



## FULL YEAR 2010 RESULTS PRESENTATION

APRIL 11, 2011



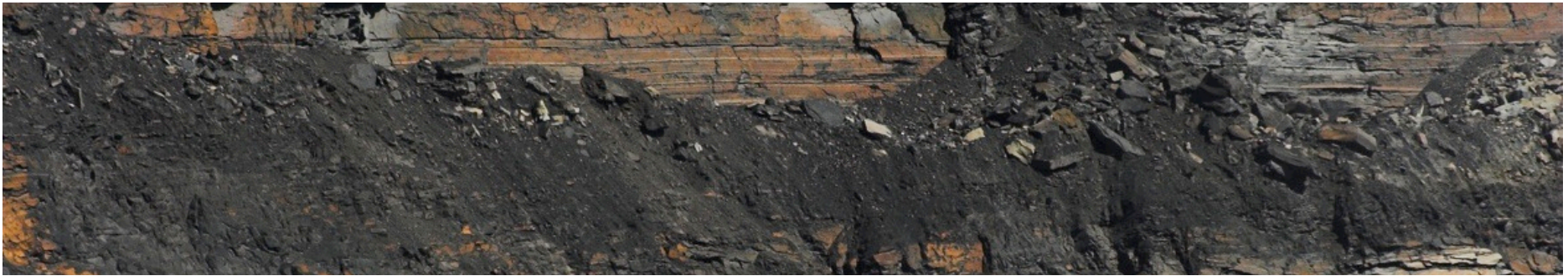
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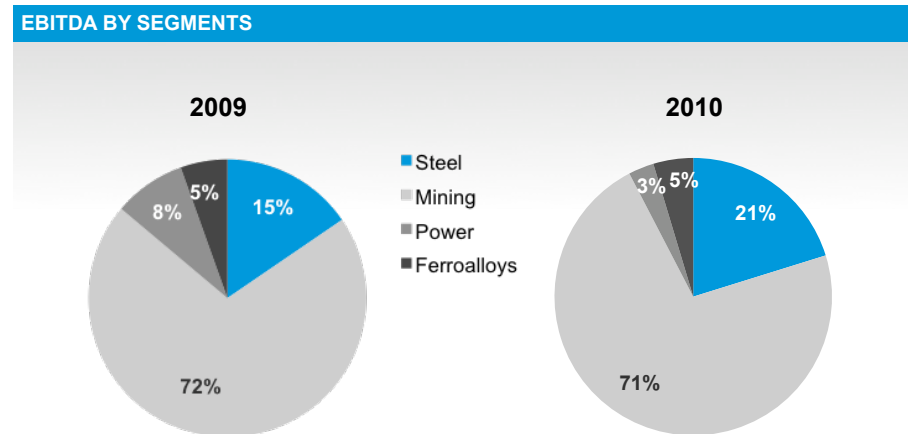
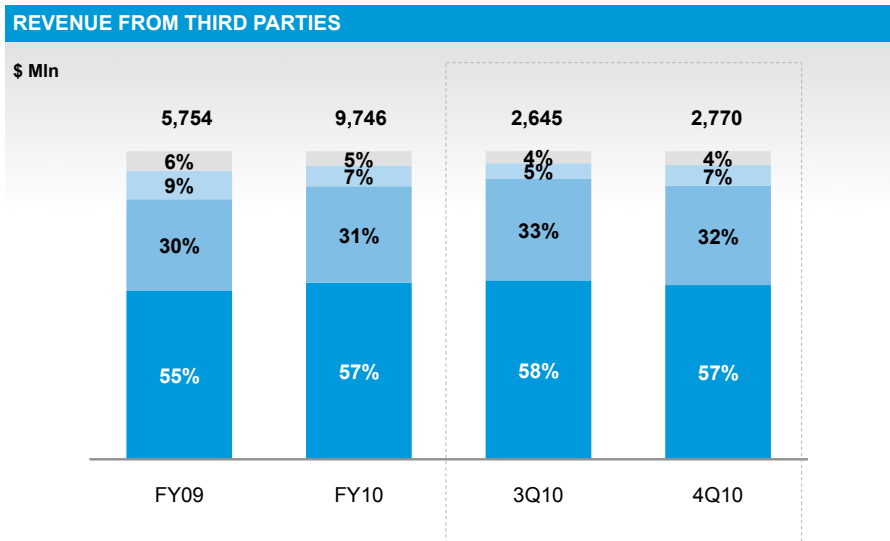
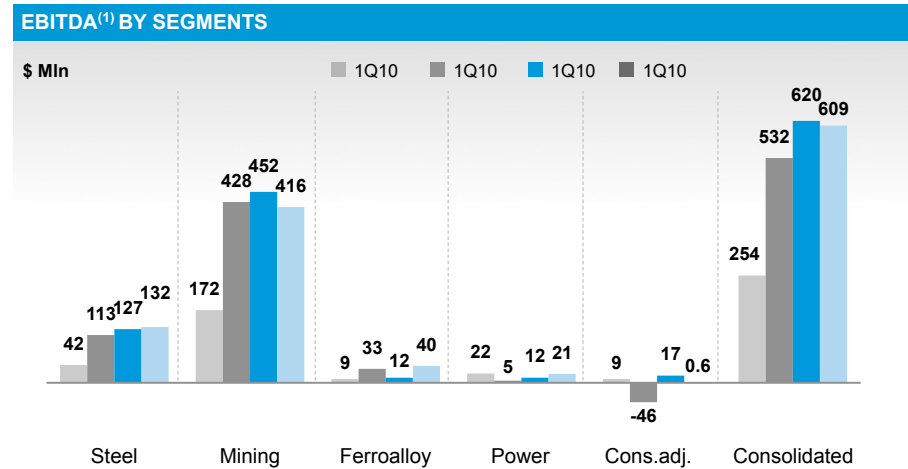
## FINANCIAL HIGHLIGHTS



# SEGMENTS OVERVIEW



- + Revenue split between the segments remains comparable to 2009
- + EBITDA margin up to 21% of the Revenue
- + Mining, steel and ferroalloys demonstrate highest EBITDA dynamics
- + Steel increases its share in consolidated EBITDA to 21%

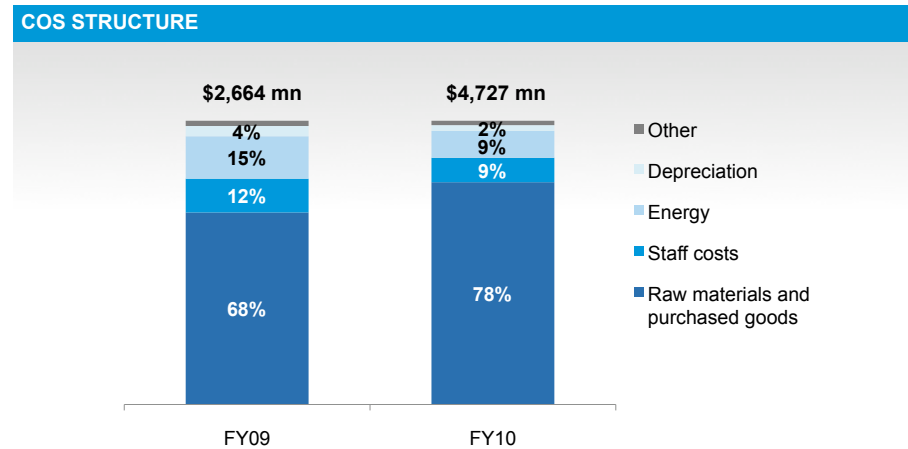
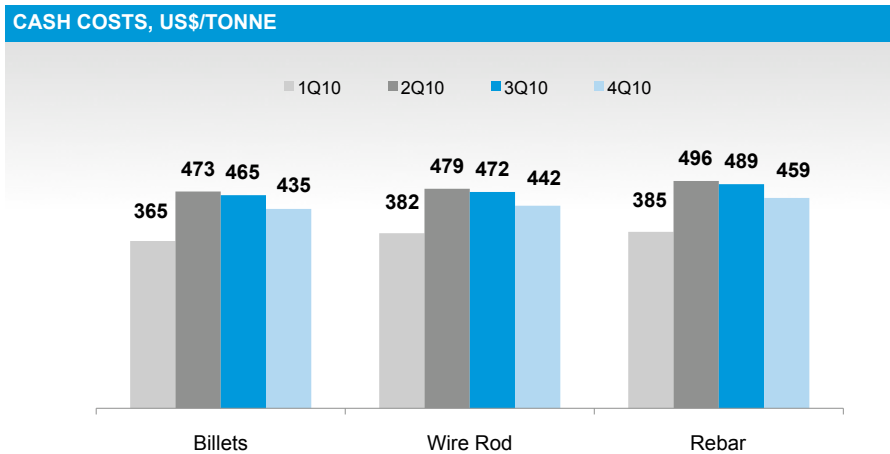
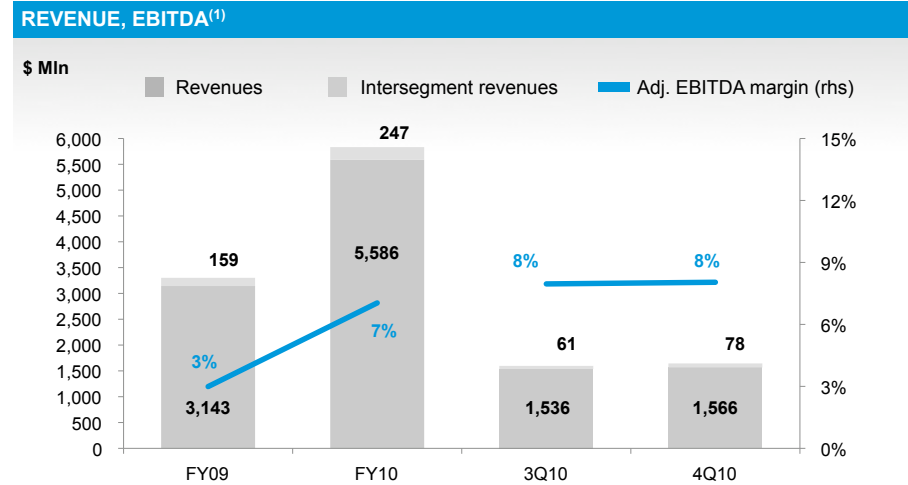


(1) Adjusted EBITDA represents EBITDA adjusted by forex gain/loss, interest income, net income on the disposal of non-current assets, amount attributable to non-controlling interests and gain/loss from remeasurement of contingent liabilities at fair value

# STEEL SEGMENT PERFORMANCE



- +** Segment's Revenue up 78% to \$5.6 bn y-o-y
- +** Net loss of \$262 mn for 2009 turns into a Net income of \$91 mn in 2010
- +** Cash costs kept under control
- +** Over 4 times growth of Segment's EBITDA y-o-y
- +** Growing EBITDA<sup>(1)</sup> margin despite rising input prices

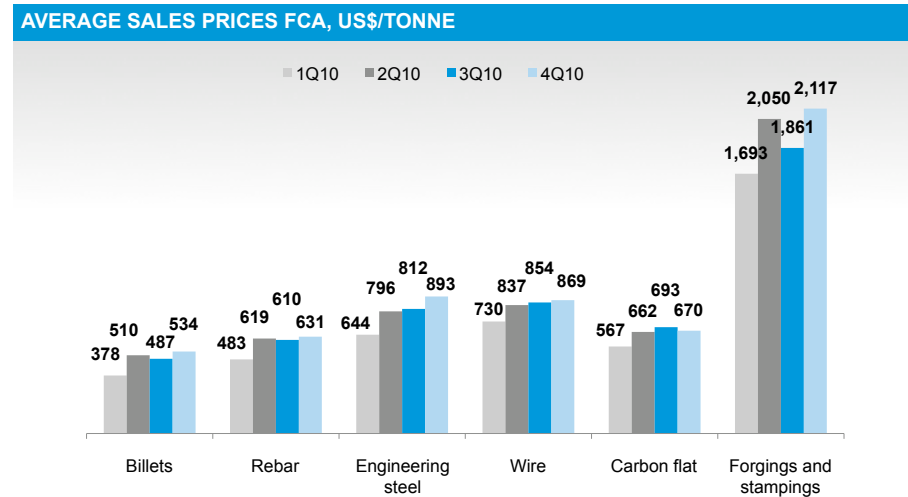
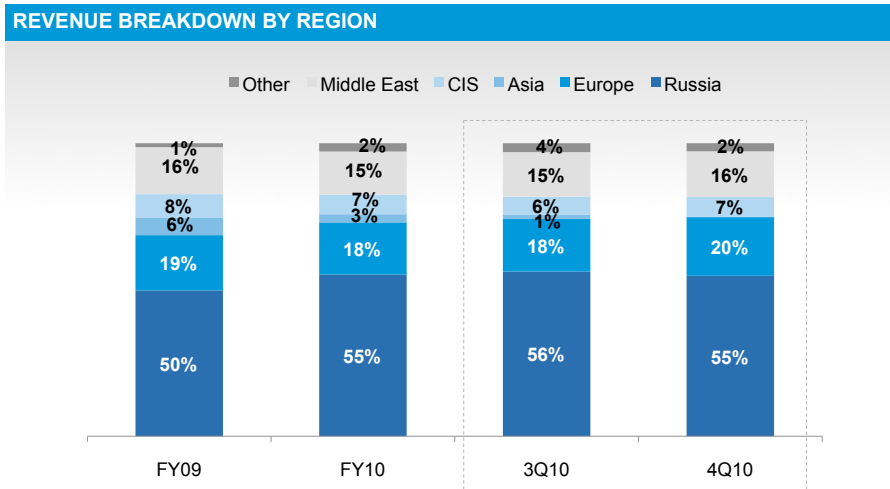
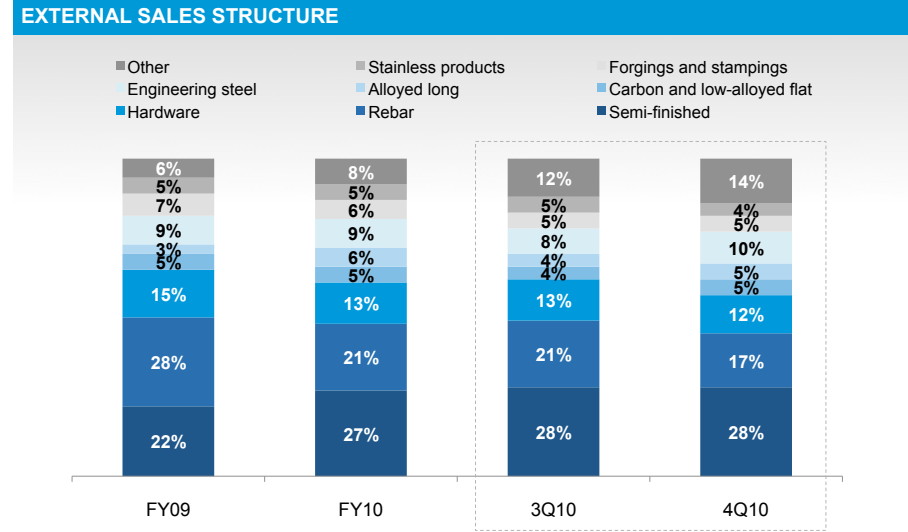


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# STEEL SEGMENT PERFORMANCE



- +
- Improved pricing environment across most of our steel products q-o-q
- +
- 23% q-o-q growth in Flat steel sales after the launch of the 2<sup>nd</sup> slab caster in Chelyabinsk
- +
- Ongoing modernization led to a 38% y-o-y growth in HVA sales volume-wise
- +
- MSG's sales reached 3 bn tonnes in 2010
- +
- 27% of Segment's Revenue in 2010 generated by resale operations

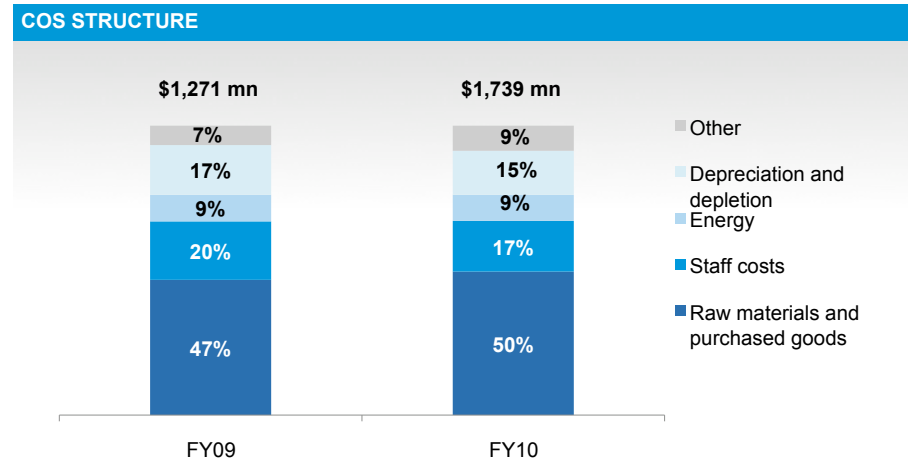
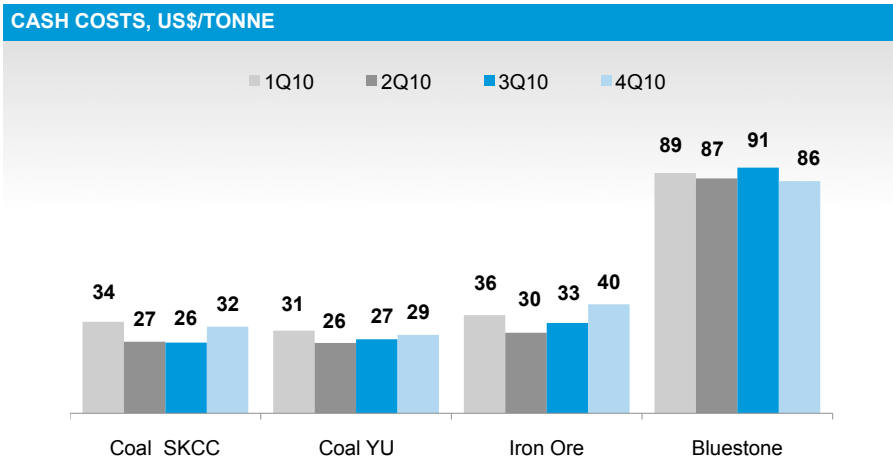
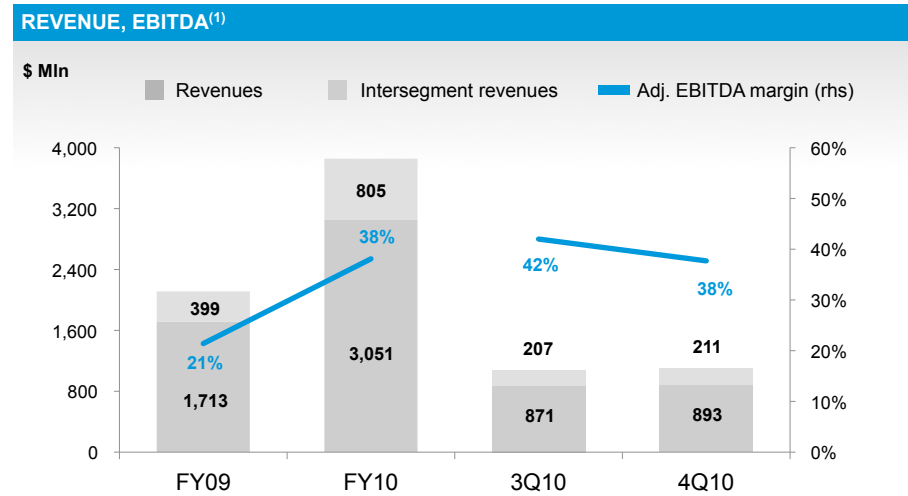


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# MINING SEGMENT PERFORMANCE



- +** Significant improvement in financial results:
  - Revenue up 78% y-o-y
  - EBITDA<sup>(1)</sup> more than 3x up y-o-y
  - EBITDA margin reaches 38%
- +** Cash costs slightly up on seasonal factors
- +** CVR extinguishment cancels contingent payment obligations with respect to Bluestone acquisition

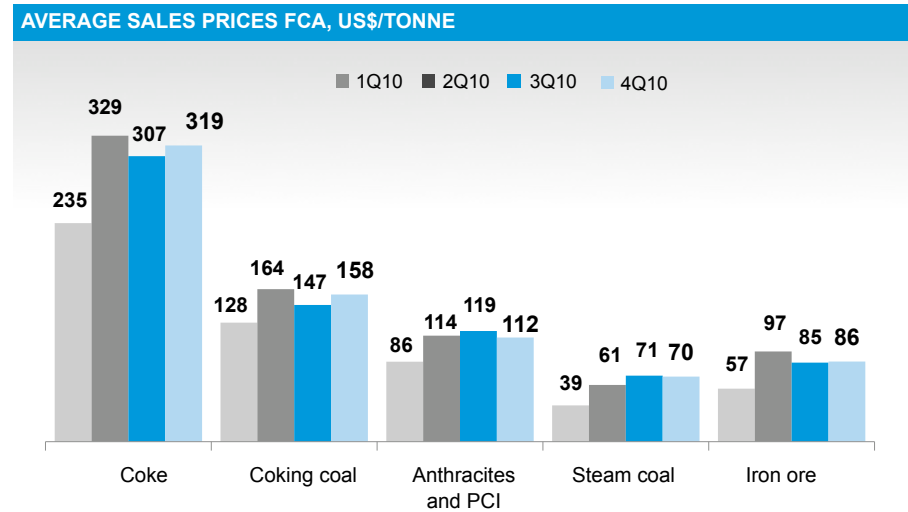
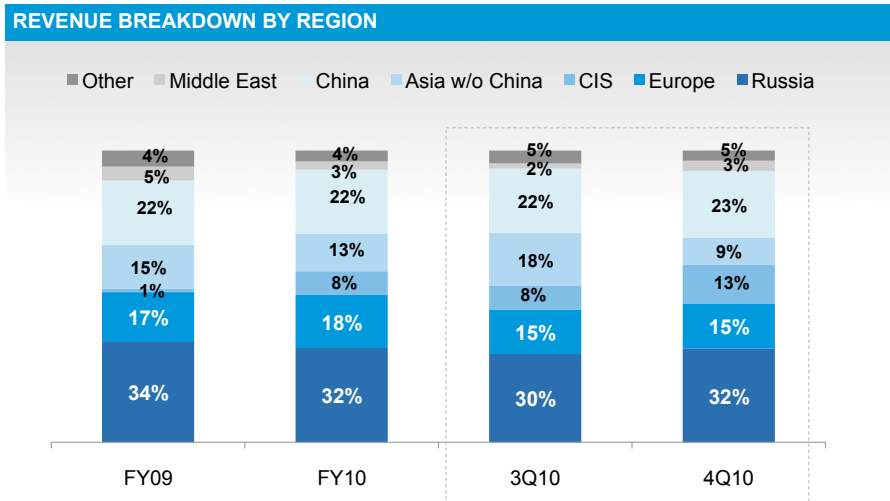
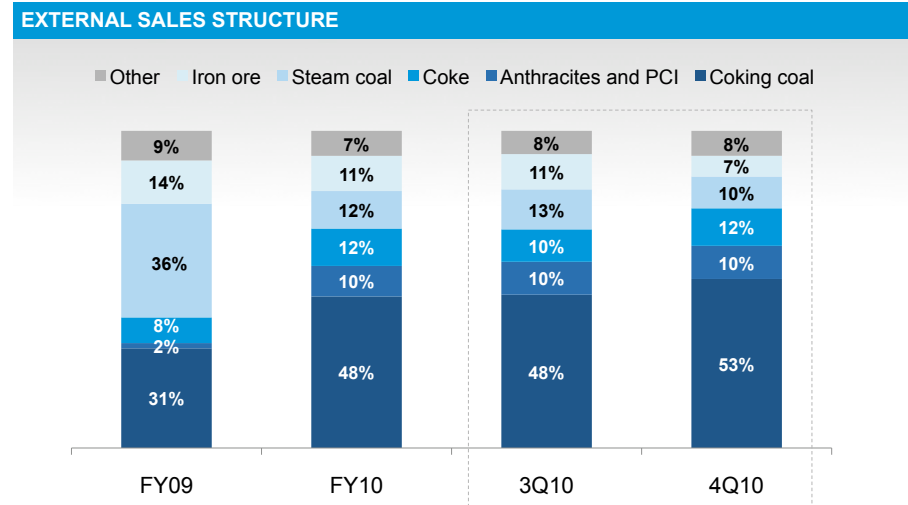


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# MINING SEGMENT PERFORMANCE



- +** Coking coal sales increased 170% y-o-y and reached 48% of Segment's Revenue in 2010
- +** Anthracite and PCI sales up 10x to 10% of Segment's Revenue in 2010
- +** Coke sales up 160% y-o-y or 12% of Segment's revenue in 2010
- +** Steam coal sales dwindle in line with the Company's policy to concentrate on metallurgical coal

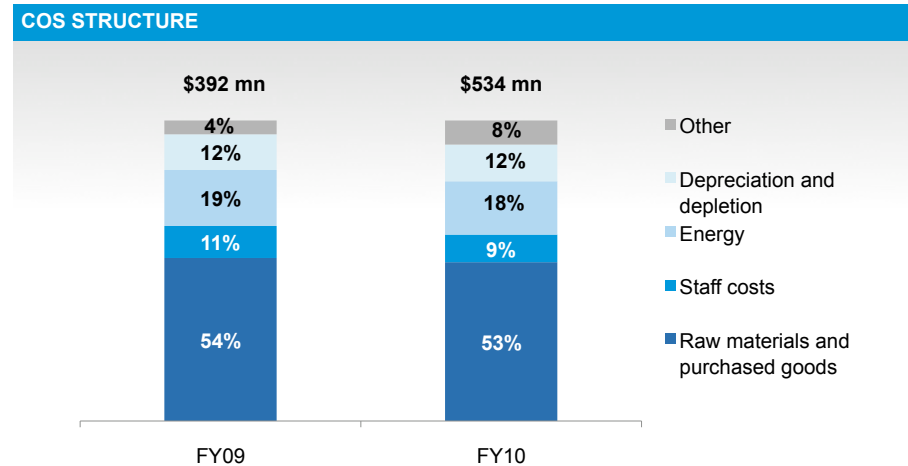
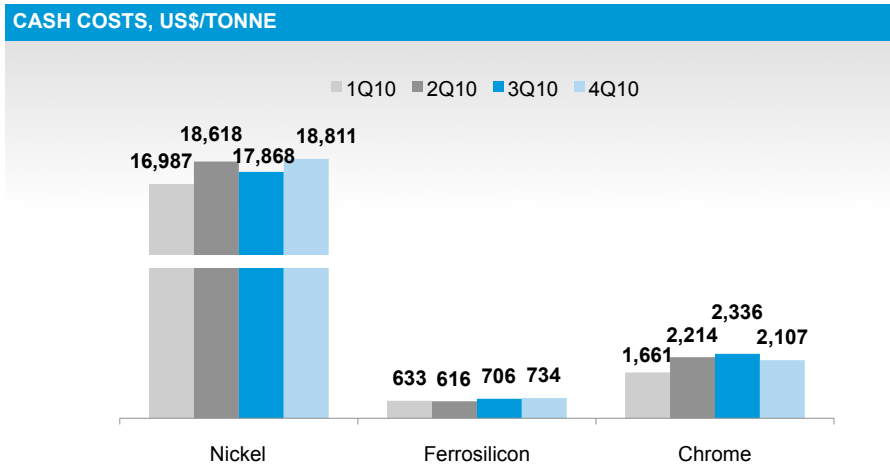
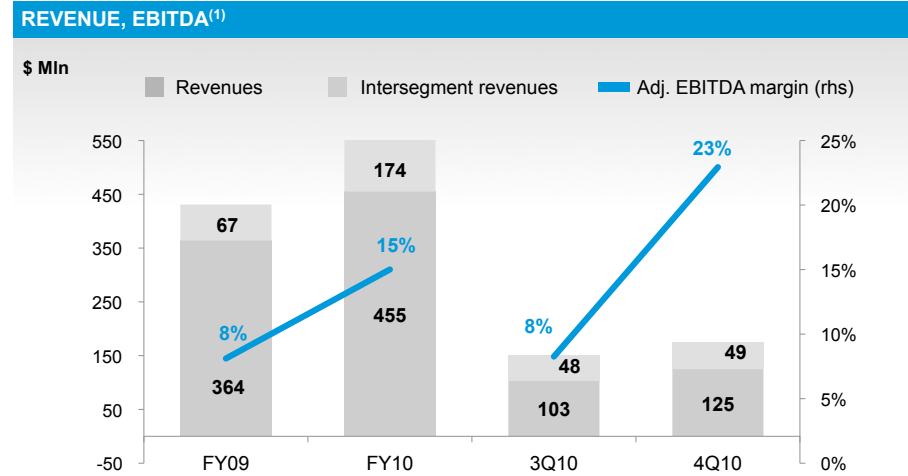




# FERROALLOYS SEGMENT PERFORMANCE



- +** EBITDA<sup>(1)</sup> up 2.7x to \$94 mn y-o-y
- +** EBITDA<sup>(1)</sup> margin grew from 8% in 2009 to 15% in 2010
- +** EBITDA<sup>(1)</sup> margin in 4Q10 reached record level of 23%
- +** Cash costs in Cr improve as mining works at Voskhod recover

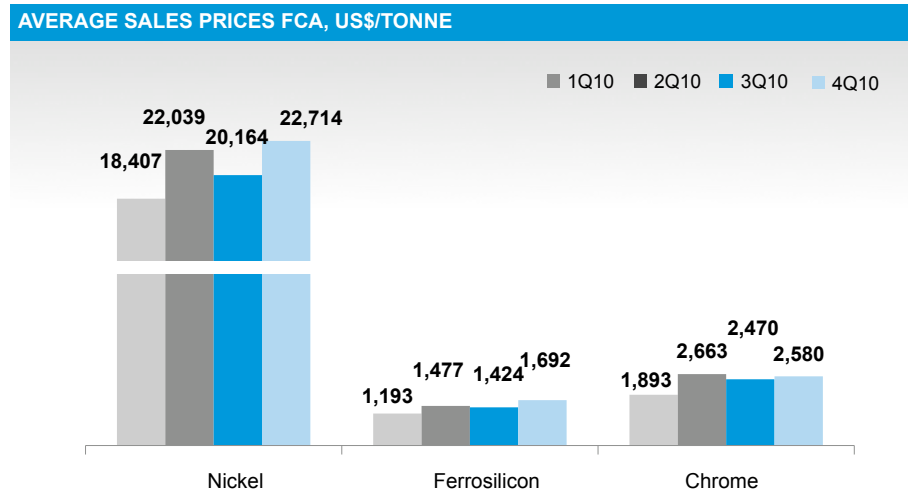
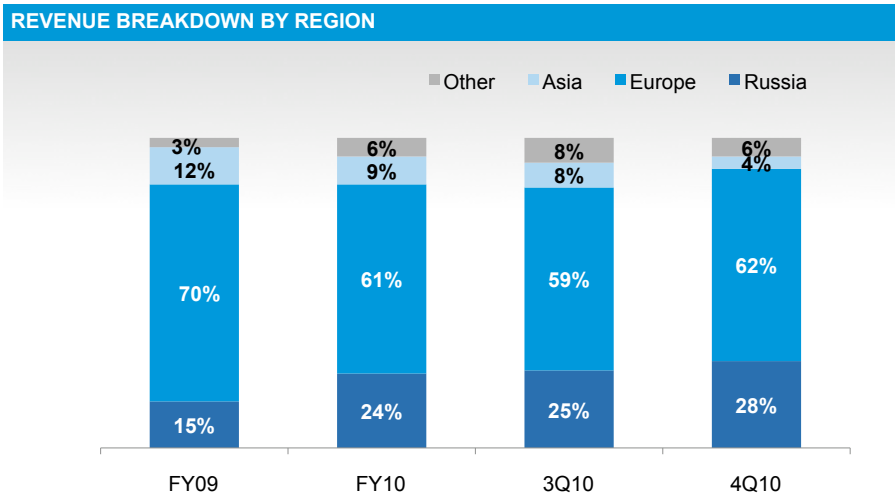
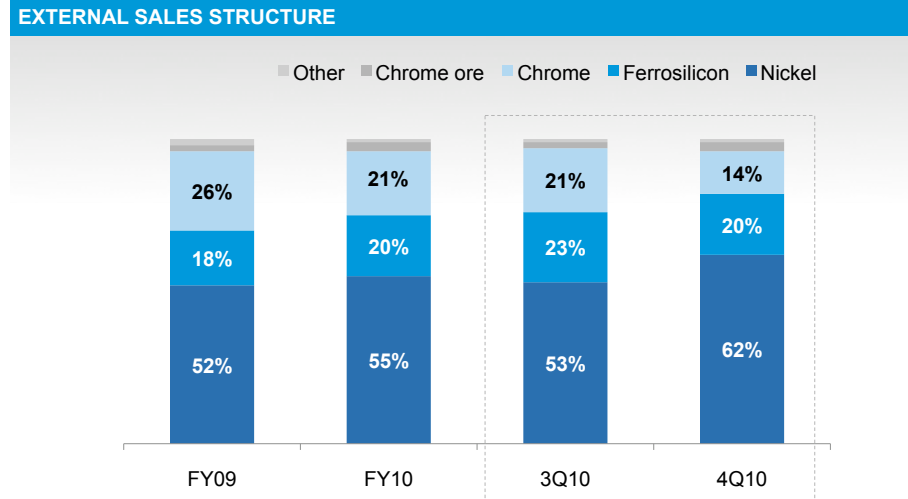


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# FERROALLOYS SEGMENT PERFORMANCE



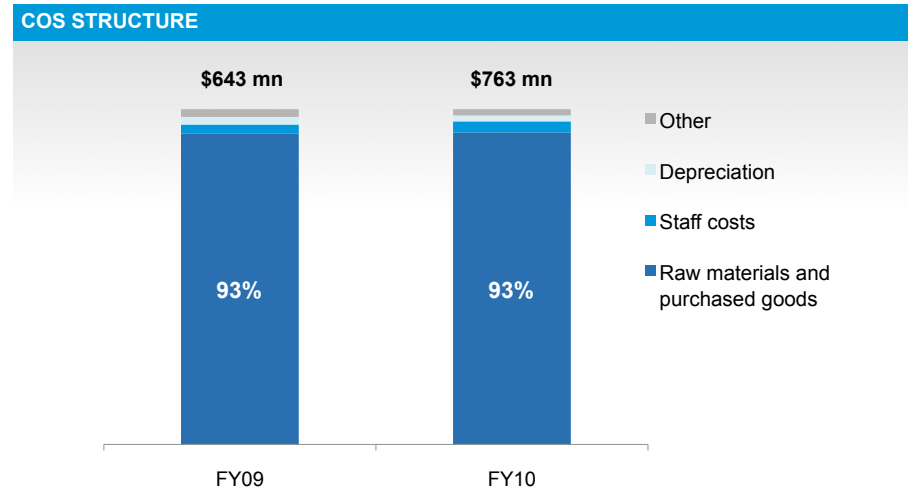
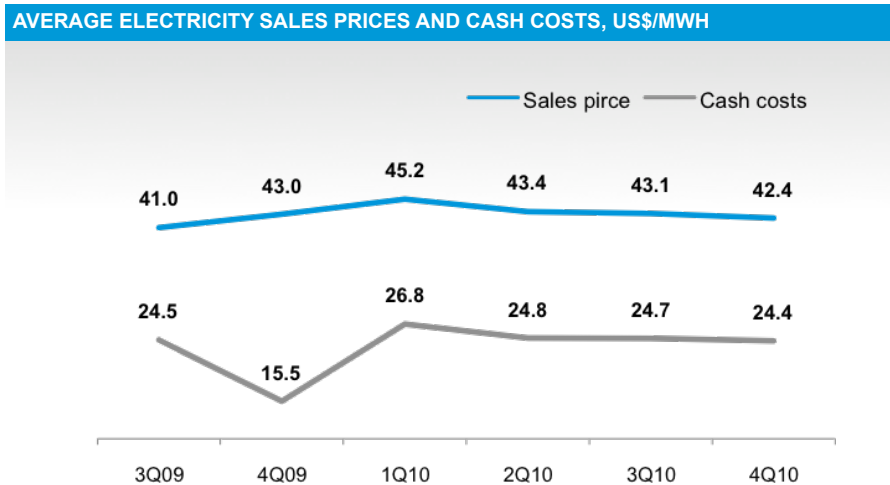
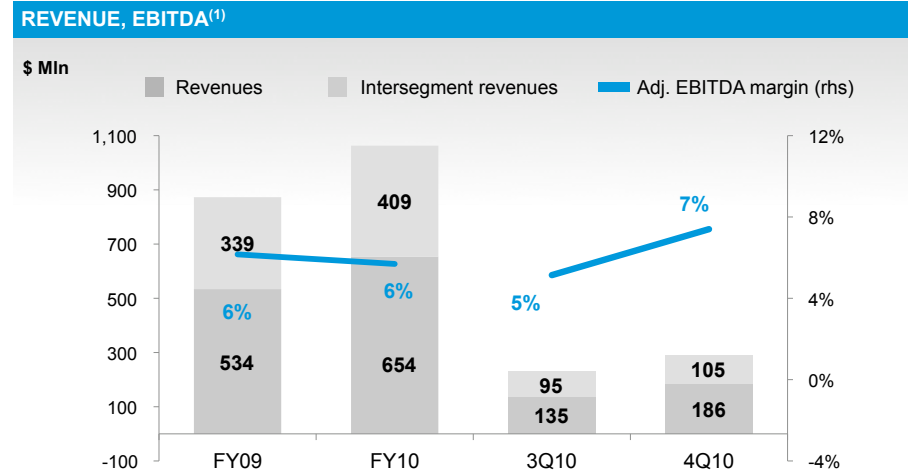
- +** Ferroalloys prices followed market trends in 4Q10:
  - Ni up 13%
  - FeSi up 19%
  - Cr up 4%
- +** FeSi domestics sales increased due to better pricing environment from 47% to 74% y-o-y
- +** \$60 mn non-cash write-up in deferred income tax due to a change in Kazakh corporate tax law



# POWER SEGMENT PERFORMANCE



- +** Electricity market liberalization helped Revenue grow 22% to \$654 mn y-o-y
- +** EBITDA <sup>(1)</sup> margin increased from 5% in 2009 to 7% in 2010
- +** Net income grew over 9x y-o-y
- +** Acquisition of Toplofikatsia Rouse in Q4 2010 offers opportunity in the European electricity market and extends steam coal value chain



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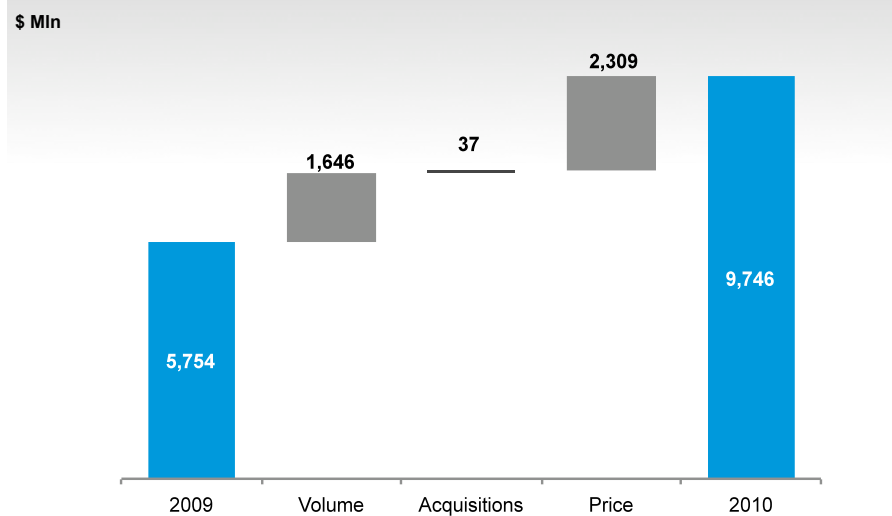
# IMPROVING FINANCIAL PERFORMANCE



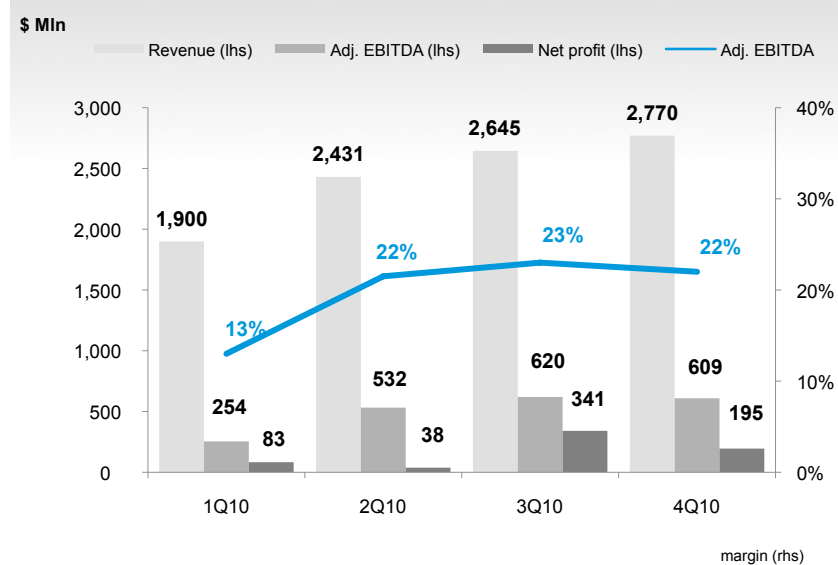
## Sensible improvement in 2010 financial performance y-o-y:

- +** 69% growth in Revenue to \$9.7 bn
- +** EBITDA<sup>(1)</sup> grew 3x to \$2.0 bn
- +** EBITDA<sup>(1)</sup> margin doubled from 12% to 21%
- +** Consolidated Net Income up 9x to \$657 mn

### REVENUE DYNAMICS



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



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# CASH GENERATION CAPACITY

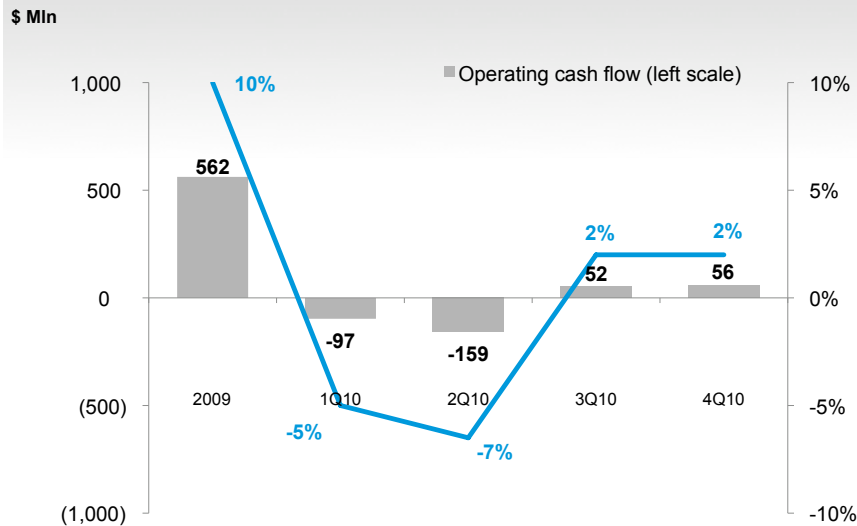


Operating CF continued to recover despite heavy investment into working capital of trading operations

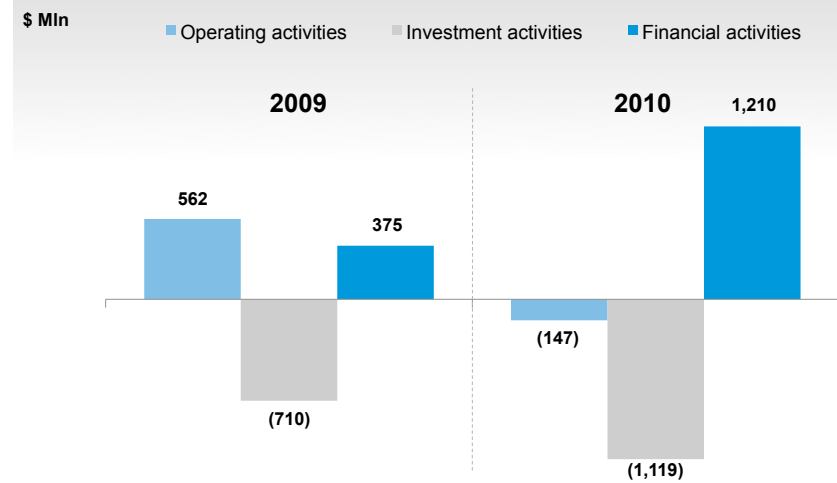
Exceedingly improving economics facilitated capital raising for the ambitious investment program, which incurred over \$1 bn of expenditure in 2010

\$538 mn cash and cash equivalents as of December 31, 2010

## OPERATING CASH FLOW



## NET CASH FLOW

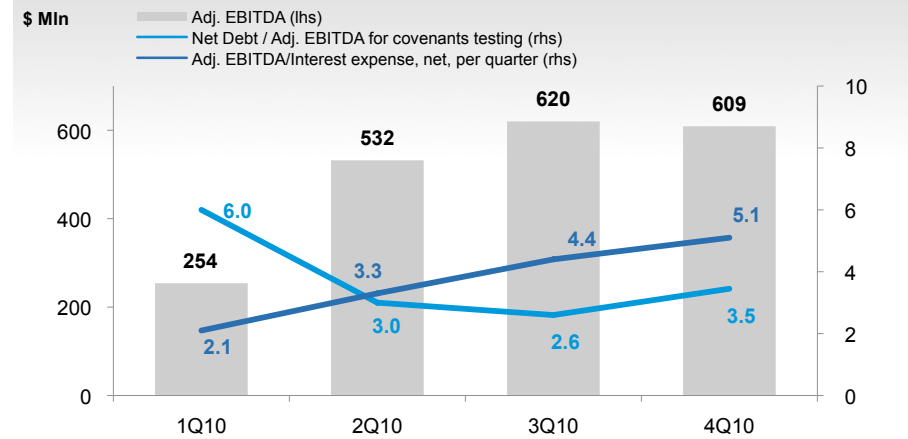


# DEBT PROFILE

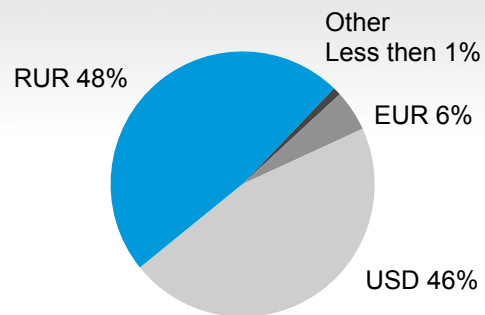


- +
- 1<sup>st</sup> successful refinancing of \$2 bn syndicated facility post crisis in September 2010
- +
- RUR10 bn of 10 year bonds (with 3 year put option) with a coupon 8.25% placed in Feb. 2011 to refinance short-term debt
- +
- \$1.8 bn of unutilized committed credit lines as of March 2011
- +
- Credit portfolio evenly split between RUR and US\$ reflecting revenue in these currencies

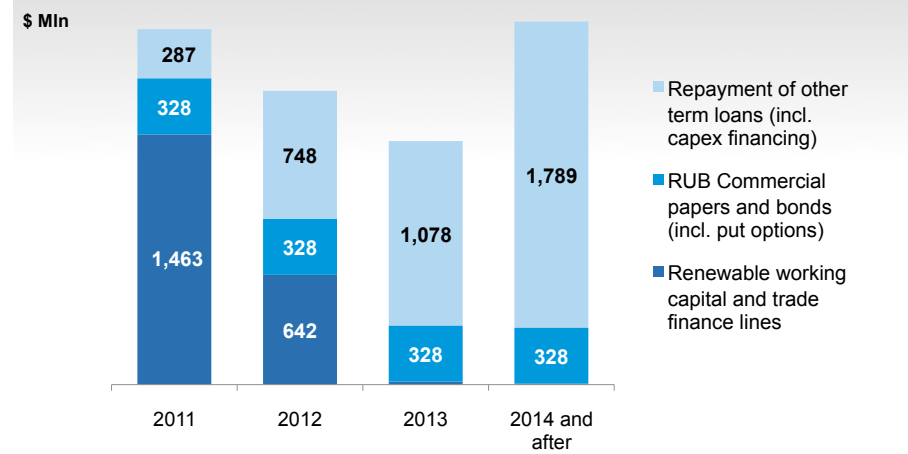
## FINANCIAL RATIOS



## DEBT PROFILE AS AT DECEMBER 31, 2010



## LOANS REPAYMENT SCHEDULE AS AT DECEMBER 31, 2010



# FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	4Q10	3Q10	CHANGE, %
Revenue	2,770	2,645	5%
Cost of sales	(1,767)	(1,623)	9%
Gross margin	36.2%	38.7%	
Operating profit	496	481	3%
Operating margin	17.9%	18.2%	
Adjusted EBITDA <sup>(1)</sup>	609	620	- 2%
Adjusted EBITDA <sup>(1)</sup> margin	22.0%	23.4%	
Net Income	195	341	- 43%
Net Income margin	7.0%	12.9%	
<b>Sales volumes<sup>(2)</sup>, '000 tonnes</b>			
Mining segment	5,526	5,764	- 4%
Steel segment	1,906	1,968	- 3%

(1) Adjusted EBITDA represents EBTIDA 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

(2) Includes sales to the external customers only