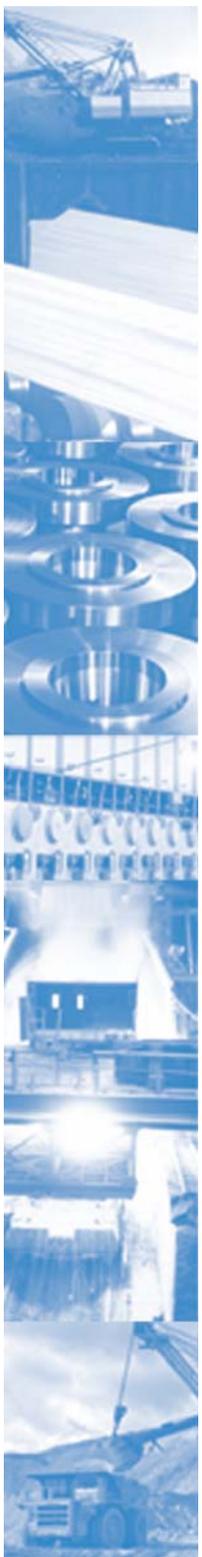




2010 First Quarter Results Presentation
July 14, 2010



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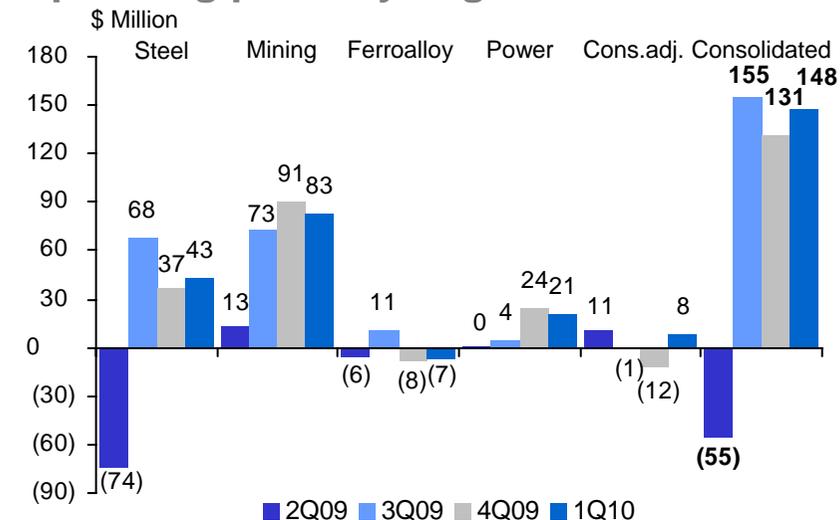
Financial Review



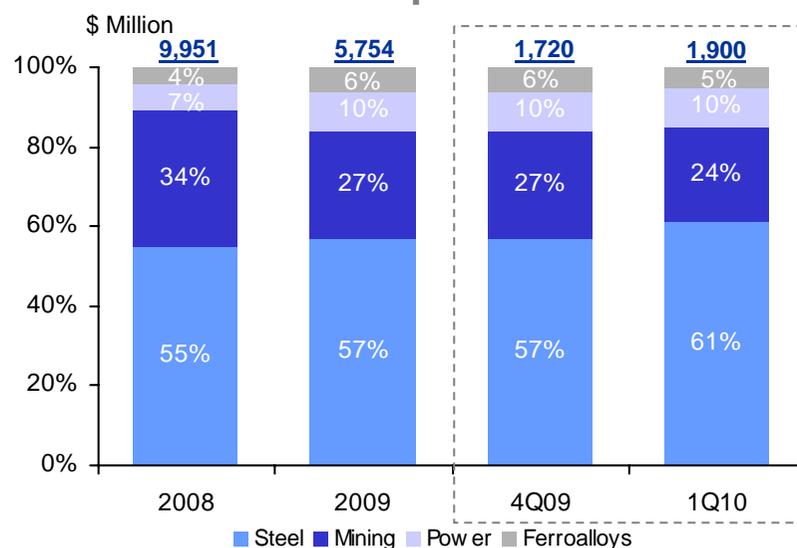
Segments Overview

- ➔ Recovery in steel led the 10% growth in consolidated revenue
- ➔ Gross margin up to 34%
- ➔ Export sales grew as markets continued to recover

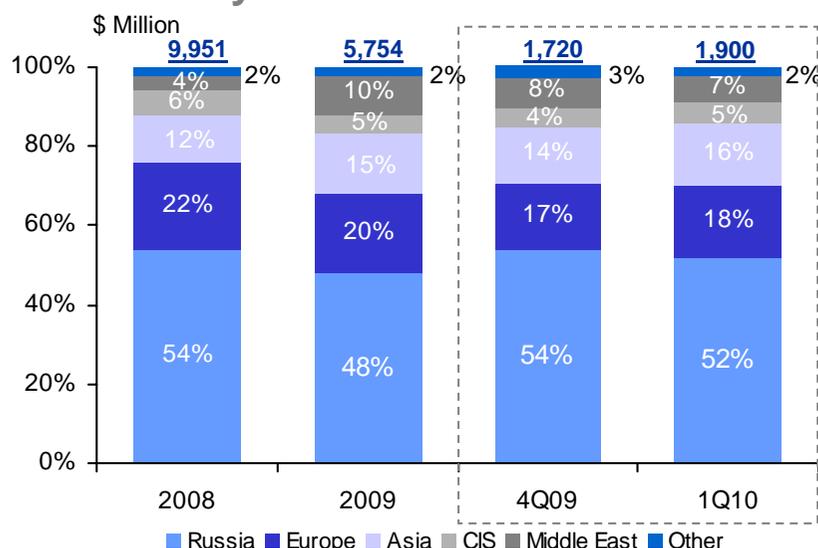
Operating profit by segments



Revenue from third parties



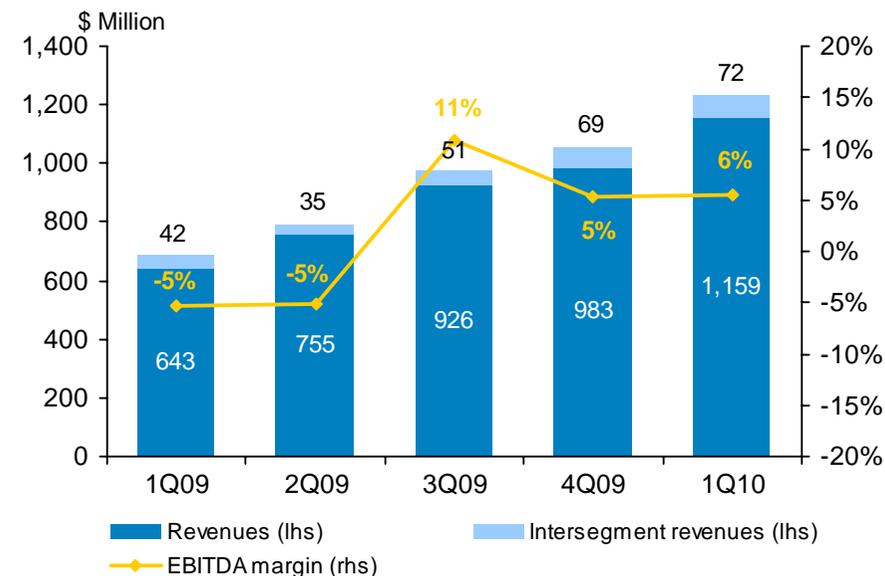
Revenue by market



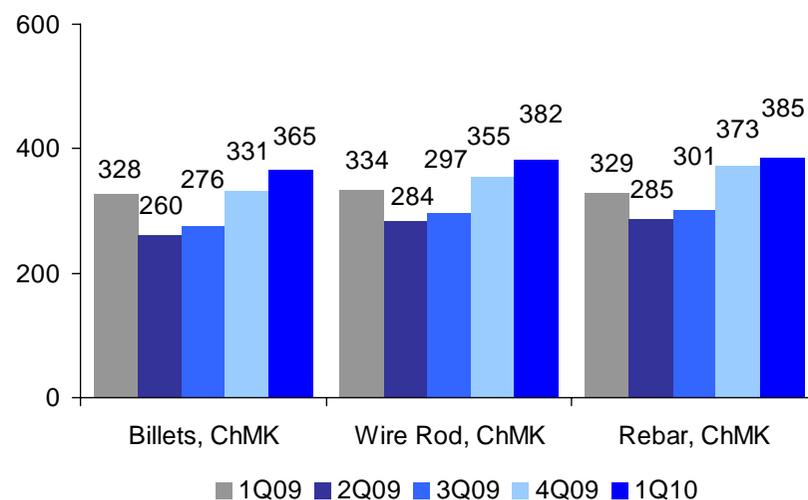
Steel Segment Performance

- ➔ Revenue grew 18% q-o-q to \$1,159 mn
- ➔ 61% of the Group's revenue
- ➔ Resale of 3rd party products reached 14% of revenue
- ➔ Moderate growth of cash costs reflecting rising raw material prices
- ➔ EBITDA up 22% q-o-q to \$69 mn
- ➔ Positive net result of \$45 mn

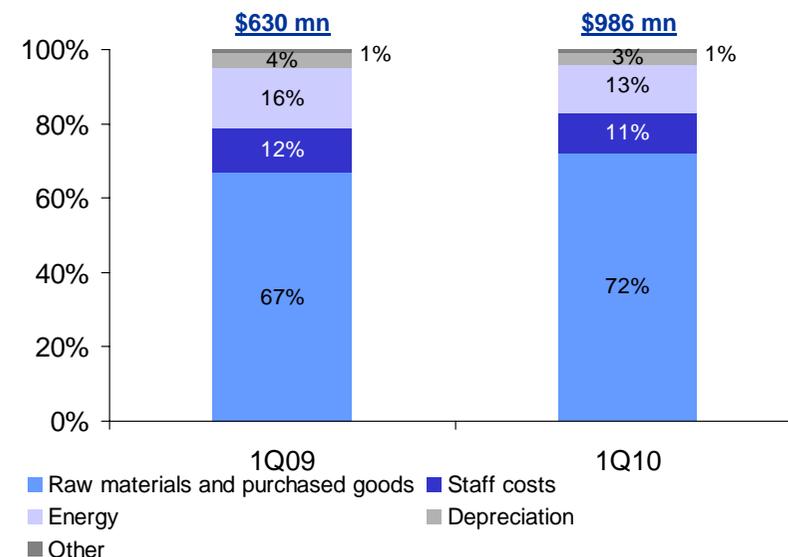
Revenue, EBITDA



Cash costs, US\$/tonne



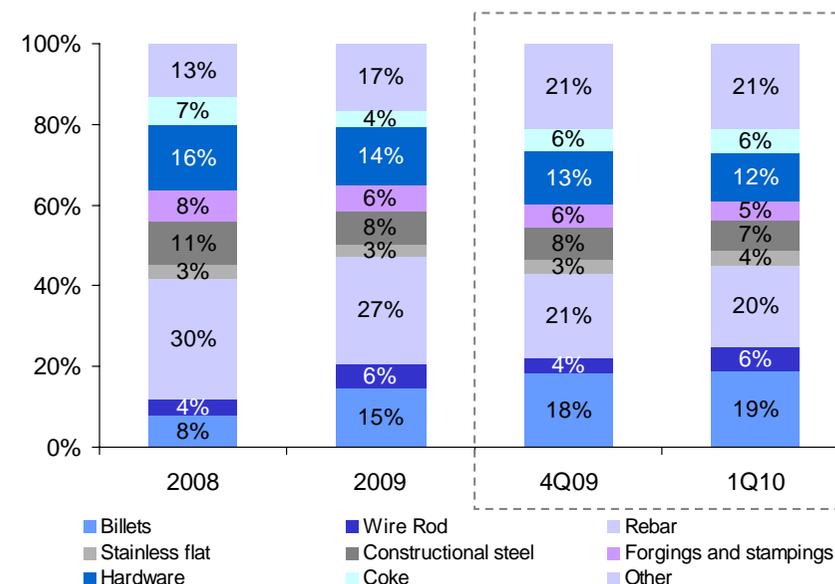
COS structure



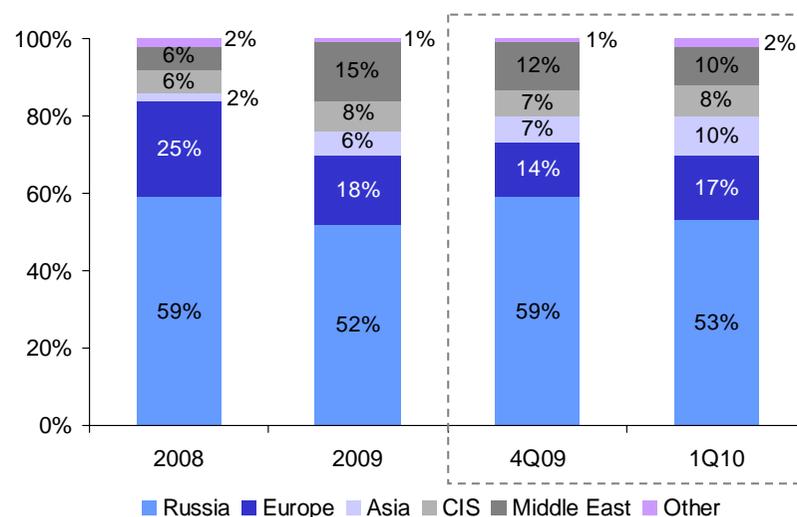
Steel Segment Performance

- ➔ Increase in sales to Europe through Mechel Service Global
- ➔ Stable upward price trend across all main products
- ➔ Increase in sales volumes across all the main products q-o-q:
 - ➔ Longs – up 19%
 - ➔ Rebar – up 15%
 - ➔ Flats – up 22%
 - ➔ Stainless flat – up 29%

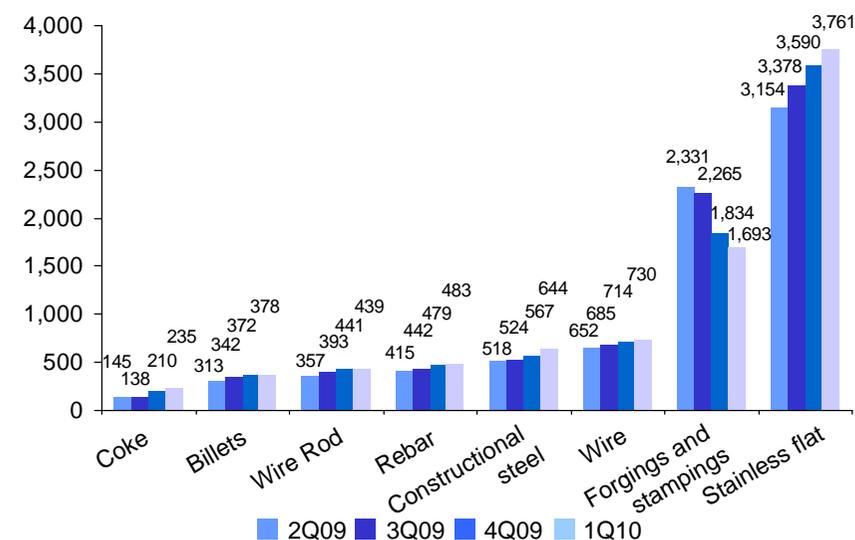
External sales structure



Revenue breakdown by region



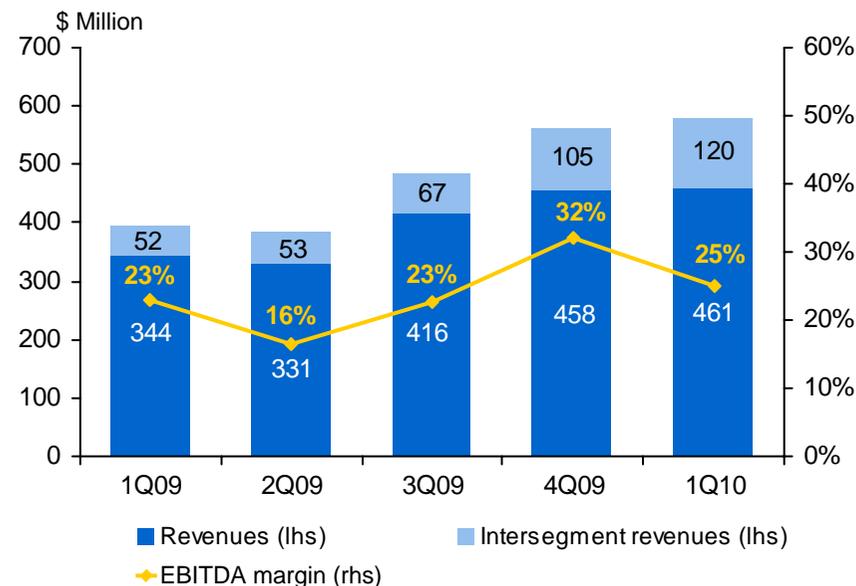
Average sales prices FCA, US\$/tonne



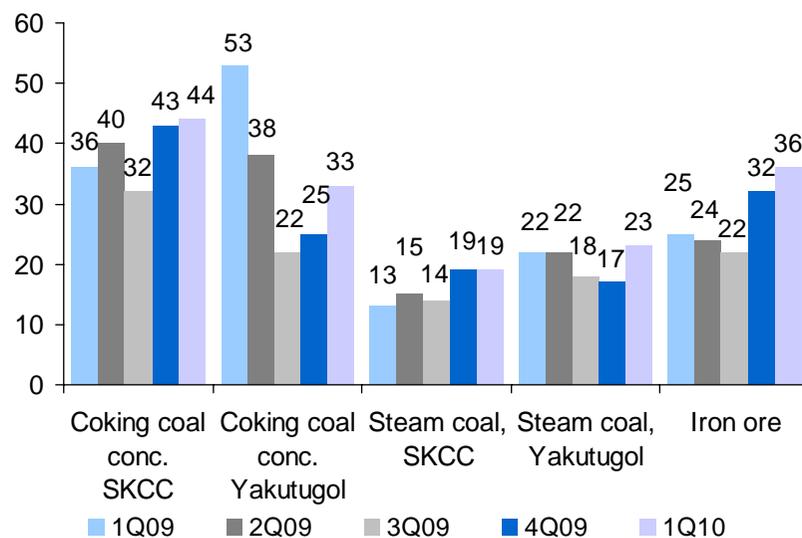
Mining Segment Performance

- ➔ Gross profit up 18% q-o-q to \$284 mn
- ➔ Gross margin reached 49%
- ➔ Increased expenditure on reserves preparation and seasonal factors pushed costs up but allowed coking coal production to reach pre-crisis levels in 2Q10
- ➔ Higher output of PCI translated into lower overall volumes of steam coal sales

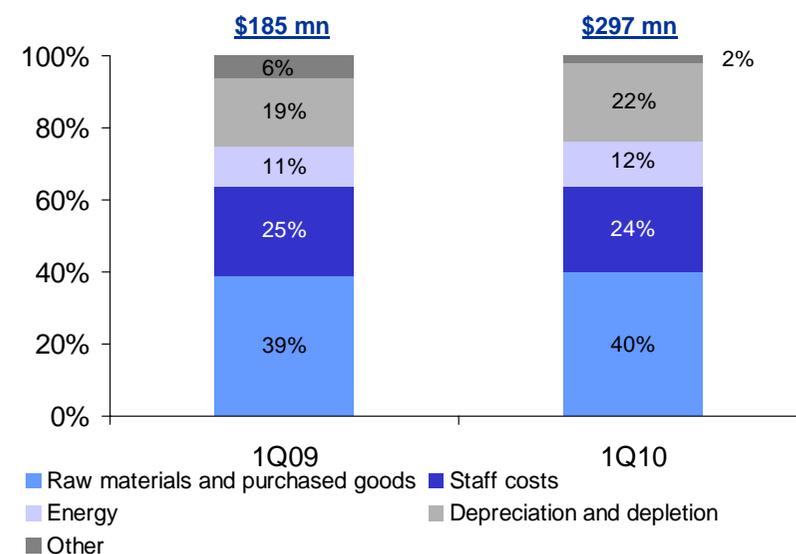
Revenue, EBITDA



Cash costs, US\$/tonne



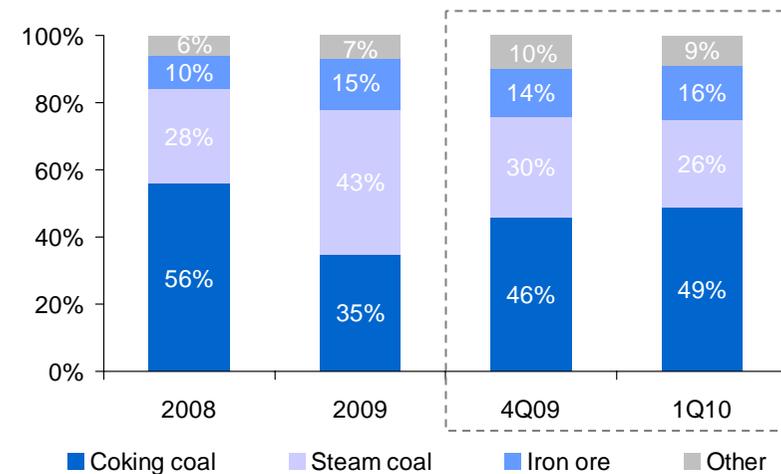
COS structure



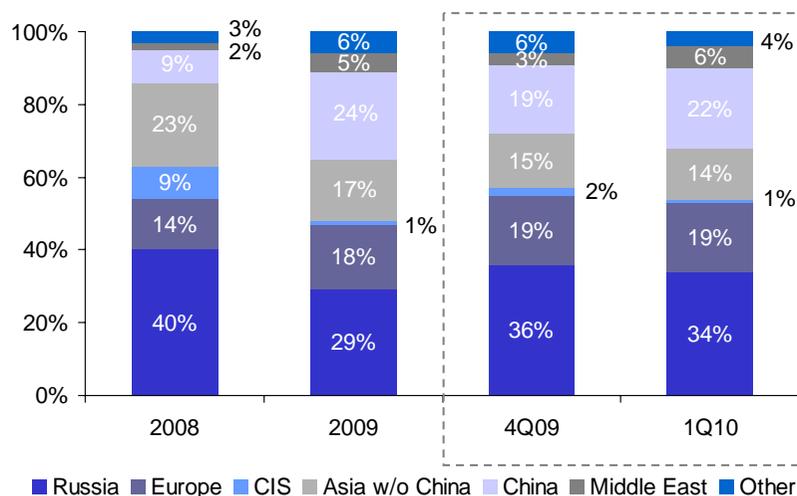
Mining Segment Performance

- ➔ Continuous improvement in the coking coal market:
 - ➔ prices up 14% on the FCA basis q-o-q
 - ➔ export sales volumes from Russia up 54% q-o-q
- ➔ Iron ore FCA price up 17% on steady sales volumes
- ➔ Coking coal sales almost half of revenue

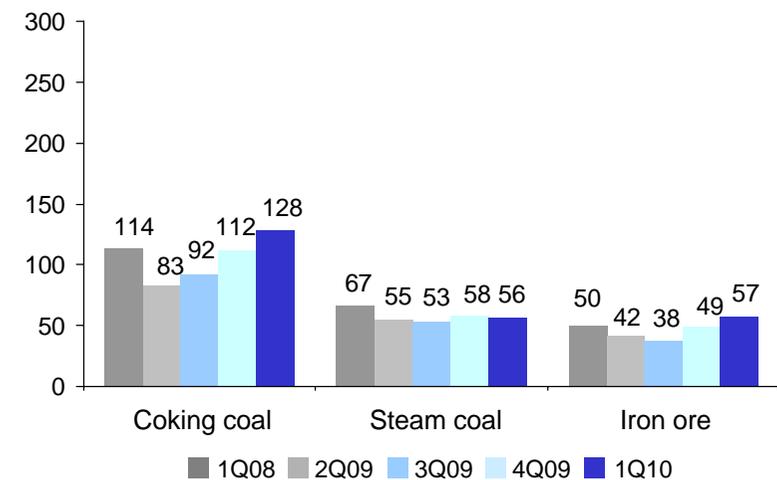
External sales structure



Revenue breakdown by region



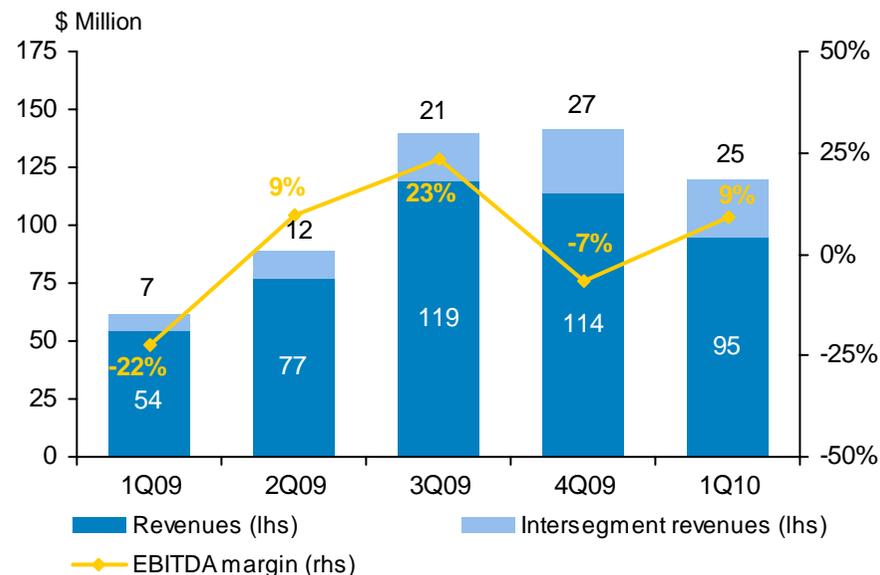
Average sales prices FCA, US\$/tonne



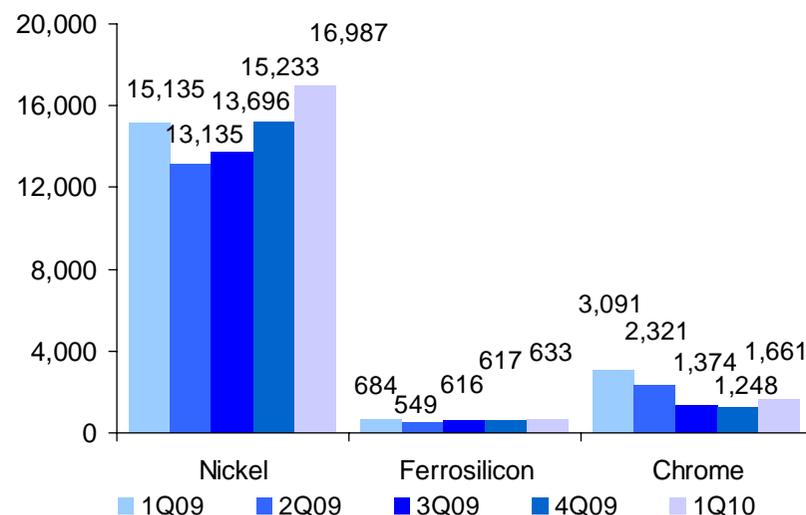
Ferroalloys Segment Performance

- Gross margin 11% in 1Q10
- Administrative expenses decreased to 11% of sales in 1Q10
- Cash cost grew on the back of rising coke prices and seasonal rise in power and gas consumption
- Positive EBITDA of \$11 mn

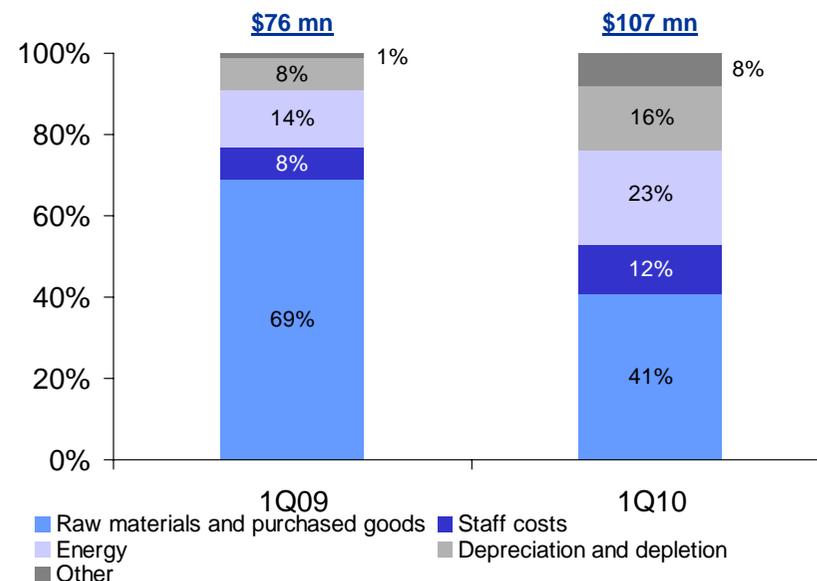
Revenue, EBITDA



Cash costs, US\$/tonne



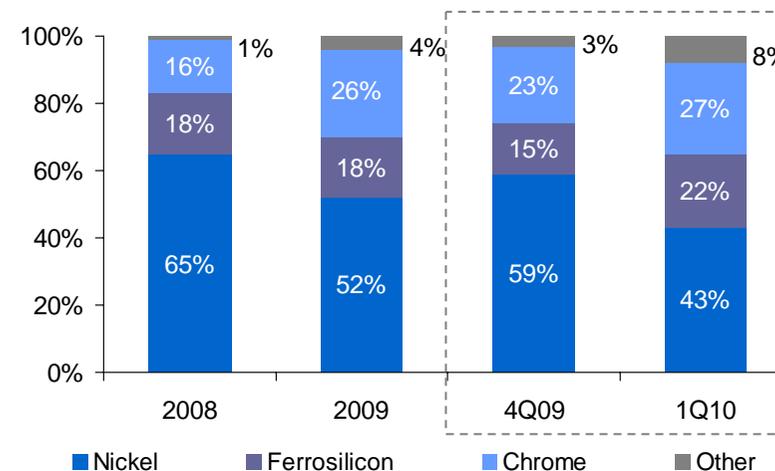
COS structure



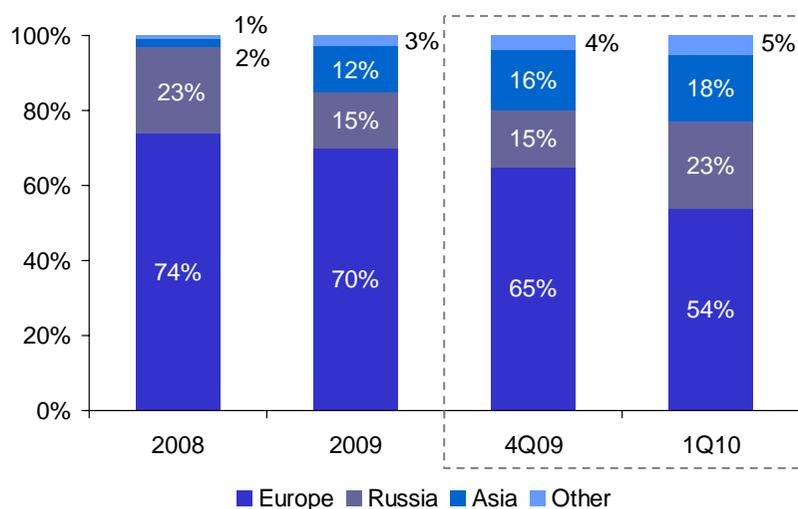
Ferroalloys Segment Performance

- ➔ Recovery in prices across all products:
 - ➔ Ni up 12% q-o-q
 - ➔ FeSi up 24% q-o-q
 - ➔ Cr up 6% q-o-q
- ➔ Steady growth in international sales
- ➔ Share of sales to China reached 9% in 1Q10

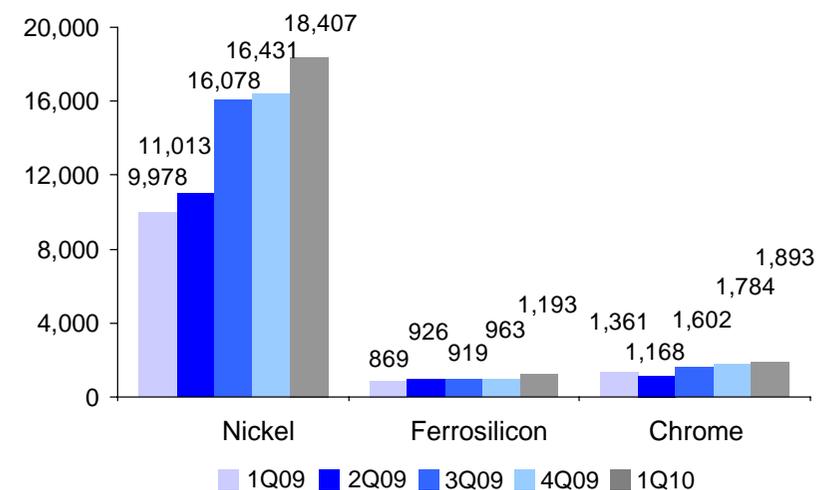
External sales structure



Revenue breakdown by region



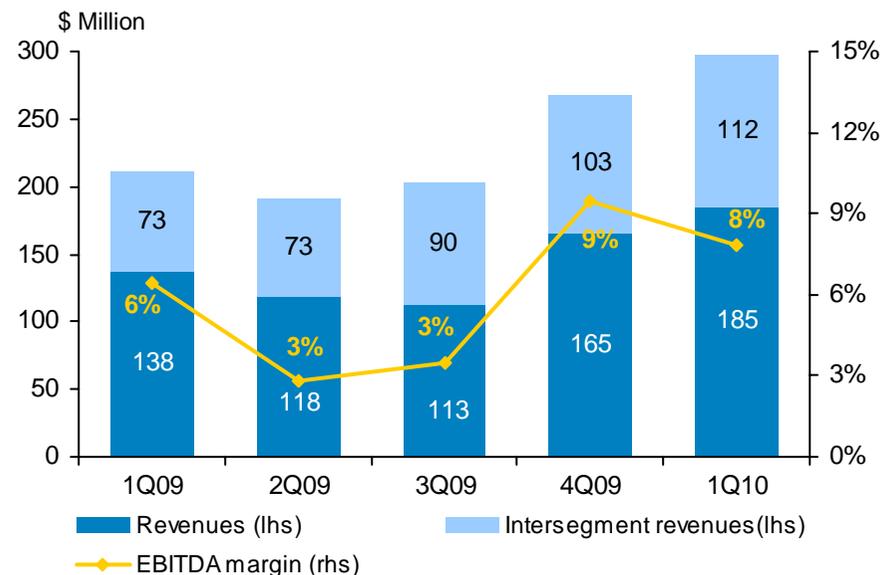
Average sales prices FCA, US\$/tonne



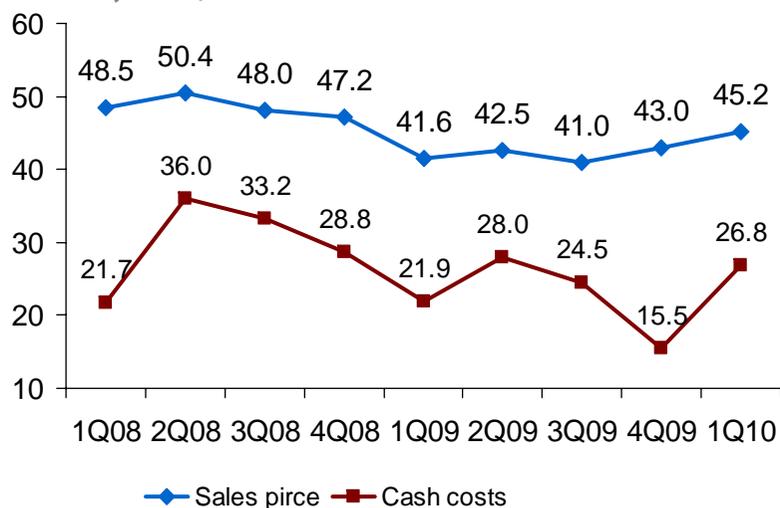
Power Segment Performance

- ➔ Continuing improvement in Segment's results in 1Q10:
 - ➔ Revenue up 12% q-o-q to \$185 mn
 - ➔ Gross margin up 24% q-o-q to \$96 mn
 - ➔ Net income up 4% q-o-q to \$10 mn
- ➔ Intersegment sales increased by 9% as production in other segments recovers

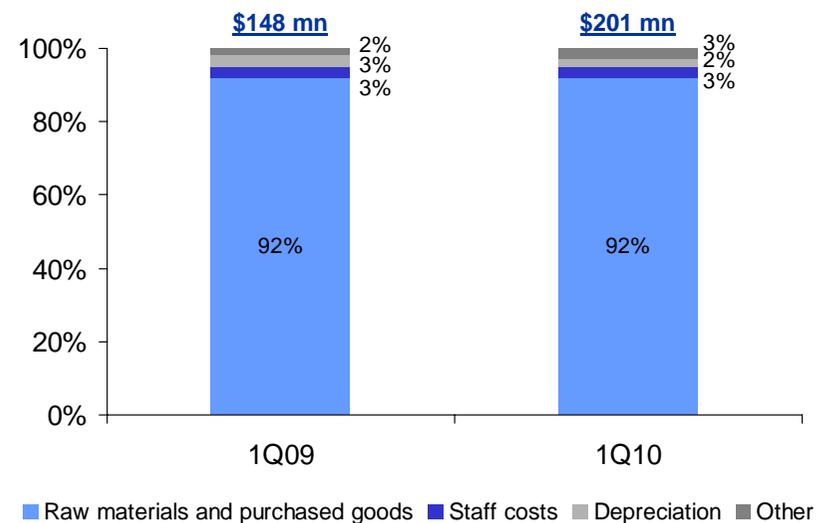
Revenue, EBITDA



Average electricity sales prices and cash costs, US\$/MWh



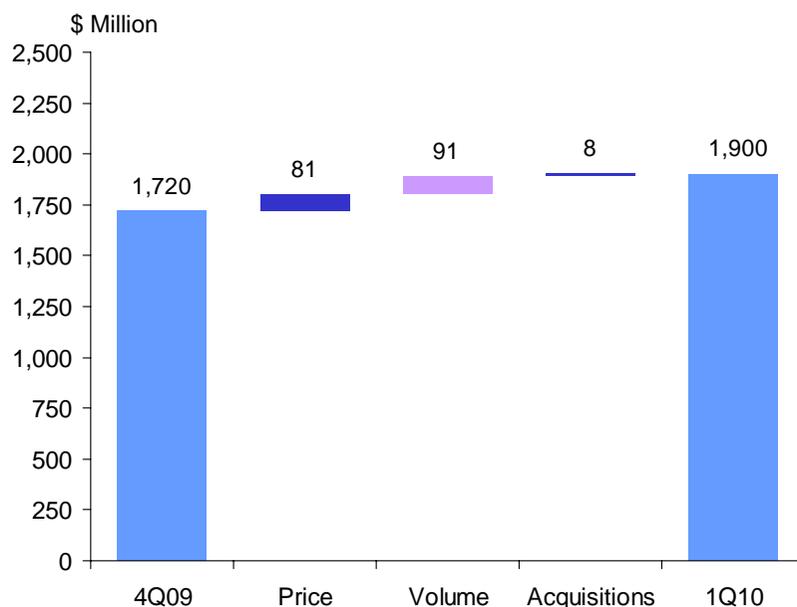
COS structure



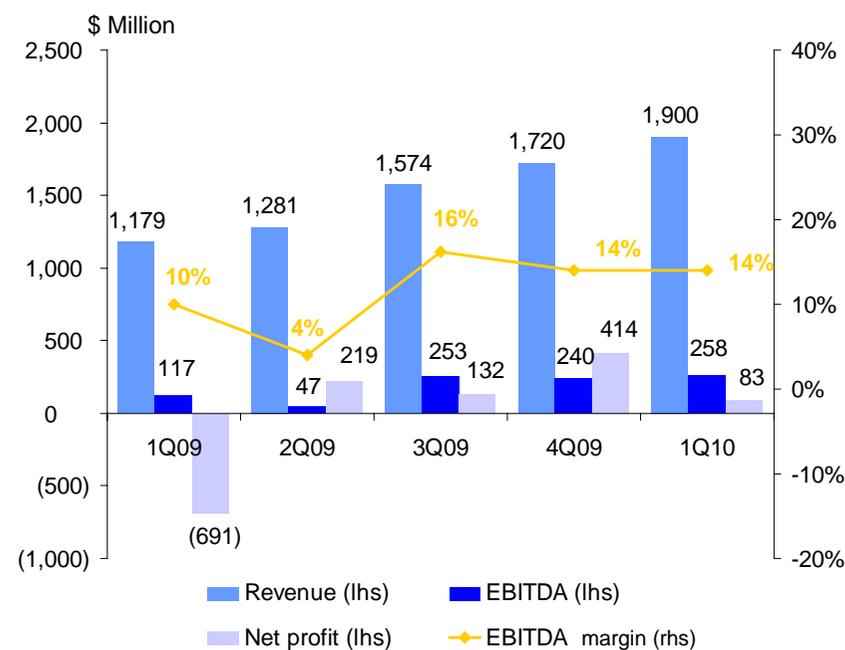
Improving Financial Performance

- Five consecutive quarters of sustainable growth in revenue
- Overall positive results in 1Q10:
 - Revenue increased by 10% q-o-q
 - \$148 mn Operating Income
 - \$258 mn EBITDA
 - \$83 mn Net Income attributable to shareholders of Mechel

Revenue Dynamics



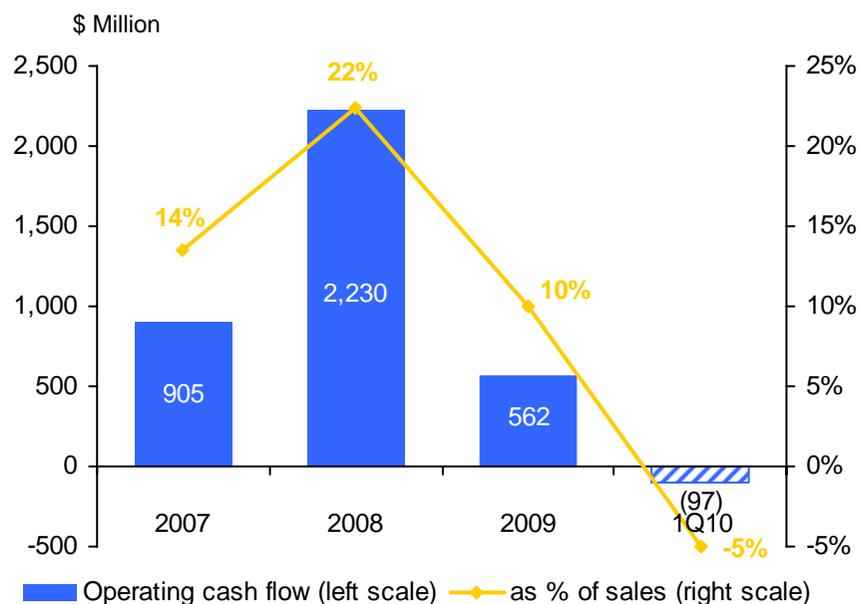
Revenue, EBITDA and Net profit



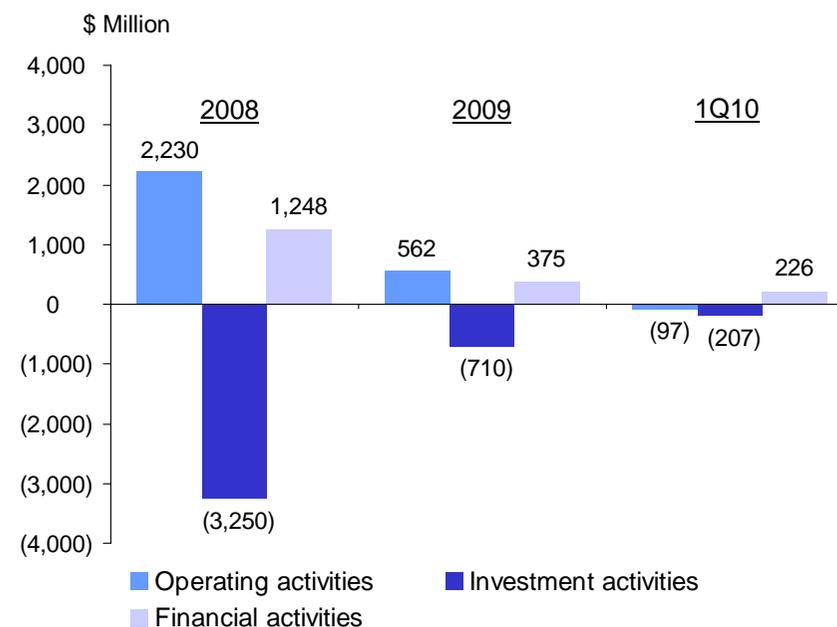
Cash Generation Capacity

- ➔ 1Q10 Negative Operating CF of \$97 mn as \$219 mn reinvested in working capital to facilitate growth of sales
- ➔ Current debt serviced from operating CF as capex and working capital increase is financed through long-term debt
- ➔ \$336 mn cash balance as of March 31, 2010

Operating cash flow



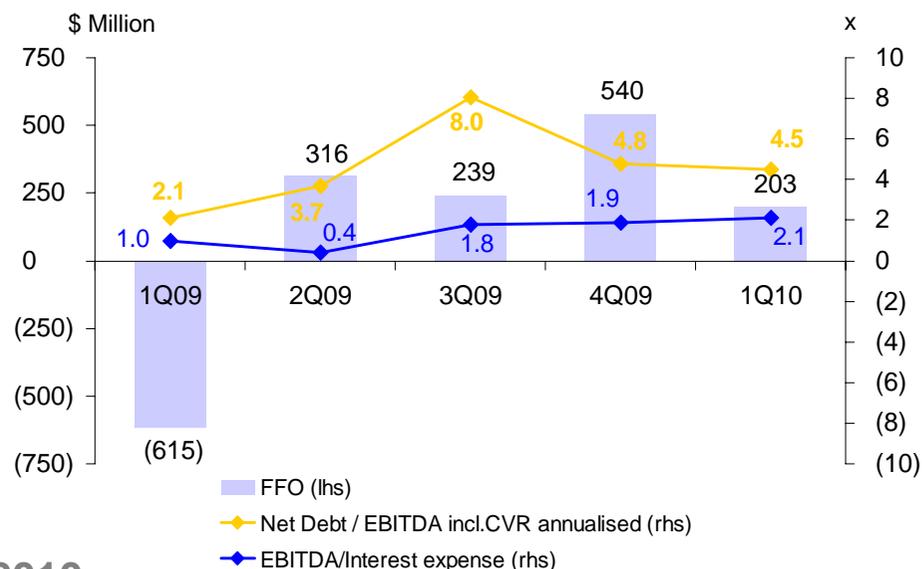
Net Cash Flow



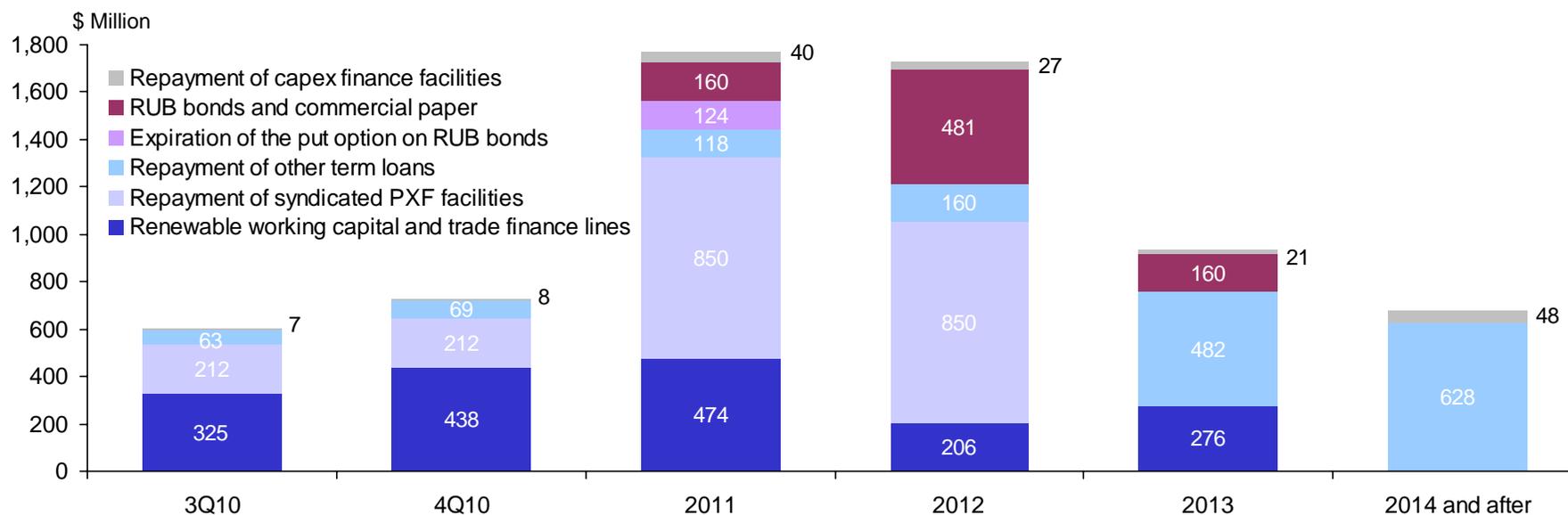
Debt Profile

- In 1Q10 \$480 mn of short-term debt extended beyond 2010
- \$490 mn of unutilized committed short-term and long-term facilities as of July 1, 2010
- Working capital requirements fully covered with existing loan commitments and public market instruments in 2010

FFO, Net Debt/EBITDA and Interest coverage



Loans repayment schedule as of July 1, 2010



Financial Results Overview

US\$ million unless otherwise stated	1Q10	4Q09	Change, %
Revenue	1,900	1,720	10%
Cost of sales	(1,256)	(1,150)	9%
Gross margin	33.9%	33.2%	
Operating profit	148	131	13%
Operating margin	7.8%	7.6%	
EBITDA	258	240	7%
EBITDA margin	13.5%	14.0%	
Net Income	83	414	-80%
Net Income margin	4.4%	24.0%	
Sales volumes*, '000 tonnes			
Mining segment	4,076	4,800	-15%
Steel segment	1,984	1,774	12%

* Includes sales to the external customers only