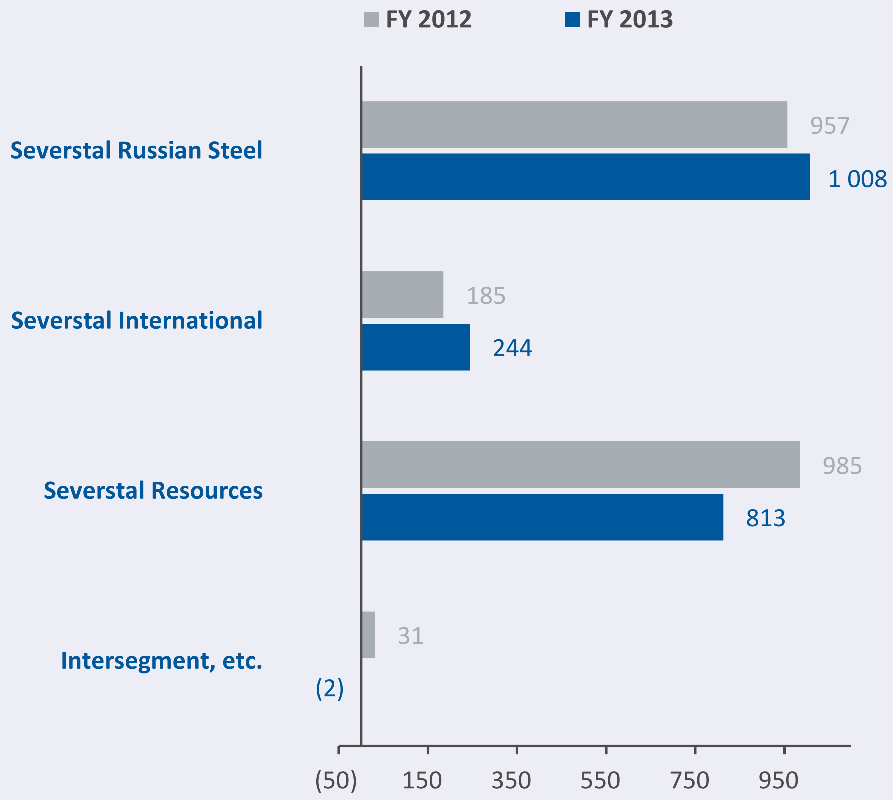
EBITDA Dynamics and Breakdown

Q4 2013 EBITDA: $611m
(Q3 2013: $543m; +12.5%)

Increased earnings at Severstal Resources and Severstal International drove Group EBITDA up further. Severstal Russian Steel's EBITDA remained broadly flat q/q

FY 2013 EBITDA: $2,063m
(FY 2012: $2,158m; -4.4%)

The Group's EBITDA decreased only slightly y/y supported by the boost in Severstal International earnings and higher EBITDA at Severstal Russian Steel

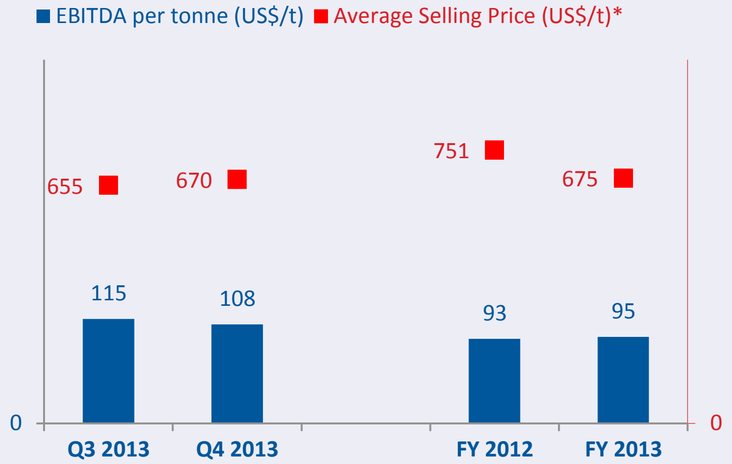


Divisional Performance and Market Outlook

Severstal Russian Steel

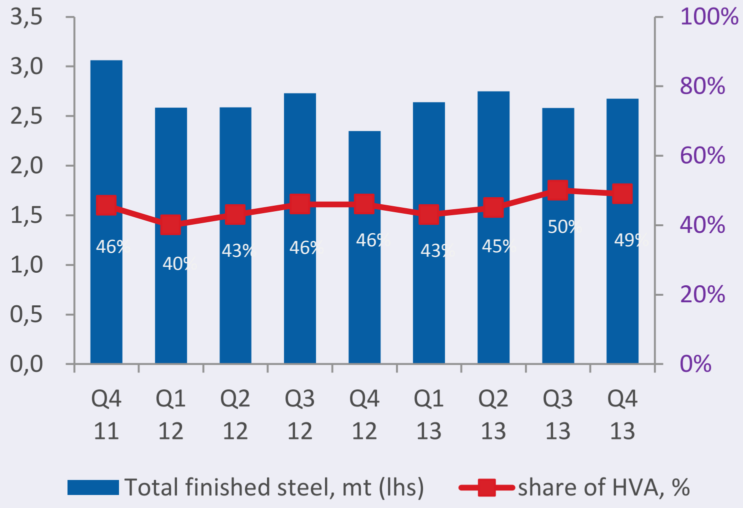
- Q4 sales volumes up by 3.6% q/q to 2.7 mt, FY13 sales up by 3.4% q/q to 10.6 mt
- Q4 revenue up 5.4% q/q to $2,006m (Q3 2013: $1,904m) on higher sales volumes. FY13 revenue of $8,033m down 6.8% y/y (FY12: $8,617m)
- Q4 EBITDA of $289m was 3.0% q/q weaker than in Q3 with EBITDA margin 1.3 ppts lower q/q at 14.4% due to higher iron ore prices and lower realized prices. On an annual basis FY13 EBITDA of $1,008m was 5.3% higher, than in FY12 ($957m) due to cost reduction initiatives, higher sales and higher sales of HVA steel
- Share of HVA products remained stable at 49%. On a y/y basis, however, it was up to 48% from 46% in FY12
- Share of sales volumes to the domestic market in Q4 seasonally lower at 62% (Q3: 69%). But it was up to 63% in FY13 as compared to 60% in FY12

EBITDA per tonne and average selling price



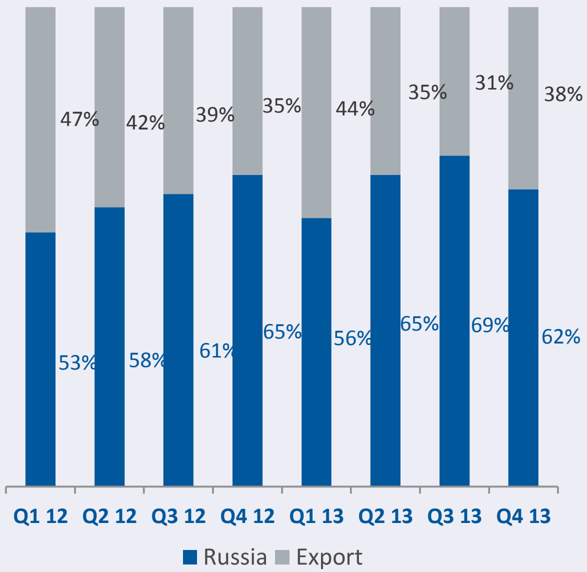
*All steel products, incl. pipes, etc.; Ex Works price terms.

Share of high-value-added products*** in total steel shipments, %

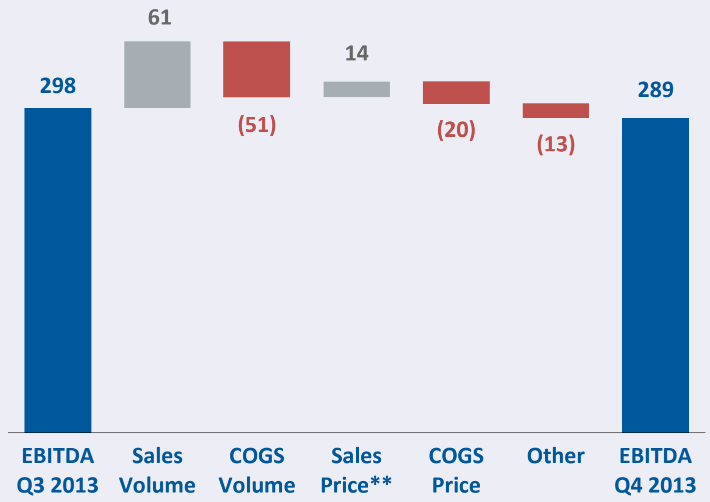


*** High-value-added comprises: plate; cold-rolled , galvanized and metallic coated, color coated sheet; metalware; large-diameter and other pipes.

Steel sales volumes by destination, %

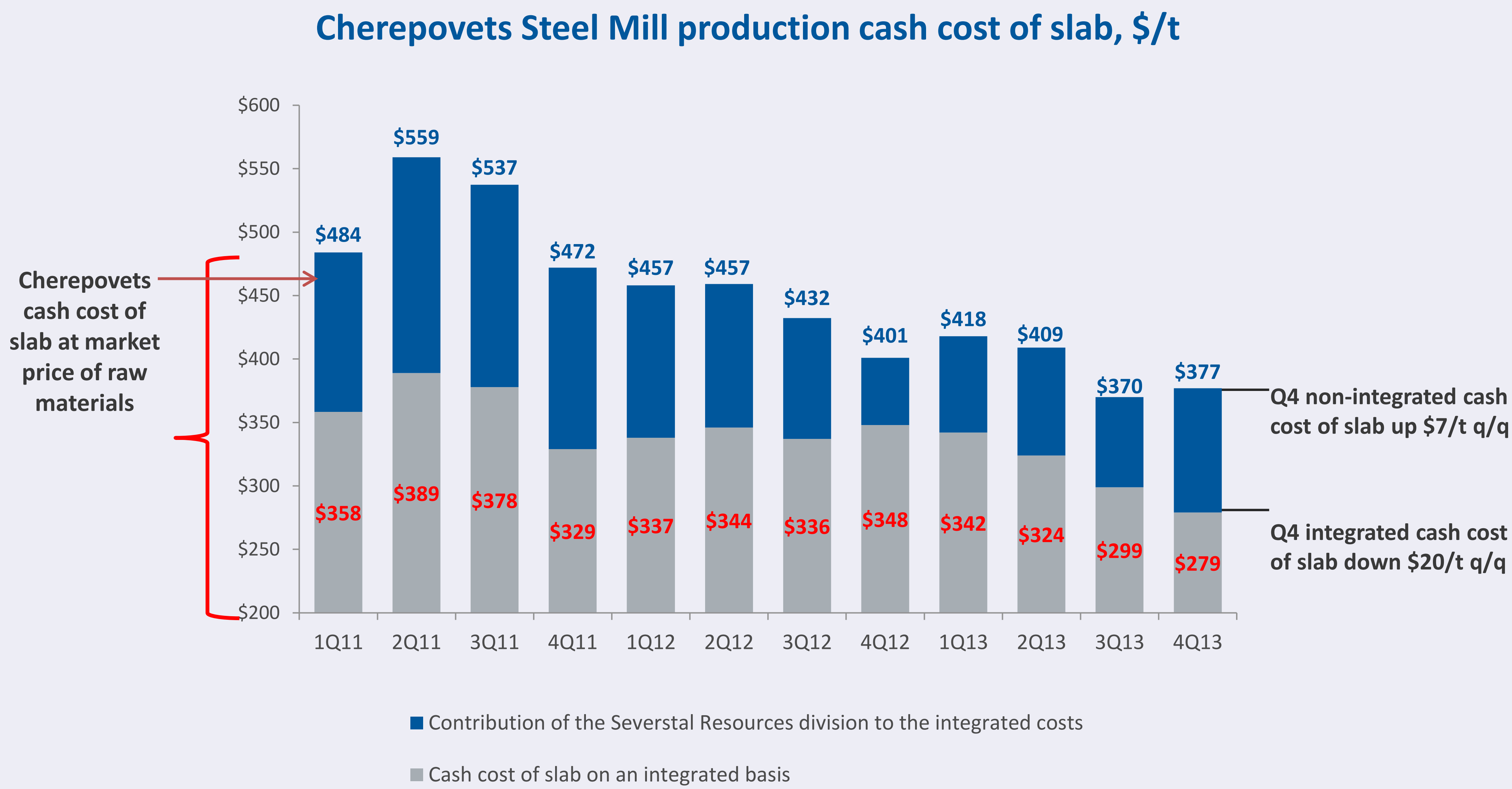


EBITDA drivers in Q4 2013, $m



** Excluding foreign exchange effect.

Cost Control at Severstal Russian Steel

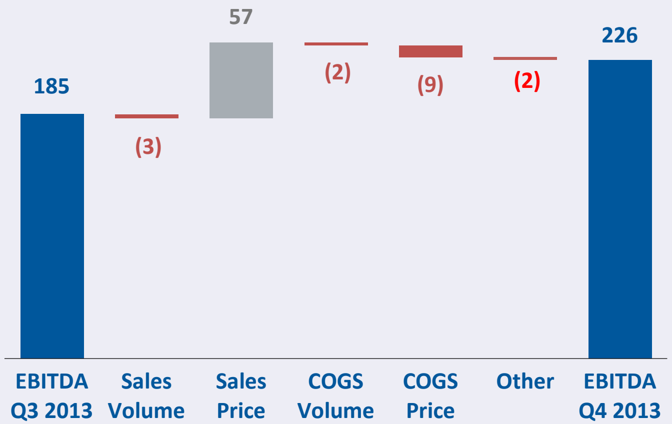


Severstal Resources

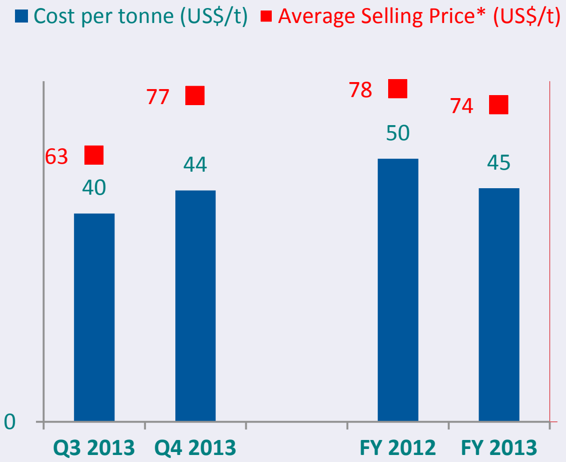
Severstal

- Q4 revenue up 10.7% q/q to $670m (Q3 2013: $605m) thanks to stronger iron ore prices and higher iron ore pellets sales volumes. FY13 revenue of $2,665m 11.3% lower y/y (FY12: $3,005 million)
- Q4 EBITDA of $226m up 22.2% q/q (Q3 2013: $185m) due to higher revenues and continuing cost optimization efforts. FY13 EBITDA of $813m decreased 17.5% y/y (FY12: $985m) primarily due to weaker realized prices
- All operations except PBS decreased their unit cash costs in FY13 due to the cost reduction and efficiency initiatives and a weaker ruble
- Iron ore cash costs were seasonally up in Q4 2013 with total cash costs (TCC) at Karelskiy Okatysh up to $54/t (Q3 2013: $49/t) and to $44/t (Q3 2013: $40/t) at Olkon
- TCC for Vorkuta coking coal concentrate remained flat at $79/t (Q3 2013: $78/t). At PBS cash costs increased to $124/t (Q3 2013: $104/t)

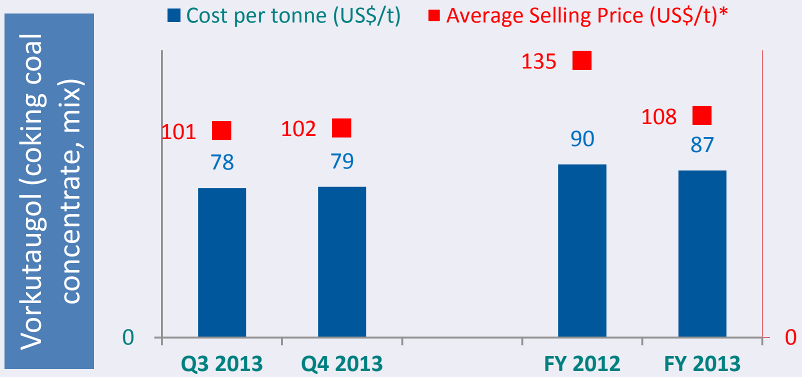
EBITDA drivers in Q4 2013, $m

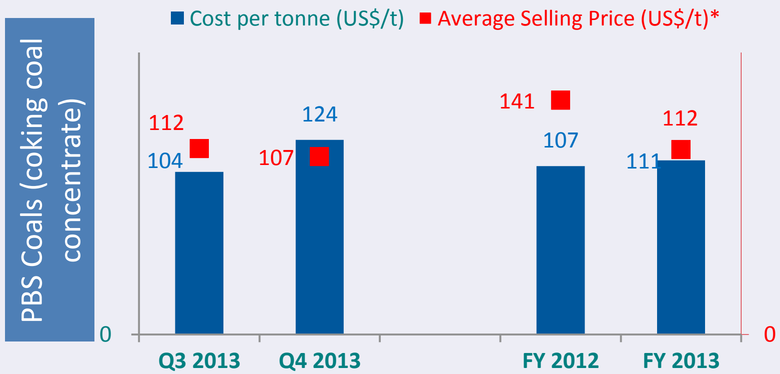


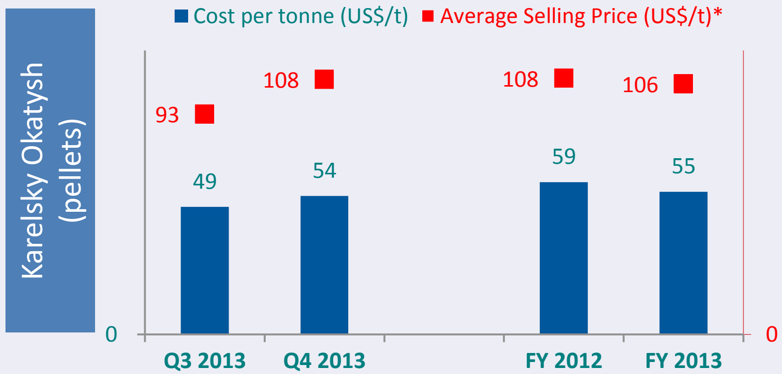
Olkon (iron ore concentrate)



Average selling price and cash cost per tonne







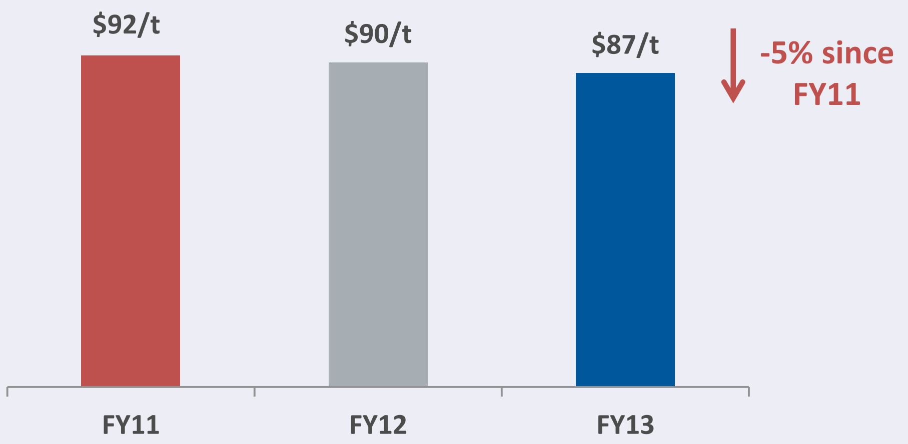
*Free carrier price terms.

Cost Control at Severstal Resources

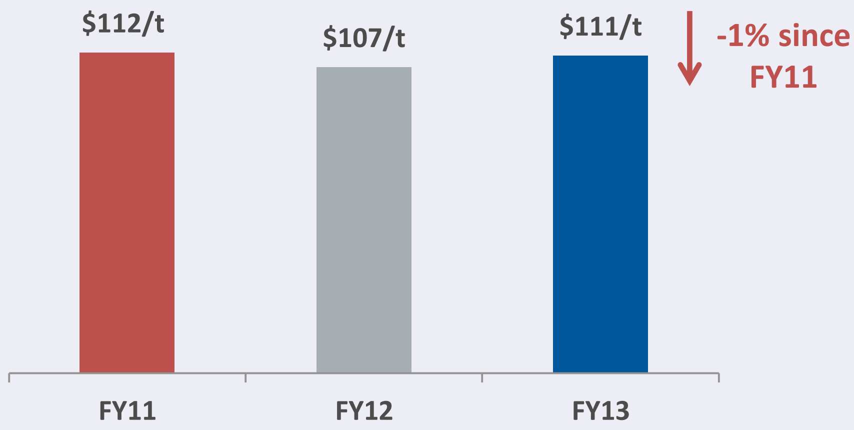
Severstal

Total cash costs at our mining operations have all decreased during last 3 years

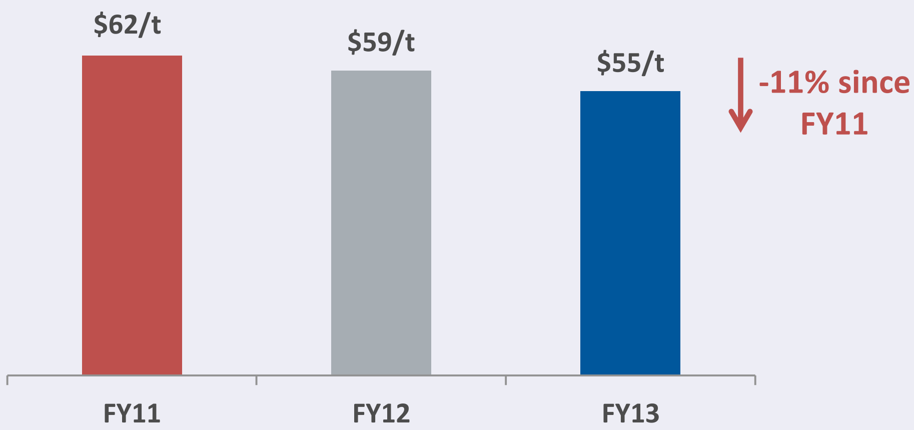
Vorkuta coking coal concentrate total cash costs



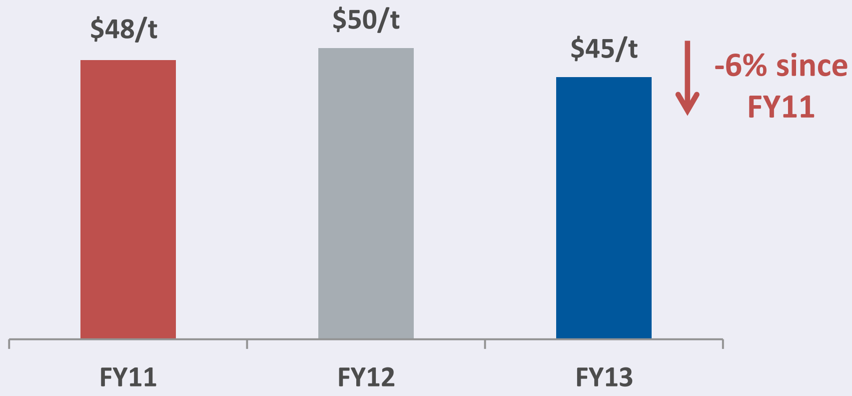
PBS coking coal concentrate total cash costs



Karelskiy Okatysh pellet total cash costs



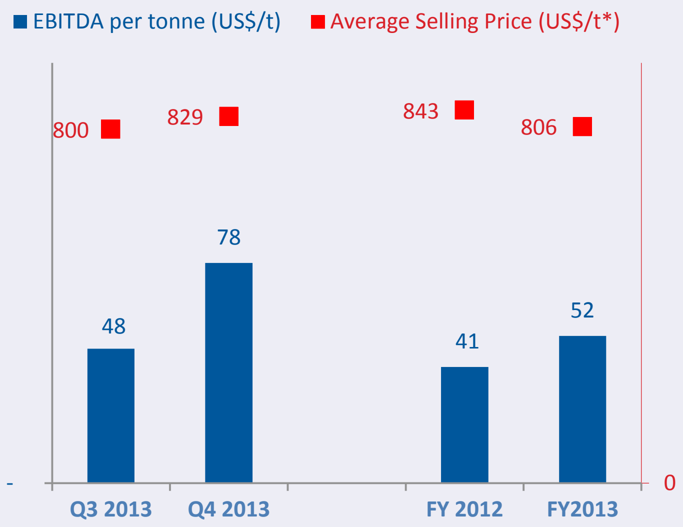
Olkon iron ore concentrate total cash costs



Severstal International

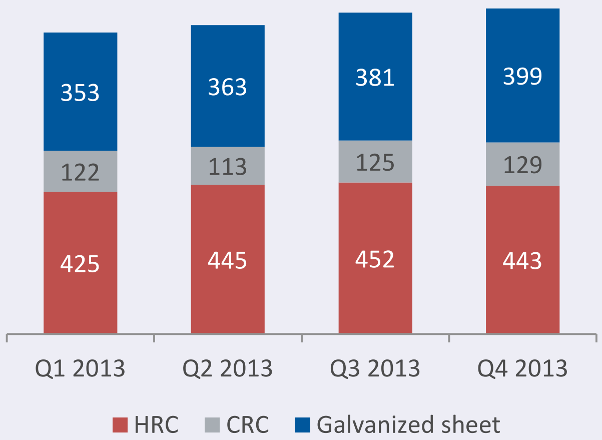
- Sales volumes seasonally down 2.2% q/q to 1.2 mt primarily due to weaker commodity HRC sales. FY13 shipments were up 4.2% y/y
- Q4 revenue of $1,002m (Q3 2013: $993m), up 0.9% q/q due to stronger selling prices. FY13 revenue remained flat at $3,878m
- Q4 EBITDA surged 58.6% q/q to $92m (Q3 2013: $58m) as a result of a favorable pricing environment in the US and higher share of HVA in the portfolio. FY13 EBITDA advanced 31.9% y/y to $244m (FY12: $185m)
- Q4 EBITDA margin up to 9.2% (Q3 2013: 5.8%), and EBITDA per tonne rose q/q to $78 from $48 in Q3 2013. FY13 EBITDA margin up to 6.3% (FY12: 4.8%) and EBITDA per tonne increased y/y to $52 from $41 in FY12
- US economy continues to demonstrate modest growth. In FY14 we expect continuing upward trend in residential construction and manufacturing. Despite the slow start to 2014 in automotive sales, we still anticipate them to surpass FY13 by c. 3%

EBITDA per tonne and average selling price

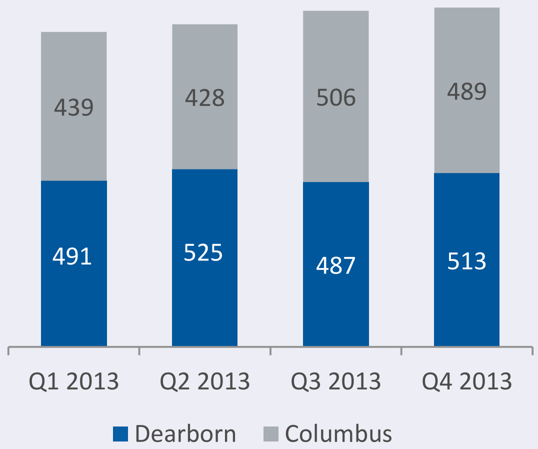


*All steel products, mixed price terms, resulting ex works.

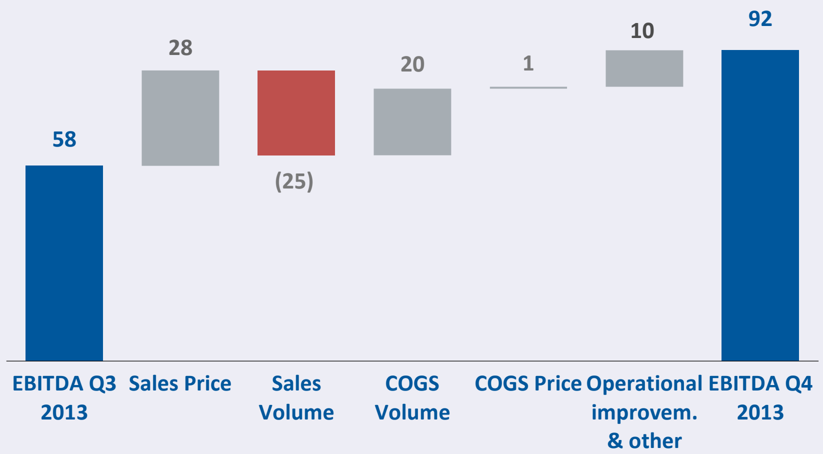
FY 2013 steel revenue by product dynamics, $m



FY 2013 revenue by plant dynamics, $m



EBITDA drivers in Q4 2013, $m

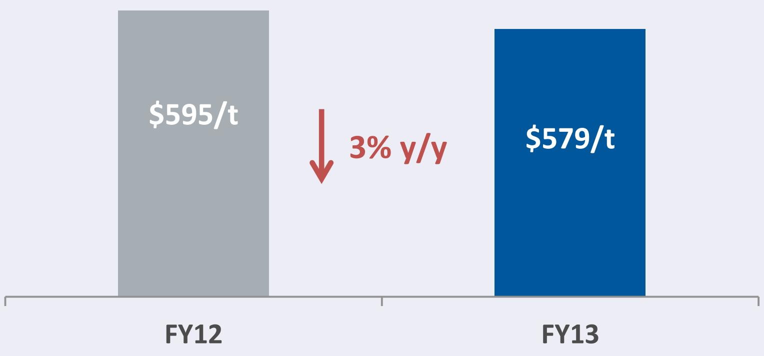


Cost Control at Severstal International

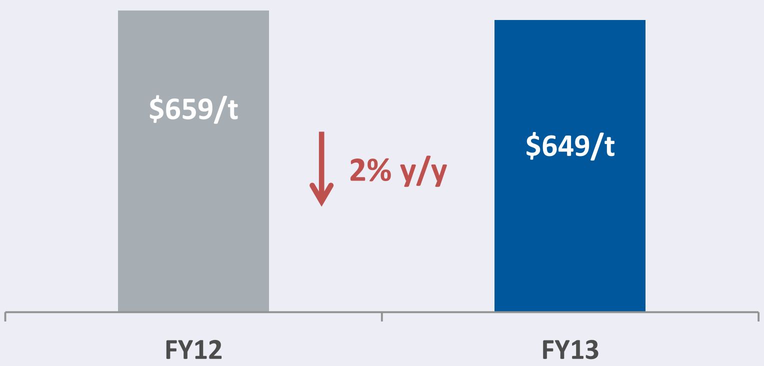
Severstal

Costs dynamics at Dearborn

Slab production cash cost/tonne

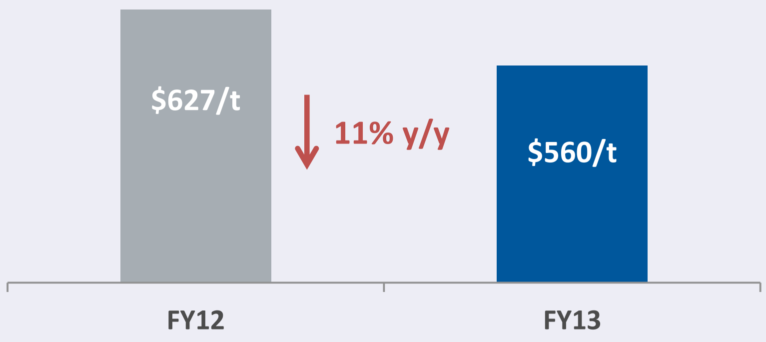


HRC production cash cost/tonne

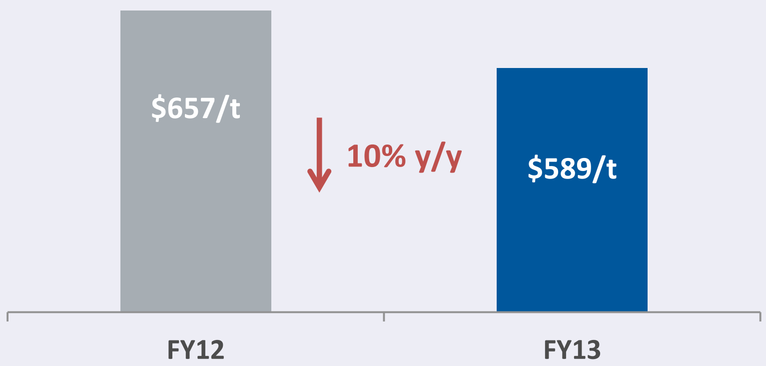


Costs dynamics at Columbus

Slab production cash cost/tonne



HRC production cash cost/tonne



Severstal

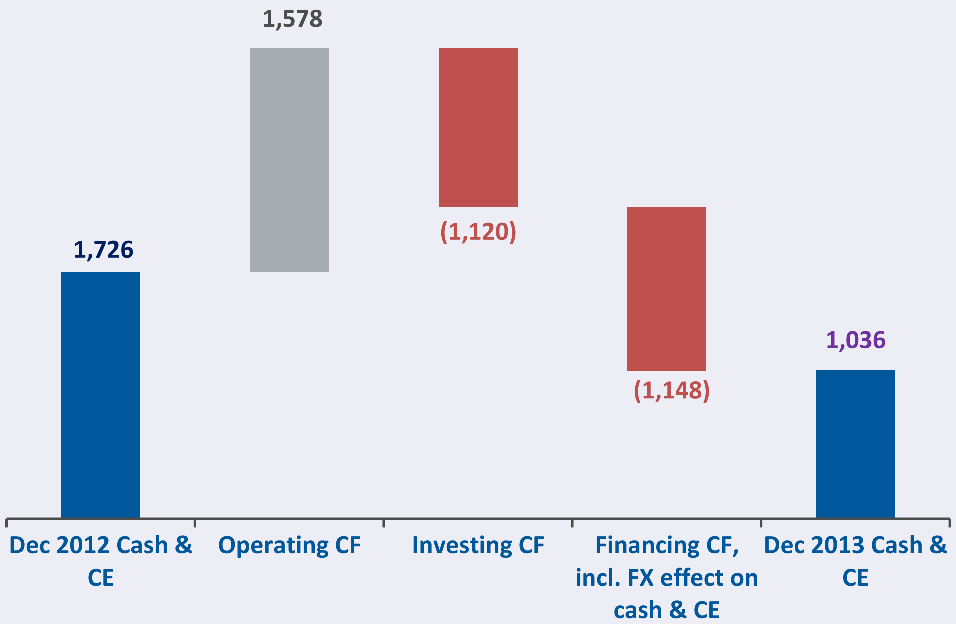
Financial Position

Cash Flow and Net Working Capital

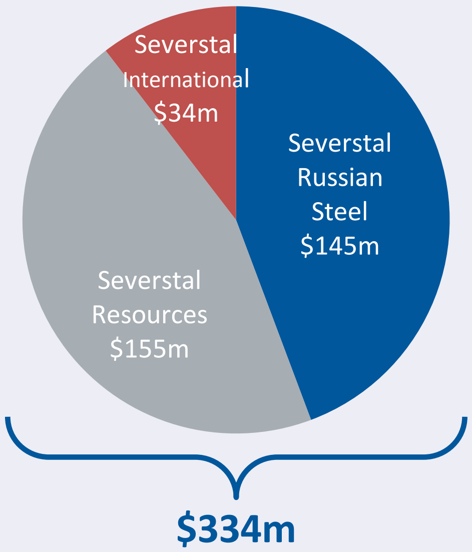
Severstal

FY13 Highlights:

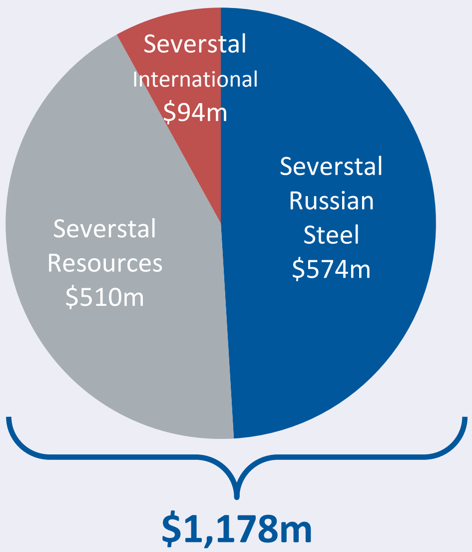
- Solid liquidity position of $1,036m in cash and cash equivalents
- Strong operating cash flow of $1,578m
- FY CAPEX of $1,178m, 12% below $1.3bn target
- FY13 free cash flow of $488m
- Net working capital down 6.3% y/y, while NWC/LTM revenue almost flat y/y at 14.4%



Q4 2013 CAPEX breakdown, $m



FY 2013 CAPEX breakdown, $m



Net Working Capital developments

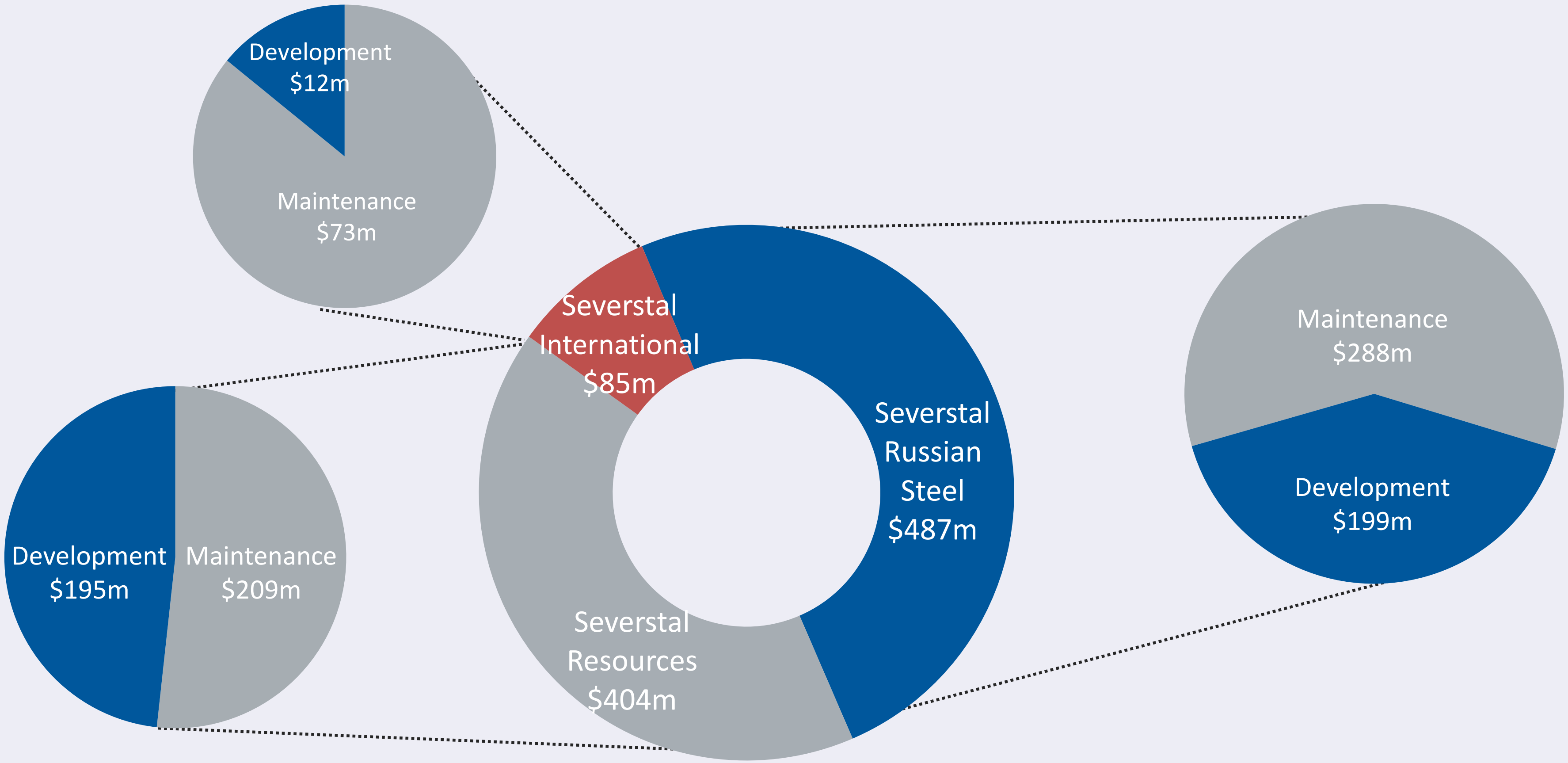
Net working capital, $m

December 31, 2013	December 31, 2012	Change, %
1,917	2,046	(6.3%)

Net working capital as % of revenues

December 31, 2013	December 31, 2012	Change, ppts
14.4%	14.5%	(0.1 ppts)

2014 CAPEX highlights



Major FY14 projects at Severstal Resources:

- Consolidation of Zapolyarnaya and Vorkutinskaya mines, construction of incline shaft at Zapolyarnaya
- New water rotation unit and enhancing stripping works at Karelsky Okatysh
- Capacity expansion at Pechorskaya Preparation Plant

FY14 Group Capex
$976m

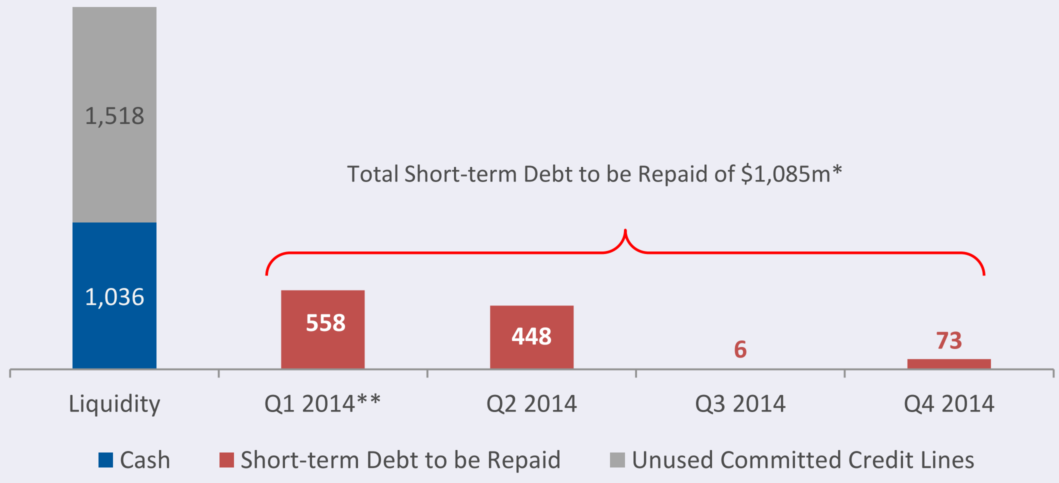
Major FY14 projects at Severstal Russian Steel:

- Completion and launch of Balakovo mini-mill
- Revamp of cold rolling mill in Cherepovets
- Completion of the development of a specialized steel service center in St Petersburg
- Reconstruction and modernization of Orel Plant (Severstal Steel Solutions)

Robust Liquidity and Sustainable Leverage

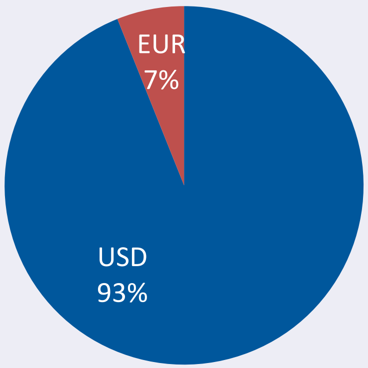
Severstal

- Strong liquidity position:
  - Cash and cash equivalents of $1,036m
  - Committed unused credit lines of $1,518m
- Upcoming short-term debt maturities serviced with available liquidity of $2,554m:
  - Q1 2014 repayments of $558m, including exercise of call option on 10.25% Severstal Columbus HY Bond
  - Short-term debt amounts to $1,085m
- Net Debt/EBITDA fell q/q to 1.8x with gross and net debt decreasing q/q by more than $200m

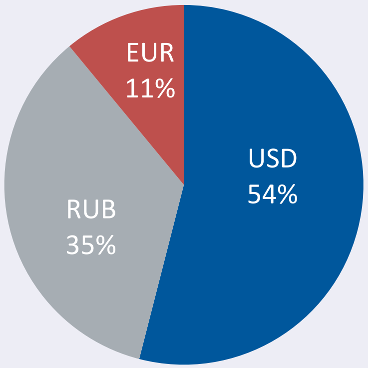


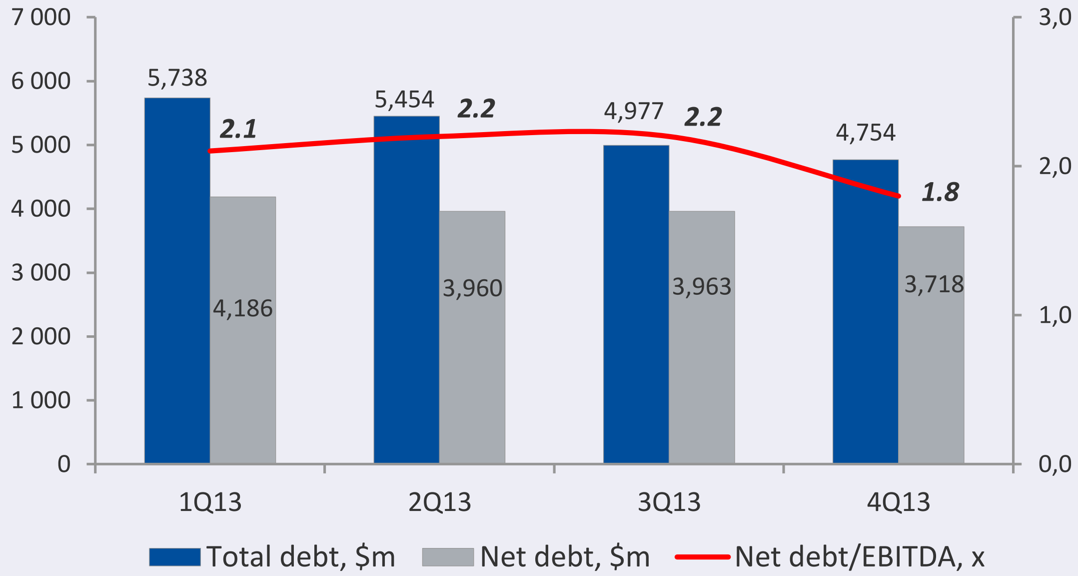
* Represents principal amount of debt. ** Including exercise of call option on 10.25% Severstal Columbus HY Bond

Q4 2013 debt currency mix



Q4 2013 cash currency mix

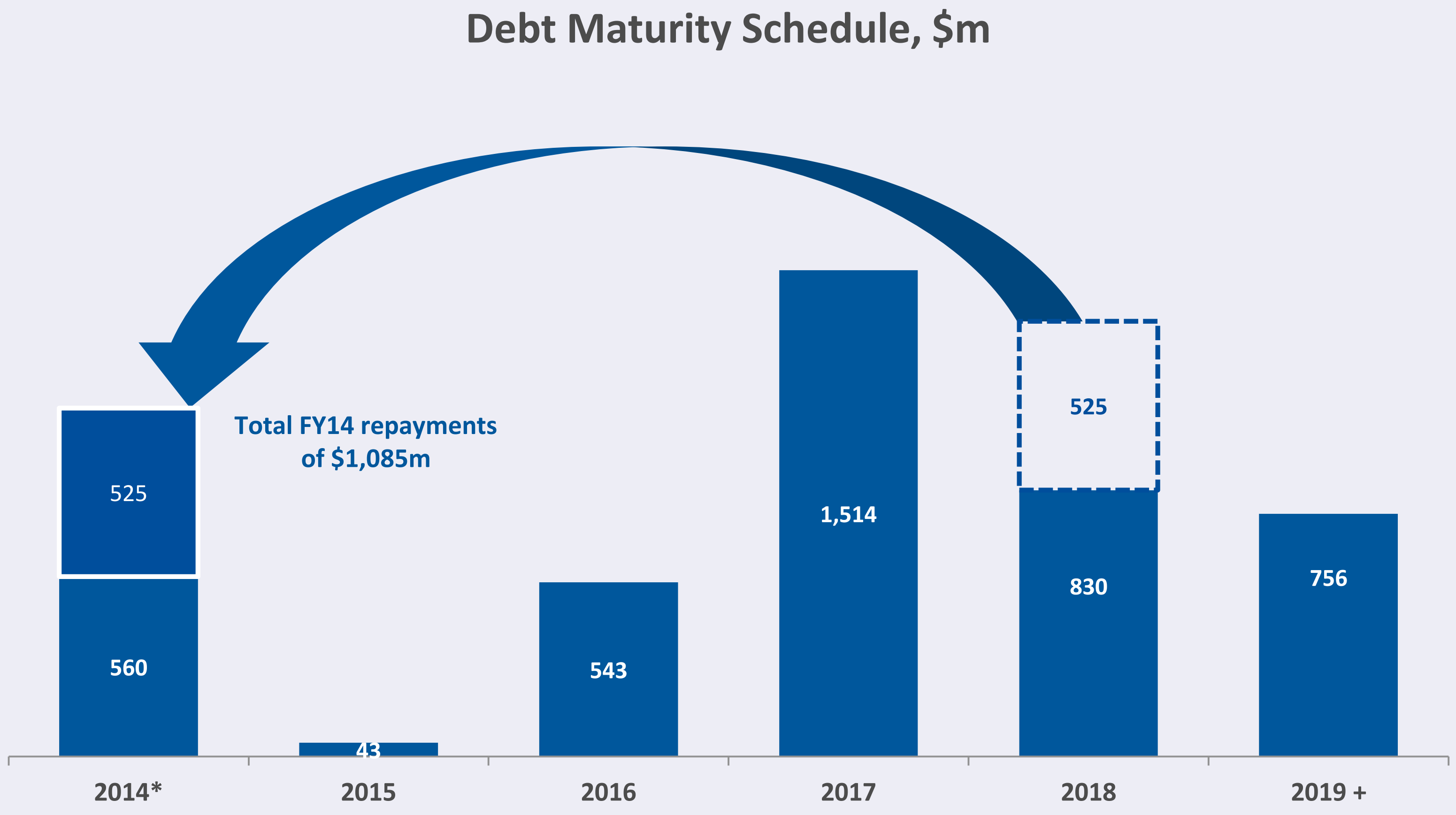




Debt Structure

Severstal

As at 31.12.2013 the debt structure remains unchanged dominated by public debt (89% of total) and US dollar (93% of total)



This chart represents principal amount of debt.

* Including exercise of call option on 10.25% Severstal Columbus HY Bond of $525m

FY 2014 Market Outlook

Severstal

Global:

- Global steel demand and production expected to continue to grow after 3.5% increase in 2013
- Steel production growth in China could moderate after impressive 7.5% rise in 2013
- Global capacity utilization set to improve from 78.1% in 2013 as capacity additions are abating
- Raw material prices expected to be somewhat lower y/y due to new supplies from Australia

Russia:

- Russian steel consumption forecast to grow 3-4% in FY14 driven by construction and oil and gas sectors
- Consumption of large diameter pipes is expected to increase in 2014 due to “South stream” pipeline project
- Some recovery of steel consumption by automotive sector is expected on the back of higher shipments to foreign car manufacturers in Russia
- Ruble depreciation in early 2014 may lead to increasing domestic ruble prices

USA:

- Economic growth to accelerate to 3% on the back of improving fiscal situation
- Steel demand is projected to improve in line with GDP with main upside coming from non-residential construction which is bottomming out
- US steel producers will benefit from capacity discipline and tight demand-supply balance

Q&A

Severstal

Appendices

Summary Income Statement

Severstal

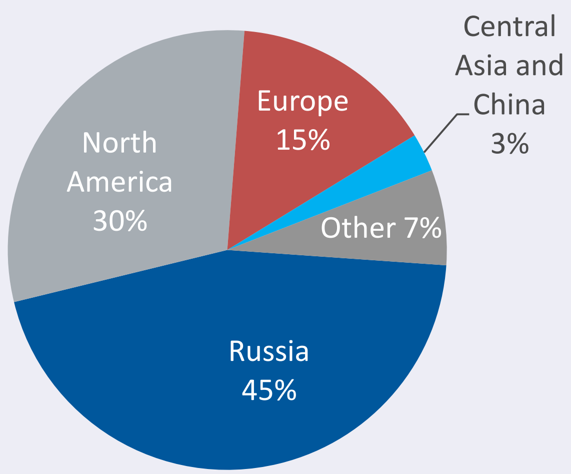
$ million, unless otherwise stated	Q4 2013	Q3 2013	FY 2013	FY 2012**
Revenue	3,384	3,192	13,312	14,104
COGS	(2,568)	(2,468)	(10,339)	(10,785)
EBITDA	611	543	2,063	2,158
EBITDA margin, %	18.1%	17.0%	15.5%	15.3%
Profit from operations	411	347	1,258	1,383
Operating margin, %	12.1%	10.9%	9.5%	9.8%
(Loss)/ profit before income tax	(103)	237	156	1,037
Net (loss)/profit	(74)	157	83	762
Basic EPS, $	(0.09)	0.19	0.10	0.91
Dividend per share, $*	0.11	0.06	0.24	0.34

* Dividends announced on the basis of respective period results, translated at the exchange rate as of the date of recommendation by Board of Directors. Dividends for FY 2013 need to be approved by AGM on June 13, 2014

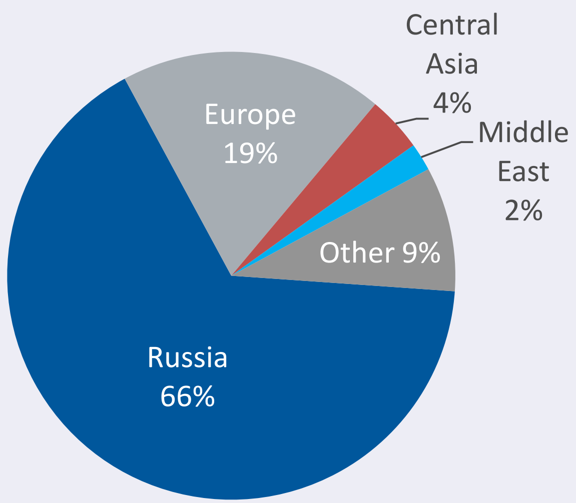
** FY 2012 amounts reflect adjustments made in connection with the change in classification of income and expenses related to finance operations between general and administrative expenses, gain/(loss) on remeasurement and disposal of financial investments, net other operating income (expenses) and net finance costs to more appropriately reflect their nature

FY 2013 Revenue Breakdown by Region

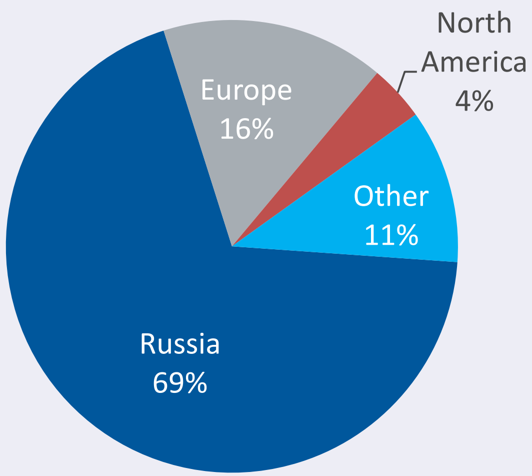
Severstal Group FY 2013 revenue breakdown by region



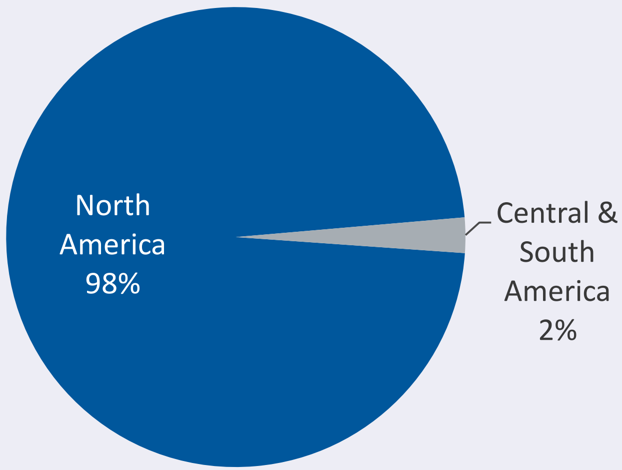
Severstal Russian Steel FY 2013 revenue breakdown by region



Severstal Resources FY 2013 revenue breakdown by region



Severstal International FY 2013 revenue breakdown by region



Q4 2013 Division Results

Severstal

Severstal Resources

	Q4 2013	Q3 2013	Change, %	FY 2013	FY 2012	Change, %
Revenue ($m)	670	605	10.7%	2,665	3,005	(11.3%)
Cost of sales ($m)	(400)	(386)	3.6%	(1,652)	(1,725)	(4.2%)
G&A expences ($m)	(18)	(13)	38.5%	(97)	(155)	(37.4%)
Distribution expences ($m)	(76)	(67)	13.4%	(293)	(314)	(6.7%)
EBITDA ($m)	226	185	22.2%	813	985	(17.5%)
Operating Profit ($m)	155	124	25.0%	554	743	(25.4%)
EBITDA Margin, %	33.7%	30.6%	3.1 ppts	30.5%	32.8%	(2.3 ppts)

Severstal Russian Steel

	Q4 2013	Q3 2013	Change, %	FY 2013	FY 2012	Change, %
Revenue ($m)	2,006	1,904	5.4%	8,033	8,617	(6.8%)
Cost of sales ($m)	(1,536)	(1,433)	7.2%	(6,223)	(6,711)	(7.3%)
G&A expences ($m)	(106)	(103)	2.9%	(466)	(513)	(9.2%)
Distribution expences ($m)	(154)	(145)	6.2%	(642)	(729)	(11.9%)
EBITDA ($m)	289	298	(3.0%)	1,008	957	5.3%
Operating Profit ($m)	211	211	-	654	613	6.7%
EBITDA Margin, %	14.4%	15.7%	(1.3 ppts)	12.5%	11.1%	1.4 ppts
EBITDA per tonne ($/t)	108	115	(6.1%)	95	93	2.2%
Average Selling Price (US$/t*)	670	655	2.3%	675	751	(10.1%)

*All steel products, incl. pipes, etc.; Ex Works price terms

Q4 2013 Division Results (Continued)

Severstal

Severstal International

	Q4 2013	Q3 2013	Change, %	FY 2013	FY 2012	Change, %
Revenue ($m)	1,002	993	0.9%	3,878	3,878	-
Cost of sales ($m)	(931)	(958)	(2.8%)	(3,725)	(3,775)	(1.3%)
G&A expences ($m)	(26)	(19)	36.8%	(86)	(91)	(5.5%)
Distribution expences ($m)	(1)	(1)	-	(5)	(5)	-
EBITDA ($m)	92	58	58.6%	244	185	31.9%
Operating Profit/ (Loss) ($m)	41	10	310.0%	50	(7)	N.A.
EBITDA Margin, %	9.2%	5.8%	3.4 ppts	6.3%	4.8%	1.5 ppts
EBITDA per tonne ($/t)	78	48	62.5%	52	41	26.8%
Average Selling Price (US$/t*)	829	800	3.6%	806	843	(4.4%)

*All steel products; mixed price terms, mostly Ex Works.

Summary Balance Sheet

Severstal

$ million	As at 31 December 2013	As at 31 December 2012
Cash and Cash Equivalents	1,036	1,726
Total Assets:	14,534	15,707
Current Assets	4,906	5,697
Non-current Assets	9,628	10,010
Total Liabilities:	7,534	8,492
Current Liabilities	2,549	3,370
Non-current Liabilities	4,985	5,122
Total Equity	7,000	7,215
Total Equity and Liabilities	14,534	15,707

Summary Cash Flow Statement

Severstal

$ million	Q4 2013	Q3 2013	FY 2013	FY 2012
Profit before Financing and Taxation	68	331	852	1,258
Cash Generated from Operations	790	361	2,028	2,380
Interest Paid	(89)	(95)	(387)	(430)
Income Tax Paid	(53)	(1)	(63)	(191)
Net cash from Operating Activities	648	265	1,578	1,750
Total cash used in Investing Activites , incl.	(319)	(262)	(1,120)	(1,102)
Additions to PP&E and IA	(334)	(282)	(1,178)	(1,448)
Free Cash Flow	347	8	488	431
Cash used in Financing Activities	(310)	(492)	(1,141)	(835)
Effect of Exchange Rate on Cash and Cash Equivalents	3	9	(7)	7
Net increase/(decrease) in Cash and Cash Equivalents	22	(480)	(690)	(180)
Less change in Cash and CE of discontinued operations and AHFS at end of the period	-	-	-	42
Cash and Cash Equivalents at beginning of the Period	1,014	1,494	1,726	1,864
Cash and Cash Equivalents at end of the Period	1,036	1,014	1,036	1,726

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