Severstal
Achieve more together

H1 and Q2 2010 Financial Results Presentation

6 September 2010

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H1 and Q2 2010 Company Overview

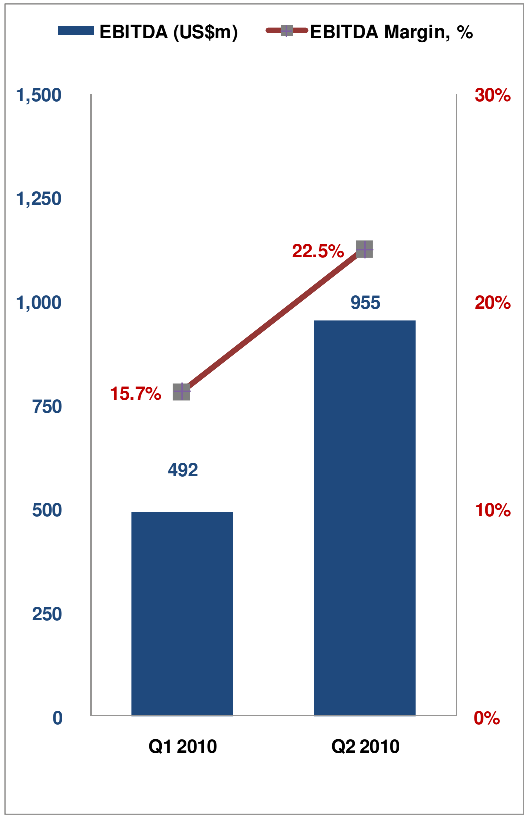
H1 and Q2 2010 Financials Summary

Q2/Q1 2010 Highlights:

- Net Profit[4] of $192 million;
- Profit/(loss) from continuing operations (i.e. excl. Lucchini): $393 million vs. $77 million in Q1 2010;
- Revenue increased by 35.1% to $4,245 million vs. $3,142 million in Q1 2010;
- EBITDA increased by 94.1% to $955 million vs. $492 million in Q1 2010;
- EBITDA margin: 22.5% vs. 15.7% in Q1 2010;
- Severstal International (North America):
  - Positive EBITDA of $59 million in Q2 2010;
  - Almost break-even with a $1 million loss from operations vs. minus $138 million in Q1 2010.

H1 2010/H1 2009 Highlights:

- Revenue increased by 53.6% to $7,387 million vs. $4,810 million in H1 2009;
- EBITDA: $1,447 million vs. minus $30 million in H1 2009;
- EBITDA margin: 19.6% vs. minus 0.6% in H1 2009;
- Net loss[4]: $593 million vs. $946 million in H1 2009;
- Profit/(loss) from continuing operations (i.e. excl. Lucchini): $470 million vs. minus $803 million in H1 2009;
- Cash and short-term deposits totaled $2,005 million as of the end of June 2010;
- Severstal International (North America): reduced its loss from operations to $139 million vs. minus $605 million in H1 2009.



H1 2010 Market Landscape – favorable:

- Increased sales volumes across Divisions in view of growing demand.

H2 2010 Market Outlook – mixed, and yet favorable:

- Although steel prices softened a bit during the summer, there is a strong increase in the market sentiment about the steel demand prospects till the year end.

Notes:
1) The net loss for H1 2010 includes a loss from the discontinued operation of the Lucchini segment of $1,037 million. The Lucchini segment was classified as held for sale as at 30 June 2010, and a loss on remeasurement of the Lucchini segment to fair value less costs to sell of $1,010 million was recognized in H1 2010, which includes a further impairment loss of $207.9 million accrued in Q2 2010. For further detail, please refer to the Severstal consolidated interim condensed financial statements for H1 2010 at www.severstal.com .
2) 2009 figures do not include Lucchini.
3) EBITDA represents profit from operations plus depreciation and amortization of productive assets adjusted for gain / (loss) on disposals of property, plant and equipment and intangible assets.
4) Attributable to shareholders of OAO Severstal.

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H1 and Q2 2010 Financials: Internal and External Factors' Contribution

Severstal Russian Steel:

- Domestic market-oriented strategy proved to be efficient. Increased output due to the growing demand;
- Average prices grew by 9.7% (Q2/Q1 2010);
- Restart of blast furnace #2 at Cherepovets Steel Mill, idled in Q4 2008 (+1 million tonnes of pig iron anually);

Severstal Resources:

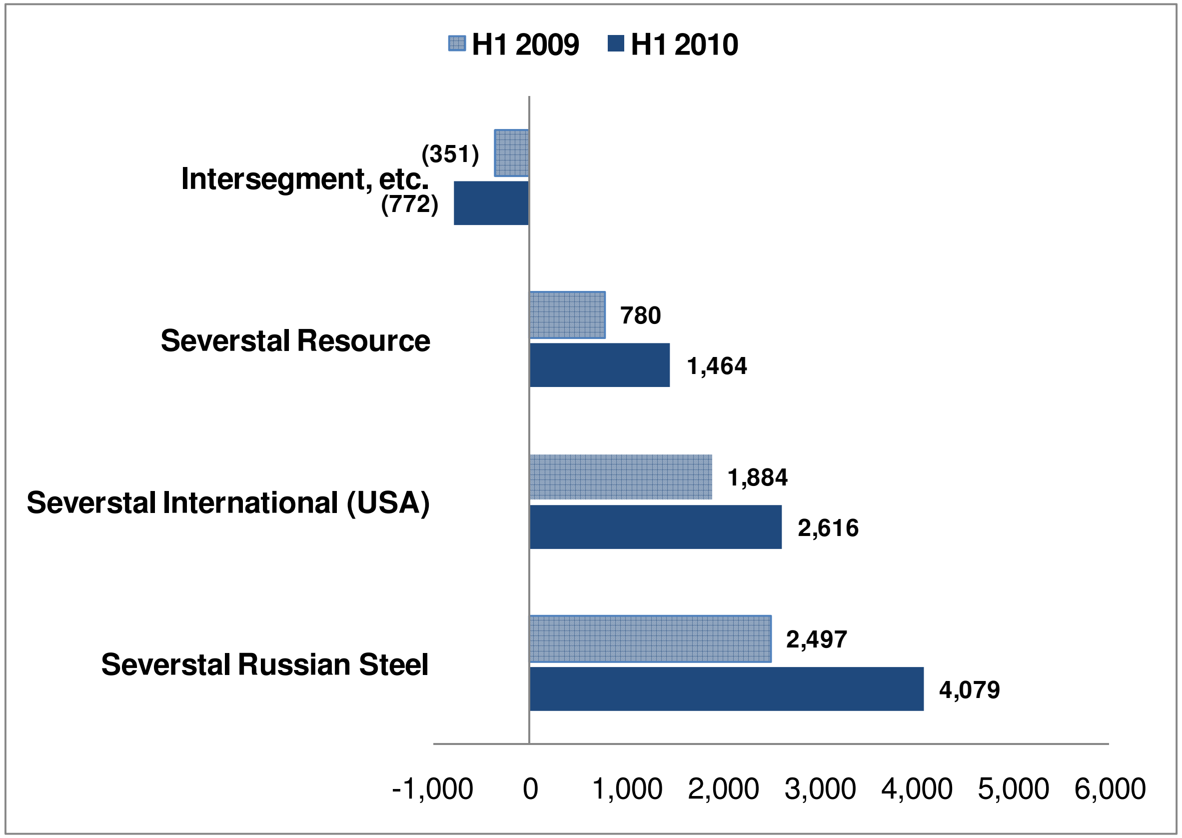
- Increased production volumes due to the growing demand;
- Rise in prices Q2/Q1 2010;
- Cost-cutting initiatives;
- Increased ownership in Gold assets.

Severstal International (North America):

- Improved products' prices and demand;
- Cost-cutting initiatives;
- Columbus benefited from hikes in HRC prices vs. slower growth in scrap prices;
- Restart of Warren; increased utilization of capacities on both crude steel and rolling;
- Dearborn: rather favorable long-term iron ore contracts vs. prices increase on the market.

H1 2010 REVENUE reached $7,387 mln (H1 09: $4,810 mln; +53.6%)

REVENUE Dynamics and Breakdown, $ mln



For additional reference: Q2 2010 / Q1 2010 Revenue Highlights:

- Severstal Russian Steel: $2,415 million vs. $1,664 million in Q1 2010;
- Severstal International (North America): $1,447 million vs. $1,170 million in Q1 2010;
- Severstal Resources: $869 million vs. $594 million in Q1 2010;
- Intersegment: minus $486 million vs. minus $286 million in Q1 2010.

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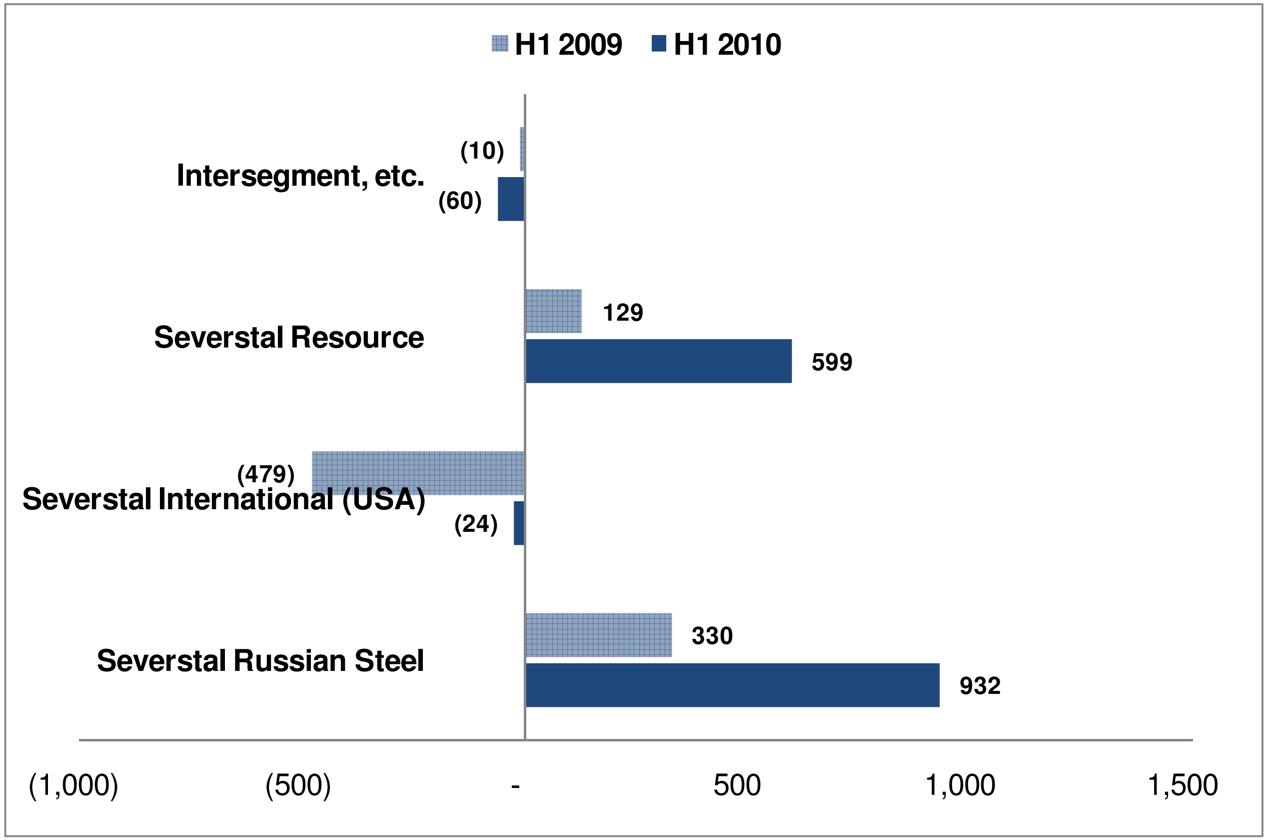
H1 2010 EBITDA reached $1,447 mln (H1 09: minus $30 mln)

EBITDA Dynamics and Breakdown, $ mln



For additional reference: Q2 2010 / Q1 2010 EBITDA Highlights:

- Severstal Russian Steel: $528 million vs. $404 million in Q1 2010;
- Severstal International (North America) EBITDA: $59 million vs. minus $83 million in Q1 2010; In North America the business is almost break even with $1 million of loss from operations vs. minus $138 million in Q1 2010;
- Severstal Resources: $420 million vs. $179 million in Q1 2010;
- Intersegment: $52 million vs. $8 million in Q1 2010.

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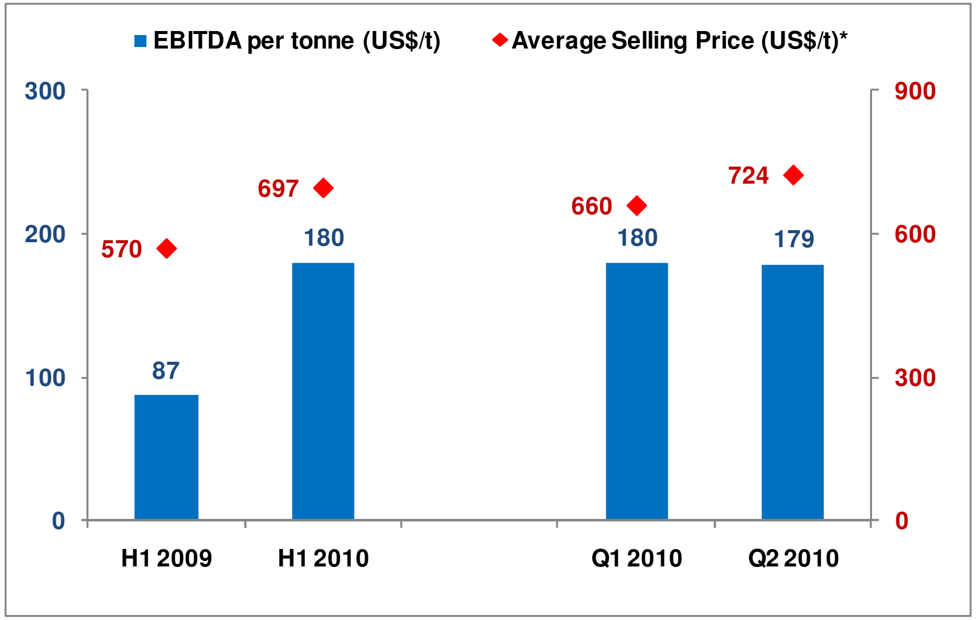
Divisional Performance

Severstal Russian Steel – “Strong Local Demand”



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

H1 2010/ H1 2009 Highlights:

- Revenue: $4,079 million vs. $2,497 million in H1 2009;
- EBITDA: $932 million vs. $330 million in H1 2009;
- Operating profit: $779 million vs. $203 million in H1 2009;
- EBITDA margin: 22.8% vs. 13.2% in H1 2009.

Q2 2010/ Q1 2010 Highlights:

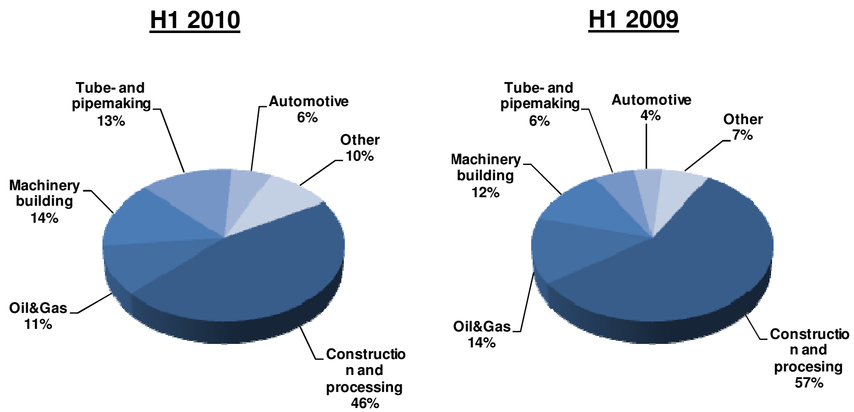
- Revenue: $2,415 million vs. $1,664 million in Q1 2010;
- EBITDA: $528 million vs. $404 million in Q1 2010;
- Operating profit: $449 million vs. $330 million in Q1 2010;
- EBITDA margin: 21.9% vs. 24.3% in Q1 2010.

Results Key Factors:

- Improved the world and particularly Russian economy;
- Considerable export sales increase in Q2 vs. Q1 2010 due to steady shipments and high loading rates at St. Petersburg port;
- Increase in purchase price of main raw materials affected cost of sales and value of products.

	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Revenue ($m)	4,079	2,497	63.4%	2,415	1,664	45.1%
Cost of sales ($m)	(2,630)	(1,820)	44.5%	(1,573)	(1,057)	48.8%
G&A ($m)	(189)	(157)	20.4%	(92)	(97)	(5.2%)
G&A as % of Revenue	*4.6%*	*6.3%*		*3.8%*	*5.8%*	
EBITDA ($m)	932	330	182.4%	528	404	30.7%
Operating Profit($m)	779	203	283.7%	449	330	36.1%
EBITDA Margin, %	*22.8%*	*13.2%*		*21.9%*	*24.3%*	
EBITDA per tonne ($/t)	180	87	106.9%	179	180	(0.6%)
Average Selling Price (US$/t)	697	570	22.3%	724	660	9.7%

Severstal Russian Steel – Revenue by industry, %



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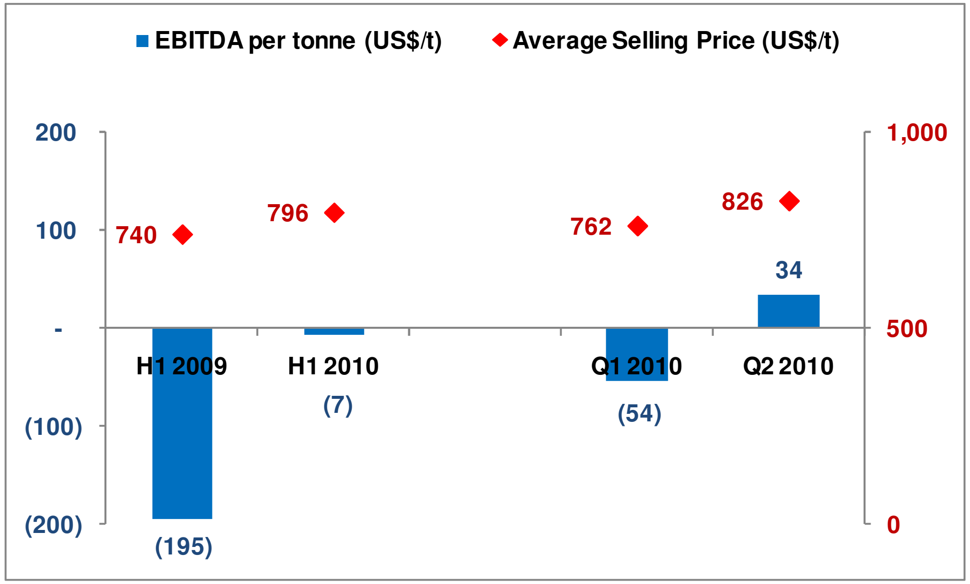
Severstal International (North America) – "A Return to Positive EBITDA in Q2 2010"



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

H1 2010/ H1 2009 Highlights:

- Revenue: $2,616 million vs. $1,884 million in H1 2009;
- EBITDA: minus $24 million vs. minus $479 million in H1 2009;
- Minimized loss to $139 million vs. minus $605 million in H1 2009.

Q2 2010/ Q1 2010 Highlights:

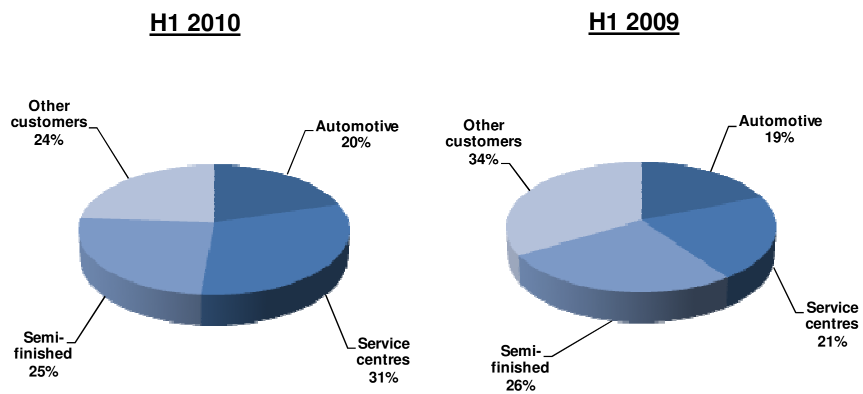
- First positive EBITDA of $59 million since Q3 2008;
- Revenue: $1,447 million vs. $1,170 million in Q1 2010;
- Almost break-even with minus $1 million vs. minus $138 million in Q1 2010.

Results Key Factors:

- Growth in sales price;
- Increase of production volumes;
- Operational efficiency improvement (cutting costs).

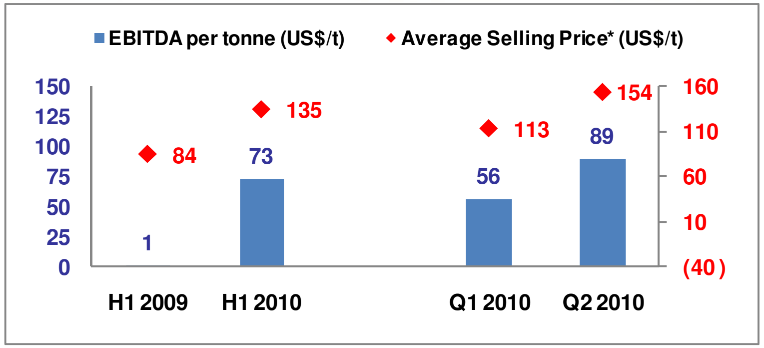
	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Revenue ($m)	2,616	1,884	38.9%	1,447	1,170	23.7%
Cost of sales ($m)	(2,662)	(2,383)	11.7%	(1,397)	(1,265)	10.4%
G&A ($m)	(95)	(104)	(8.7%)	(46)	(49)	(6.1%)
G&A as % of Revenue	3.6%	5.5%		3.2%	4.2%	
EBITDA ($m)	(24)	(479)	n/a	59	(83)	n/a
EBITDA Margin, %	(0.9%)	(25.4%)		4.1%	(7.1%)	
EBITDA per tonne ($/t)	(7)	(195)	n/a	34	(54)	n/a
Operating Loss ($m)	(139)	(605)	n/a	(1)	(138)	n/a
Average Selling Price (US$/t)	796	740	7.6%	826	762	8.4%

Severstal International (North America) – Revenue by industry, %



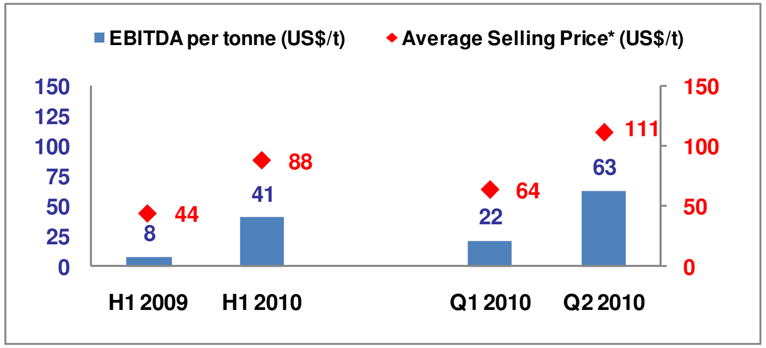
Severstal Resources – "High Margins Across the Division"

Vorkutaugol (RU)



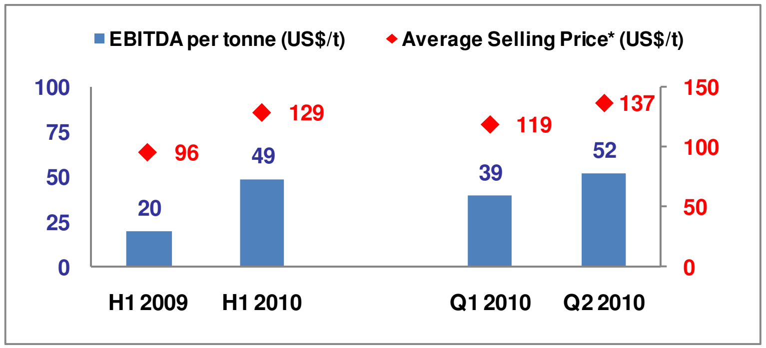
*Cocking coal concentrate; Free Carrier price terms.

Karelsky Okatysh (RU)



*Iron ore pellets; Free Carrier price terms.

PBS Coals (USA)



*Cocking coal; Free Carrier price terms.

H1 2010/ H1 2009 Highlights:

- Revenue: $1,464 million vs. $780 million in H1 2009;
- EBITDA: $599 million vs. $129 million in H1 2009;
- Operating profit: $446 million vs. a loss of $15 million in H1 2009;
- EBITDA margin: 40.9% vs. 16.5% in H1 2009;

Q2 2010/ Q1 2010 Highlights:

- Revenue: $870 million vs. $594 million in Q1 2010;
- EBITDA: $420 million vs. $179 million in Q1 2010;
- Operating profit: $331 million vs. $115 million in Q1 2010;
- EBITDA margin: 48.3% vs. 30.1% in Q1 2010.

Results Key Factors:

- Growth in sales price;
- Increase of production volumes;
- Operational efficiency improvement (cutting costs).

	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Revenue ($m)	1,464	780	87.7%	870	594	46.5%
Cost of sales ($m)	(814)	(629)	29.4%	(419)	(395)	6.1%
G&A ($m)	(55)	(58)	(5.2%)	(31)	(24)	29.2%
G&A as % of Revenue	3.8%	7.4%		3.6%	4.0%	
EBITDA ($m)	599	129	364.3%	420	179	134.6%
Operating Profit/(Loss) ($m)	446	(15)	n/a	331	115	187.8%
EBITDA Margin, %	40.9%	16.5%		48.3%	30.1%	

Severstal Gold (a segment of Severstal Resources)

	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Sales (oz tr.)	259 993	224 927	16%	137 356	122 638	12%
Revenue ($m)	301	213	41.3%	166	135	23.0%
EBITDA ($m)	156	97	57.7%	89	67	32.8%
EBITDA Margin, %	51.8%	45.5%		53.6%	49.6%	

H1 2010/ H1 2009 Highlights:

- Revenue: $301 million vs. $213million in H1 2009;
- EBITDA: $156 million vs. $97 million in H1 2009;
- EBITDA margin: 51.8% vs. 45.5% in H1 2009.

Q2 2010/ Q1 2010 Highlights:

- Revenue: $166 million vs. $135 million in Q1 2010;
- EBITDA: $89 million vs. $67 million in Q1 2010;
- EBITDA margin: 53.6% vs. 49.6% in Q1 2010.

Results Key Factors:

- Growth in production volumes;
- Sales price improvement;
- Organic and external growth.

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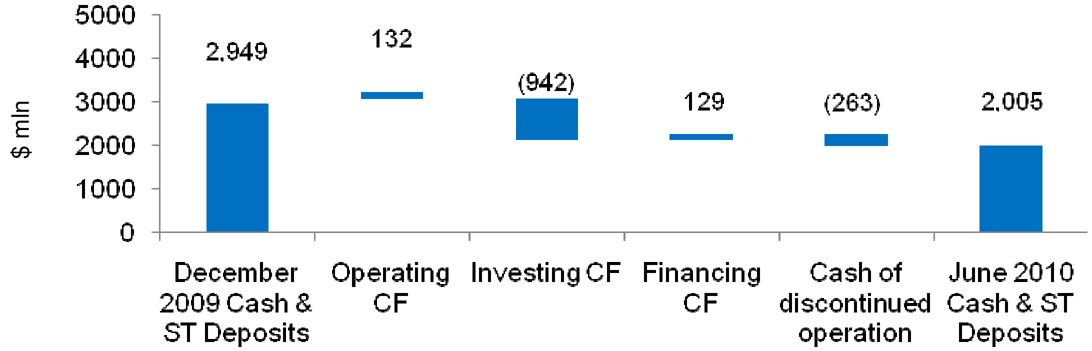
Overview of Cash Flow and Statement of Financial Position

Good Cash Position and Financing Structure in Place

Cash and Short-Term Deposits



Notes:

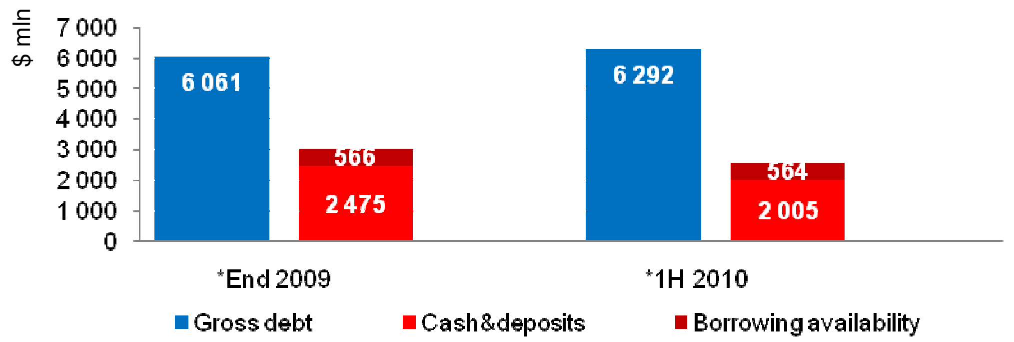
1) Net cash from operating, investing and financing activities includes negative $158 million of net cash-flow from discontinued operations due to Lucchini and NSG reclass.

2) December 2009 cash includes $96 million of short-term deposits.

3) June cash includes $165 million of short-term deposits.

4) December 2009 cash includes Lucchini.

Debt and Liquidity position including borrowing availability



*Data excluding Lucchini.

Highlights:

- Solid liquidity position covers future debt repayments in 2010 – 2012 and consists of:
  - Cash and Short-Term Deposits of $2,005 million;
  - Borrowing Availability of $564 million committed unused credit lines.
- Leverage has rapidly decreased from 3.4 at the end of 2009 to 1.7 by 1H 2010, and is close to the Company's target level of 1.5 to 1.0 Net Debt to EBITDA;
- Net Debt* has increased from $3.6 bln. to $4.3 bln.

  * Calculation excluding Lucchini.

Net Working Capital*, $ mln

June 30, 2010	Dec 31, 2009	Change, %
2,906	2,329	24.8%
NWC as % of Sales (for the recent 12 months)		
20.9%	20.6%	

* Excluding Lucchini.

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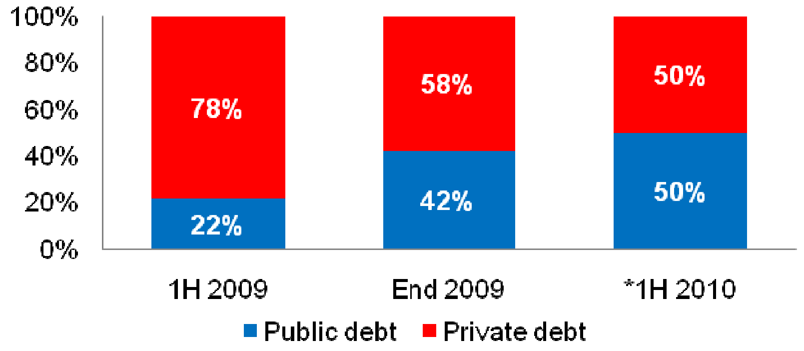
Debt Schedule

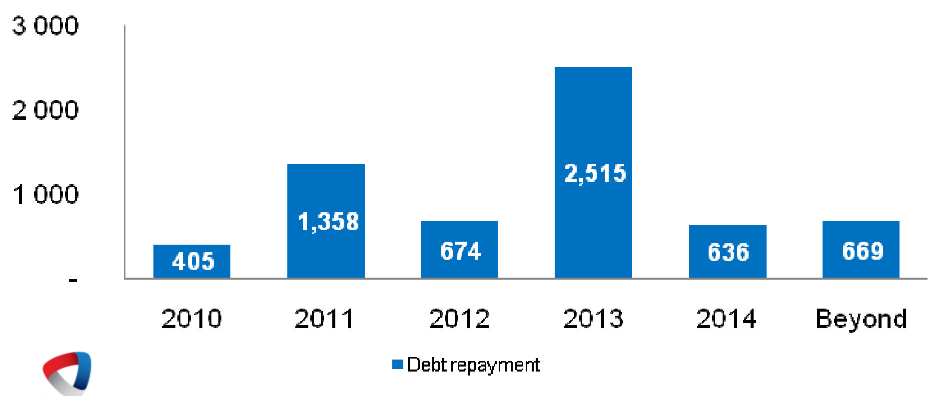
Public and Private Debt Composition, %**



*1H 2010 Data excluding Lucchini

**By the end of H1 2010, total volume of all Severstal issued and quoted bonds amounted to 50% of the overall company's financial debt. Bonds are: Euro bonds, RUB bonds, Columbus HY Bonds.

Debt Maturity Schedule, $ mln *



* Excluding accrued interest and unamortised balance of transactional costs.

Highlights:

- Company is relying on long-term financing in its development strategy, which is driving the gradual increase in share of public debt.
- Moderate repayment profile, covered by existing liquidity position in the coming years:
  - $405 million principal debt repayment in the 2nd half 2010;
  - $880 million principal debt repayment in the coming 12 months.

Market Outlook and Severstal Investment Priorities

H2 2010 Market Outlook

Weaker Q3 vs. Q2 2010 mostly impacted by:

- Seasonal steel prices decline;
- Summer raw materials prices weakening due to Chinese temporary steel production cuts;
- Idling of Sparrows Point facilities.

CIS including Russia: from summer slowdown to autumn recovery

- Some restocking is expected after low buying activity in summer;
- Strong steel consumption in emerging markets;
- Chinese steel exports to remain moderate securing global market from oversupply: due to production cuts in China and elimination of export tax rebate;
- State support of Russian summer forest fires victims may boost demand for flat steel for house roofing.

USA: steel prices are highly influenced by restocking cycles

- Economy is slowing down, unemployment remains high, deleveraging continues;
- Flat steel consumers currently outperform long steel customers benefiting Severstal North America which is largely a flat steel producer;
- Cautious market sentiment that steel prices are expected to recover due to:
  - Steel stocks remain at low levels giving potential to price increase;
  - USA and China production cuts due to repairs and idling of inefficient capacities;
  - Support from higher raw material prices (scrap in the first place).

Source: WSD, GFMS, MBR, VTB, Severstal analysis.

Q3 2010 Company Focus

Severstal Russian Steel:

- Increase production volumes;
- Further benefit from oil and gas pipeline construction projects – Izhora Pipe Plant, which is a Severstal subsidiary and a major Russian producer of large-diameter pipes;
- Gain from recovering auto sales;
- Further improve CRM projects targeting local customers.

Severstal Resources:

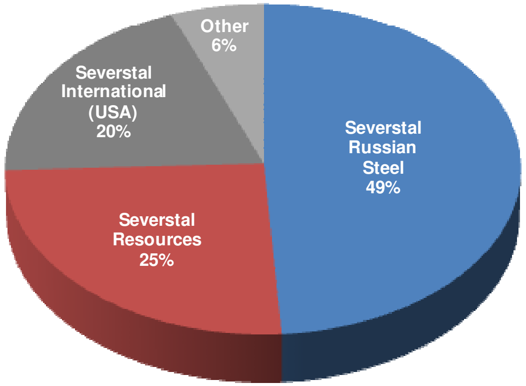
- Increase production volumes;
- Increase PBS Coals' output.
- Continue expansion of the reserves base.

Severstal International (North America):

- Continue asset restructuring aiming at costs reduction, figuring out better asset composition in the USA;
- Adapt capacities' filling-up to the demand;
- Reduce the purchase of expensive raw.

H1 2010 CAPEX: Customized Expansion and Modernization

2010 Capex Breakdown, % of total announced $1.4 bln



Segment	Site	Project*	Capacity / Effect	Launch
Severstal Russian Steel	Balakovo Mill	Scrap-based greenfield long-product mini-mill	+1 mln tonnes rolling capacity	2013
Severstal Russian Steel	Cherepovets Steel	1 polymer-, and 1 zinc-coating lines	+0.4 mln tonnes capacity	2012/2013
Severstal Russian Steel	TPZ Sheksna	Greenfield weld pipe mill near Cherepovets Steel Mill	+0.2 mln tonnes capacity	2010
Severstal Resources	Vorkutaugol	Coal dry cleaning and electricity generation	Volume + efficiency	2010
Severstal Resources	Karelsky Okatysh	Purchase of mining equipment	Modernization, expansion	2010
Severstal Resources	Olkon	Opening of new pits	Expansion	2010
Severstal International (USA)	Dearborn	Pickle line and tandem cold rolling mill	Value-added	2012
Severstal International (USA)	Dearborn	Hot dip coating line	Value-added	2012
Severstal International (USA)	Columbus	Phase II	+1.5 mln tonnes of crude steel	2011

*Selected major projects only. Severstal Resources: excluding the gold segment.

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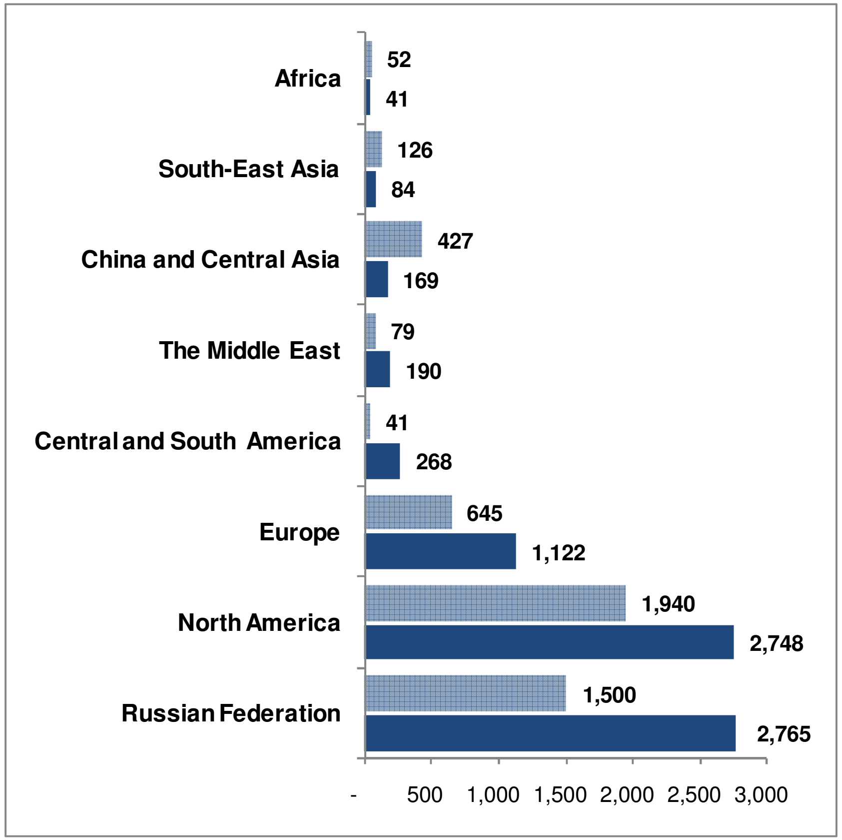
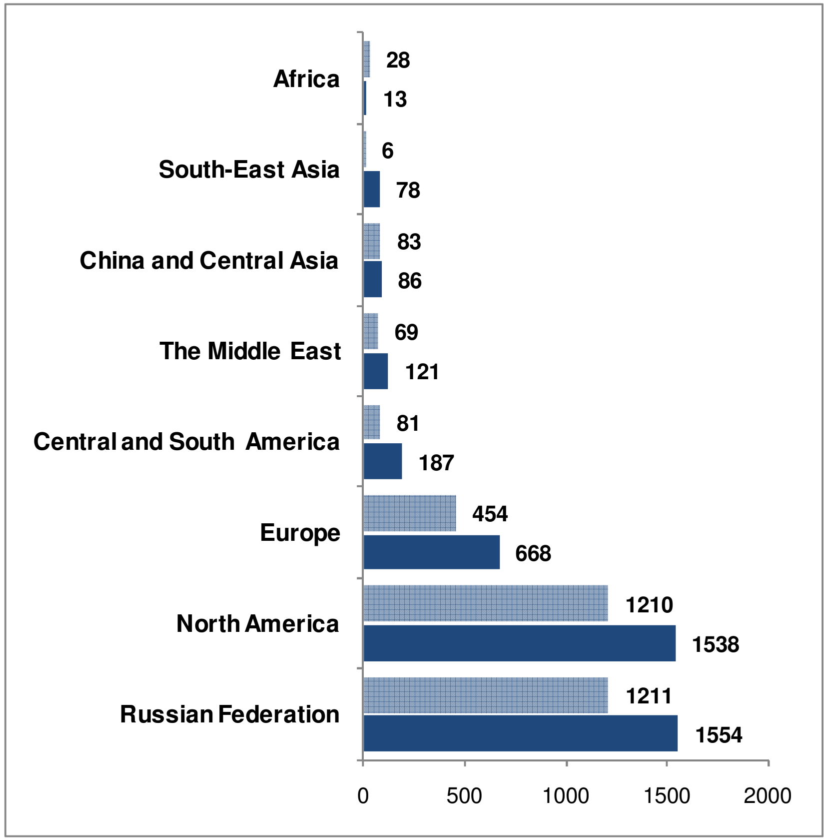
Appendices (incl. Lucchini H1 and Q2 2010 Results)

H1 and Q2 2010 REVENUE Breakdown by Region

H1 2010/H1 2009, $ mln



Q2 2010/Q1 2010, $ mln



Highlights:

- Russian and North American sales had almost equal revenue contribution share;
- Considerable European sales increase in H1 2010 vs. H1 2009;
- Strong sales growth in the Central and South America.

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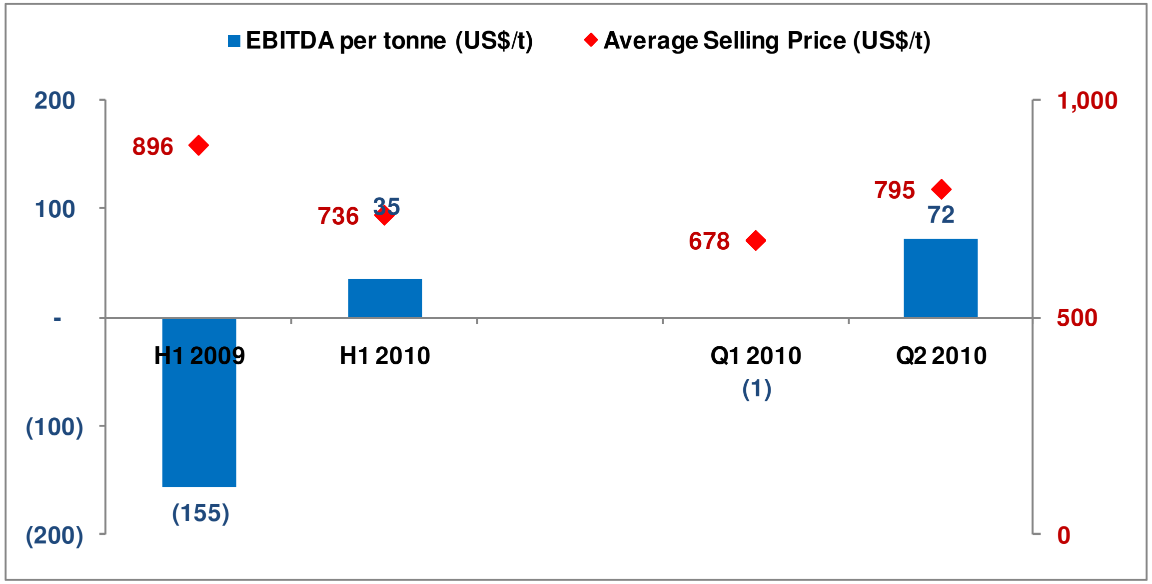
Lucchini



*All steel products; Ex Works price terms.

	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Revenue ($m)	1,240	841	47.4%	661	579	14.2%
Cost of sales ($m)	(1,174)	(943)	24.5%	(597)	(577)	3.5%
G&A ($m)	(46)	(64)	(28.1%)	(22)	(24)	(8.3%)
G&A as % of Revenue	*3.7%*	*7.6%*		*3.3%*	*4.1%*	
EBITDA ($m)	52	(129)	n/a	53	(1)	n/a
Operating (Loss)/Profit ($m)	(17)	(199)	(91.5%)	21	(38)	n/a
EBITDA Margin, %	*4.2%*	*(15.3%)*		*8.0%*	*(0.2%)*	
EBITDA per tonne ($/t)	35	(155)	n/a	72	(1)	n/a
Average Selling Price (US$/t)	736	896	(17.9%)	795	678	17.3%

H1 2010/ H1 2009 Highlights:

- Revenue: $1,240 million vs. $841 million in H1 2009;
- EBITDA: $52 million vs. a loss of $129 million in H1 2009.

Q2 2010/ Q1 2010 Highlights:

- Profit from operations of $21 million;
- Revenue: $661 million vs. $579 million in Q1 2010;
- EBITDA: $53 million vs. a loss of $1 million in Q1 2010.

Results Key Factors:

- Recovery of the main consumers: construction and automotive companies, and prices going up in Q2 2010 vs. Q1 2010 (+17.3%);
- Cost reduction and inventories valorization;
- Compared to H1 2009, net working capital of Lucchini improved by $149 million and totalled $501 million at the end of H1 2010.

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Summary of Income Statement

$ million, unless otherwise stated	H1 2010	H1 2009	Change, %	Q2 2010	Q1 2010	Change, %
Revenue	7,387	4,810	53.6%	4,245	3,142	35.1%
EBITDA	1,447	(30)	n/a	955	492	94.1%
EBITDA margin, %	19.6%	(0.6%)		22.5%	15.7%	
Profit /(loss) from operations	1,026	(426)	n/a	728	298	144.3%
Operating margin, %	13.9%	(8.9%)		17.1%	9.5%	
Net (loss[4])/profit	(593)	(946)	(37.3%)	192	(785)	n/a
Profit/(loss) from continuing operations (i.e. excl. Lucchini)	470	(803)	n/a	393	77	n/a
EPS, $	(0.59)	(0.94)	n/a	0.19	(0.78)	n/a

Notes:
1) The net loss for H1 2010 includes a loss from the discontinued operation of the Lucchini segment of $1,037 million. The Lucchini segment was classified as held for sale as at 30 June 2010, and a loss on remeasurement of the Lucchini segment to fair value less costs to sell of $1,010 million was recognized in H1 2010, which includes a further impairment loss of $207.9 million accrued in Q2 2010. For further detail, please refer to the Severstal consolidated interim condensed financial statements for H1 2010 at www.severstal.com .
2) 2009 figures do not include Lucchini.
3) EBITDA represents profit from operations plus depreciation and amortization of productive assets adjusted for gain / (loss) on disposals of property, plant and equipment and intangible assets.
4) Attributable to shareholders of OAO Severstal.

Financial Position

$ million	As of 30 June 2010*	As of 31 December 2009
Cash and Cash Equivalents	**1,840**	**2,853**
Total Assets:	**18,771**	**19,644**
Current Assets	8,907	8,185
Non-current Assets	9,864	11,459
Total Liabilities:	**11,516**	**11,268**
Current Liabilities	4,745	3,828
Non-current Liabilities	6,771	7,440
Total Equity	7,255	**8,376**
Total Equity and Liabilities	**18,771**	**19,644**

* Please view the note on Lucchini in the presentation.

Summary of Cash Flow Statement

$ million	As of 30 June 2010	As of 30 June 2009
Profit/ (Loss) before Financing and Taxation	946	(474)
Cash Generated from Operations	582	544
Interest Paid	(231)	(256)
Income Tax Paid	(167)	(9)
Net cash from operating activities - continuing operations	184	279
Net cash (used in)/from operating activities - discontinued operations	(52)	76
Net Cash from Operating Activities	132	355
Cash (used in)/from investing activities - continuing operations	(955)	36
Cash used in investing activities - discontinued operations	(57)	(62)
Cash used in Investing Activities	(1,012)	(26)
Additions to PP&E and IA	(503)	(401)
Cash from/(used in) financing activities - continuing operations	322	(617)
Cash used in financing activities - discontinued operations	(49)	(111)
Cash from/(used in) Financing Activities	273	(728)
Effect of Exchange Rates on Cash and Cash Equivalents	(144)	(8)
Net Increase in Cash and Cash Equivalents	(751)	(407)
Less cash and cash equivalents of discontinued operations	(263)	-
Cash and Cash Equivalents at Beginning of the Period	2,853	2,654
Cash and Cash Equivalents at End of the Period	1,840	2,247

Severstal at a Glance

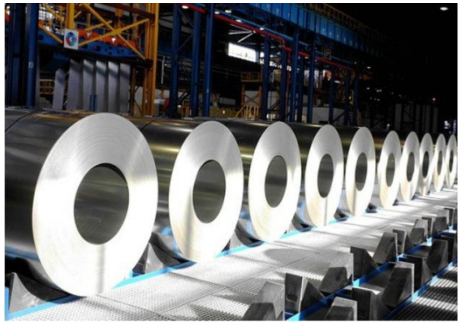
- **One of the world's leading integrated steel makers (13th in the 2009 Metal Bulletin's Global Ranking), producing 16.7 mln tonnes of crude steel and generating revenues of $13.1 billion in 2009*.**
- **As of 30 June 2010, Severstal is: the 3rd major steel producer in Russia, the 4th largest steel producer in the US, and the 2nd largest steelmaker in Italy (via Lucchini in which Severstal has a 49% stake).**
- **Low-cost integrated steel and mining group with strong self-sufficiency in coking coal and iron ore in Russia, and good self-sufficiency in coking coal in the USA.**
- **The 2nd largest gold producer incorporated in Russia with assets in Russia, Kazakhstan, and Africa.**
- **Long-term commitment to highest international standards in health, safety and environment, social responsibility, and corporate governance.**
- **Around 90 000 employees.**

* Figures from Severstal annual report and include Lucchini.

Severstal

Thank you

Q&A





Severstal

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