



Q4 2014 and FY 2014 Operational Results

26 January 2015





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Q4 2014 Group Highlights*

- Crude steel production increased 1% q/q to 2.89 mln tonnes, while hot metal production was up 2% q/q to 2.32 mln tonnes. Growing efficiency of our converters comes from a wider use of higher Fe content pellets, which allows to partially replace expensive scrap.
- Consolidated sales of steel products slightly decreased by 1% q/q due to marginal change to the product mix and short-term maintenance at one of the rolling mills.
- Share of high value-added products in the sales portfolio remained around historical record levels of 52% (Q3 14: 53%) reflecting our strategic focus on downstream development and despite the increase in the output of semi-finished products post the completion of repairs at one of the converters at the end of Q3 2014.
- Steel assets continued to run at near to full capacity in Q4, with the Balakovo mini-mill ramping-up further.
- Coking coal concentrate sales volumes at Vorkutaugol increased 25% q/q to almost 1.47 mln tonnes.
- Iron ore pellets sales remained broadly flat q/q at 2.75 mln tonnes (Q3 2014: 2.74 mln tonnes).
- Whilst average selling prices for all products declined in USD terms, they are up q/q in RUB. Moreover, despite seasonally low market, domestic RUB-nominated prices continue to catch up with the export USD-nominated parity since the beginning of 2015 as well.

Production volumes, t	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Crude steel (Total output):	2 891 739	2 862 204	1%	11 301 979	10 711 945	6%
Hot metal (Total output):	2 320 277	2 282 592	2%	9 075 597	8 759 404	4%
Sales volumes, t	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Coking coal concentrate	1 470 621	1 288 727	14%	5 371 269	7 160 947	(25%)
Iron ore pellets	2 754 450	2 741 006	0%	10 617 584	10 455 510	2%
Iron ore concentrate	980 782	1 138 772	(14%)	4 429 995	4 617 835	(4%)
Total steel products (Consolidated)	2 643 552	2 662 173	(1%)	10 409 608	10 486 406	(1%)
Total steel products (Russian Steel)	2 654 466	2 745 261	(3%)	10 592 758	10 642 399	0%

* Group and RSD volumes for 2013 were restated due to a change in recognized revenues, based on a re-classification of products. Group volumes for 2013 reflect adjustments made in connection with the presentation of the discontinued operation.




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Severstal Resources



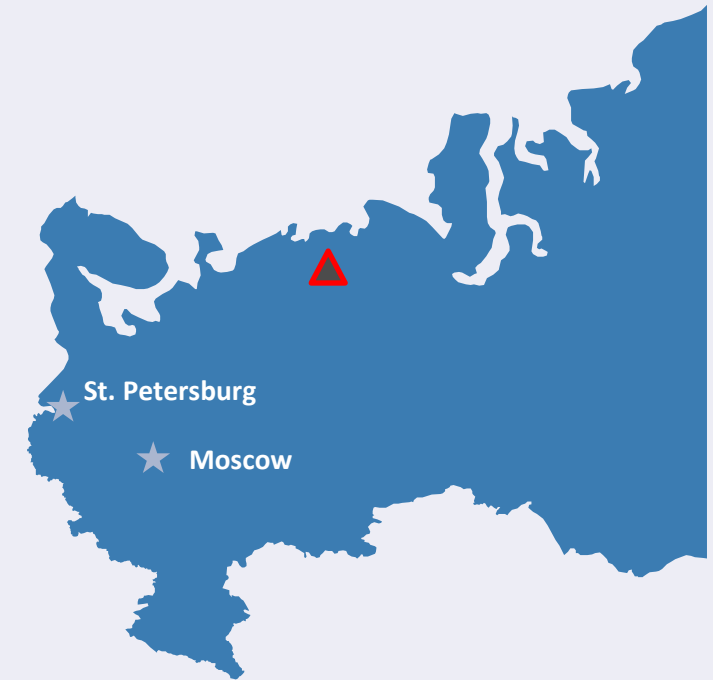
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Sales volumes, t	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Coal:	1 897 345	1 606 854	18%	7 086 161	10 079 291	(30%)
Coking coal concentrate:	1 470 621	1 288 727	14%	5 371 269	7 160 947	(25%)
Vorkutaugol	1 470 621	1 181 004	25%	4 846 981	5 610 362	(14%)
PBS Coals	-	107 723	n.a.	524 288	1 550 585	(66%)
Raw coking coal, Vorkutaugol	-	-	n.a.	57 999	558 349	(90%)
Steam coal:	426 724	318 127	34%	1 656 893	2 359 994	(30%)
Vorkutaugol	426 724	318 127	34%	1 635 441	2 239 348	(27%)
PBS Coals	-	-	n.a.	21 452	120 646	(82%)
Iron ore:	3 735 232	3 879 778	(4%)	15 047 579	15 073 345	(0%)
Iron ore pellets	2 754 450	2 741 006	0%	10 617 584	10 455 510	2%
Iron ore concentrate	980 782	1 138 772	(14%)	4 429 995	4 617 835	(4%)

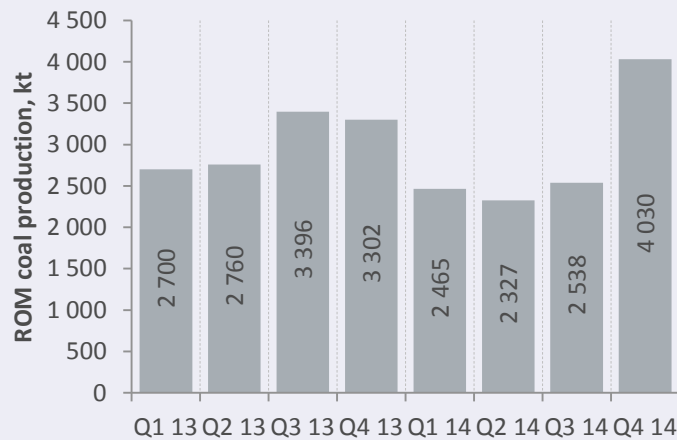
Sales price, \$/tonne	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Coking coal concentrate, Vorkutaugol	76	94	(19%)	89	108	(18%)
Coking coal concentrate, PBS Coals	n.a.	96	n.a.	105	112	(6%)
Raw coking coal, Vorkutaugol	n.a.	n.a.	n.a.	58	53	9%
Steam coal, Vorkutaugol	28	35	(20%)	33	38	(13%)
Steam coal, PBS Coals	n.a.	n.a.	n.a.	68	52	31%
Iron ore pellets	55	73	(25%)	80	106	(25%)
Iron ore concentrate	36	49	(27%)	55	74	(26%)

Vorkutaugol (part of Severstal Resources)

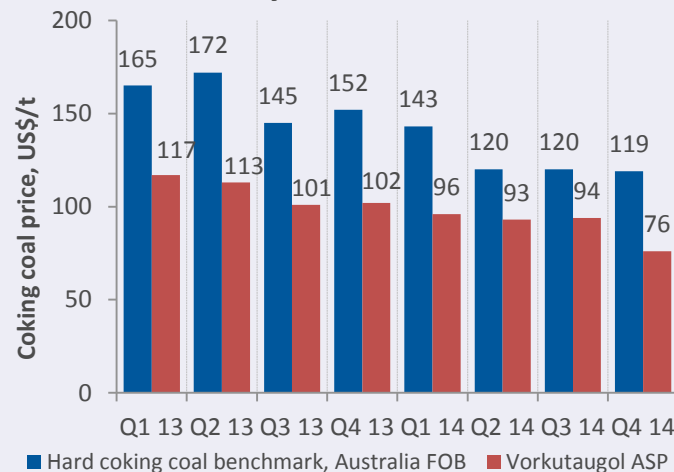
- Severstal Resources division coking coal concentrate sales volumes increased 14% q/q.
- Coking coal concentrate sales volumes at Vorkutaugol increased 25% q/q. This marks a successful turnaround achieved at the Vorkutaugol with 11 new coalfaces being commissioned across all the five mines in 2014 and run-of-mine coal (ROM coal) volumes reaching and surpassing that of average 2013 levels.
- Steam coal sales at Vorkutaugol were up 34% q/q reflecting seasonally high domestic demand coupled with low base effect as Q3 2014 volumes have been affected by engineering constraints at several coal faces.
- Coking coal concentrate average selling price decline of 19% q/q is purely a function of RUB devaluation partially offset by RUB-nominated prices upgrades by the company.



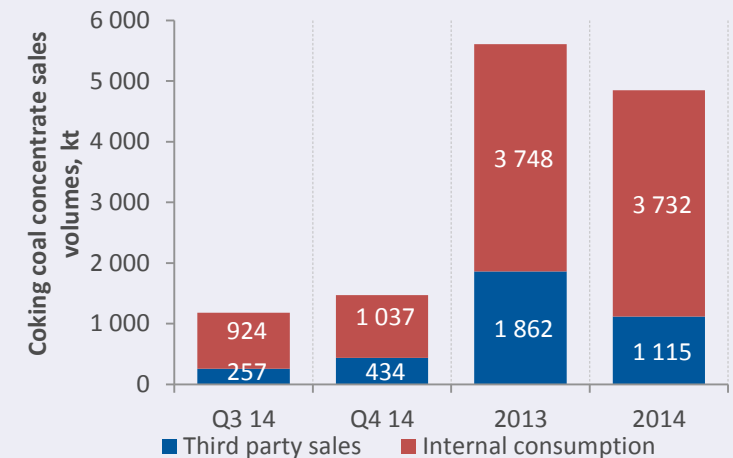
ROM coal production



Vorkutaugol average selling price dynamics, US\$/t

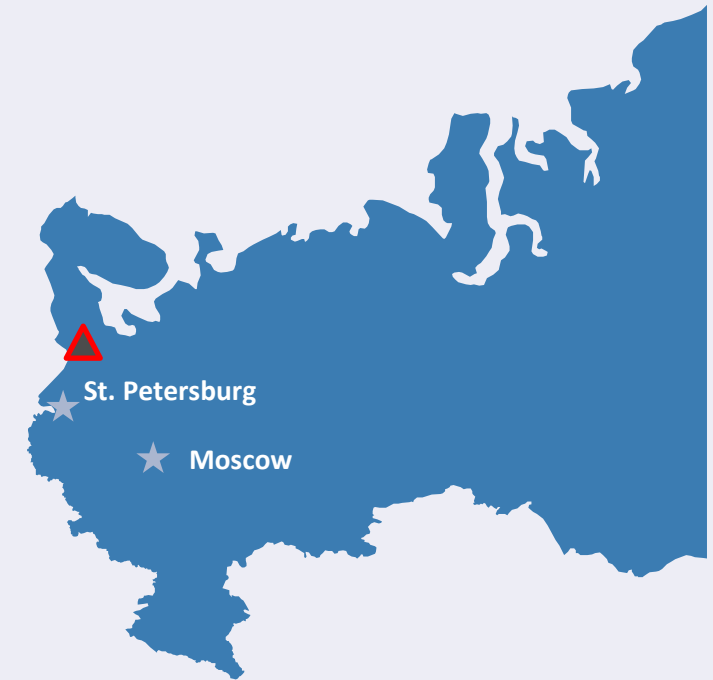


Vorkutaugol coking coal concentrate sales volumes

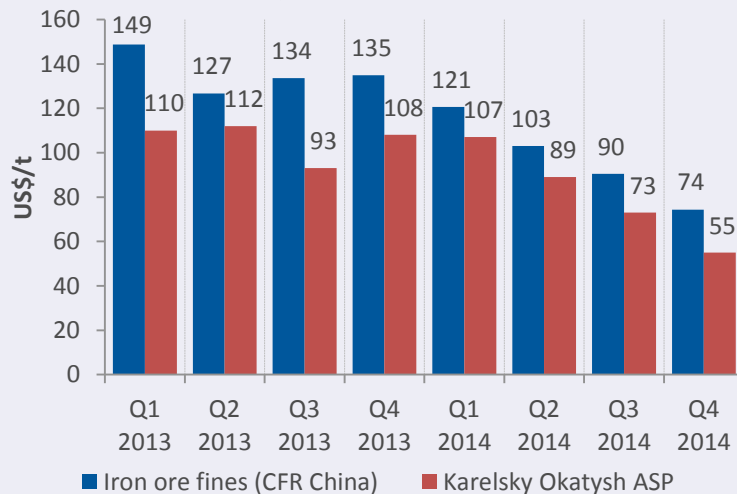


Karelsky Okatysh (part of Severstal Resources)

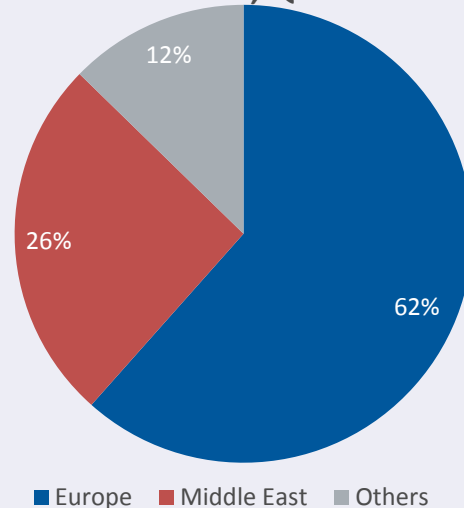
- Iron ore pellets sales remained broadly flat q/q at 2.75 mln tonnes (Q3 2014: 2.74 mln tonnes) despite seasonally softer demand in Q4 with maintenance works generally under way at steel works across Russia.
- Specifically, Severstal has marginally increased internal pellets consumption q/q, further reducing CherMK's need in scrap for the steelmaking process.
- Moreover, Severstal saw strong demand on export markets in Q4 2014.
- Prices for iron ore pellets at Karelskiy Okatysh decreased 25% q/q.



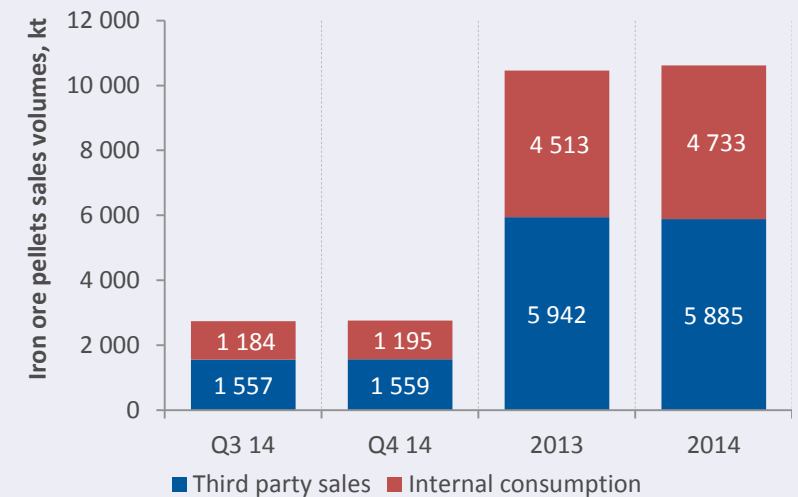
Karelsky Okatysh average selling price (ASP) dynamics, US\$/t



Karelsky Okatysh pellets export structure, Q4 2014

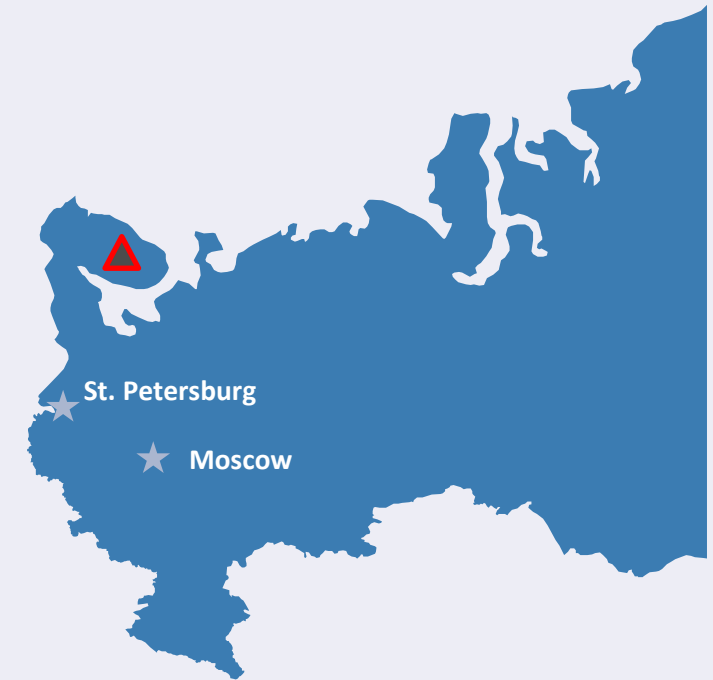


Iron ore pellets sales volumes

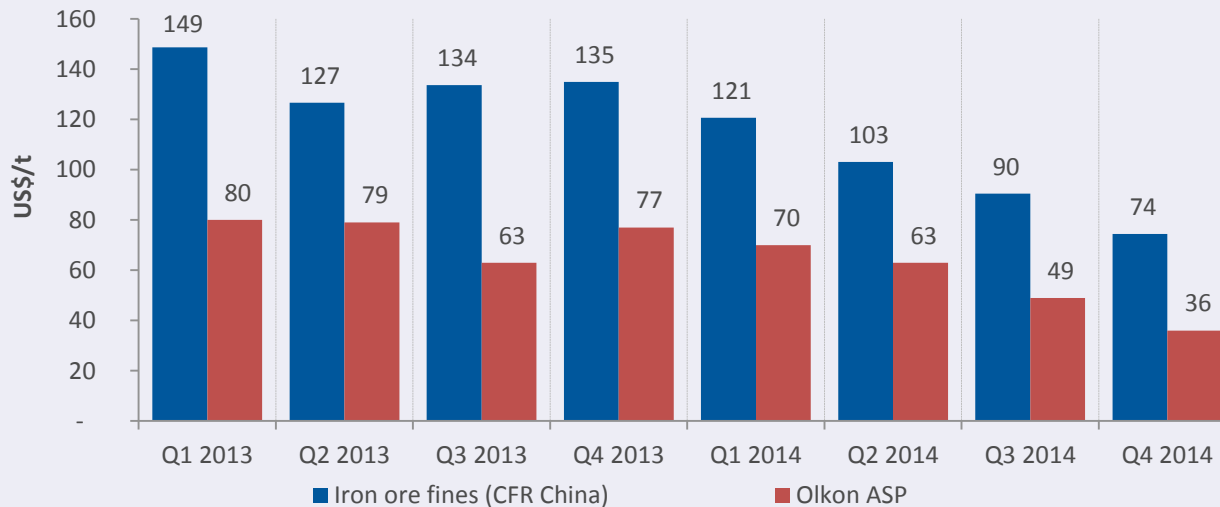


Olkon (part of Severstal Resources)

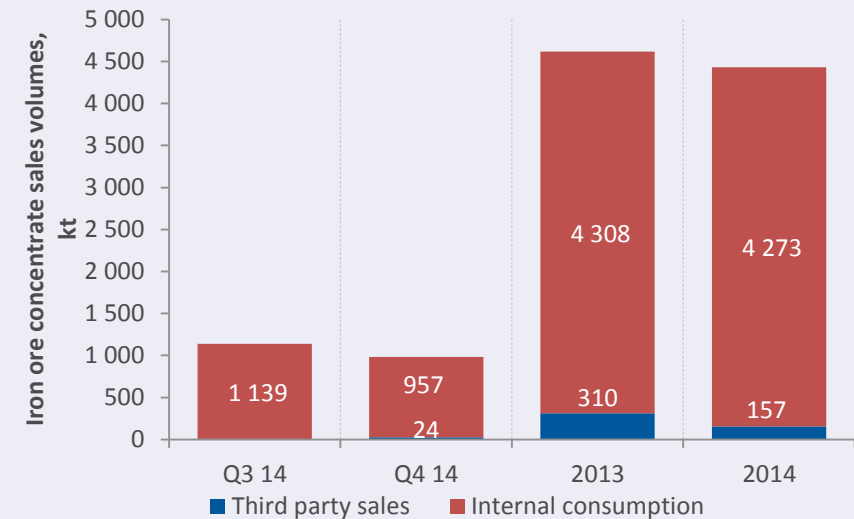
- As previously announced, Severstal idled one of the open pits at Olkon focusing on the least costly deposits and preserving desirable captive iron ore concentrate production mixed with purchases from external suppliers.
- As a result, iron ore concentrate sales volumes decreased 14% q/q in Q4 2014.
- Notwithstanding Severstal's ability to increase RUB-nominated prices and reflecting sharp RUB devaluation coupled with global iron ore prices further drop, the company's average selling prices for iron ore concentrate decreased 27% q/q.



Olkon average selling price (ASP) dynamics, US\$/t



Iron ore concentrate sales volumes






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Severstal Russian Steel Operational Results*



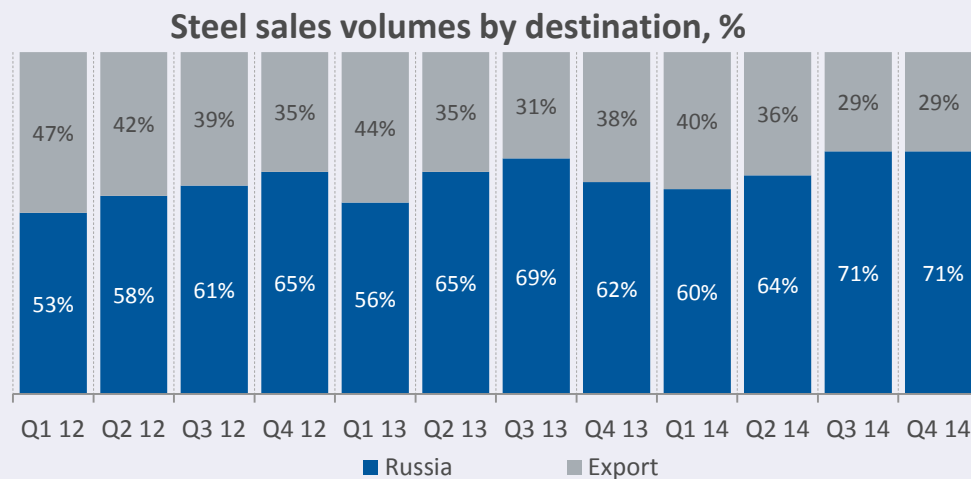
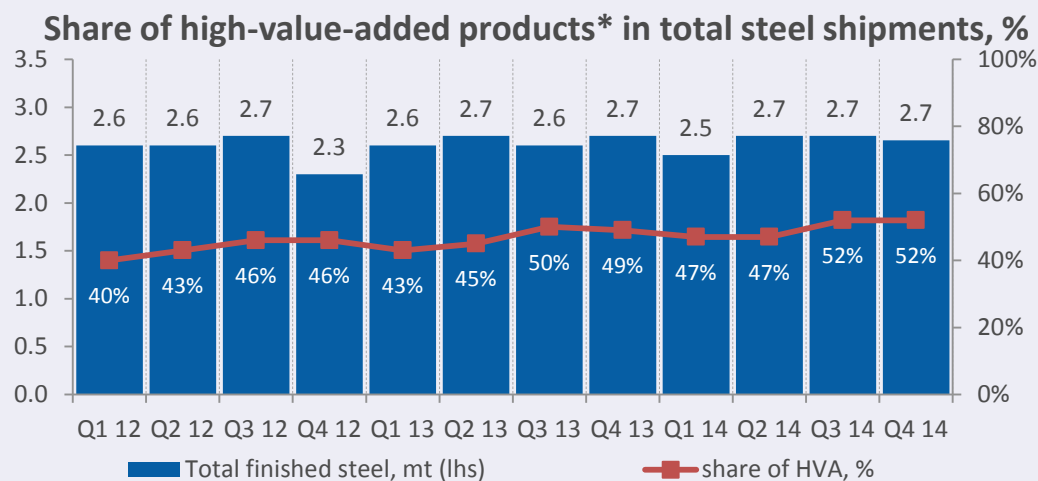
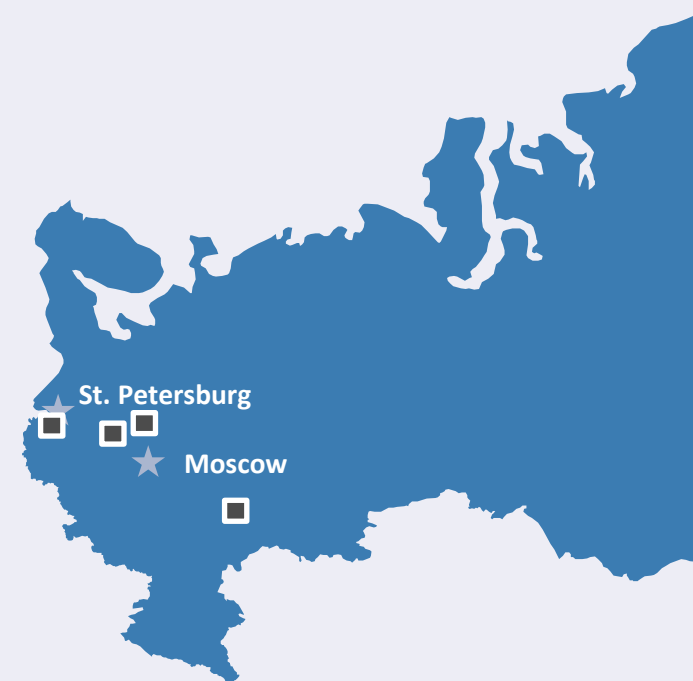
Sales volumes, t	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Total steel products	2 654 466	2 745 261	(3%)	10 592 758	10 642 399	0%
Semi-finished products	98 612	15 107	n.a.	403 462	533 030	(24%)
Rolled products:	2 010 001	2 214 512	(9%)	8 284 852	8 379 700	(1%)
Hot-rolled coil	824 608	1 003 188	(18%)	3 773 373	4 218 759	(11%)
Hot-rolled plate	196 903	219 902	(10%)	840 345	772 469	9%
Cold-rolled coil	350 456	377 033	(7%)	1 448 939	1 418 846	2%
Galvanised and metallic coated coil	162 614	170 665	(5%)	591 868	615 498	(4%)
Color coated coil	111 720	133 240	(16%)	433 797	450 038	(4%)
Long products	363 700	310 484	17%	1 196 530	904 090	32%
Downstream products:	545 853	515 642	6%	1 904 444	1 729 669	10%
Metalware products	152 274	163 954	(7%)	639 137	663 520	(4%)
Large diameter pipes	150 078	121 998	23%	402 112	324 868	24%
Other tubes, pipes, formed shapes	243 501	229 690	6%	863 195	741 281	16%

Sales price, \$/tonne	Q4 2014	Q3 2014	Change,%	2014	2013	Change,%
Semi-finished products	454	491	(8%)	451	445	1%
Hot-rolled coil	450	517	(13%)	486	518	(6%)
Hot-rolled plate	560	726	(23%)	706	737	(4%)
Cold-rolled coil	492	576	(15%)	558	618	(10) %
Galvanised and metallic coated coil	610	803	(24%)	736	822	(10) %
Color coated coil	825	1 080	(24%)	982	1 060	(7) %
Long products	429	587	(27%)	515	589	(13) %
Metalware products	916	1 077	(15) %	1 042	1 164	(10) %
Large diameter pipes	1 295	1 453	(11%)	1 424	1 586	(10) %
Other tubes, pipes, formed shapes	642	647	(1%)	642	686	(6) %

* RSD volumes and average selling prices for 2013 were restated due to a change in recognized revenues, based on a re-classification of products.

Severstal Russian Steel

- Severstal Russian Steel (RSD) steel products sales decreased 3% q/q to 2.65 mln tonnes due to seasonal factors as well as marginal change to the product mix coupled with short-term maintenance at one of the mills.
- Our Balakovo mini-mill continues its production ramp-up with total sales of long products increasing 17% q/q.
- Sales of large diameter pipes increased 23% q/q as Izhora Pipe Mill successfully proceeded with the South Stream first tender deliveries. Moreover, in Q4 Severstal continued supplying LDPs for the Power of Siberia and the Southern Corridor pipelines.
- Q4 2014 steel products USD-nominated prices primarily reflected the sharp RUB devaluation during the respective quarter. Nevertheless, RSD was able to increase domestic RUB-nominated sales prices partially compensating for the RUB devaluation effect. Moreover, despite seasonally low market, domestic RUB-nominated prices continue to catch up with the export USD-nominated parity since the beginning of 2015.



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

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