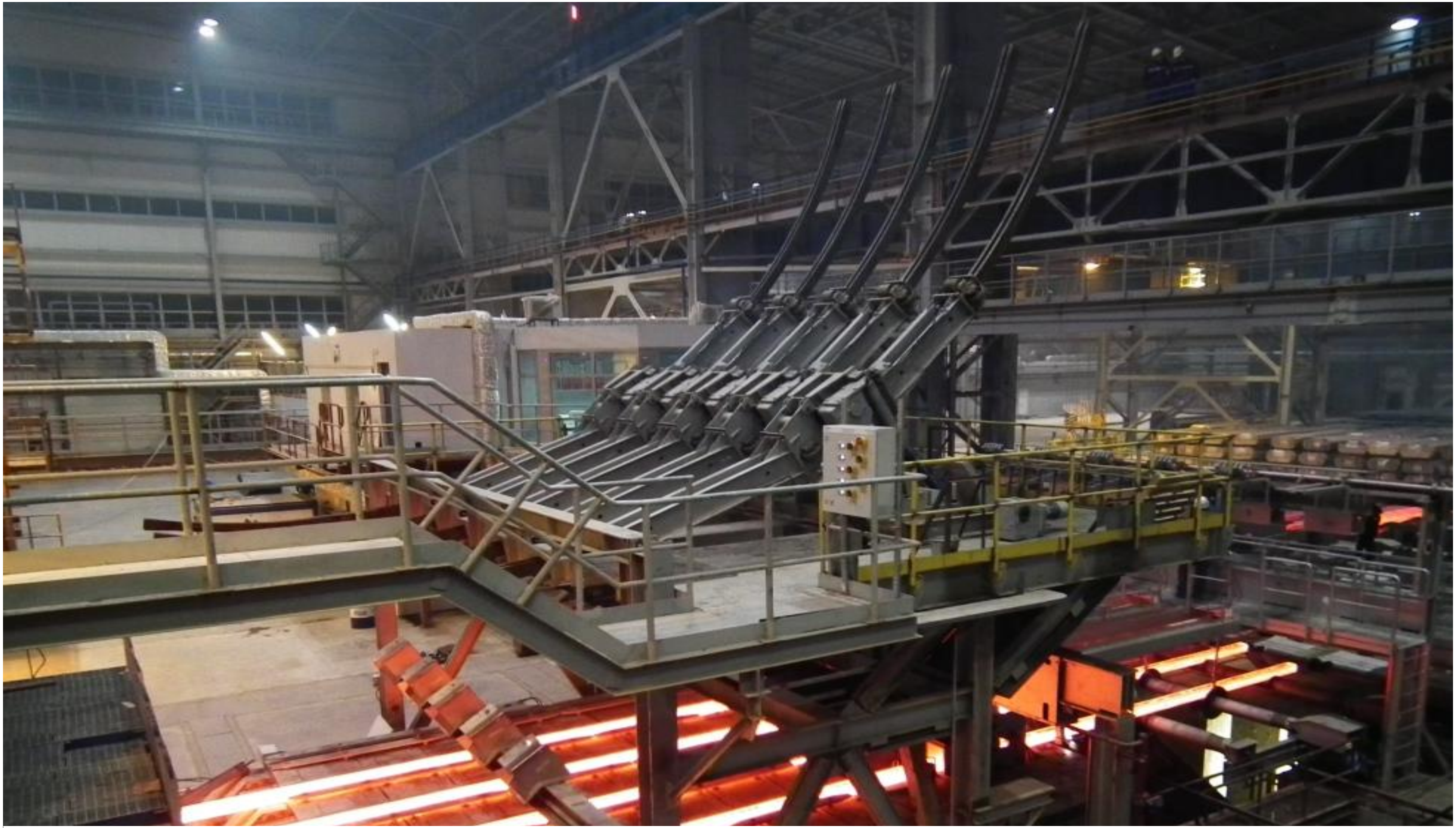


Severstal
Achieve more together

Q2 and H1 2014 Financial Results Presentation

30 July 2014

Photo: Balakovo long products mini-mill of Severstal.

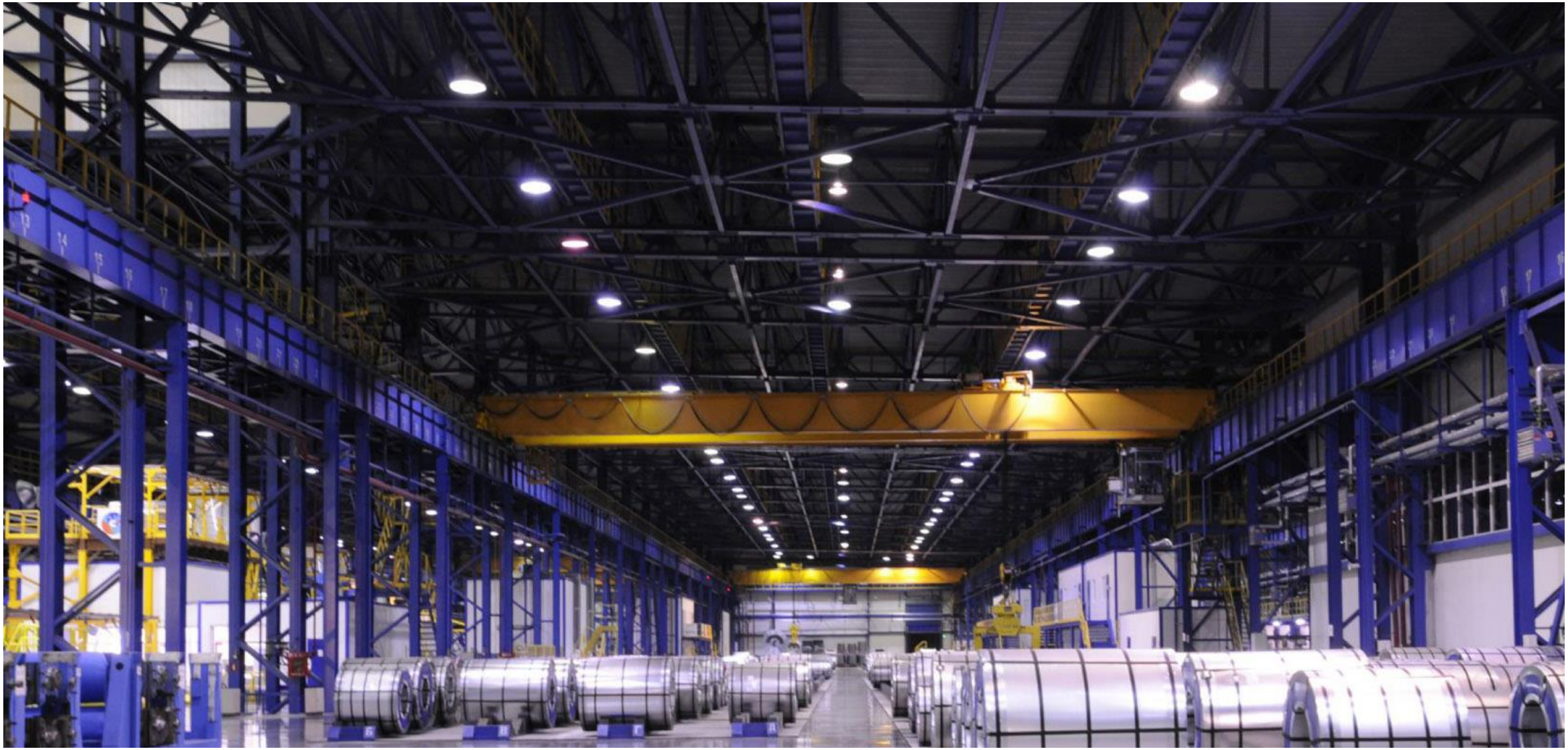


Table of Contents

3 Q2 2014 Results Overview

7 Divisional Performance and Market Outlook

12 Financial Position

17 Appendices

Severstal
Achieve more together

Q2 2014 Results Overview

Summary

Severstal

Q2 2014 Highlights:

- Another resilient performance driven by continued operational enhancements. Group EBITDA margin expanded to 18.6% (Q1 14: 17.8%)
- Significant growth in EBITDA* and EBITDA margin y/y : Q2 14 EBITDA of $606m (Q2 13: $479m); Q2 14 EBITDA margin of 18.6% (Q2 13: 14.0%), despite revenue decreasing 4.7% y/y to $3,253m (Q2 13: $3,414m)
- Proximity to key steel consuming regions and export markets enabled flexibly reshuffle sales mix, increase domestic sales once local pricing reached attractive levels, while lower raw material costs coupled with ongoing cost reduction supported margins of the Russian Steel Division
- Strong free cash flow of $486m in Q2 2014 (Q1 2014: $236m) and $722m for H1 2014 (H1 2013: $133m)
- Severstal International remained strong with EBITDA of $100m, and an EBITDA margin of 9.4%
- Loss of $661m** (Q1 14 loss of $100m): includes expected non-cash losses preliminary estimated at $1,066 million on the disposals*** of Severstal Dearborn LLC, Severstal Columbus LLC, PBS Coals Ltd. and a positive FX gain of $199 million. Excluding these non-cash items, Severstal would have posted a net profit of $206 million (Q1 2014: net profit of $221 million excluding non-cash items)
- Further deleveraging: Net Debt/EBITDA fell to 1.3x with gross debt decreasing q/q by approximately $580m
- We maintain a prudent and flexible approach to investments: Q2 14 capex**** of $211m, 20% lower q/q
- Recommended dividend payment of 2.14 RUB per share (approximately $0.06) for the 6 months ended 30 June 2014 supported by strong FCF

* 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.
*** In July 2014, the Group entered into agreements to sell PBS Coals Ltd., Severstal Dearborn LLC and Severstal Columbus LLC. The transactions have not been completed at the date of the issue of Q2 consolidated interim condensed financial statements.
**** Represents cash outflow on capex in the period

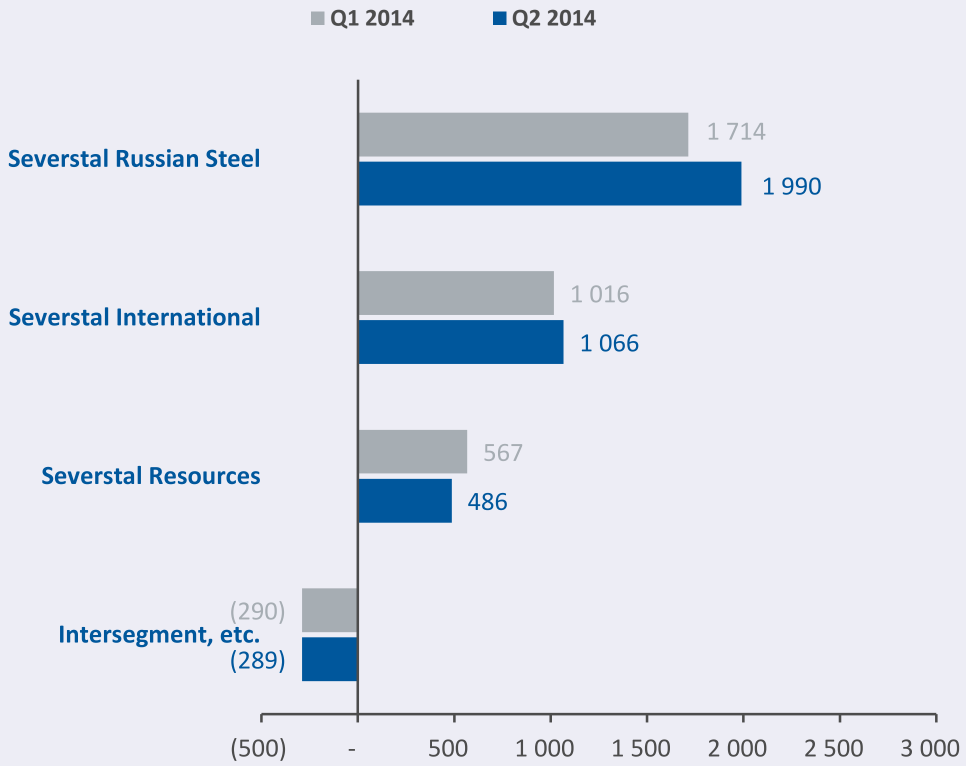
Revenue Dynamics and Breakdown

Severstal

Q2 2014 Revenue: $3,253m

(Q1 2014: $3,007m; +8.2%)

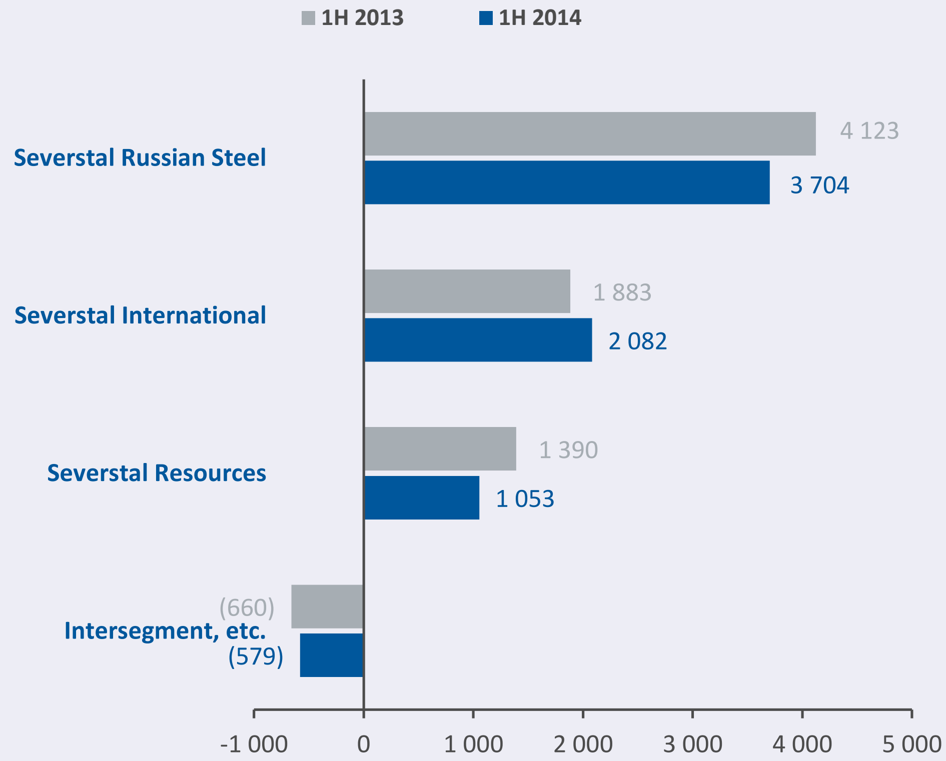
Strong rebound in volumes as well as moderate improvement in prices q/q led to higher revenues at Russian Steel and Severstal International. Somewhat mitigated by the expectedly weaker pricing environment at Resources



H1 2014 Revenue: $6,260m

(H1 2013: $6,736m; -7.1%)

Russian Steel and Resources saw decreases in revenues on lower realized prices and sales y/y, while Severstal International delivered stronger sales volumes y/y due to higher utilization rate, ongoing sales improvements and better pricing



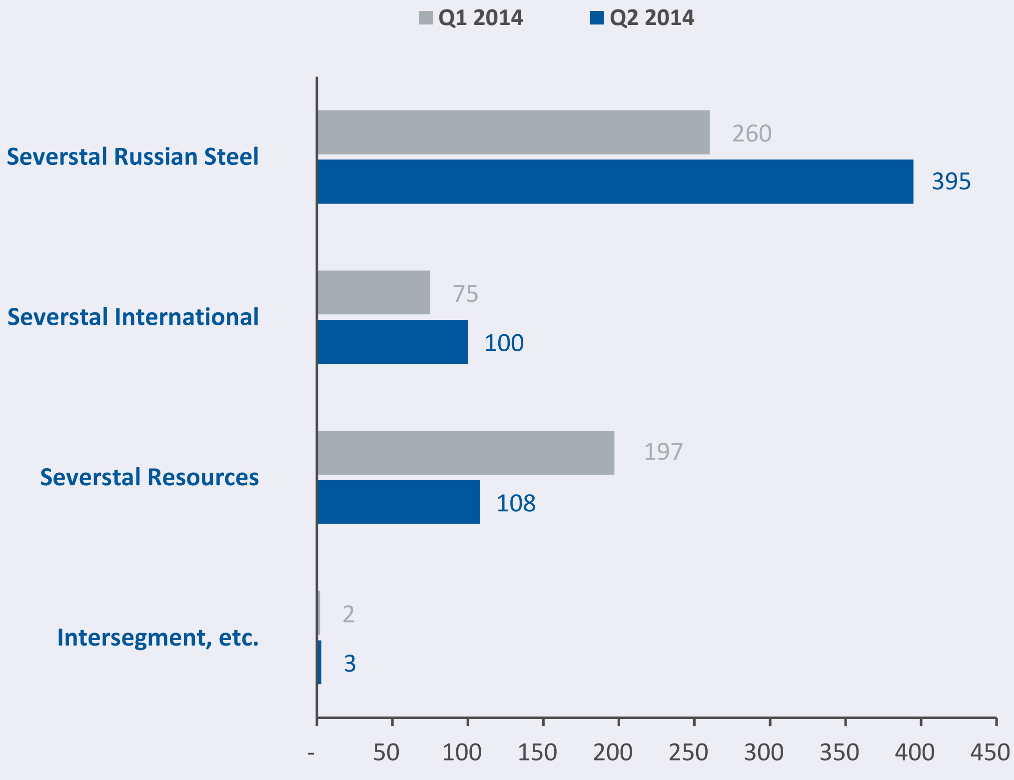
EBITDA Dynamics and Breakdown

Severstal

Q2 2014 EBITDA: $606m

(Q1 2014: $534m; +13.5%)

Group EBITDA margin* expanded q/q due to operational improvements, improved steel pricing environment, lower steelmaking input cost showing the benefits of vertical integration

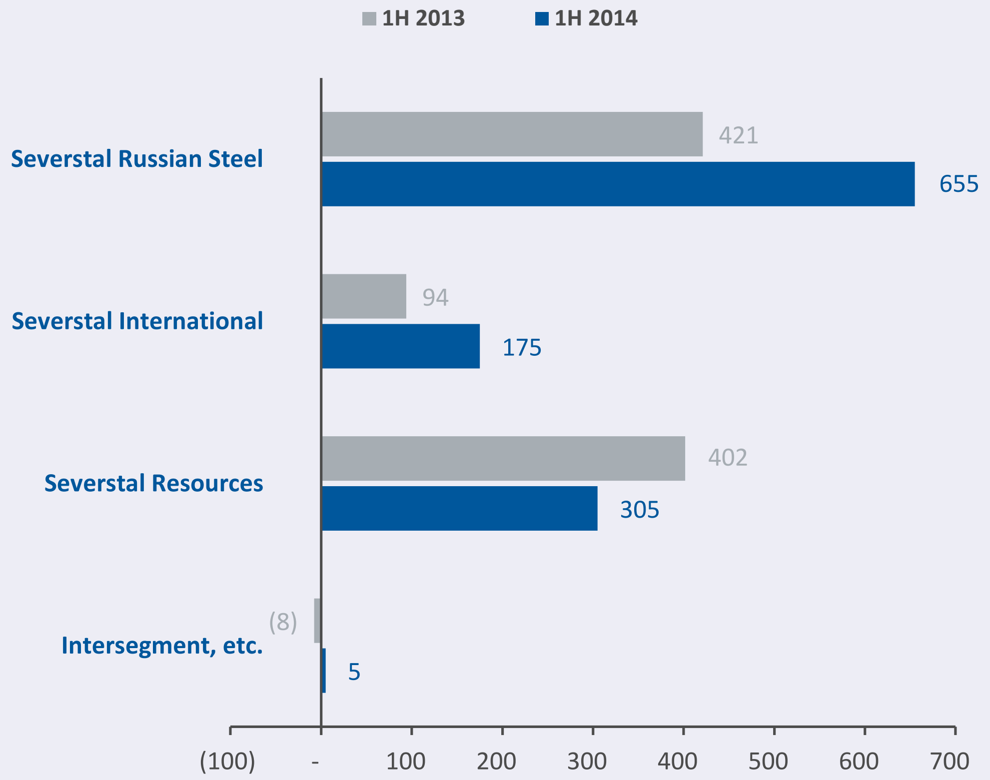


*The Group Q2 2014 EBITDA margin was 18.6%.

H1 2014 EBITDA: $1,140m

(H1 2013: $909m; +25.4%)

Strong performance of Russian Steel on the back of operational enhancements and lower input costs, and fully offsetting weaker deliveries of Resources. Severstal International increased its EBITDA by 86% y/y



Severstal
Achieve more together

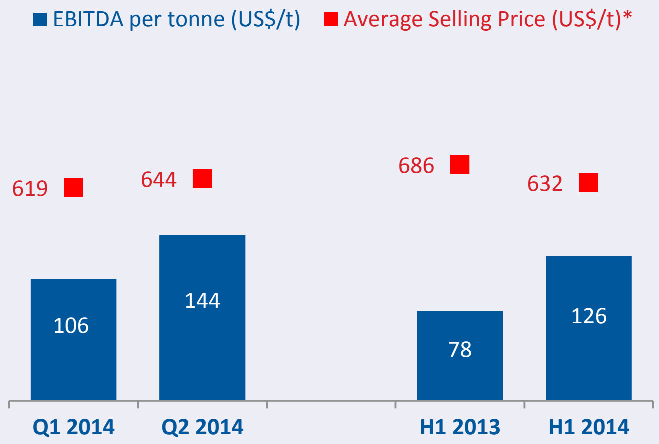
Divisional Performance and Market Outlook

Severstal Russian Steel

Severstal

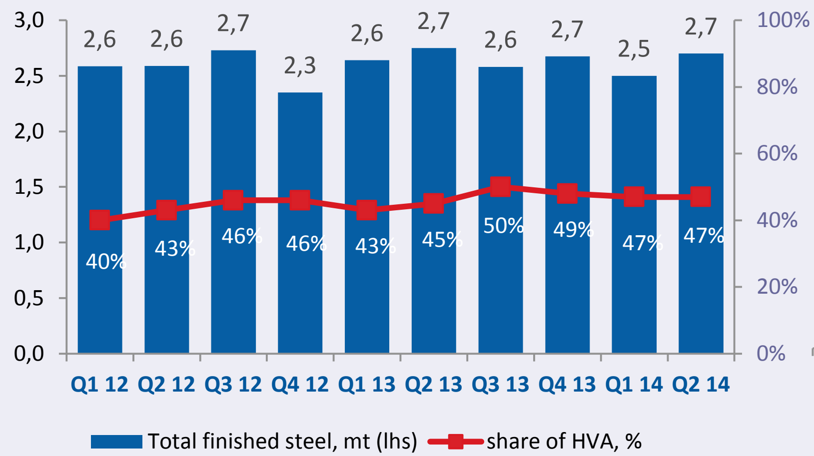
- Q2 14 saw seasonal pickup in demand on domestic and export markets. Proximity to domestic clients and export markets provides flexibility to increase share of local shipments when domestic prices rebound (domestic sales increased to 64% in total shipments (Q1: 60%))
- Sales of steel products increased 12% q/q largely driven by sales of long products (up 27% q/q), colour coated coils (up 43% q/q) and metalware products (up 21% q/q). Some sales volumes from Q1 were deferred in anticipation of higher steel prices in Q2
- Q2 revenue up 16.1% q/q to $1,990m (Q1 14: $1,714m) on higher volumes. H1 revenue reduced 10.2% y/y
- Q2 EBITDA of $395m was 51.9% higher q/q (Q1 14: $260m) owing to both higher sales and lower raw materials prices. EBITDA/t increased substantially q/q (up 35.8%) , and EBITDA margin expanded 4.6 ppts to 19.8% on the back of continued cost savings. H1 EBITDA was 55.6% higher y/y
- In Q2 Cherepovets total non-integrated cash cost of slab increased $35/t q/q mostly due to an increase in manufacturing of sophisticated slabs for captive LDP production. Q2 integrated cash cost of slab went up $71/t q/q to $318/t due to lower pricing environment for Severstal Resources
- The share of high value added (HVA) products remained strong at 47% (Q1 2014: 47%)

EBITDA per tonne and average selling price



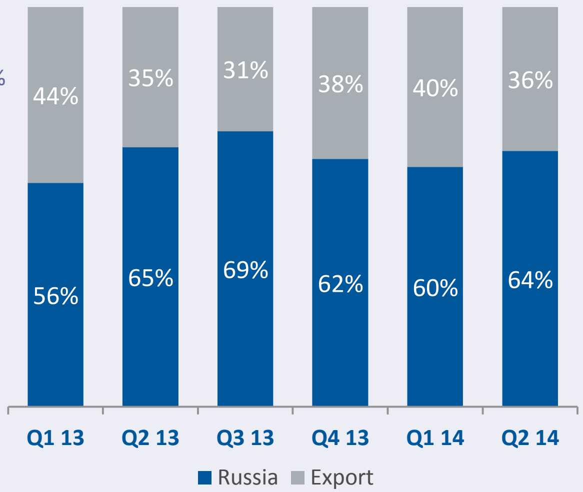
*All steel products, incl. pipes, etc.; Ex Works price terms.

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

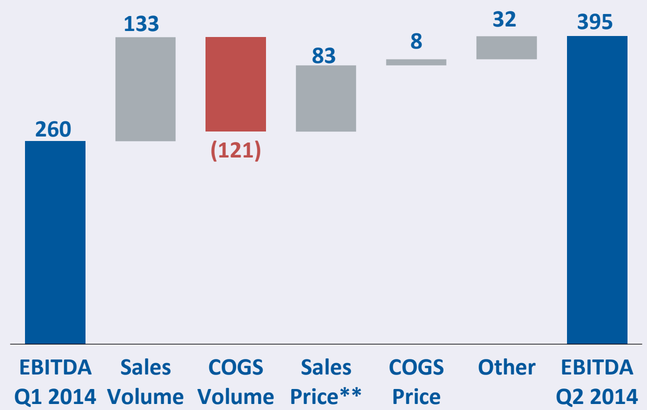


*** High-value-added comprises: plate; cold-rolled , galvanized and metallic coated, color coated sheet; metalware; large-diameter and other pipes.

Steel sales volumes by destination, %



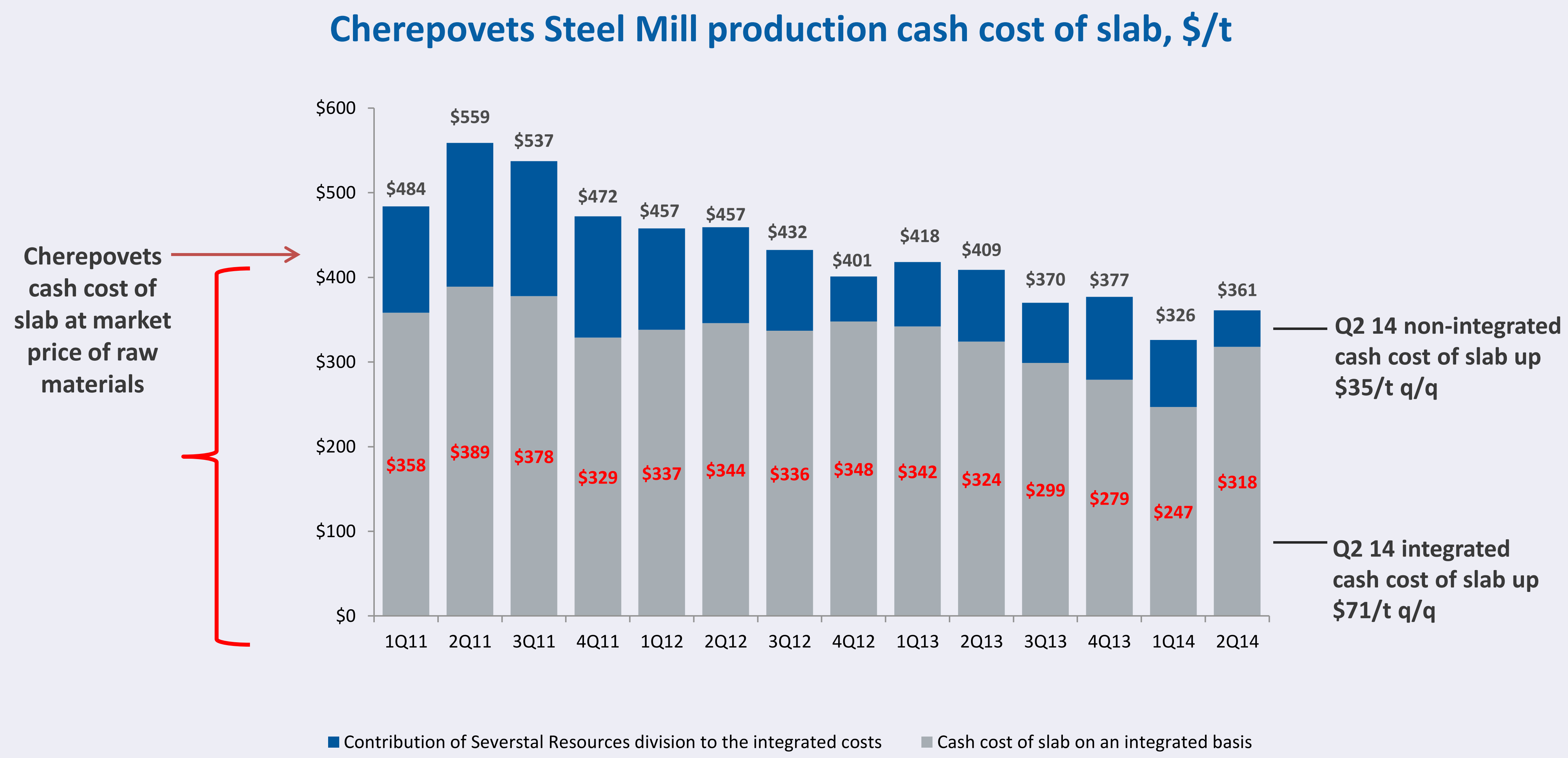
EBITDA drivers in Q2 2014, $m



** Excluding foreign exchange effect.

Cost Control at Severstal Russian Steel

Severstal

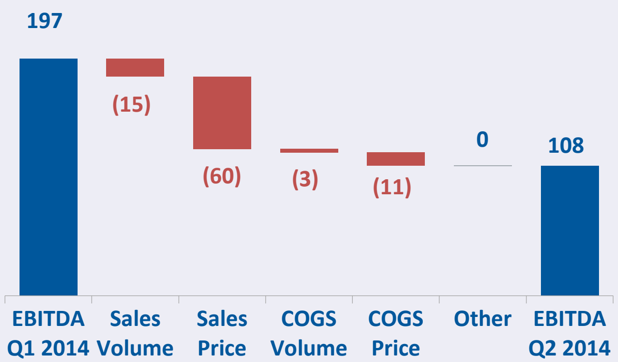


Severstal Resources

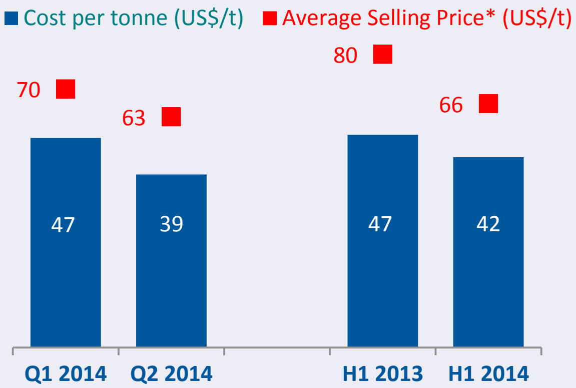
Severstal

- Q2 revenue 14.3% lower q/q to $486m (Q1 14: $567m), despite 10% q/q increase in iron ore concentrate sales largely due to continued longwalls repositioning at Vorkutaugol and overall q/q commodity prices decline. H1 revenue down 24.2% y/y due to substantial drop in prices
- Q2 EBITDA of $108m down 45.2% q/q (Q1 14: $197m) with EBITDA margin declining by 12.5 ppts to 22.2% mostly due to weaker pricing environment. H1 EBITDA was 24.1% lower y/y
- Relentless focus on decreasing total cash cost (TCC) of production: TCC at Olkon declined to $39/t (Q1 14: $47/t), TCC at Karelsky Okatysh remained broadly in line with Q1 14 ($45/t in Q2 14 vs. $42/t in Q1 14).
- TCC at Vorkutaugol temporarily went up to $125/t (Q1 14: $93/t) on lower production due to tougher geology and planned mine works
- TCC at PBS Coals increased to $116/t (Q1 14: $109/t)*

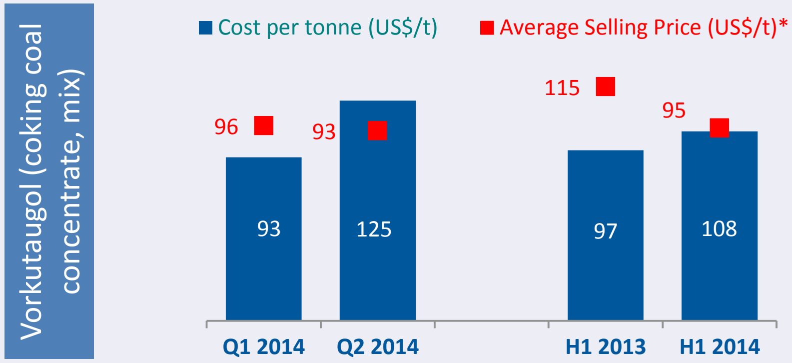
EBITDA drivers in Q2 2014, $m

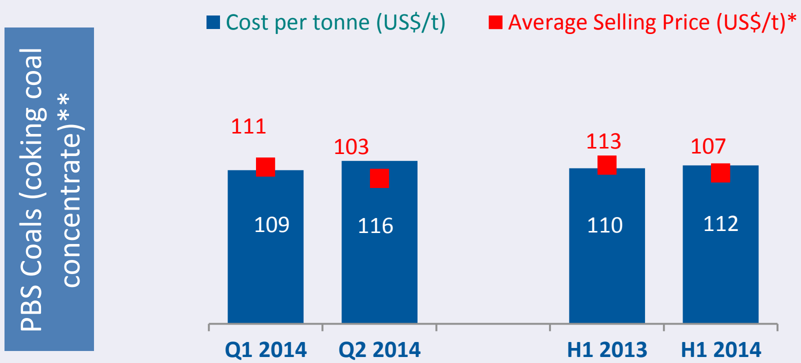


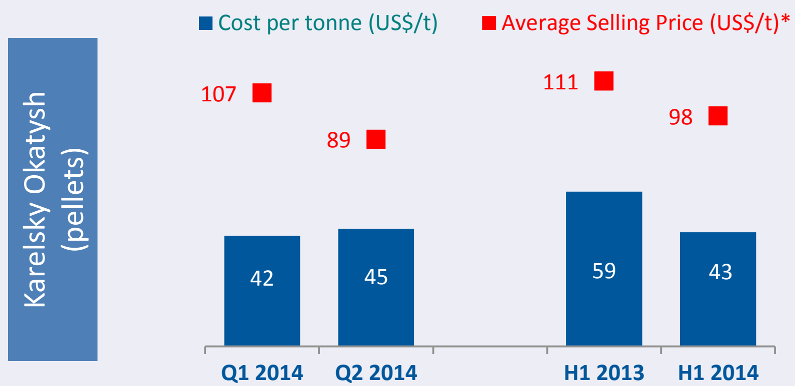
Olkon (iron ore concentrate)



Average selling price and cash cost per tonne







*In July 2014, the Group entered into an agreement to sell to a third party 100% stake in PBS Coals Ltd, a U.S. coal mining company, included in the Severstal Resources reporting segment. The transaction has not been completed at the date of the issue of Q2 financial statements.

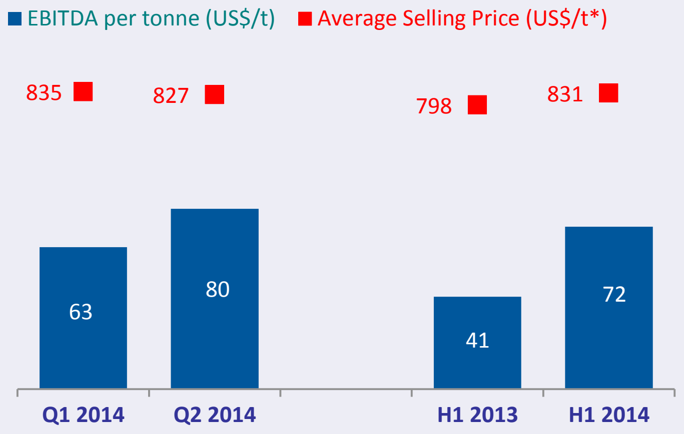
*Free carrier price terms.

Severstal International

Severstal

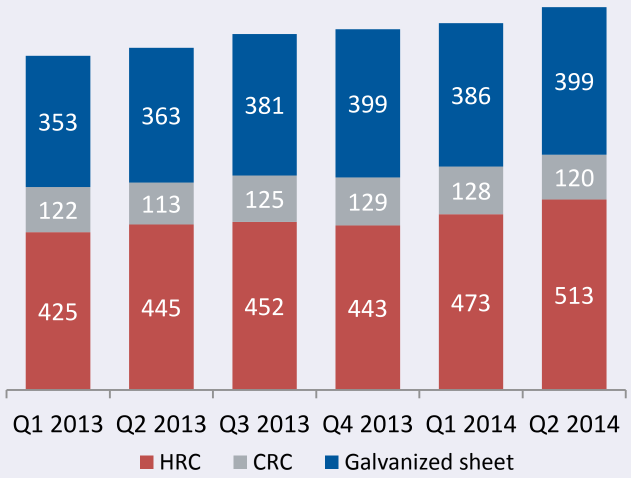
- Severstal North America delivered good Q2 performance. Sales of rolled products increased 6% q/q to 1.25 mt. Q2 revenue of $1,066m (Q1 14: $1,016m), up 4.9% q/q due to higher sales volumes. H1 revenue increased 10.6% on better pricing and a higher utilization rate
- Q2 EBITDA up 33.3% q/q to $100m mostly due to substantial improvement in the performance of Dearborn after severe winter months in Q1, as well as further enhancements at Columbus (Q1 14 EBITDA: $75m). Columbus' EBITDA/t in Q2 stayed strong at $108/t. H1 EBITDA is 86.2% higher y/y with EBITDA margin growing 3.4 ppts to 8.4%; and EBITDA/t improving by 75.6% y/y to $72/t
- In July 2014, the Group entered into agreements to sell to third parties 100% stakes in Severstal Dearborn LLC and Severstal Columbus LLC, comprising, together with their subsidiaries and investments in joint ventures and associates, the Severstal International reporting segment. The cash consideration receivable amounts to US$ 2,325.0 million, including settlement of certain external and intercompany debt

EBITDA per tonne and average selling price

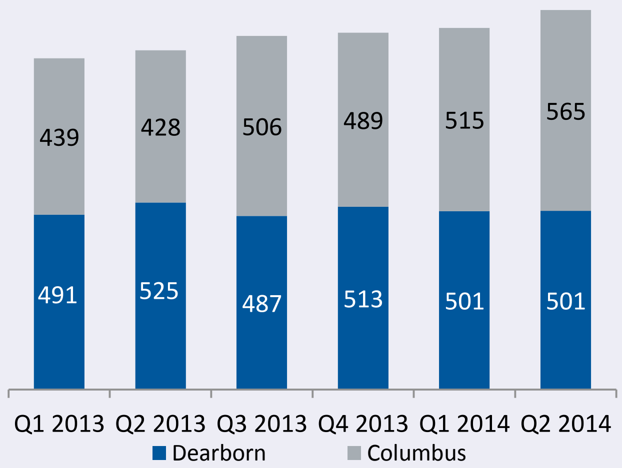


*All steel products, mixed price terms, resulting ex works.

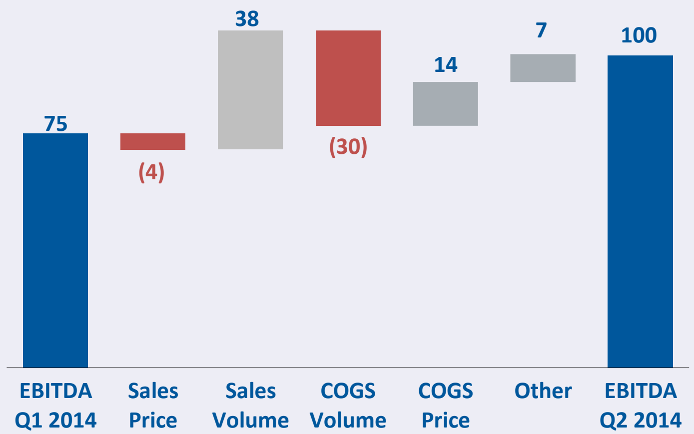
Steel revenue by product dynamics, $m



Revenue by plant dynamics, $m



EBITDA drivers in Q2 2014, $m



Achieve more together

Financial Position

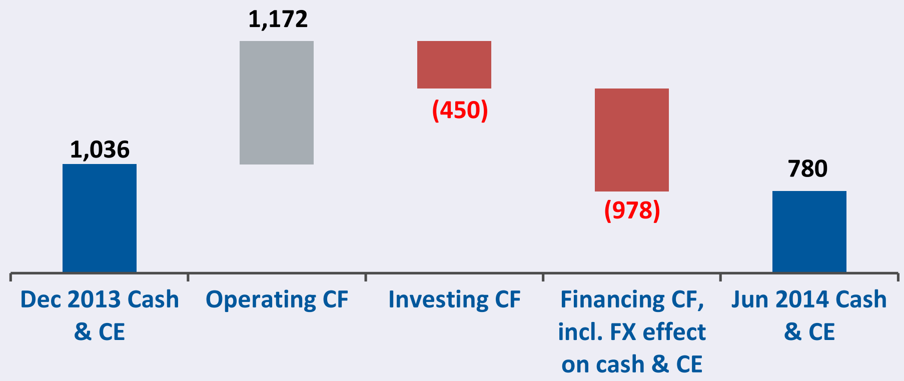
Cash Flow and Net Working Capital

Severstal

Q2 and H1 2014 Highlights:

- Solid liquidity position of $780m in cash and cash equivalents
- Strong operating cash flow of $684m in Q2
- Q2 capex of $211m, 20% below the capex of Q1
- FY capex target of $976m may reduce due to weaker RUB. Moreover, FY2014 capex (in USD) may be lower reflecting the expected sale of Severstal Dearborn LLC and Severstal Columbus LLC, comprising the Severstal International reporting segment
- Q2 free cash flow of $486m (H1 2014 FCF: $722m)
- Net working capital down 13.3% q/q; NWC/LTM revenue declined q/q to 12.3%

Cash Flow dynamics, 31 Dec 2013 to 30 Jun 2014



H1 2014 CAPEX breakdown, $m

FY 2014 target CAPEX breakdown, $m

Net Working Capital developments

Net working capital, $m

June 30, 2014	December 31, 2013	Change, %
1,584	1,917	(17.4%)

Net working capital as % of revenues (LTM)

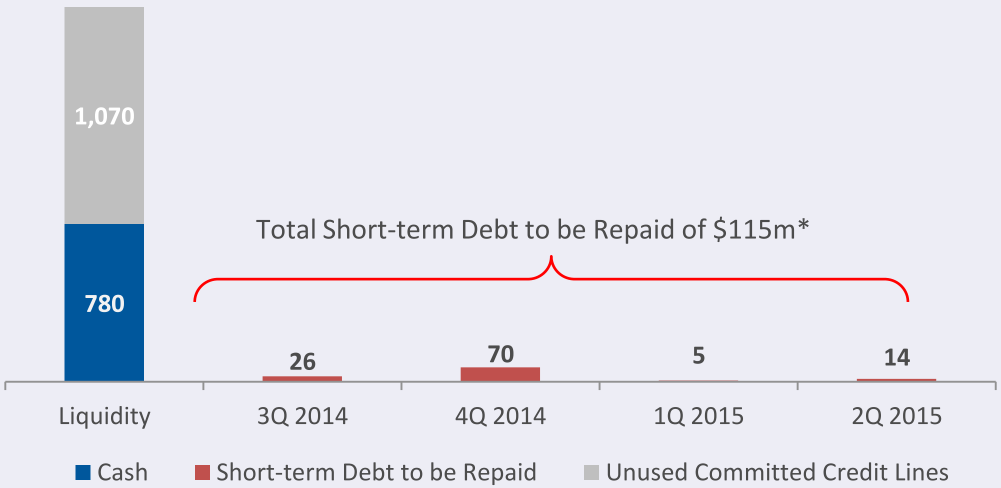
June 30, 2014	December 31, 2013	Change, ppts
12.3%	14.4%	(2.1 ppts)

Robust Liquidity and Sustainable Leverage

Severstal

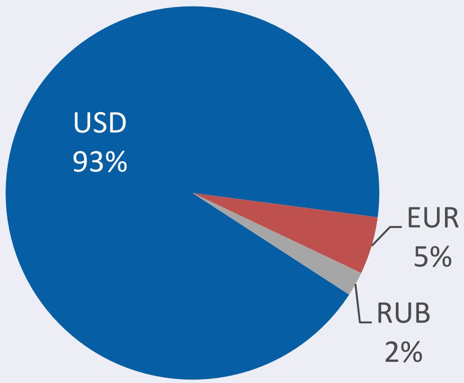
Strong liquidity position:

- As at the end of Q2, cash and cash equivalents stood at $780m
- In Q2 Severstal announced a public tender offer to buy back 2016 and 2017 Eurobonds. Total of approximately $288m of both bond issues was purchased from the total outstanding $500 million and $1,000 million of the 2016 and 2017 Eurobonds respectively
- Committed unused credit lines of $1,070m
- Only $115m upcoming short-term debt maturities serviced with available liquidity of $1,850m
- Net debt/EBITDA fell q/q to 1.3x with gross debt decreasing q/q by approximately $580m

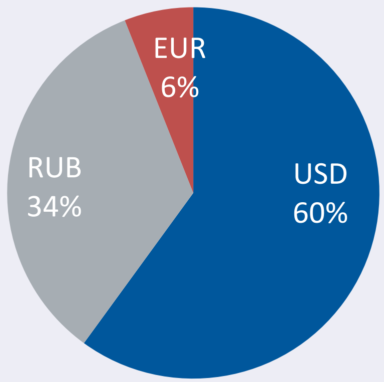


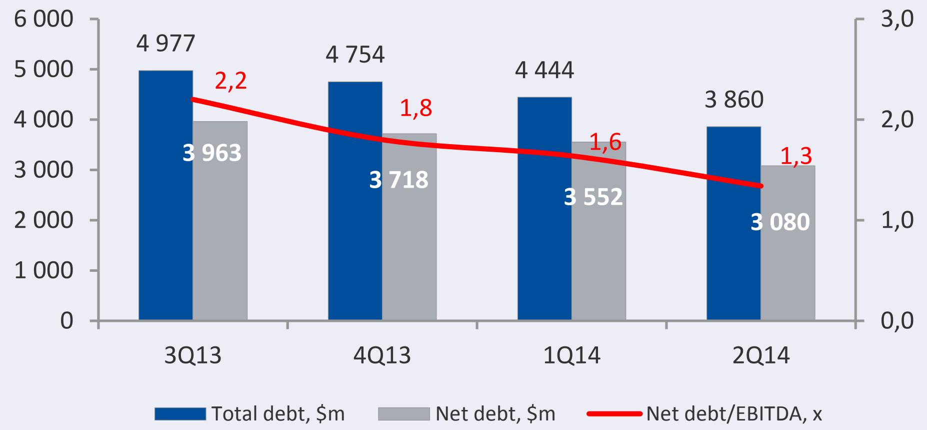
* Represents principal amount of debt.

Q2 2014 debt currency mix**



Q2 2014 cash currency mix

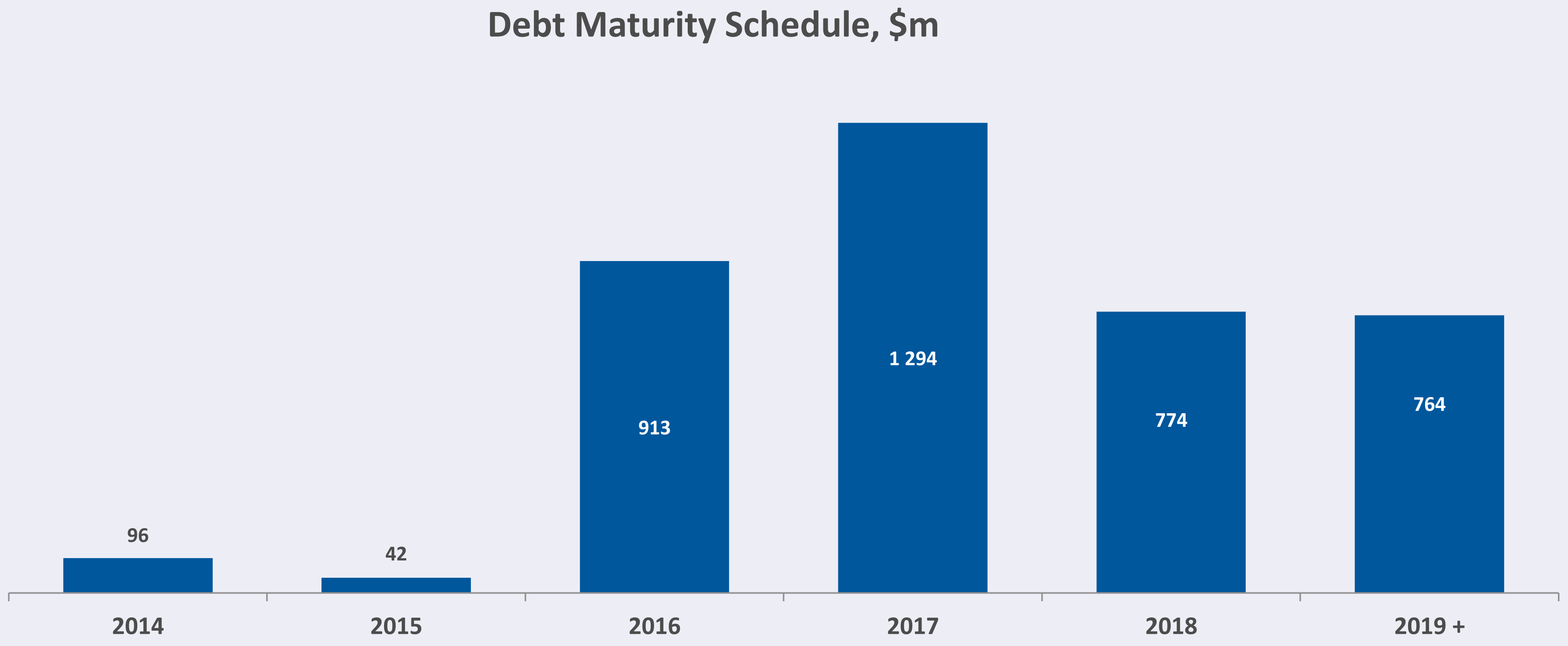




**The currency mix is affected by RUR-USD swap transaction

Debt Structure

As at 30.06.2014 the debt structure was dominated by public debt (78% of total) and the US dollar (93% of total)*.



Notes:
Debt represents the principal amount of debt. Debt for 2014 represents amount of debt as at 30 June 2014
* The currency mix is affected by RUB-USD swap transaction

Q3 2014 Market Outlook

Severstal

Global:

- Global steel demand and production are growing by 2.2% in H1 2014 YTD y/y, while global capacity utilization hovers at 78.5%
- European economy and the steel market are recovering with steel output growing by 3.8% (YTD)
- Steel production keeps growing in China by 3% (YTD) which rises export pressure concerns
- Hard coking coal prices remain stable at low levels with cost support preventing from the significant weakining

Russia:

- Tough steel consumption in Russia is slightly down y/y, the current momentum is quite positive due to the construction season
- Residential construction is the main driver of the domestic steel demand
- Demand for large diameter pipes for the oil & gas industry remains solid on the back of the South Stream project development

USA:

- Post the Q1 2014 decline caused by severe weather conditions, GDP growth is expected to accelerate to about 3%
- US domestic HRC prices are solid due to the strong domestic steel demand, despite surge in imports

Source: Worldsteel, Severstal estimates

Severstal
Achieve more together

Appendices

Summary Income Statement

Severstal

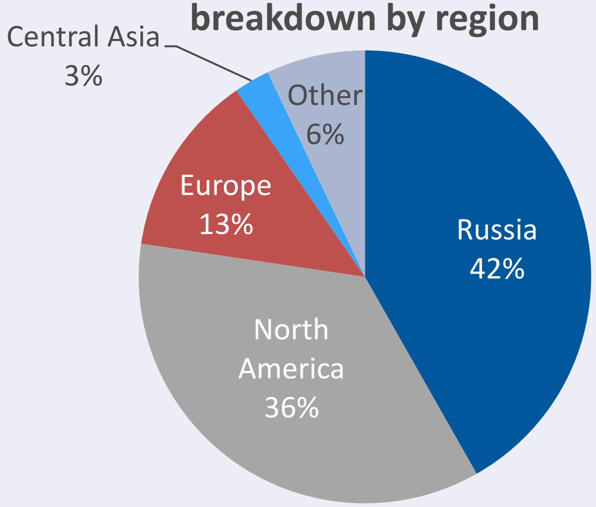
$ million, unless otherwise stated	Q2 2014	Q1 2014	H1 2014	H1 2013
Revenue	3,253	3,007	6,260	6,736
COGS	(2,491)	(2,318)	(4,809)	(5,303)
EBITDA	606	534	1,140	909
EBITDA margin, %	18.6%	17.8%	18.2%	13.5%
Profit from operations	404	336	740	500
Operating margin, %	12.4%	11.2%	11.8%	7.4%
(Loss)/ profit before income tax	(520)	(126)	(646)	22
Net loss	(661)	(100)	(761)	-
Basic EPS, $	(0.82)	(0.12)	(0.94)	-
Dividend per share, $*	0.06	0.07	0.13	0.07

*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 Q2 2014 need to be approved by EGM on 10 September 2014.

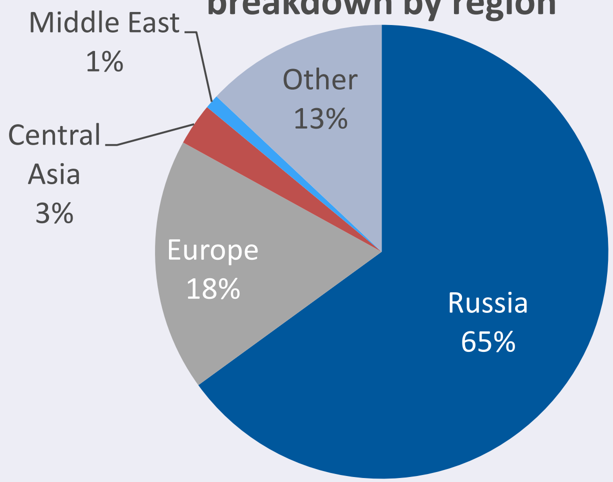
Q2 2014 Revenue Breakdown by Region

Severstal

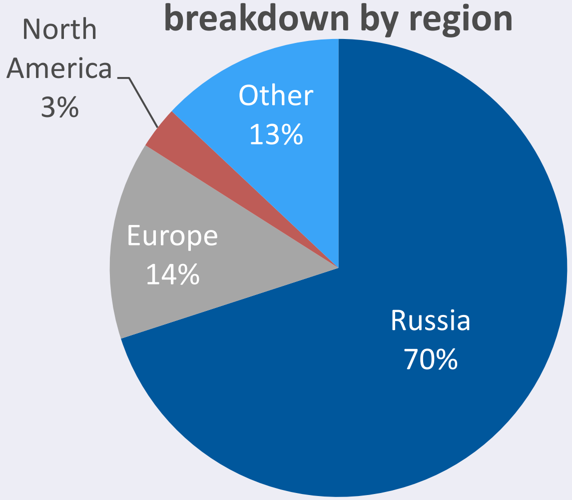
Severstal Group Q2 2014 revenue breakdown by region



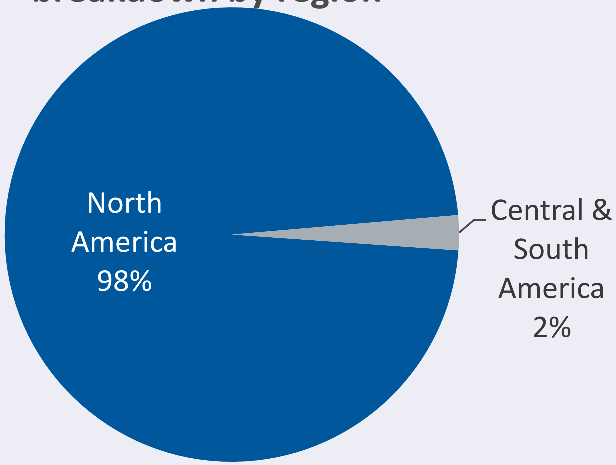
Severstal Russian Steel Q2 2014 revenue breakdown by region



Severstal Resources Q2 2014 revenue breakdown by region



Severstal International* Q2 2014 revenue breakdown by region



* In July 2014, the Group entered into agreements to sell to third parties 100% stakes in Severstal Dearborn LLC and Severstal Columbus LLC, comprising, together with their subsidiaries and investments in joint ventures and associates, the Severstal International reporting segment. The transaction has not been completed at the date of the issue of Q2 consolidated interim condensed financial statements.

Q2 2014 Division Results

Severstal

Severstal Resources

	Q2 2014	Q1 2014	Change, %	H1 2014	H1 2013	Change, %
Revenue ($m)	486	567	(14.3%)	1,053	1,390	(24.2%)
Cost of sales ($m)	(346)	(344)	0.6%	(690)	(866)	(20.3%)
G&A expences ($m)	(34)	(24)	41.7%	(58)	(66)	(12.1%)
Distribution expences ($m)	(44)	(49)	(10.2%)	(93)	(150)	(38.0%)
EBITDA ($m)	108	197	(45.2%)	305	402	(24.1%)
Operating Profit ($m)	49	137	(64.2%)	186	275	(32.4%)
EBITDA Margin, %	22.2%	34.7%	(12.5 ppts)	29.0%	28.9%	0.1 ppts

Severstal Russian Steel

	Q2 2014	Q1 2014	Change, %	H1 2014	H1 2013	Change, %
Revenue ($m)	1,990	1,714	16.1%	3,704	4,123	(10.2%)
Cost of sales ($m)	(1,454)	(1,305)	11.4%	(2,759)	(3,254)	(15.2%)
G&A expences ($m)	(85)	(97)	(12.4%)	(182)	(256)	(28.9%)
Distribution expences ($m)	(141)	(127)	11.0%	(268)	(344)	(22.1%)
EBITDA ($m)	395	260	51.9%	655	421	55.6%
Operating Profit ($m)	301	169	78.1%	470	232	102.6%
EBITDA Margin, %	19.8%	15.2%	4.6 ppts	17.7%	10.2%	7.5 ppts
EBITDA per tonne ($/t)	144	106	35.8%	126	78	61.5%
Average Selling Price (US$/t*)	644	619	4.0%	632	686	(7.9%)

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

Q2 2014 Division Results (Continued)

Severstal

Severstal International*

	Q2 2014	Q1 2014	Change, %	H1 2014	H1 2013	Change, %
Revenue ($m)	1,066	1,016	4.9%	2,082	1,883	10.6%
Cost of sales ($m)	(984)	(961)	2.4%	(1,945)	(1,836)	5.9%
G&A expences ($m)	(26)	(24)	8.3%	(50)	(41)	22.0%
Distribution expences ($m)	-	-	n/a	-	(3)	(100)%
EBITDA ($m)	100	75	33.3%	175	94	86.2%
Operating Profit/ (Loss) ($m)	51	27	88.9%	78	(1)	n/a
EBITDA Margin, %	9.4%	7.4%	2.0 ppts	8.4%	5.0%	3.4 ppts
EBITDA per tonne ($/t)	80	63	27.0%	72	41	75.6%
Average Selling Price (US$/t)**	827	835	(1.0%)	831	798	4.1%

* In July 2014, the Group entered into agreements to sell to third parties 100% stakes in Severstal Dearborn LLC and Severstal Columbus LLC, comprising, together with their subsidiaries and investments in joint ventures and associates, the Severstal International reporting segment. The transaction has not been completed at the date of the issue of Q2 consolidated interim condensed financial statements.

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

Summary Balance Sheet

Severstal

$ million	As at 30 June 2014	As at 31 December 2013
Cash and Cash Equivalents	780	1,036
Total Assets:	12,661	14,534
Current Assets	4,241	4,906
Non-current Assets	8,420	9,628
Total Liabilities:	6,668	7,534
Current Liabilities	2,081	2,549
Non-current Liabilities	4,587	4,985
Total Equity	5,993	7,000
Total Equity and Liabilities	12,661	14,534

Summary Cash Flow Statement

Severstal

$ million	Q2 2014	Q1 2014	H1 2014
Loss/Profit before Financing and Taxation	(606)	312	(294)
Cash Generated from Operations	794	592	1,386
Interest Paid	(111)	(96)	(207)
Income Tax Received/(Paid)	1	(8)	(7)
Net cash from Operating Activities	684	488	1,172
Total cash used in Investing Activites , incl.	(199)	(251)	(450)
Additions to PP&E and IA	(211)	(264)	(475)
Free Cash Flow	486	236	722
Cash used in Financing Activities	(613)	(358)	(971)
Effect of Exchange Rate on Cash and Cash Equivalents	16	(23)	(7)
Net decrease in Cash and Cash Equivalents	(112)	(144)	(256)
Cash and Cash Equivalents at beginning of the Period	892	1,036	1,036
Cash and Cash Equivalents at end of the Period	780	892	780

Disposal of US-based assets

Severstal

- In July 2014, the Group completed the acquisition of 50% stake in Mountain State Carbon LLC from a third party, increasing its ownership interest up to 100%. The consideration payable by the Group includes cash of US$30.0 million and cancellation of the promissory note receivable from the same third party with a face value of US$100.0 million and a carrying value of nil at June 30, 2014. At the date of the issue of Q2 consolidated interim condensed financial statements, the Group has not finalized the fair market value assessment of the Mountain State Carbon LLC net assets. Mountain State Carbon LLC is included into the Severstal International reporting segment to be disposed, as noted below.

- In July 2014, the Group entered into an agreement to sell to a third party 100% stake in PBS Coals Ltd, a U.S. coal mining company, included in the Severstal Resources reporting segment. The cash consideration receivable by the Group under this sale agreement amounts to US$60.0 million, subject to certain adjustments upon the deal closure. The expected loss on the disposal has been preliminary estimated at the amount of US$153.9 million and recognized in Q2 consolidated interim condensed financial statements as impairment of property, plant and equipment. The transaction has not been completed at the date of the issue of Q2 consolidated interim condensed financial statements.

- In July 2014, the Group entered into agreements to sell to third parties 100% stakes in Severstal Dearborn LLC and Severstal Columbus LLC, comprising, together with their subsidiaries and investments in joint ventures and associates, the Severstal International reporting segment. The cash consideration receivable by the Group under these sale agreements amounts to US$2,325.0 million, including settlement of certain external and intercompany debt, subject to adjustments upon the deal closure. The expected loss on the disposal has been preliminary estimated at US$911.9 million and recognized in Q2 consolidated interim condensed financial statements primarily as impairment of property, plant and equipment. The transaction has not been completed at the date of the issue of Q2 consolidated interim condensed financial statements.

Intention to increase shareholder returns

Severstal

- Further to the Company's previous announcement that it has entered into agreements to sell Severstal Dearborn LLC and Severstal Columbus LLC together with their subsidiaries and investments in joint ventures and associates for a cash consideration of US$2,325.0 million, and subject to the closing of these transactions, the Board of Directors announces its intention to increase shareholder returns through the following initiatives:

  - To return approximately US$1 billion to shareholders via a special dividend after the closing of these transactions. The remainder of the expected proceeds from the divestment of Severstal Dearborn LLC and Severstal Columbus LLC is intended to remain in Severstal for further deleveraging.

  - To modify Severstal's existing dividend policy of quarterly dividend payments of not less than 25% of the net profit for the reporting period. Severstal intends to move to a dividend policy of quarterly payments of not less than 50% of the net profit for the reporting period provided that the net debt/12-month trailing EBITDA ratio is below 1.0 times. Should the ratio increase to higher than 1.0 times, Severstal would return to its previous dividend policy of 25% of the net profit for the reporting period until the ratio returns to 1.0 times or below.

- Final decision on the special dividend and the modification of the dividend policy has not been taken yet. It will be taken in line with the relevant legal and corporate procedures after the closing of the US assets divestment transactions.

Disclaimer

These materials are confidential and have been prepared by OAO Severstal (Severstal) solely for your information and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any other purpose.

These materials may contain projections and other forward-looking statements regarding future events or the future financial performance of Severstal. You can identify forward-looking statements by terms such as “expect,” “believe,” “estimate,” “intend,” “will,” “could,” “may” or “might”, or other similar expressions. Severstal cautions you that these statements are only predictions and that actual events or results may differ materially. Severstal will not update these statements to reflect events and circumstances occurring after the date hereof. Factors that could cause the actual results to differ materially from those contained in projections or forward-looking statements of Severstal may include, among others, general economic and competitive environment conditions in the markets in which Severstal operates, market change in the steel and mining industries, as well as many other risks affecting Severstal and its operations.

These materials do not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any securities of Severstal in any jurisdiction, nor shall they or any part of them nor the fact of their presentation, communication or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No representation or warranty, express or implied, is given by Severstal, its affiliates or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of these materials or their contents.