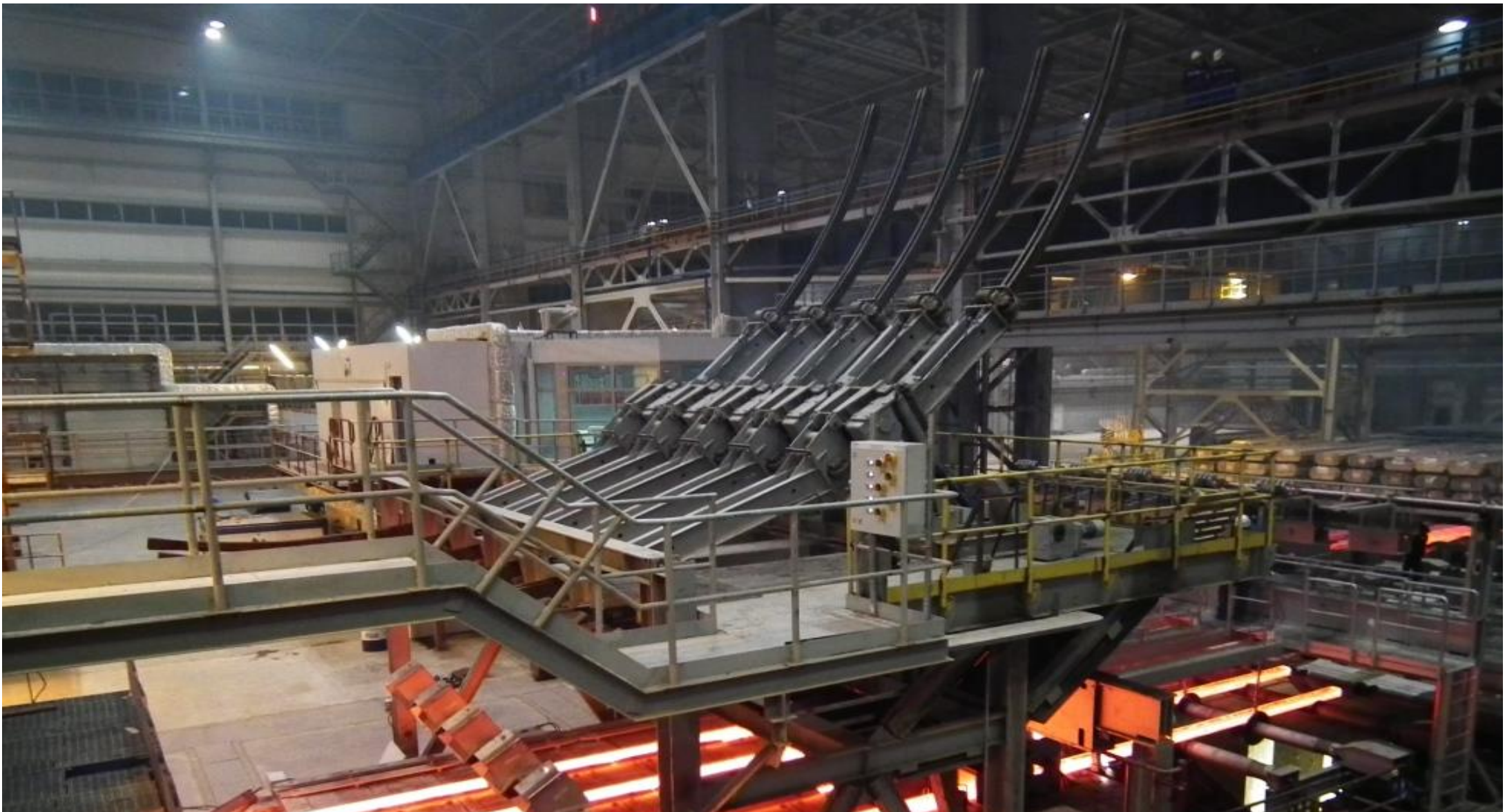






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Q1 2014 Results Overview

Q1 2014 Highlights:

- Another resilient financial performance: despite lower Revenue and EBITDA q/q, the Group's EBITDA margin remained broadly flat at 17.8% (Q4 13: 18.1%) due to continued focus on operational enhancements and cost control
- Initiatives to mitigate seasonal market softening in Russia included increased export shipments, demonstrating our fundamental advantage of proximity to ports and low cost of production
- Significant growth in EBITDA and EBITDA margin y/y : Q1 14 EBITDA of \$534m (Q1 13: \$430m); Q1 14 EBITDA margin of 17.8% (Q1 13: 12.9%), despite revenue decreasing 9.5% y/y to \$3,007m (Q1 13: \$3,322m)
- Strong free cash flow at \$236m in Q1 2014
- Severstal International remains strong: EBITDA of \$75m, and an EBITDA margin of 7.4%
- Loss of \$100m** (Q4 13 loss of \$74m): impacted by FX non-cash item of \$321m. Excluding that non-cash item, Severstal would have posted a net profit of \$221m in Q1 14
- Further deleveraging: Net Debt/EBITDA fell to 1.6x with gross debt decreasing q/q by approximately \$310m. We are now very close to our target of 1.5x Net Debt/EBITDA
- We maintain a prudent and flexible approach to investments: Q1 14 capex*** of \$264m is 21% below Q4 13. The FY2014 target capex (in USD) might be under our previously stated target of \$976 million due to the weakening RUB
- Recommended dividend payment of 2.43 RUB per share (approximately \$0.07) for the 3 months ended 31 March 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)

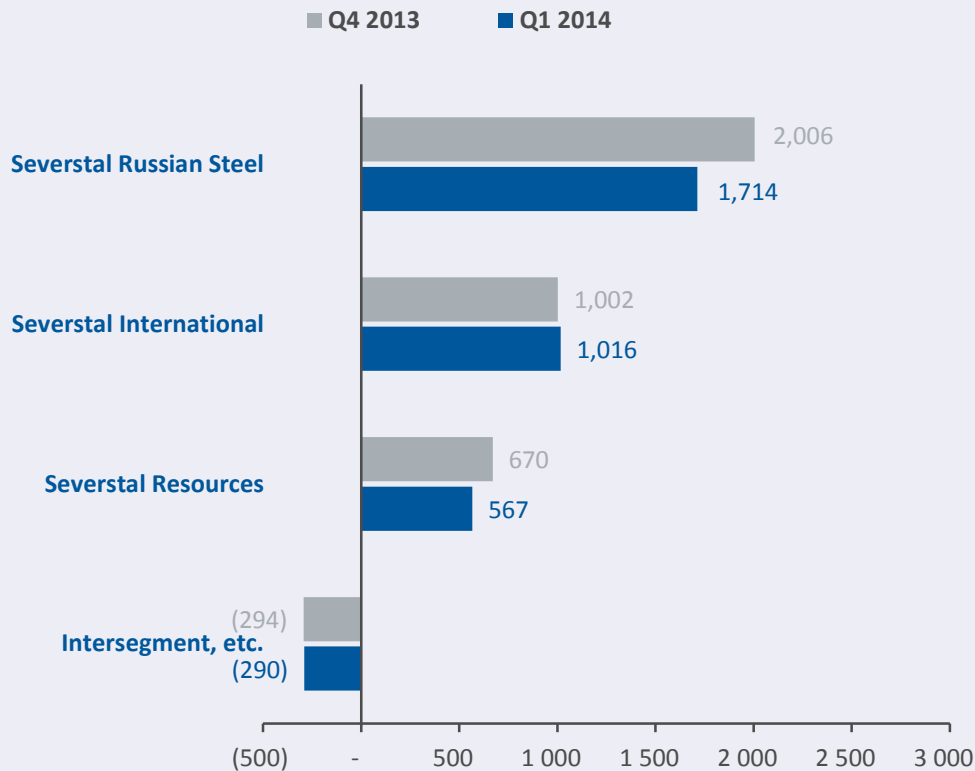
** Net profit/ (loss) attributable to shareholders of OAO Severstal.

*** Represents cash outflow on capex in the period

Revenue Dynamics and Breakdown

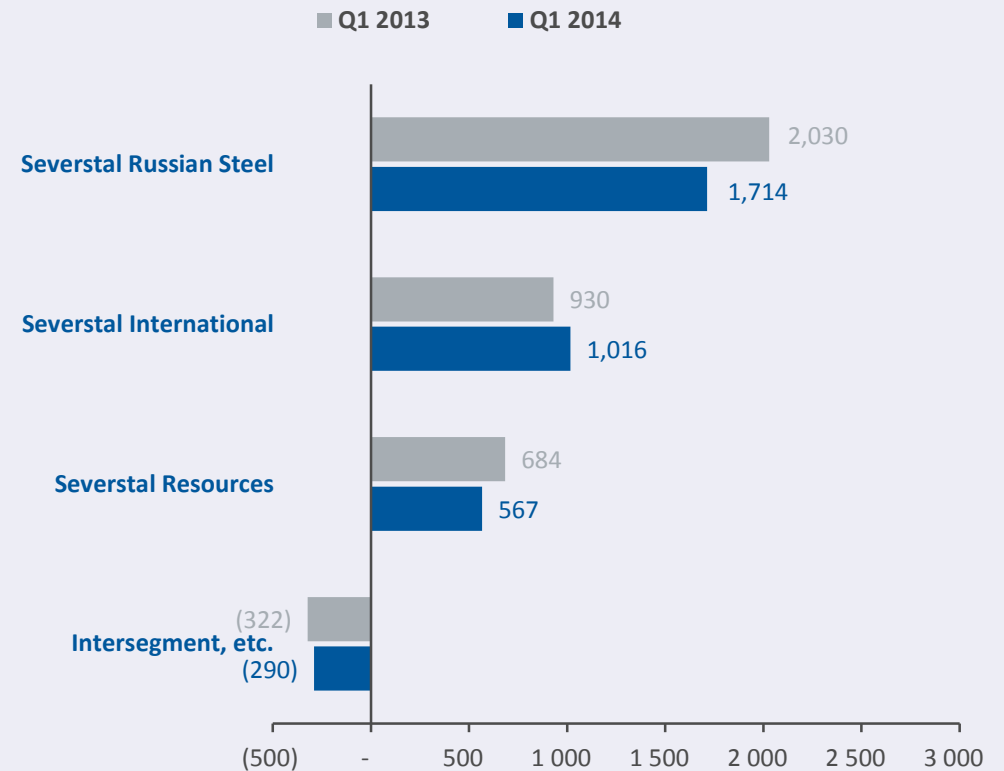
Q1 2014 Revenue: \$3,007m
 (Q4 2013: \$3,384m; -11.1%)

Weaker average pricing and seasonal softening of shipments in Q1 led to lower revenues at Russian Steel and Resources. Severstal International remained strong despite an abnormally severe winter



Q1 2014 Revenue: \$3,007m
 (Q1 2013: \$3,322m; -9.5%)

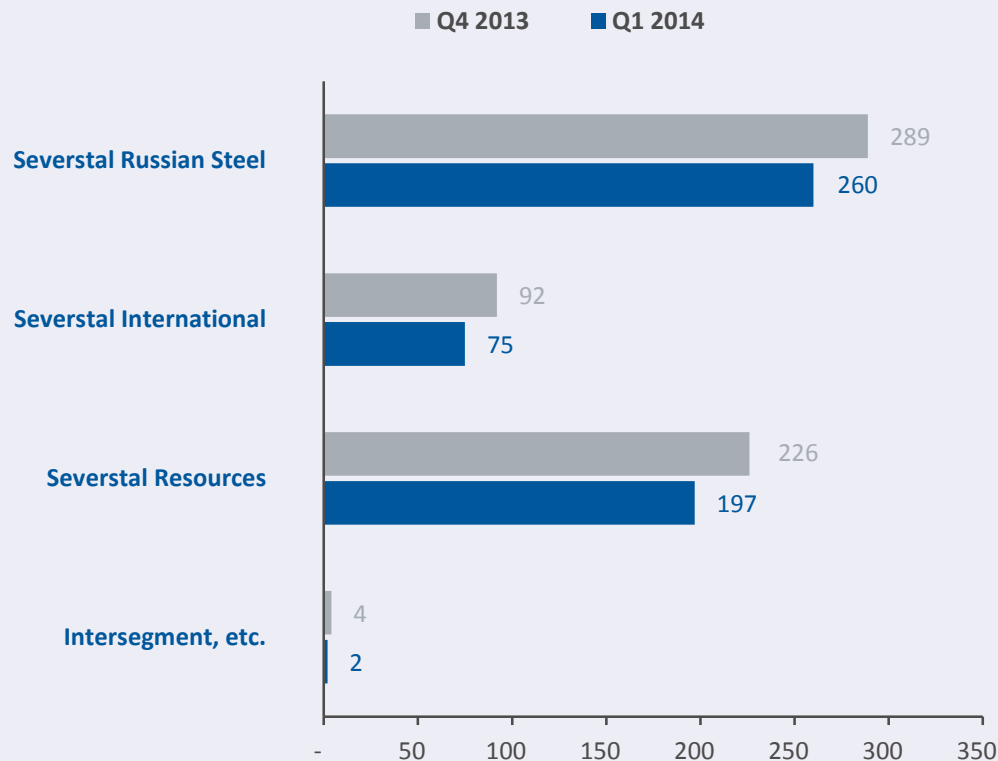
Russian Steel and Resources decreased revenues on lower realized prices and sales y/y, while International delivered stronger production and sales volumes y/y due to a higher utilization rate, ongoing sales improvements, and greater share of HVA products in the portfolio



EBITDA Dynamics and Breakdown

Q1 2014 EBITDA: \$534m
(Q4 2013: \$611m; -12.6%)

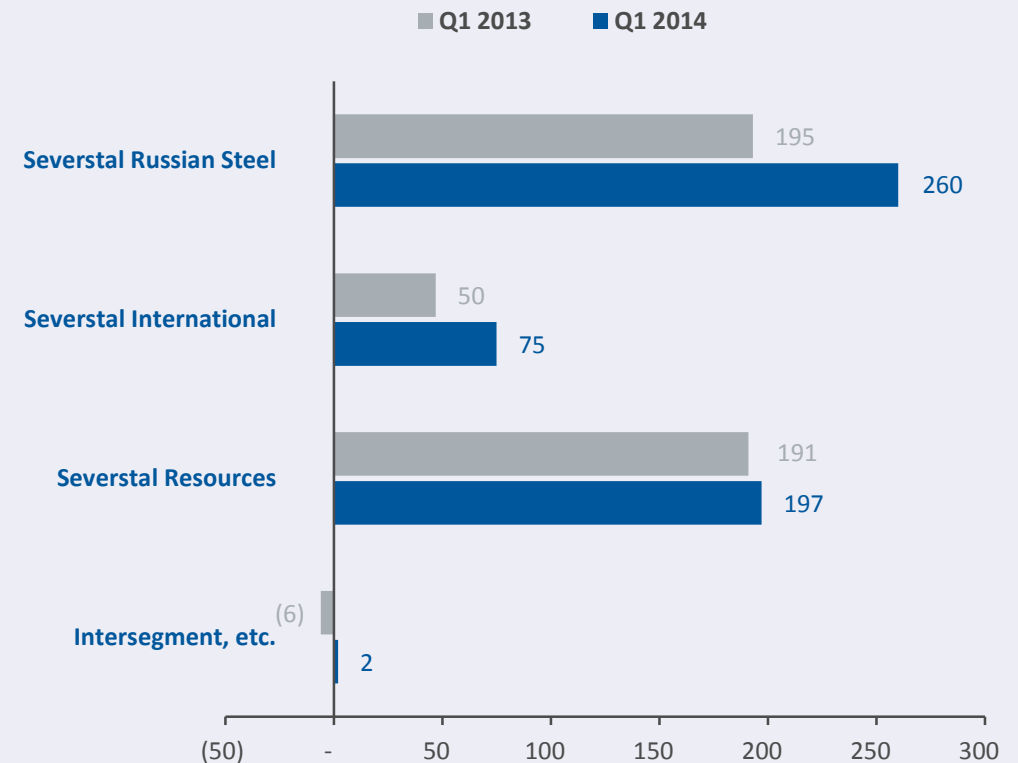
Seasonal softening of EBITDA at all divisions, while maintaining Group EBITDA margin* broadly flat q/q through a relentless focus on operational enhancements and a weaker rouble



*For the Group Q1 2014 EBITDA margin figure pls refer to slide 18 of this presentation.

Q1 2014 EBITDA: \$534m
(Q1 2013: \$430m; 24.2%)

Despite lower revenues due to pricing, Russian Steel and Resources posted continued strong quarterly EBITDA on the back of further operational improvements and G&A cuts. International increased its EBITDA 50% y/y



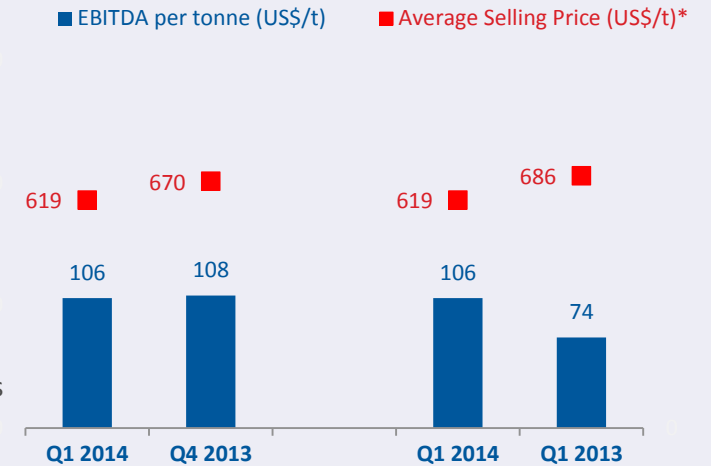


Divisional Performance and Market Outlook



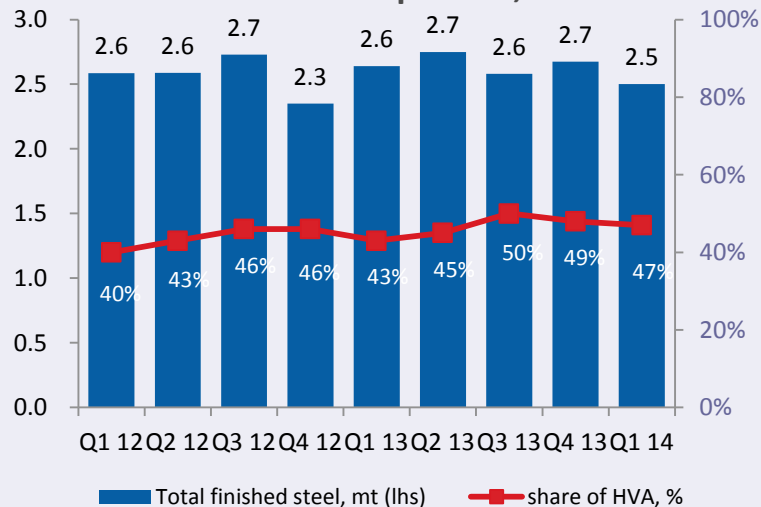
- Sales of steel products in Russia contracted 8% q/q as the Russian Steel Division restored stock to normal levels following the divestment of inventories during Q4 2013 due to repairs at a converter and having deferred some sales in anticipation of higher steel prices in Q2 2014
- Benefiting from a weaker RUB and proximity to ports, the division boosted export sales
- Q1 revenue down by 14.6% q/q to \$1,714m (Q4 13: \$2,006m) due to lower sales. Y/y revenue reduced 15.6%
- Q1 EBITDA of \$260m was 10.0% weaker q/q (Q4 13: \$289m) due to lower sales and pricing, while EBITDA/t was broadly flat q/q and EBITDA margin was 0.8 ppts up to 15.2% on the back of continued cost savings and improved sales policies. Y/y EBITDA was 33.3% higher with EBITDA margin improving 5.6 ppts
- In Q1 14 Cherepovets achieved significant savings at its blast furnaces due to optimization of the coke mix and use of new higher-grade pellets from Karelsky Okatysh. As a result Q1 2014 integrated cash cost of slab went down \$32/t q/q, while the total non-integrated cash cost of slab declined by \$51/t
- Share of HVA products declined slightly to 47% due to a seasonal change in the product mix and increased sales of slabs on strong export demand
- Share of sales to the domestic market in Q1 decreased to 60% on higher export (Q4: 62%)

EBITDA per tonne and average selling price

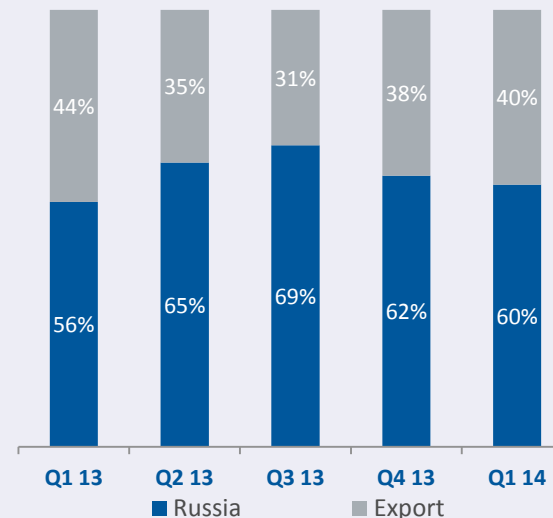


*All steel products, incl. pipes, etc.; Ex Works price terms.

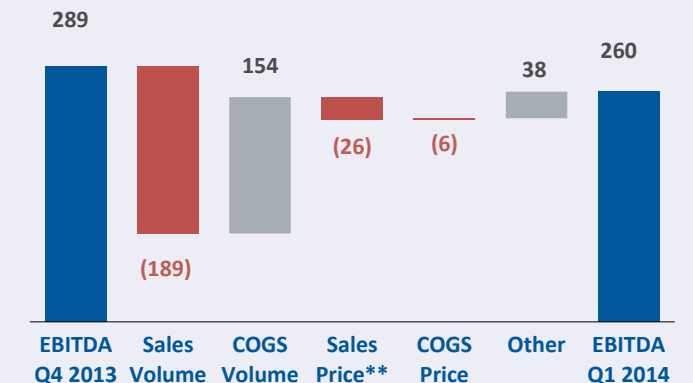
Share of high-value-added products*** in total steel shipments, %



Steel sales volumes by destination, %



EBITDA drivers in Q1 2014, \$m

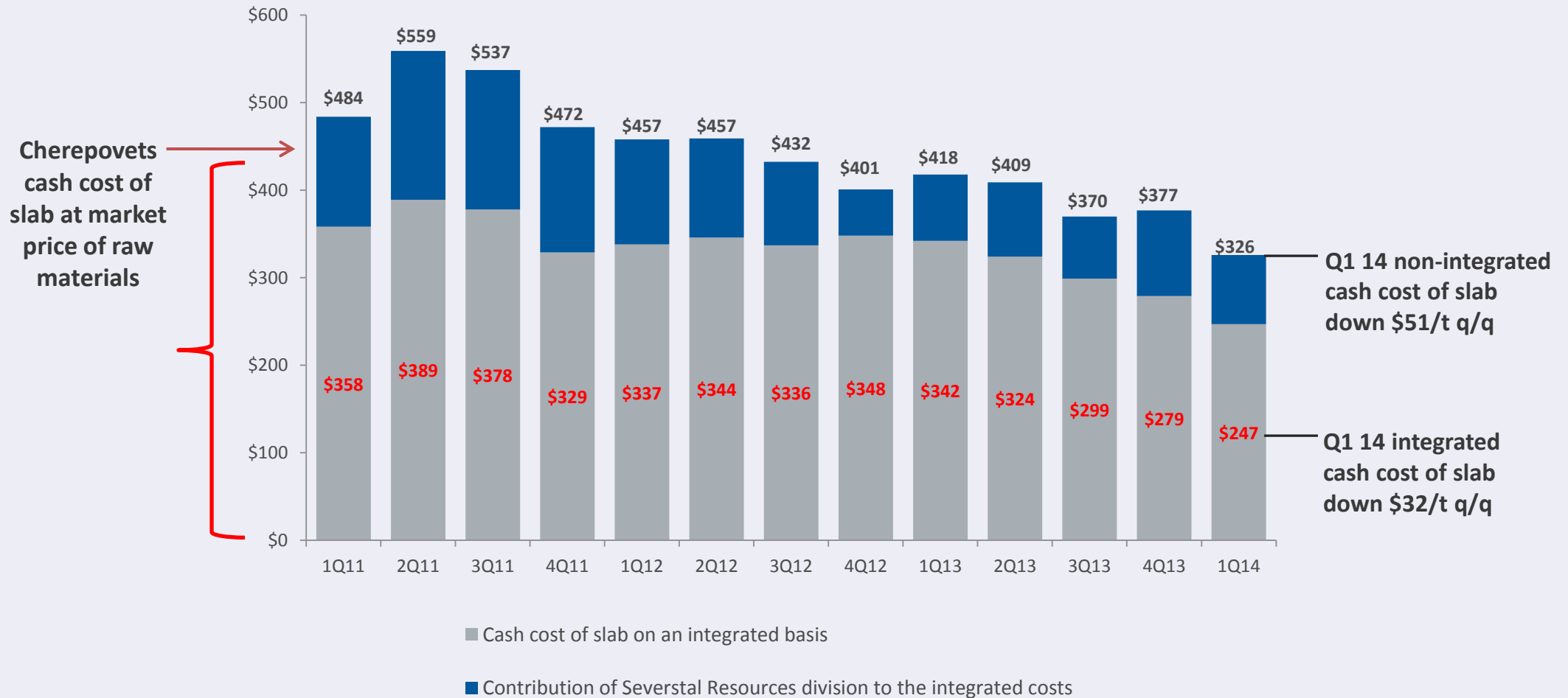


** Excluding foreign exchange effect.

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

Cost Control at Severstal Russian Steel

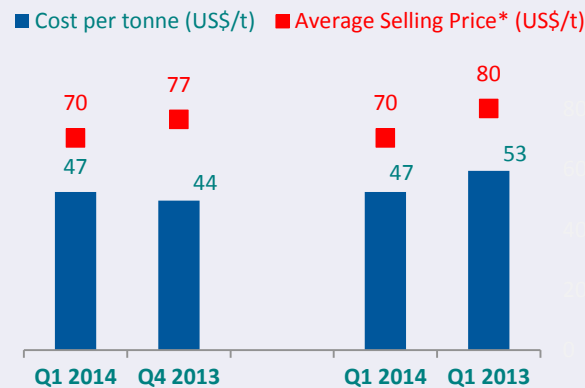
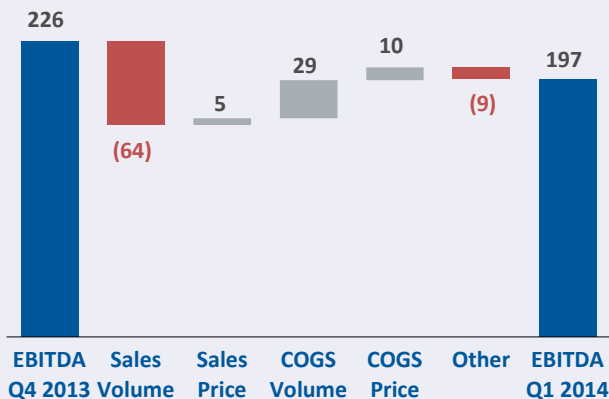
Cherepovets Steel Mill production cash cost of slab, \$/t



- Q1 revenue 15.4% lower q/q to \$567m (Q4 13: \$670m) due to seasonality, lower production volumes at Vorkutaugol and PBS Coals. Y/y revenue down 17.1% due to lower sales and pricing
- Q1 EBITDA of \$197m down 12.8% q/q (Q4 13: \$226m) while EBITDA margin is 1.0 ppts up to 34.7% on the back of continued cost savings. Y/y EBITDA is 3.1% higher with EBITDA margin improving 6.8 ppts
- Strong improvement in total cash costs (TCC) at Karelsky Okatysh: Q1 14 TCC is \$42/t (Q4 13: \$54/t) due to operational enhancements. Strong potential for the separate iron ore processing project launched in Feb 2014 to increase proportion of higher-grade fluxed pellets (from Fe 64.3% to Fe 66%)
- TCC at Olkon slightly up seasonally and should normalize in Q2 14
- TCC for Vorkutaugol temporarily went up to \$93/t (Q4 13: \$79/t) on decreased production due to tougher geology and planned mine works
- At PBS cash costs decreased to \$109/t (Q4 13: \$124/t) due to cost savings and temporary production idling

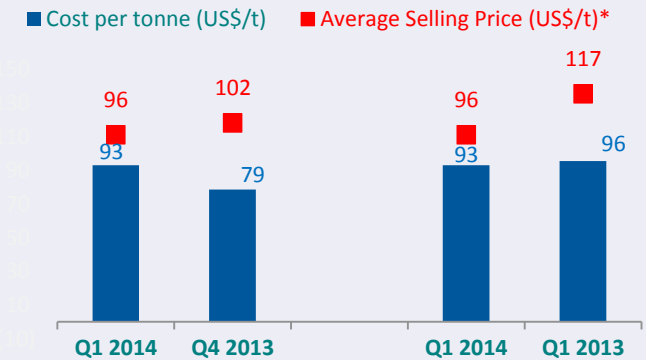
EBITDA drivers in Q1 2014, \$m

Olkon (iron ore concentrate)

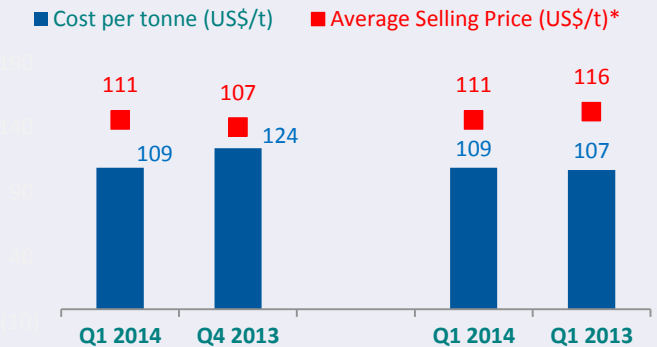


Average selling price and cash cost per tonne

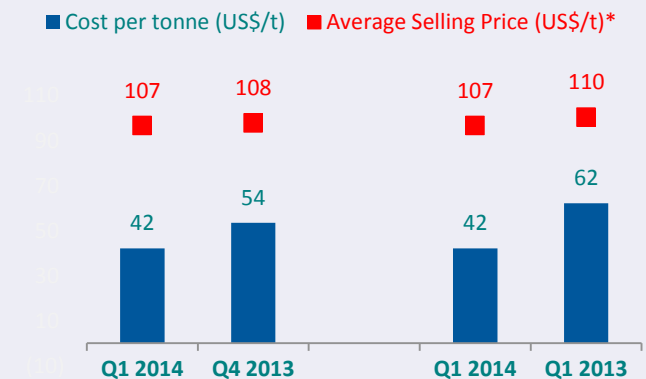
Vorkutaugol (coking coal concentrate, mix)



PBS Coals (coking coal concentrate)



Karelsky Okatysh (pellets)

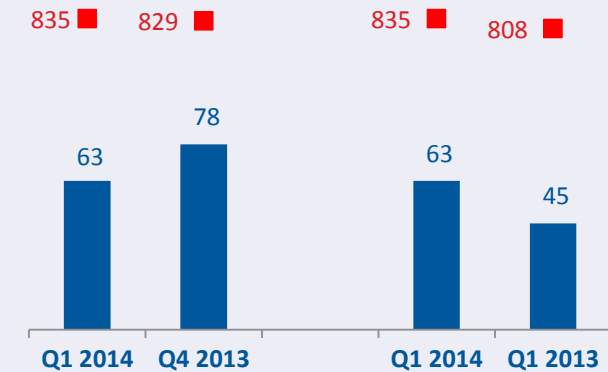


*Free carrier price terms.

- Total steel sales volumes were up 1% q/q to 1.2 mt. despite somewhat lower production at Dearborn which was driven by spikes in natural gas prices.
- Q1 revenue of \$1,016m (Q4 13: \$1,002m), up 1.4% q/q on stronger selling prices. Y/y revenue was also up 9.2% on better pricing and product mix, and a higher utilization rate
- Q1 EBITDA down 18.5% q/q to \$75m due to lower production at Dearborn and higher costs related to a sharp increase in natural gas prices in the USA due to the severe winter; as well as increased prices on scrap and utilities for Columbus (Q4 13 EBITDA was \$92m). Despite this Columbus posted record EBITDA/t in Q1 14 of \$113/t
- Y/y EBITDA 50.0% higher with EBITDA margin growing 2.0 ppts to 7.4% and EBITDA/t increasing by 40.0% to \$63/t
- US economy continues to demonstrate growth with selling prices improving

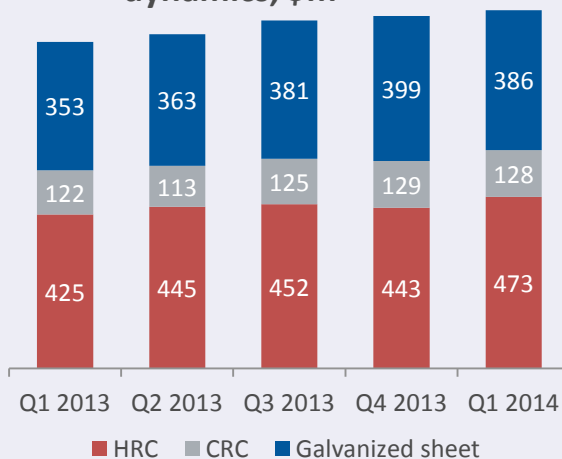
EBITDA per tonne and average selling price

■ EBITDA per tonne (US\$/t) ■ Average Selling Price (US\$/t*)

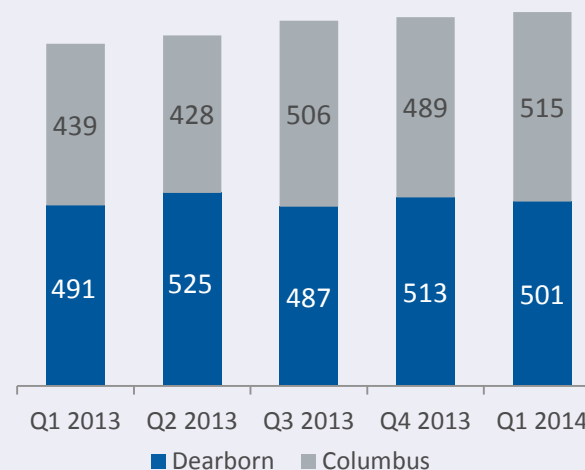


*All steel products, mixed price terms, resulting ex works.

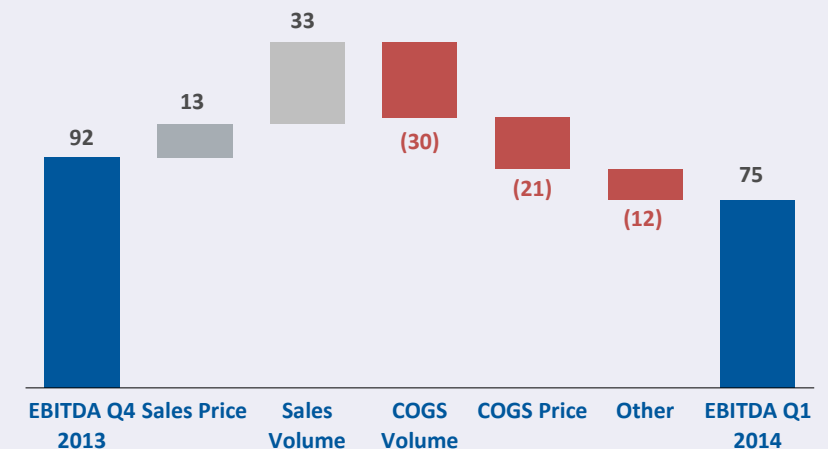
Steel revenue by product dynamics, \$m



Revenue by plant dynamics, \$m



EBITDA drivers in Q1 2014, \$m





Financial Position

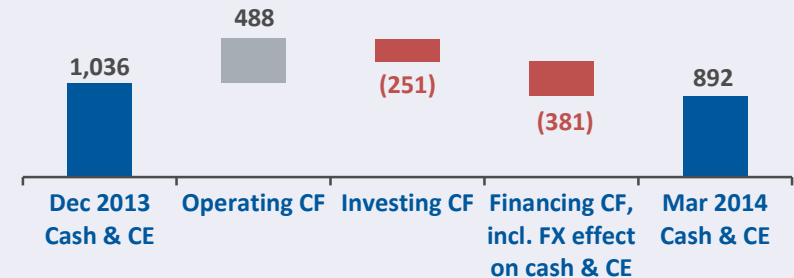


Cash Flow and Net Working Capital

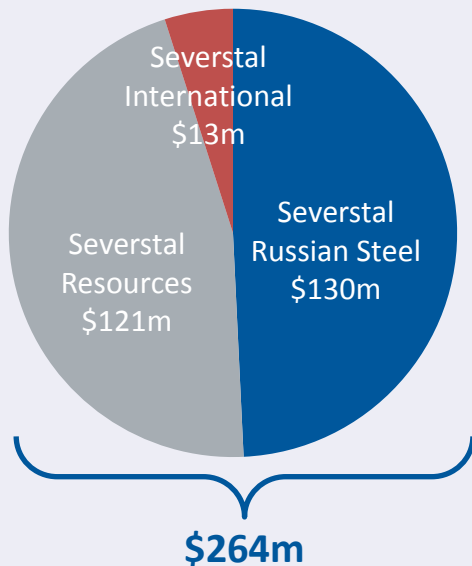
Q1 2014 Highlights:

- Solid liquidity position of \$892m in cash and cash equivalents
- Strong operating cash flow of \$488m
- Q1 capex of \$264m, 21% below the capex of Q4 2013
- Annual target capex of \$976m might be lower due to weaker RUB
- Q1 free cash flow of \$236m
- Net working capital down 4.7% q/q; NWC/LTM revenue declined q/q to 14.0%

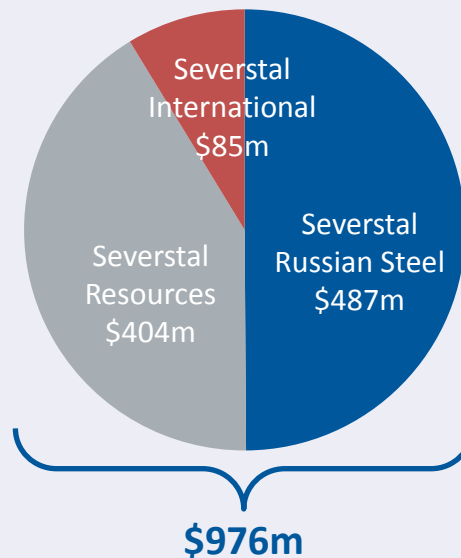
Cash Flow dynamics,
31 Dec 2013 to 31 Mar 2014



Q1 2014 CAPEX breakdown, \$m



FY 2014 target CAPEX breakdown, \$m



Net Working Capital developments

Net working capital, \$m

March 31, 2014	December 31, 2013	Change, %
1,826	1,917	(4.7%)

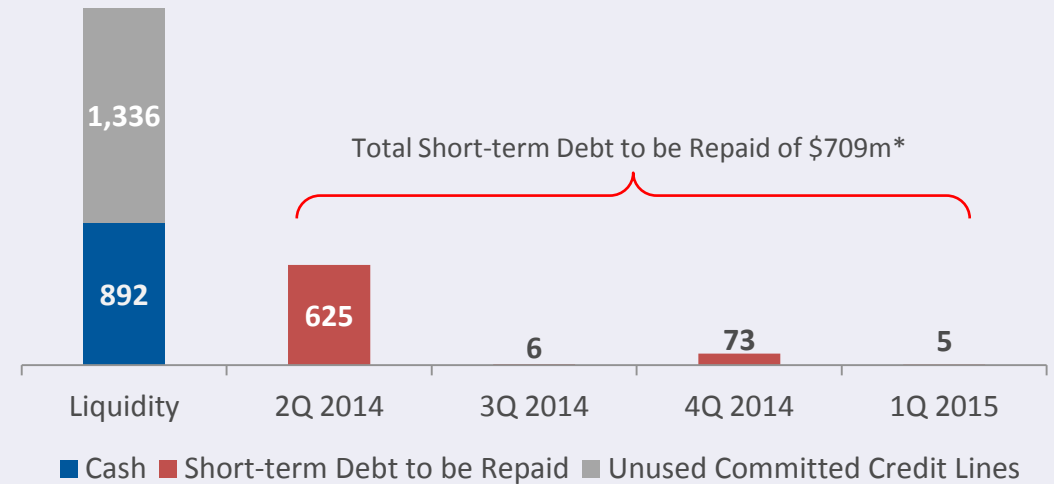
Net working capital as % of revenues (LTM)

March 31, 2014	December 31, 2013	Change, ppts
14.0%	14.4%	(0.4 ppts)



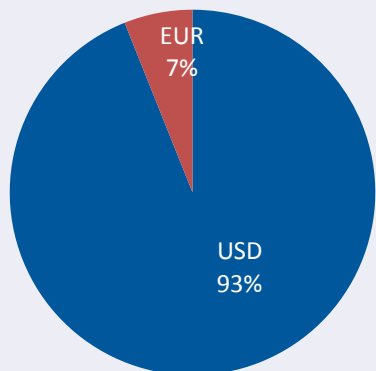
Robust Liquidity and Sustainable Leverage Severstal

- Strong liquidity position:
 - As at the end of Q1, cash and cash equivalents stood at \$892m after being partially used for Q1 2014 debt repayments including exercising the call option on the 10.25% Severstal Columbus Bond
- Q1 2014 saw an important progress in the deleveraging of Severstal North America with the exercise of the call option to buy out the 10.25% Severstal Columbus high-yield bond in March 2014 for a total amount of \$525 million
- Committed unused credit lines of \$1,336m
- Upcoming short-term debt maturities serviced with available liquidity of \$2,228m: Short-term debt of \$709m
- Net Debt/EBITDA fell q/q to 1.6x with gross debt decreasing q/q by approximately \$310m

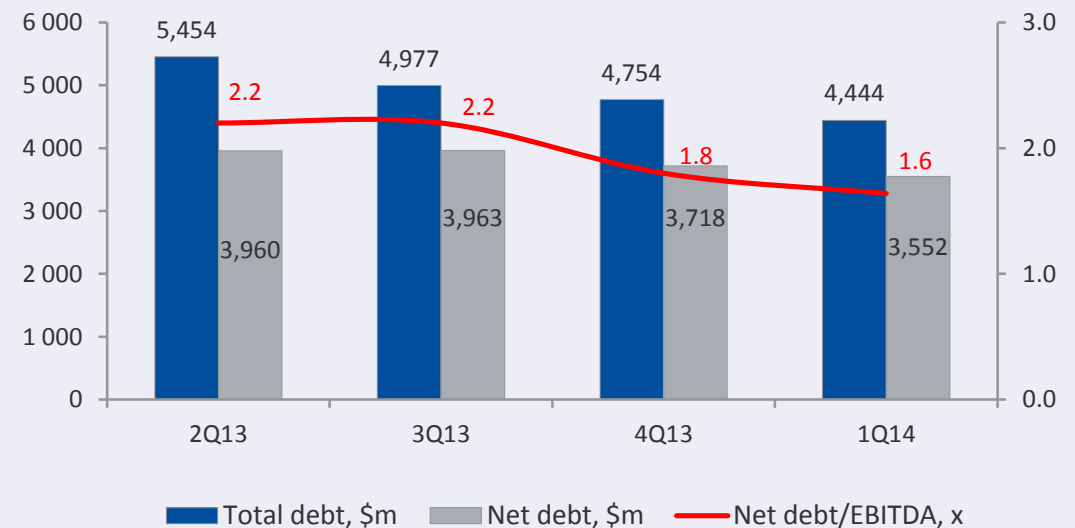
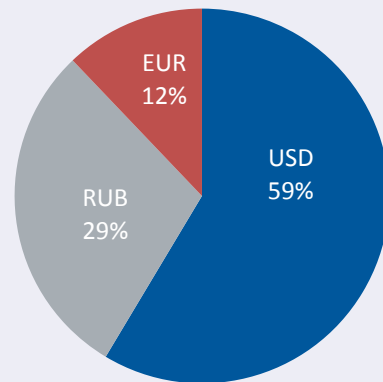


* Represents principal amount of debt.

Q1 2014 debt currency mix

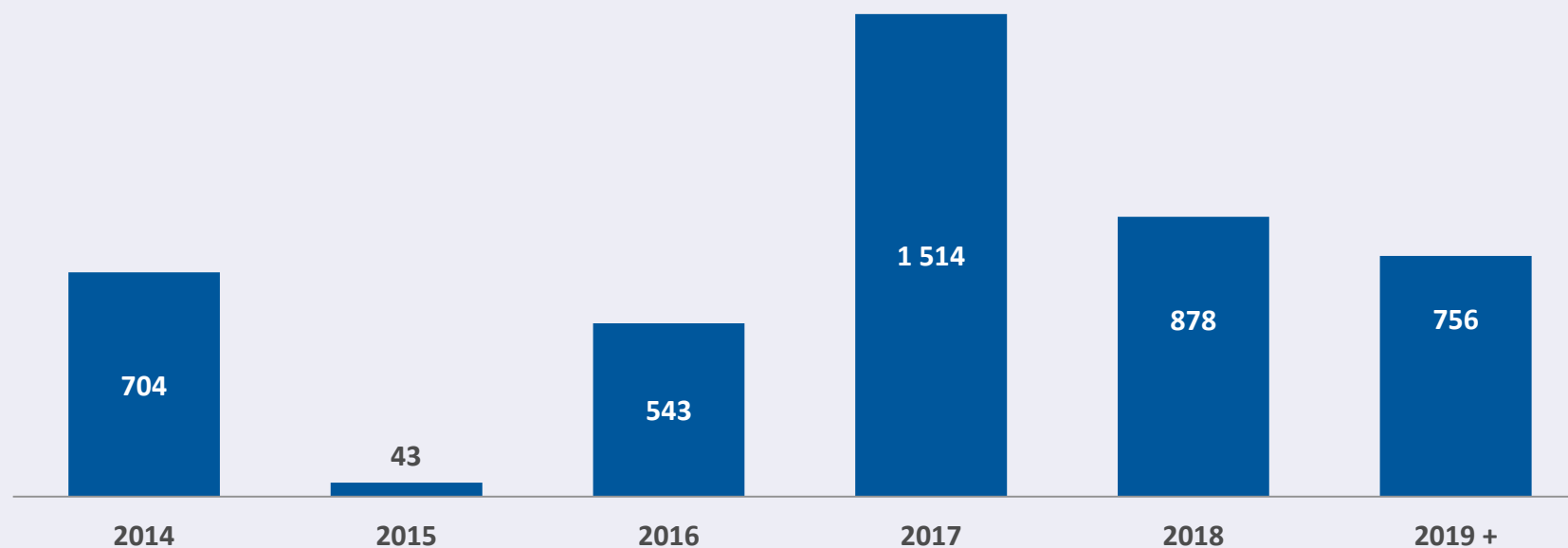


Q1 2014 cash currency mix



As at 31.03.2014 the debt structure was dominated by public debt (83% of total) and the US dollar (93% of total).

Debt Maturity Schedule, \$m



Notes:

Debt for 2014 represents the principal amount of debt as at 31 March 2014 and includes the Severstal Eurobond maturing on 19 April 2014.

This chart represents principal amount of debt.

Q2 2014 Market Outlook

- Global steel demand and output has grown by 2% in the year to date against the prior year, primarily driven by Europe, Japan and China.
- In Russia, we expect steel consumption to increase in Q2 on the back of a seasonal recovery in construction. Domestic rouble steel prices are expected to catch up with export parity. Russian steel and mining exporters should be able to continue to benefit from a weaker rouble.
- In China, local steel demand is growing ahead of the construction season, which is boosting raw materials prices and volumes. In the US, steel producers' lead times are extending as a result of supply disruptions owing to the severe weather, which creates a positive momentum for steel prices.
- Management's efforts will continue to focus on driving further improvements in efficiency and costs while enhancing our customer service and product mix. Through the continued execution of our stated strategy, underpinned by our high quality assets and vertically integrated model, we continue to look forward with confidence.

Source: Worldsteel, Severstal estimates



Severstal
Achieve more together

Appendices

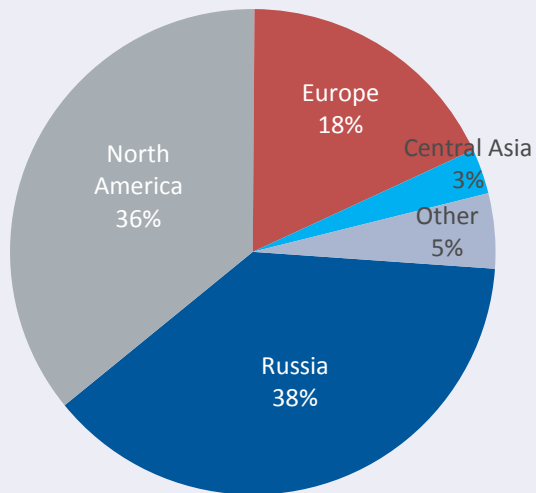
Summary Income Statement

\$ million, unless otherwise stated	Q1 2014	Q4 2013	Q1 2014	Q1 2013
Revenue	3,007	3,384	3,007	3,322
COGS	(2,318)	(2,568)	(2,318)	(2,625)
EBITDA	534	611	534	430
EBITDA margin, %	17.8%	18.1%	17.8%	12.9%
Profit from operations	336	411	336	222
Operating margin, %	11.2%	12.1%	11.2%	6.7%
(Loss)/ profit before income tax	(126)	(103)	(126)	94
Net (loss)/profit	(100)	(74)	(100)	44
Basic EPS, \$	(0.12)	(0.09)	(0.12)	0.05
Dividend per share, \$*	0.07	0.11	0.07	0.01

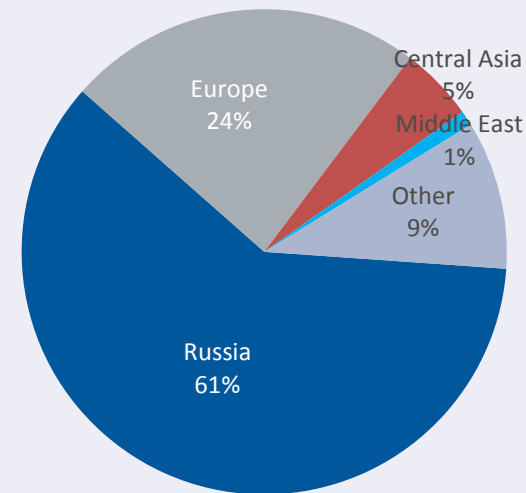
*Dividends announced on the basis of respective period results, translated at the exchange rate as of the date of recommendation by Board of Directors. Dividends for Q1 2014 need to be approved by AGM on 11 June 2014.

Q1 2014 Revenue Breakdown by Region

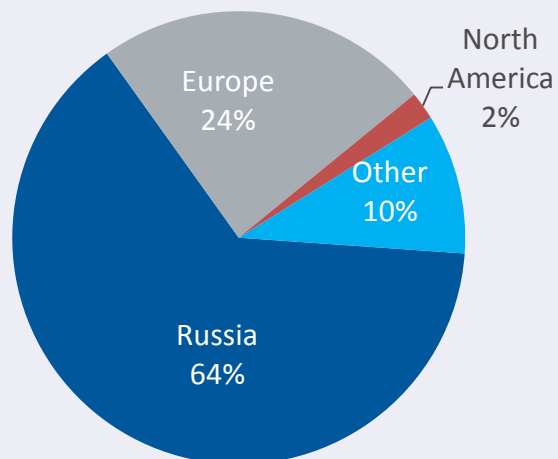
Severstal Group Q1 2014 revenue breakdown by region



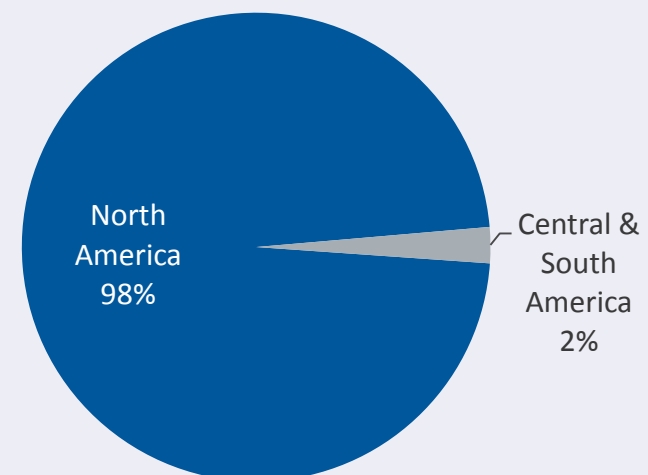
Severstal Russian Steel Q1 2014 revenue breakdown by region



Severstal Resources Q1 2014 revenue breakdown by region



Severstal International Q1 2014 revenue breakdown by region



Q1 2014 Division Results



Severstal Resources

	Q1 2014	Q4 2013	Change, %	Q1 2014	Q1 2013	Change, %
Revenue (\$m)	567	670	(15.4%)	567	684	(17.1%)
Cost of sales (\$m)	(344)	(400)	(14.0%)	(344)	(432)	(20.4%)
G&A expences (\$m)	(24)	(18)	33.3%	(24)	(34)	(29.4%)
Distribution expences (\$m)	(49)	(76)	(35.5%)	(49)	(73)	(32.9%)
EBITDA (\$m)	197	226	(12.8%)	197	191	3.1%
Operating Profit (\$m)	137	155	(11.6%)	137	125	9.6%
EBITDA Margin, %	34.7%	33.7%	1.0 ppts	34.7%	27.9%	6.8 ppts

Severstal Russian Steel

	Q1 2014	Q4 2013	Change, %	Q1 2014	Q1 2013	Change, %
Revenue (\$m)	1,714	2,006	(14.6%)	1,714	2,030	(15.6%)
Cost of sales (\$m)	(1,305)	(1,536)	(15.0%)	(1,305)	(1,602)	(18.5%)
G&A expences (\$m)	(97)	(106)	(8.5%)	(97)	(129)	(24.8%)
Distribution expences (\$m)	(127)	(154)	(17.5%)	(127)	(177)	(28.2%)
EBITDA (\$m)	260	289	(10.0%)	260	195	33.3%
Operating Profit (\$m)	169	211	(19.9%)	169	99	70.7%
EBITDA Margin, %	15.2%	14.4%	0.8 ppts	15.2%	9.6%	5.6 ppts
EBITDA per tonne (\$/t)	106	108	(1.9%)	106	74	43.2%
Average Selling Price (US\$/t*)	619	670	7.6%	619	686	(9.8%)

Q1 2014 Division Results (Continued)

Severstal International

	Q1 2014	Q4 2013	Change, %	Q1 2014	Q1 2013	Change, %
Revenue (\$m)	1,016	1,002	1.4%	1,016	930	9.2%
Cost of sales (\$m)	(961)	(931)	3.2%	(961)	(906)	6.1%
G&A expences (\$m)	(24)	(26)	(7.7%)	(24)	(24)	-
Distribution expences (\$m)	-	(1)	-	-	(2)	-
EBITDA (\$m)	75	92	(18.5%)	75	50	50.0%
Operating Profit/ (Loss) (\$m)	27	41	(34.1%)	27	3	800%
EBITDA Margin, %	7.4%	9.2%	(1.8 pts)	7.4%	5.4%	2.0 pts
EBITDA per tonne (\$/t)	63	78	(19.2%)	63	45	40.0%
Average Selling Price (US\$/t*)	835	829	0.7%	835	808	3.3%

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

Summary Balance Sheet

\$ million	As at 31 March 2014	As at 31 December 2013
Cash and Cash Equivalents	892	1,036
Total Assets:	13,445	14,534
Current Assets	4,360	4,906
Non-current Assets	9,085	9,628
Total Liabilities:	6,804	7,534
Current Liabilities	2,373	2,549
Non-current Liabilities	4,431	4,985
Total Equity	6,641	7,000
Total Equity and Liabilities	13,445	14,534

Summary Cash Flow Statement

\$ million	Q1 2014	Q4 2013	Q1 2014	Q1 2013
Profit before Financing and Taxation	312	68	312	202
Cash Generated from Operations	592	790	592	235
Interest Paid	(96)	(89)	(96)	(113)
Income Tax Paid	(8)	(53)	(8)	(13)
Net cash from Operating Activities	488	648	488	109
Total cash used in Investing Activities , incl.	(251)	(319)	(251)	(293)
Additions to PP&E and IA	(264)	(334)	(264)	(309)
Free Cash Flow	236	347	236	(186)
Cash (used in)/from Financing Activities	(358)	(310)	(358)	23
Effect of Exchange Rate on Cash and Cash Equivalents	(23)	3	(23)	(13)
Net (decrease)/increase in Cash and Cash Equivalents	(144)	22	(144)	(174)
Cash and Cash Equivalents at beginning of the Period	1,036	1,014	1,036	1,726
Cash and Cash Equivalents at end of the Period	892	1,036	892	1,552

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