



## 1Q2012 RESULTS PRESENTATION

JUNE 20, 2012



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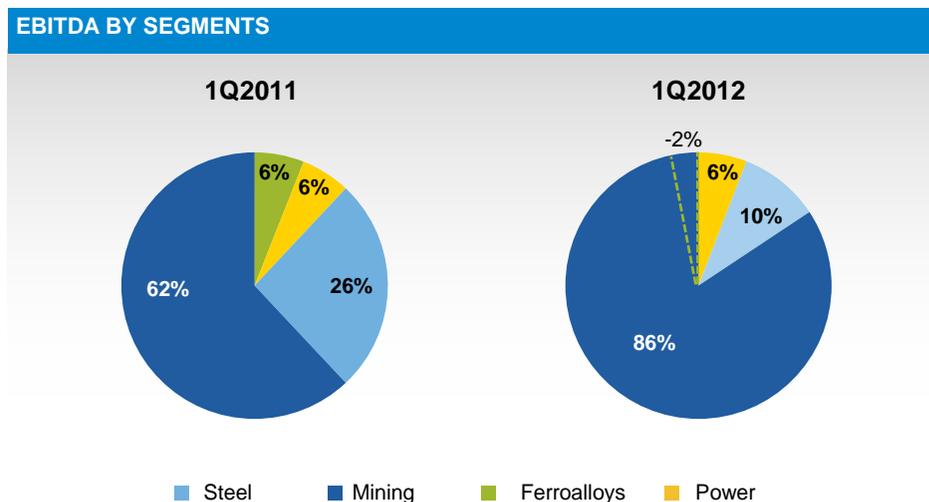
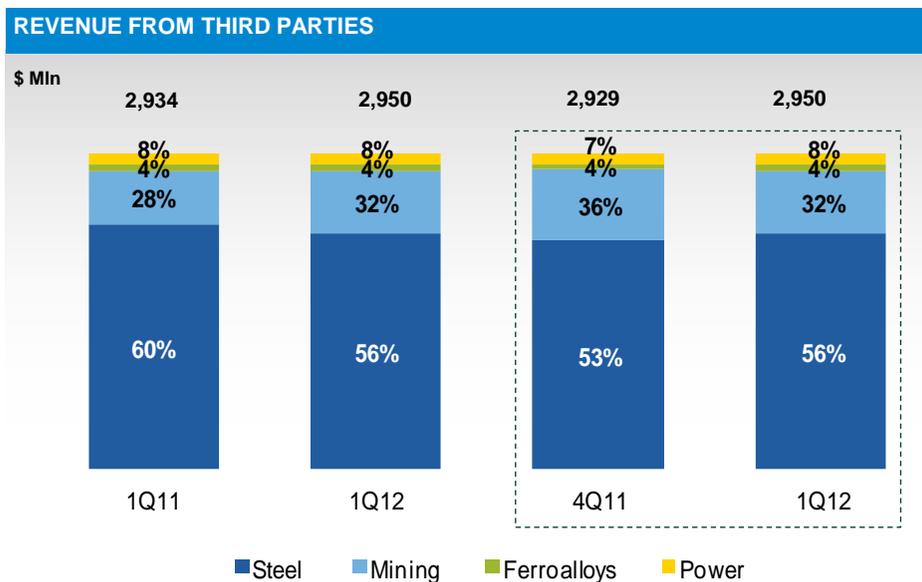
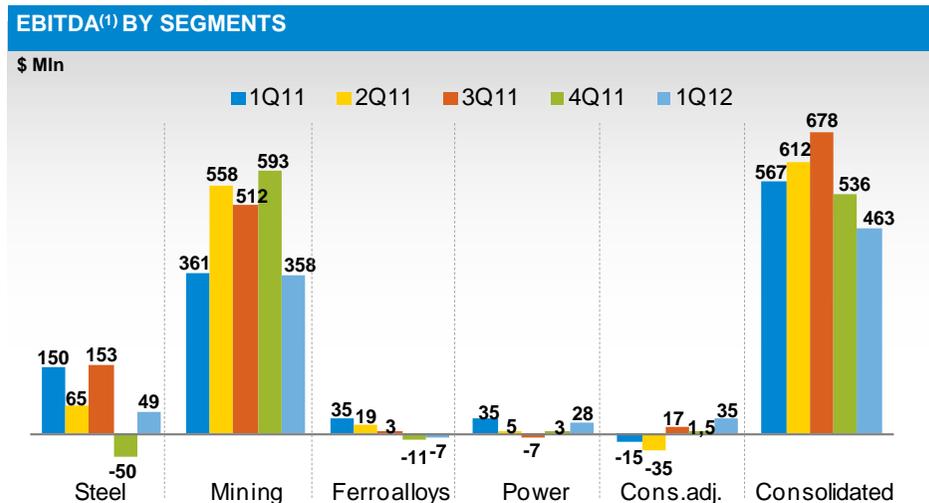
## FINANCIAL HIGHLIGHTS



# SEGMENTS OVERVIEW



- + Consolidated revenue flat q-o-q amounting to \$2,950 mn
- + Net income up 8% q-o-q to \$218 mn
- + Mining segment continues to dominate the consolidated EBITDA with its share up to 86%

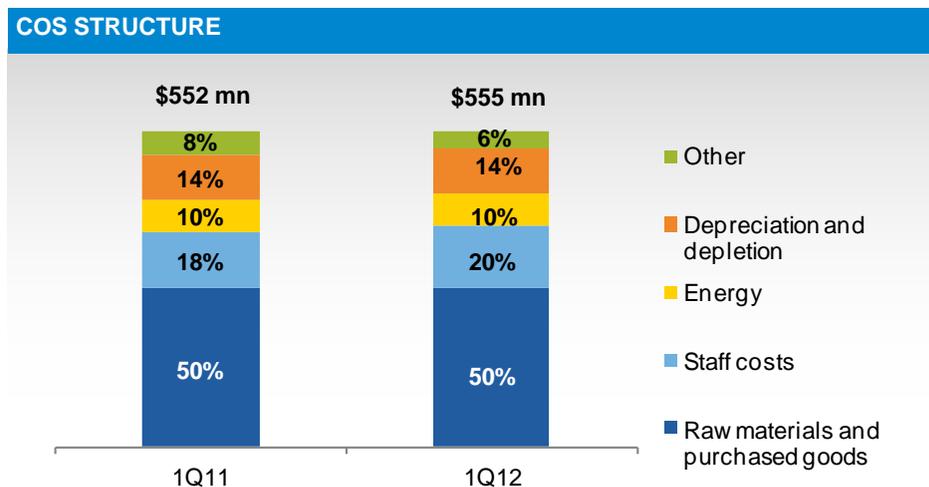
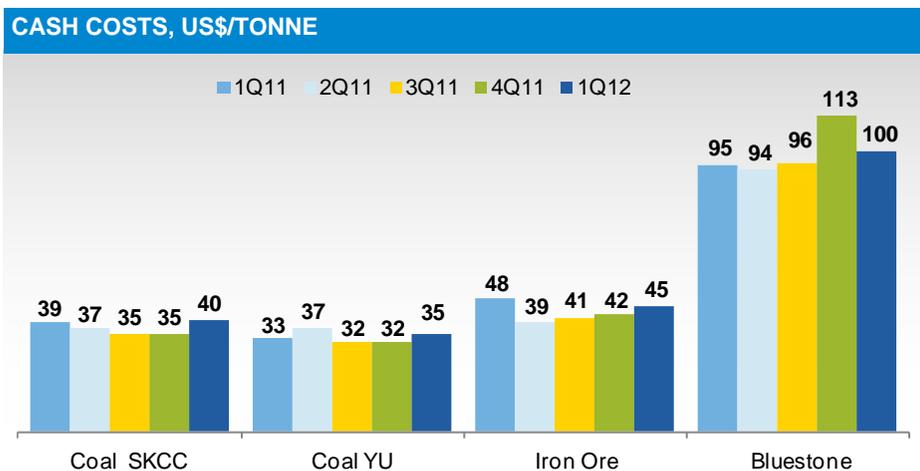
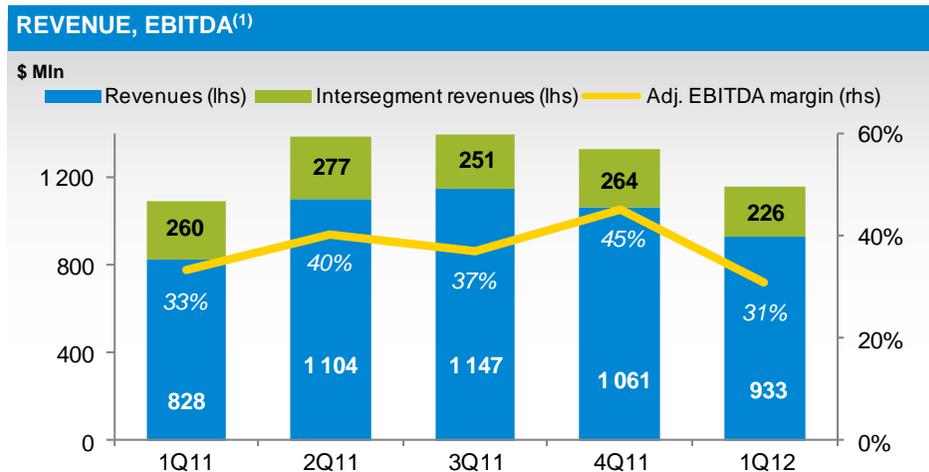


(1) Adjusted EBITDA represents EBITDA adjusted by forex gain/loss, interest income, net income on the disposal of non-current assets, amount attributable to non-controlling interests and gain/loss from remeasurement of contingent liabilities at fair value

# MINING SEGMENT



- + Market volatility and temporary halt of some underground mines operations led to Q1 revenue decrease q-o-q to \$933 mln...
- + ...with EBITDA posting \$358 mln in Q1
- + Cash costs at Russian assets went up due to ruble appreciation and lower production at Southern Kuzbass

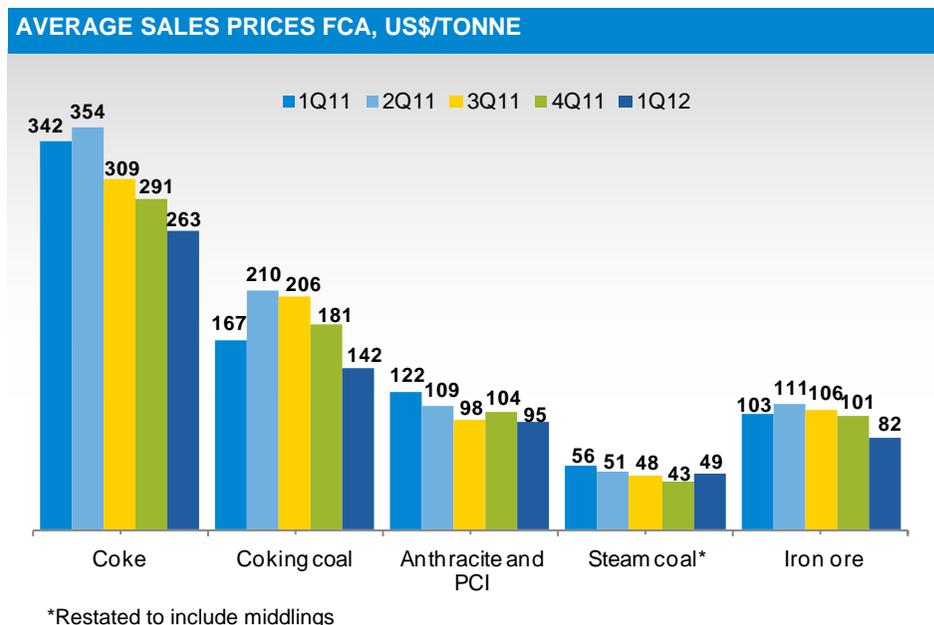
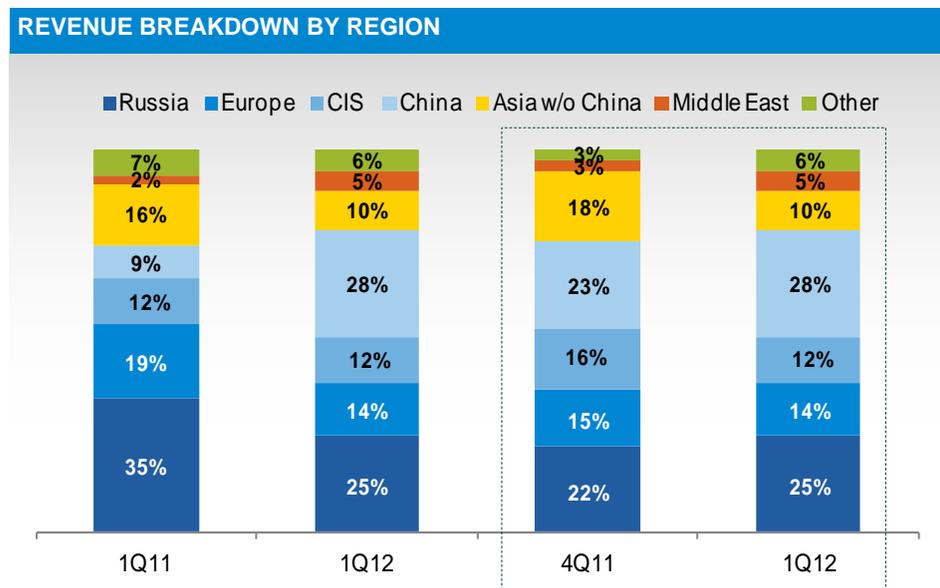
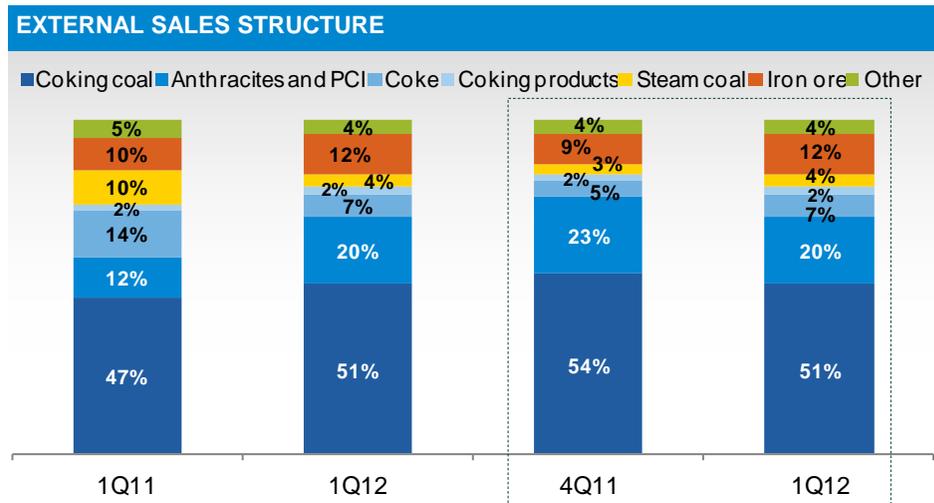


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# MINING SEGMENT



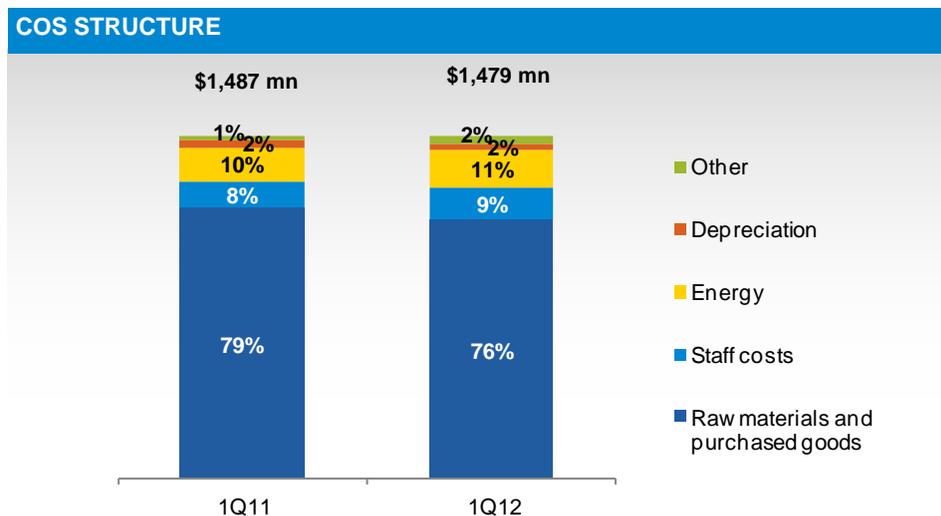
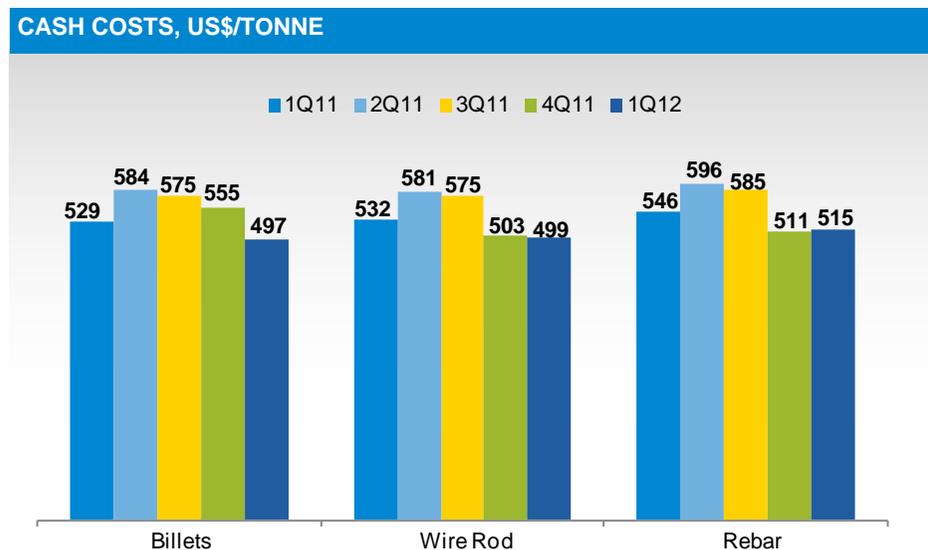
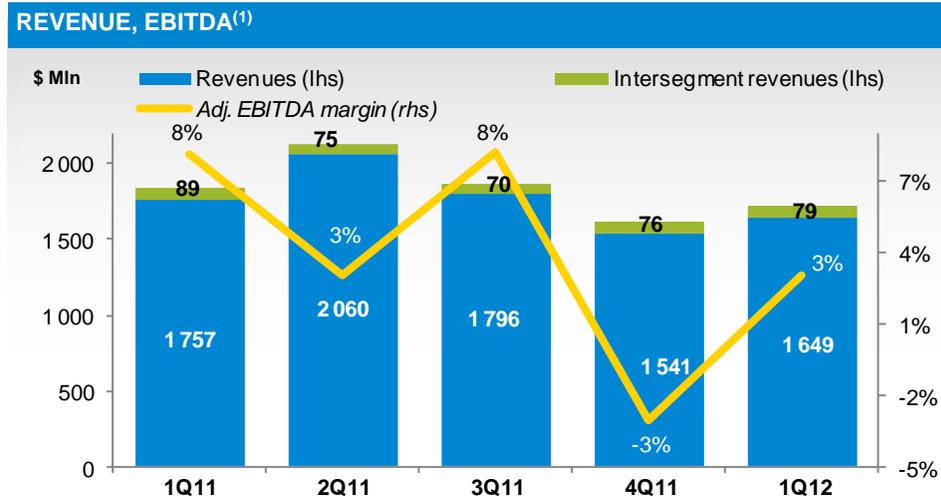
- +
- Anthracites and PCI sales down 24% q-o-q as demand in Europe dwindled...
- + ...However coking coal sales volumes unchanged q-o-q despite seasonal factors and idling of certain operations...
- + ...Although unable to fend off the general pressure on price
- + The share of China grew to 28% of sales as demand elsewhere remained volatile



# STEEL SEGMENT



- + Despite low season and harsh weather conditions sales volumes of steel grew by 8% q-o-q ...
- + ... bringing Revenue up 7% to \$1.7 bn
- + Cash costs heading down...
- + ... leading to a reverse in EBITDA to \$49 mn

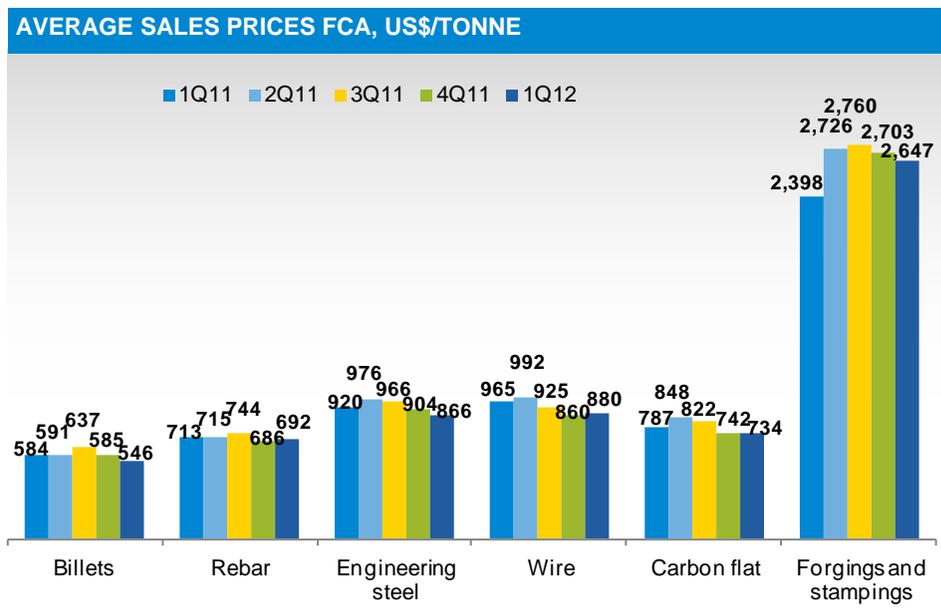
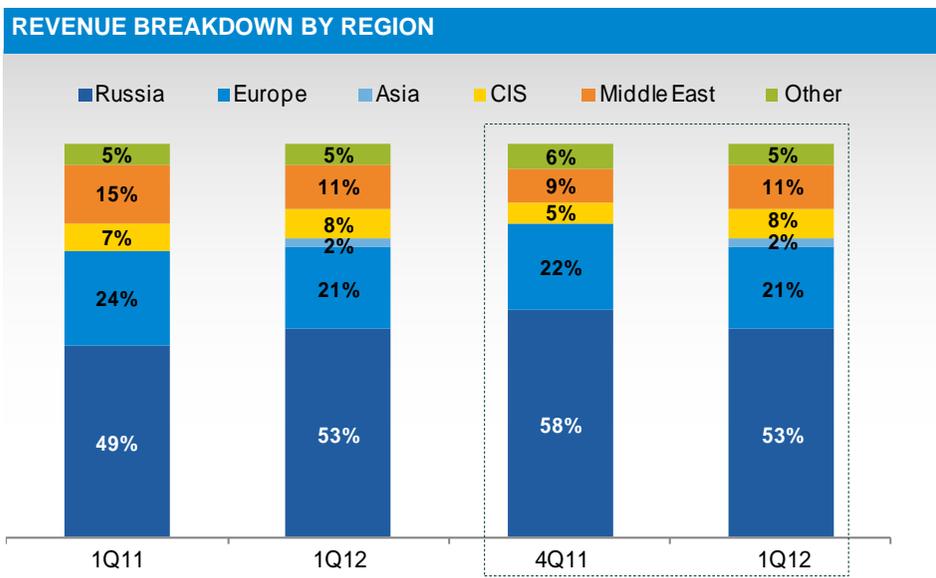
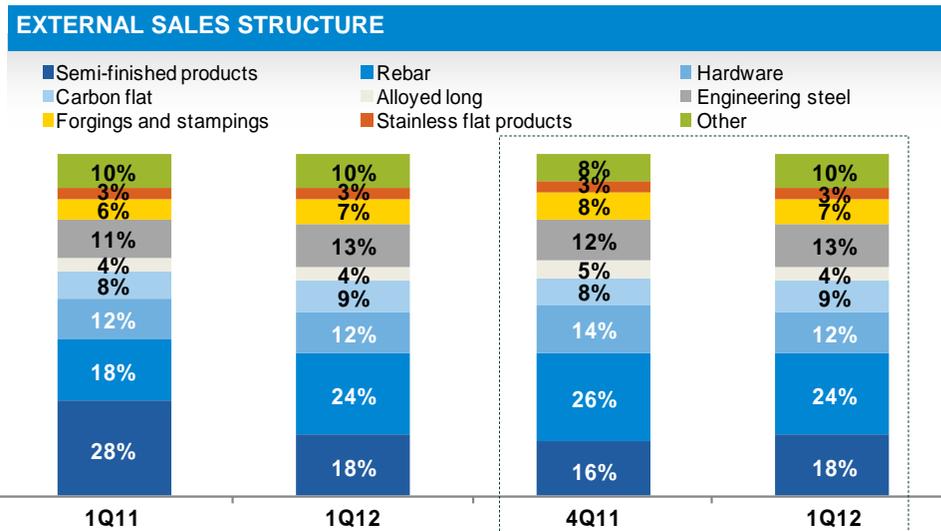


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# STEEL SEGMENT



- +** Steel prices demonstrate resilience despite low season helping MSG to de-stock
- +** Share of lower margin semi-finished products down by 37% in 1Q2012 vs.1Q2011
- +** Fall in rebar sales in Russia is offset by almost two-fold growth in European sales in Q1

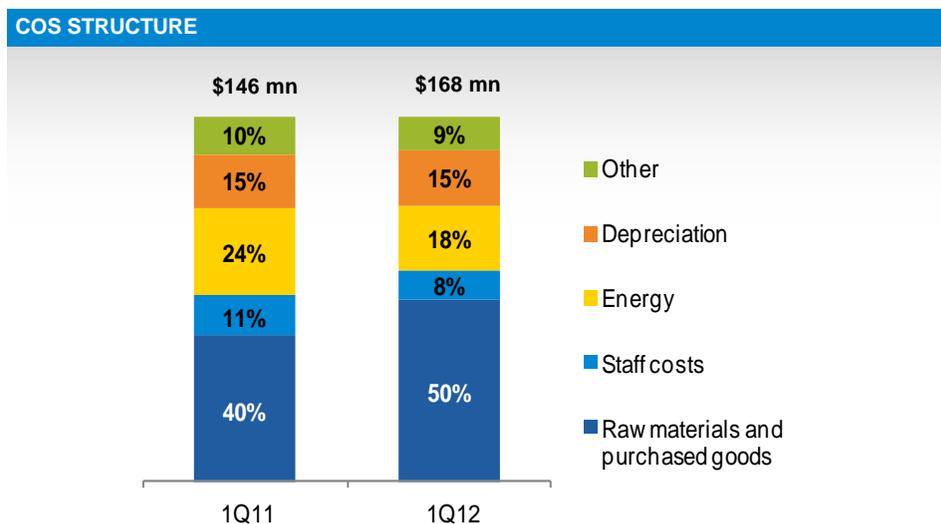
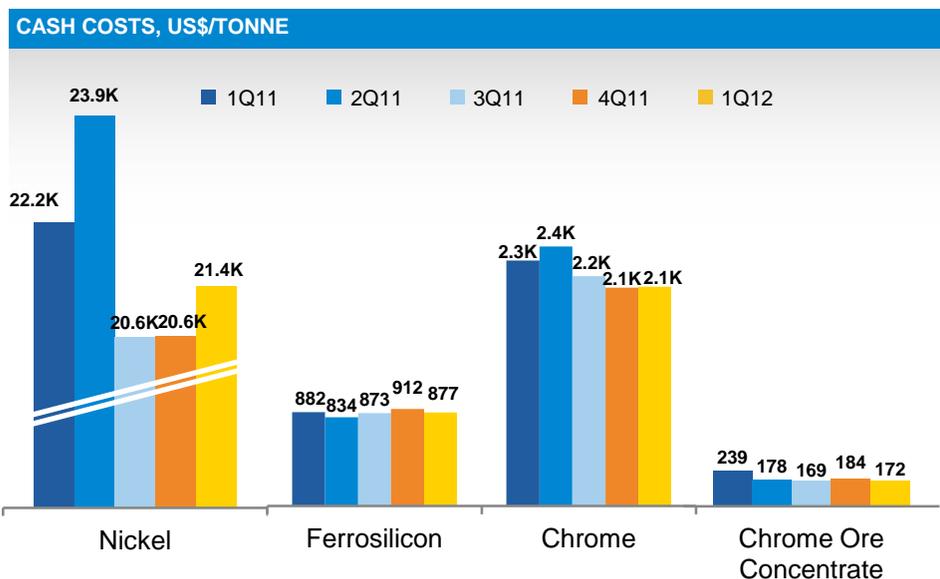
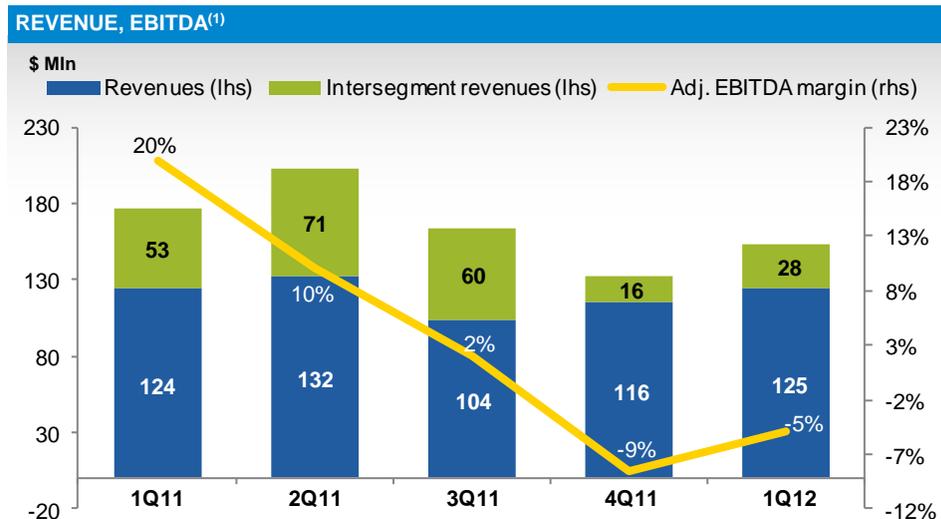


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# FERROALLOYS SEGMENT



- +** Sales volume growth in all ferroalloys products pushed the 1Q12 revenue up by 16% q-o-q to \$153 mn decreasing gross loss by 43%
- +** Cash costs of Cr under control, while heading down for Cr concentrate and FeSi as production of both grows
- +** Growing sales and improved economics slash EBITDA loss by 32%

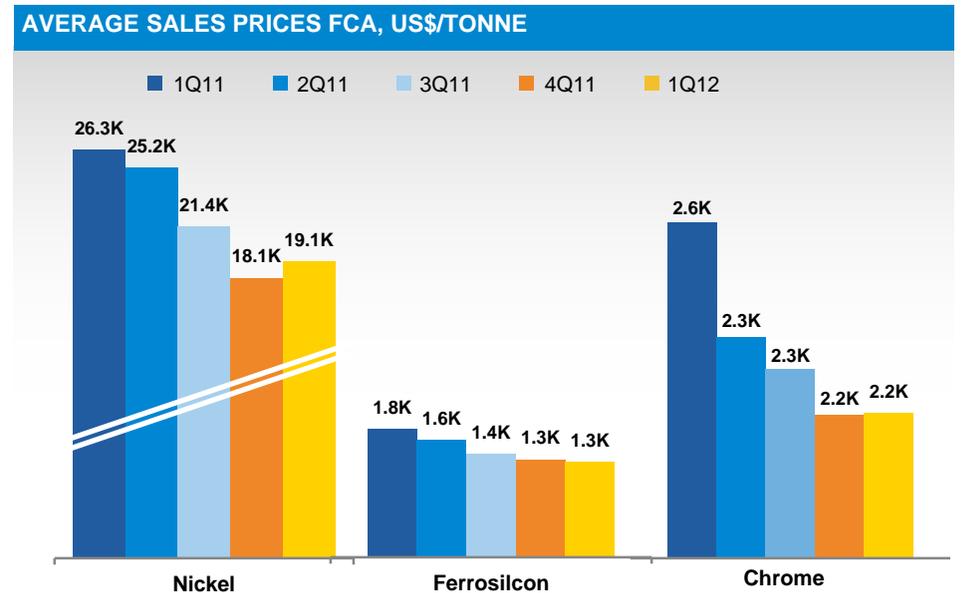
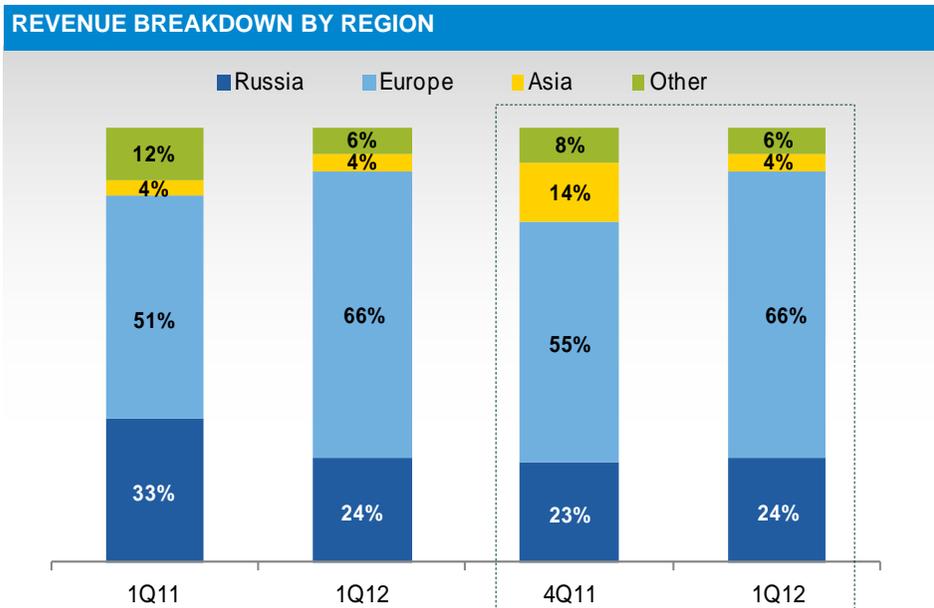
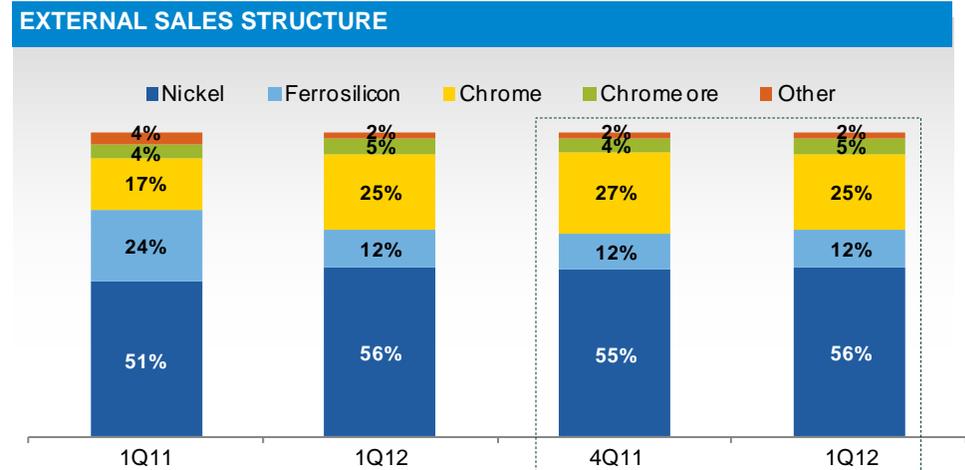


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# FERROALLOYS SEGMENT



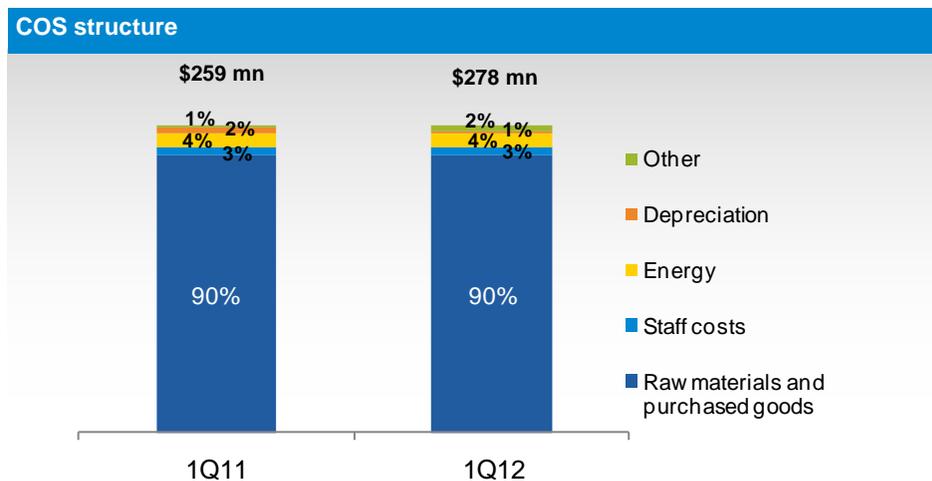
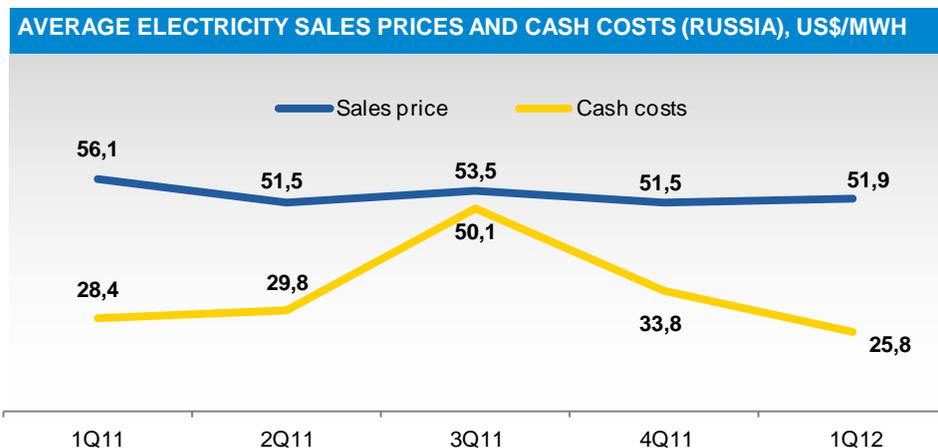
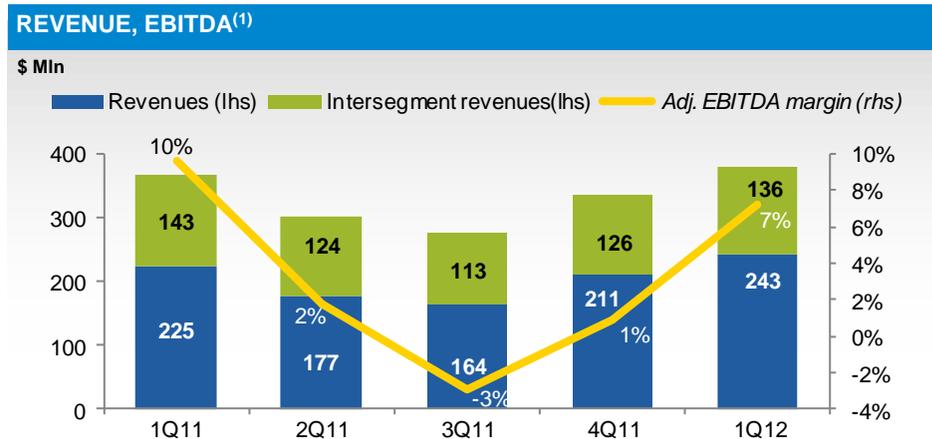
- + Flat to positive price dynamics across all products support better economics
- + Share of exports to Europe grew to 66% as:
  - Some sales of FeCr redirected from Asia supported by better price environment in Europe
  - Demand for FeNi from own plants decreased allowing for increased export sales



# POWER SEGMENT



- +** Financials improve as due to high season for electricity and heat consumption:
  - Revenue up 16% q-o-q
  - EBITDA up x9 to \$28 mn q-o-q
  - Net income up to \$11 mn vs operating loss of \$6 mn in 4Q11
- +** Cash costs at Southern Kuzbass Power Plant down 24% as sales grow on lower input materials and maintenance



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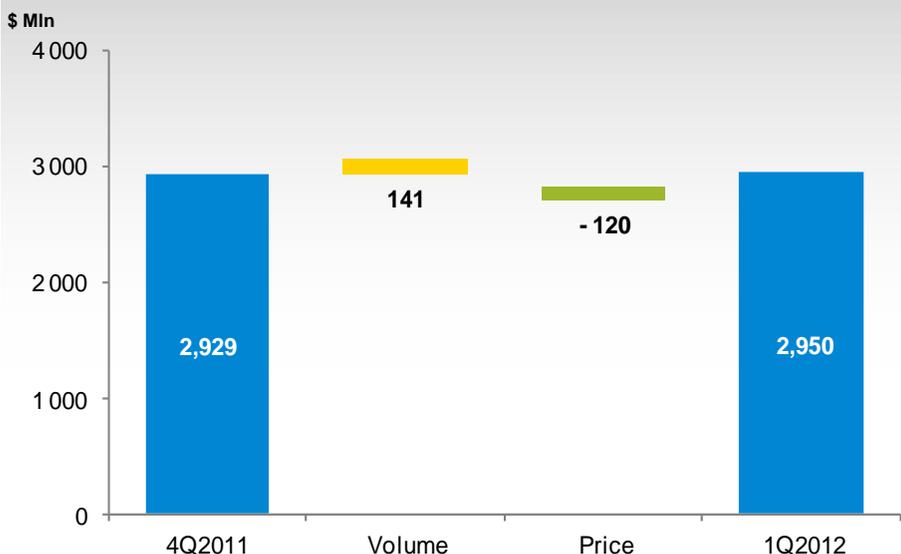
# WITHSTANDING MARKET VOLATILITY



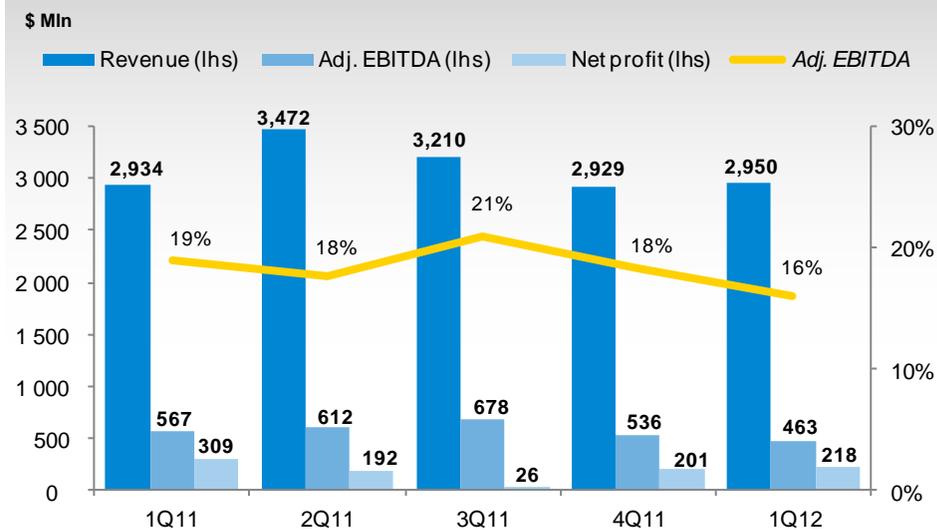
## 1Q2012 FINANCIAL PERFORMANCE Q-O-Q HIGHLIGHTS:

- +** Reduction of the Mining Segment top line offset by growth in revenue in other segments which translated in flat q-o-q sales at \$2,950 mn
- +** EBITDA down 14% q-o-q, but margin is at 16% - still one of the most attractive in the industry
- +** Net income up by 8% q-o-q to \$218 mn with \$171 accounted for by FX gain

### REVENUE DYNAMICS



### REVENUE, EBITDA<sup>(1)</sup> AND NET PROFIT



(1) Adjusted EBITDA represents EBITDA adjusted by forex gain/loss, interest income, net income on the disposal of non-current assets, amount attributable to non-controlling interests and gain/loss from remeasurement of contingent liabilities at fair value

# CASH GENERATION CAPACITY

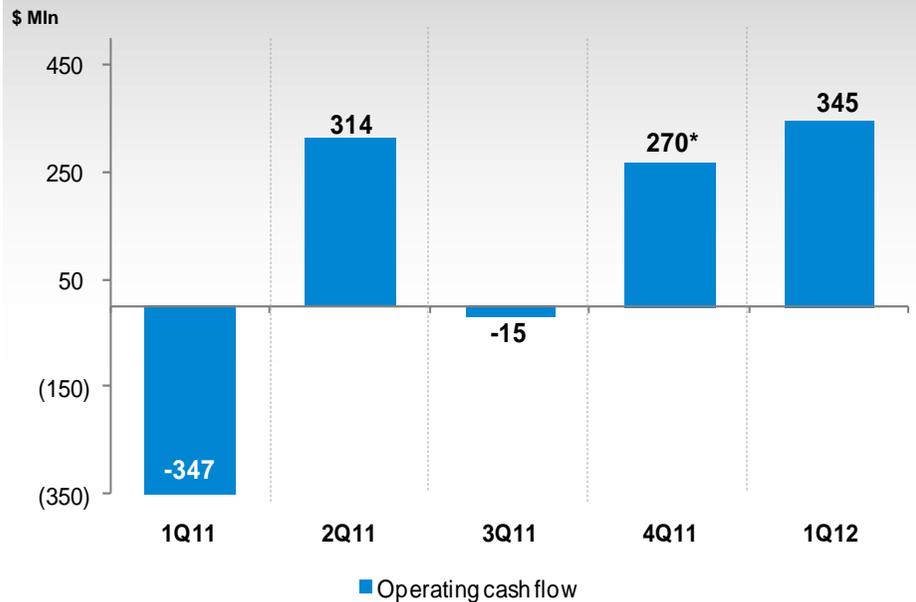


Measures to adjust production to current demand and optimize the working capital bear fruit: cashflow from operations at \$345 mn in Q1 with \$118 mn coming from working capital release



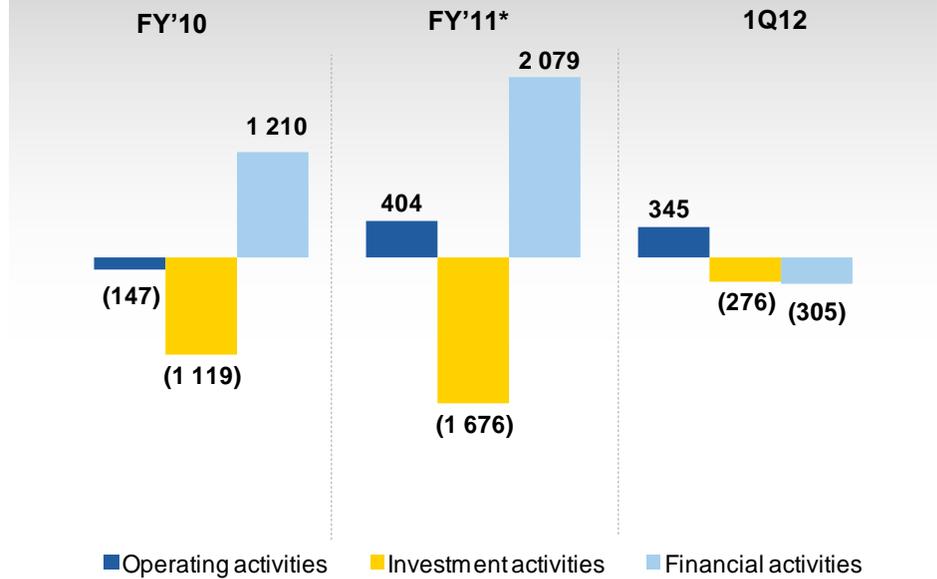
Operating cashflow exceeds investments, facilitating debt repayment.

## OPERATING CASH FLOW DYNAMICS



\* Excluding the effect of loan to Estar

## NET CASH FLOW



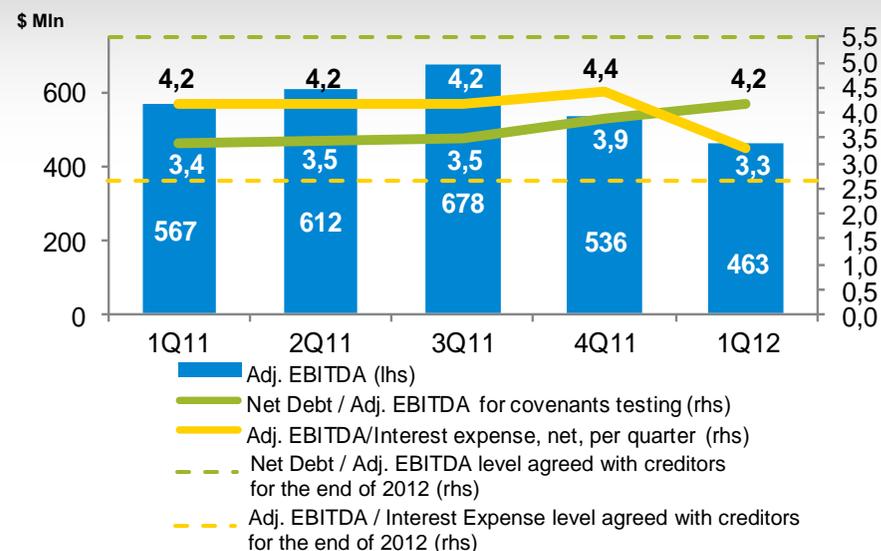
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# DEBT PROFILE

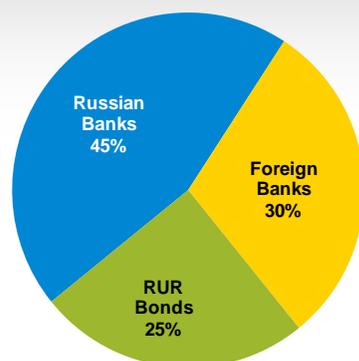
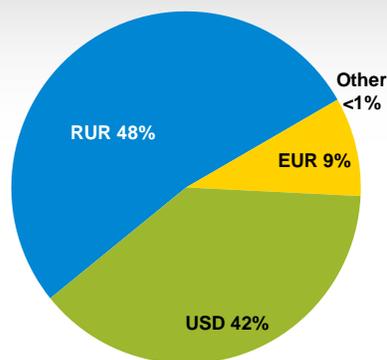


- + Total debt reduced in Q2 to date to under \$9bn.
- + Financial ratios as of Q1 well within the renegotiated covenant levels.
- + Cash and available credit lines as of June 15 amount to \$2 bn.

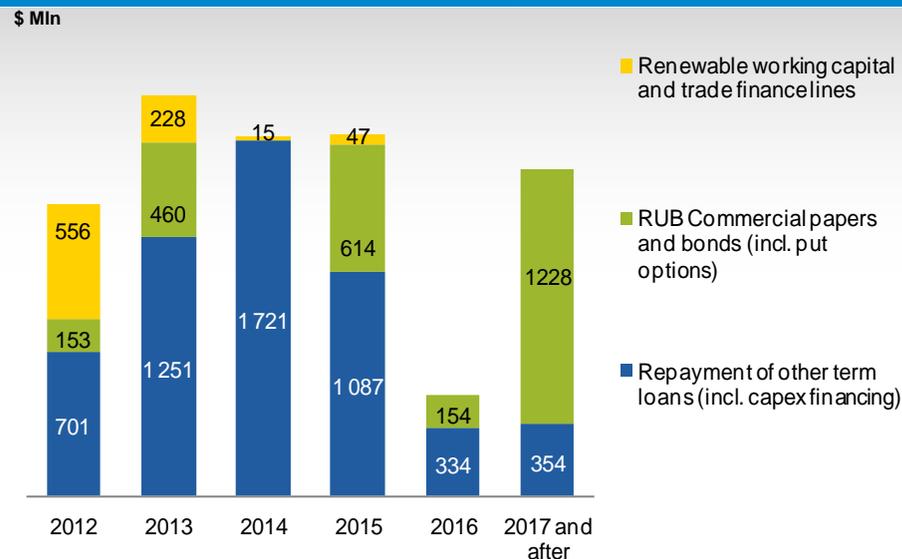
## FINANCIAL RATIOS



## DEBT PROFILE AS AT JUNE 15, 2012



## LOANS REPAYMENT SCHEDULE AS AT JUNE 15, 2012



# FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	1Q12	4Q11	CHANGE, %
Revenue	2,950	2,929	0.7%
Cost of sales	(1,975)	(1,995)	-1.0%
Gross margin	33.0%	31.9%	
Operating profit	314	377	-16.7%
Operating margin	10.6%	12.9%	
Adjusted EBITDA <sup>(1)</sup>	463	536	-13.6%
Adjusted EBITDA <sup>(1)</sup> margin	15.7%	18.3%	
Net Income	218	201	8.5%
Net Income margin	7.4%	6.9%	
<b>Sales volumes<sup>(2)</sup>, '000 tonnes</b>			
Mining segment	6,001	6,124	-2.0%
Steel segment	1,941	1,791	8.4%

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(2) Includes sales to the external customers only