



## FIRST QUARTER 2011 RESULTS PRESENTATION

JUNE 29, 2011



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## FINANCIAL HIGHLIGHTS

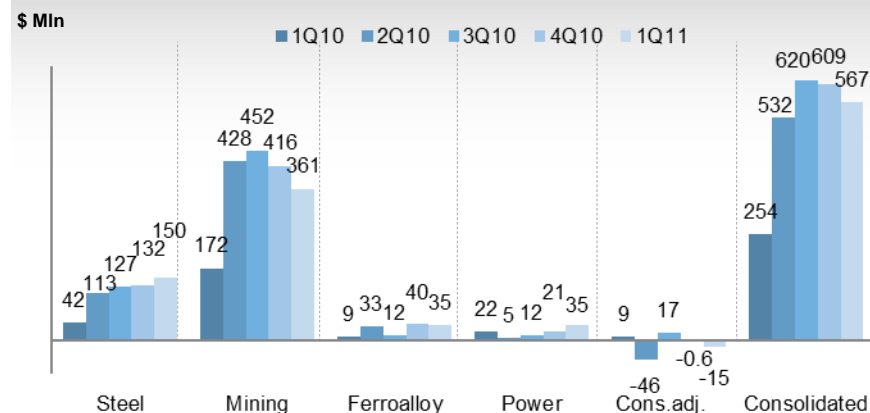


# SEGMENTS OVERVIEW

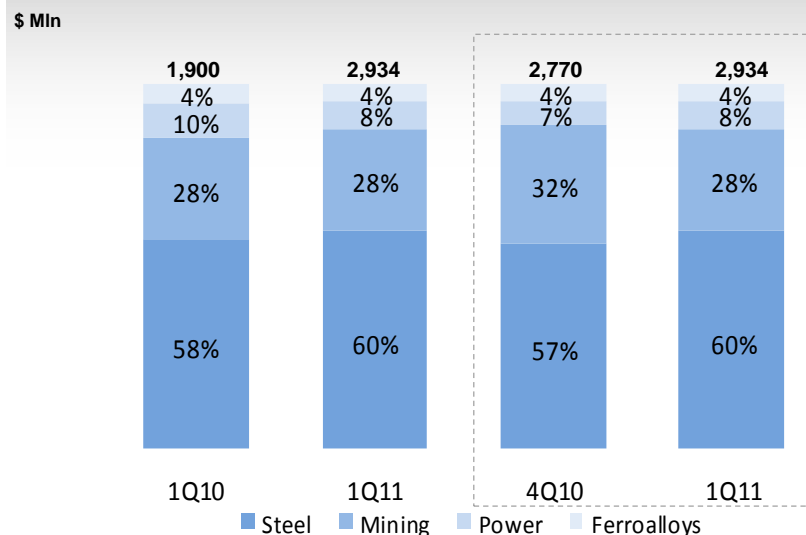


- + Steel and power demonstrate highest revenue and EBITDA dynamics
- + Mining EBITDA down 13% due to a temporary halt of the washing plant at Yakutugol resulting in lower exports
- + Consolidated EBITDA above 19% of the revenue.
- + Compared to 1Q2010 Steel increases its share in consolidated EBITDA to 26%

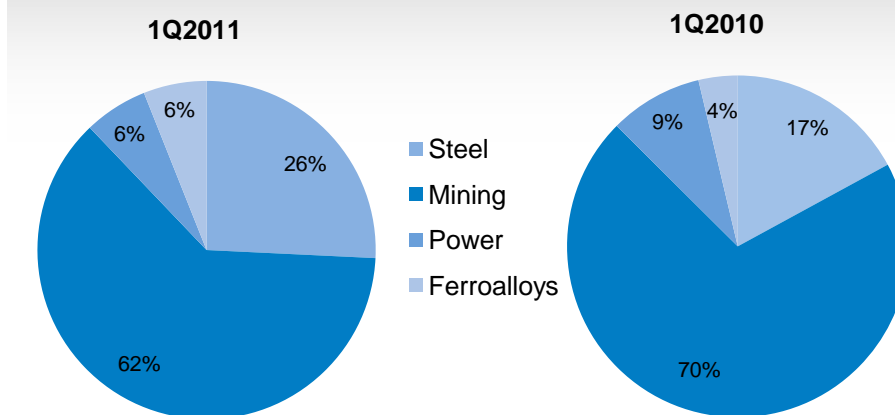
## EBITDA<sup>(1)</sup> BY SEGMENTS



## REVENUE FROM THIRD PARTIES



## EBITDA BY SEGMENTS



(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 PERFORMANCE



+

Results of the segment affected by the temporary halt of the washing plant at Yakutugol due to accident.

3<sup>rd</sup> party CC sales volumes:

- Yakutugol – down 49%
- Southern Kuzbass – up 8%
- Bluestone – up 10%
- Average – down 21%

+

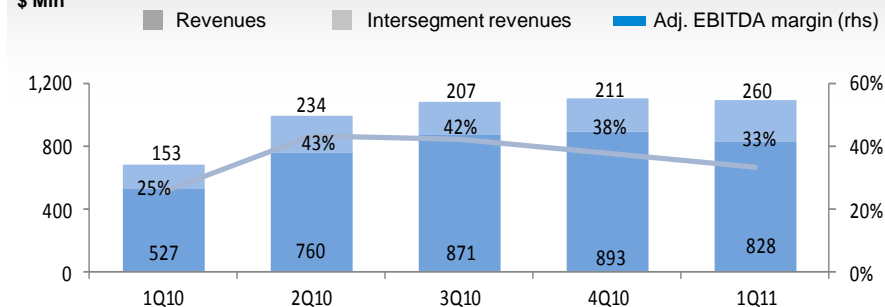
Cash costs slightly up on seasonal factors and ruble appreciation

+

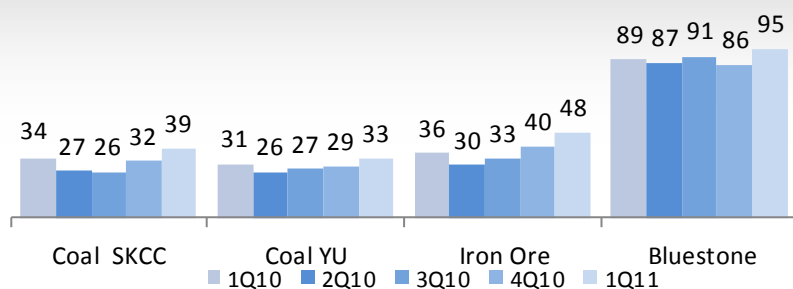
Revenue down 7%, EBITDA - 13% q-o-q

## REVENUE, EBITDA<sup>(1)</sup>

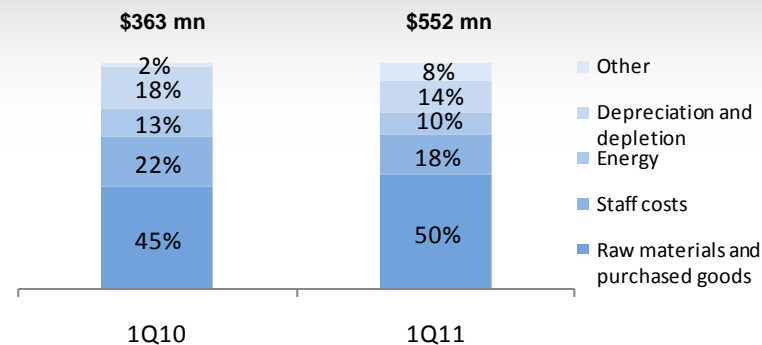
\$ Min



## CASH COSTS, US\$/TONNE



## COS STRUCTURE



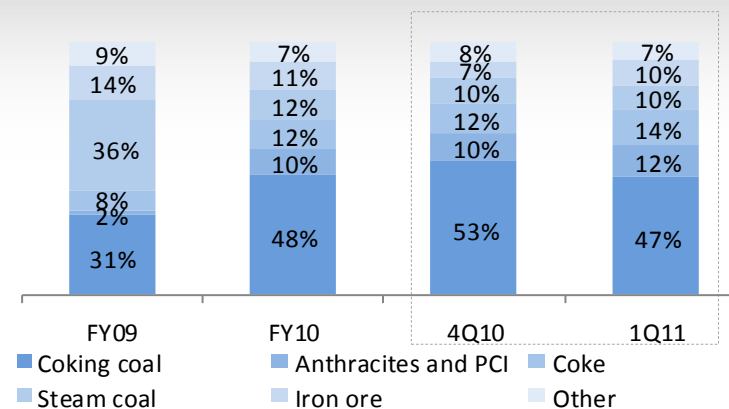
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# MINING SEGMENT PERFORMANCE

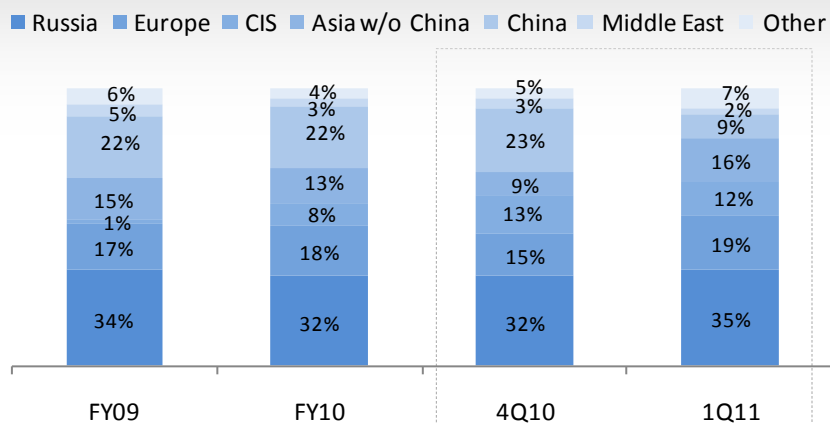


- + Positive price dynamics across all products.
- + 3<sup>rd</sup> party iron ore sales increased by 11% as exports to China grew.
- + Share of Asian sales incl. China dropped from 32% to 25% q-o-q due to lower exports from Yakutugol

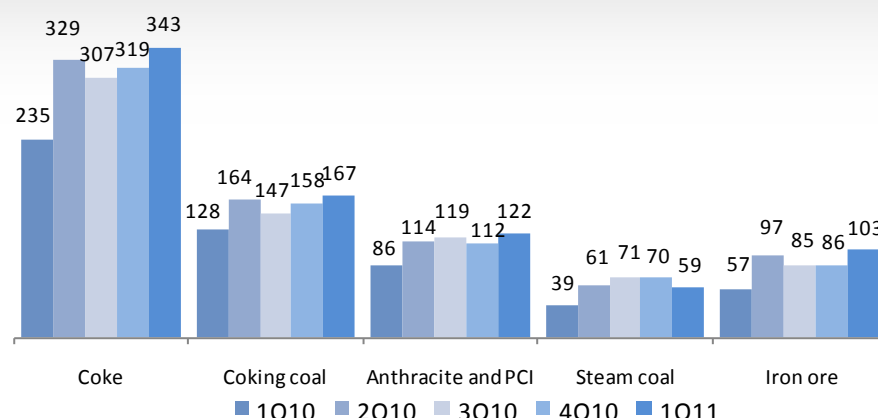
## EXTERNAL SALES STRUCTURE



## REVENUE BREAKDOWN BY REGION



## AVERAGE SALES PRICES FCA, US\$/TONNE

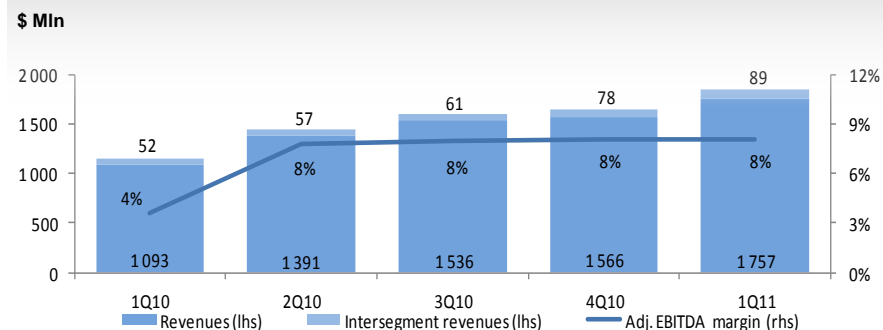


# STEEL SEGMENT PERFORMANCE

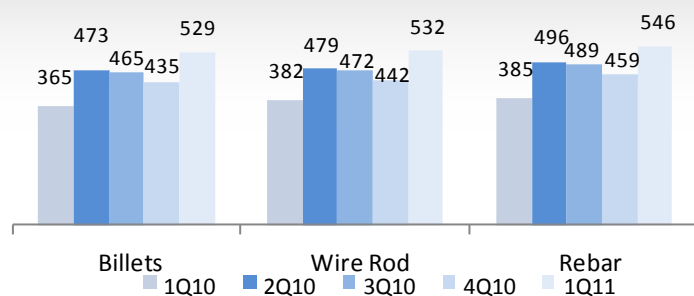


- +** Positive price and volumes dynamics pushed revenue from 3<sup>rd</sup> parties 12% up to \$1.8 bn compared with Q4 2010.
- +** EBITDA grew 13% to \$150 mn despite growing cash costs
- +** Cash costs affected by growing input prices and ruble appreciation
- +** Net Income down 52% due to higher interest expenses, as debt was shifted from Mining to Steel segment.

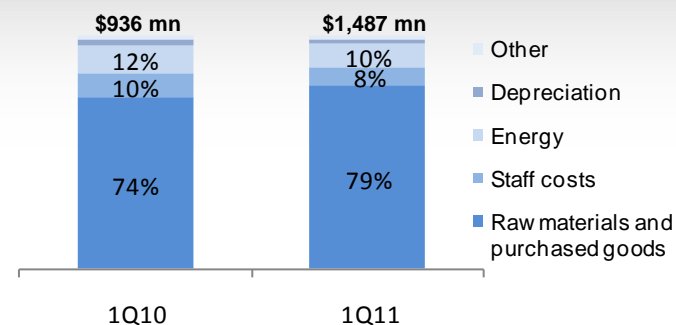
## REVENUE, EBITDA<sup>(1)</sup>



## CASH COSTS, US\$/TONNE



## COS STRUCTURE



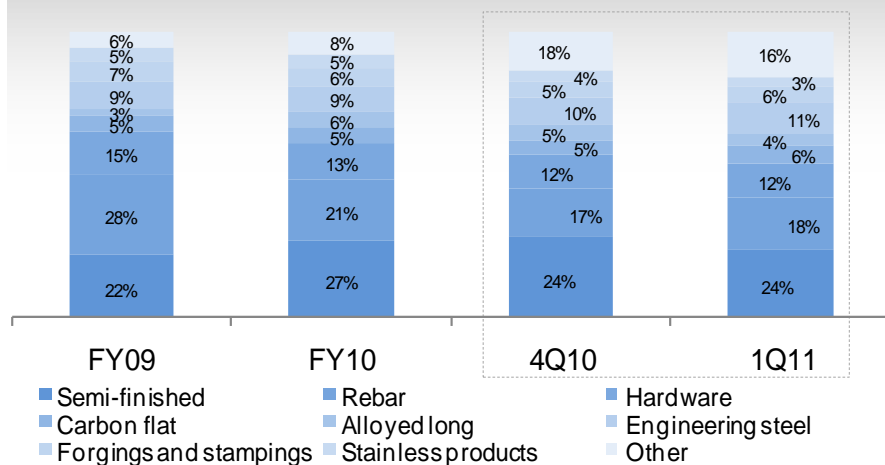
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# STEEL SEGMENT PERFORMANCE

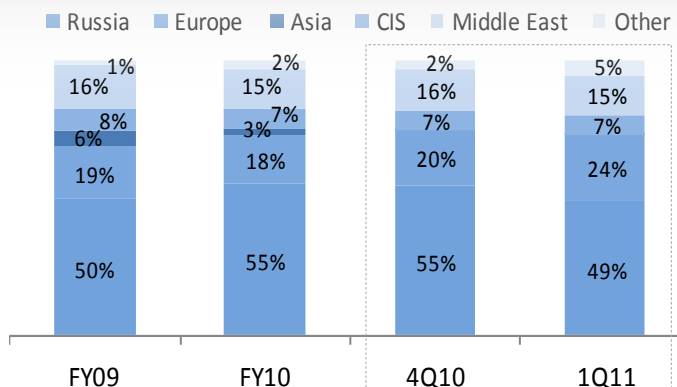


- + Improved pricing environment across most of our steel products q-o-q
- + Sales volumes up as MSG grows distribution and the investment program shows result:
  - Engineering steel – up 32%
  - Flat steel – up 19%
- + Share of resale operations reached 35% in MSG's revenue in Q1
- + Europe's share increased to 24% in segment's revenue as MSG's European network grew

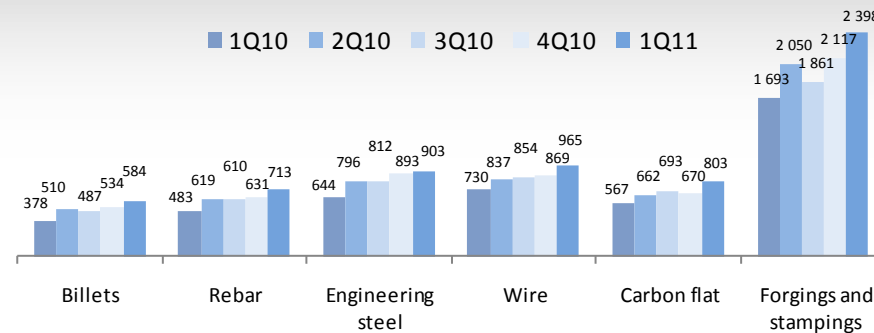
## EXTERNAL SALES STRUCTURE



## REVENUE BREAKDOWN BY REGION



## AVERAGE SALES PRICES FCA, US\$/TONNE



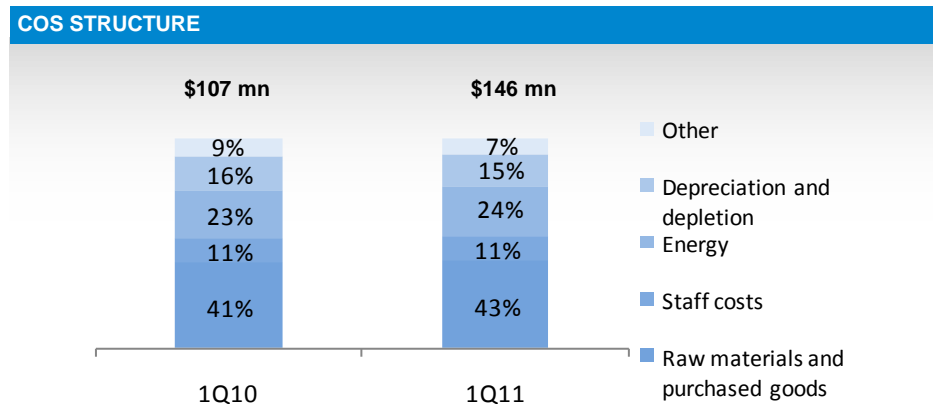
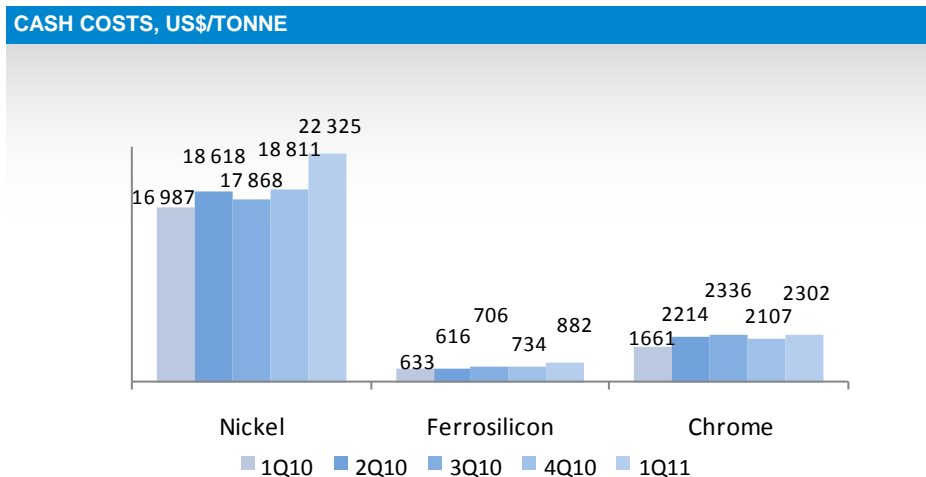
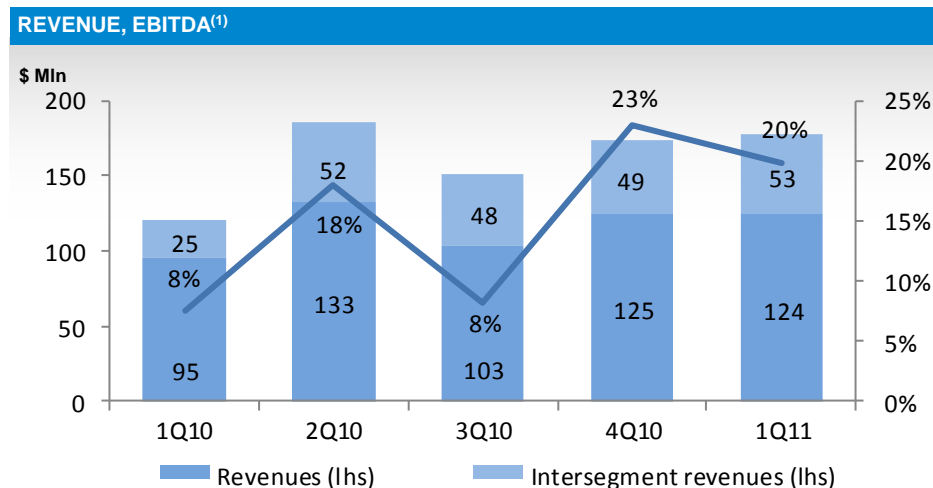
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# FERROALLOYS SEGMENT PERFORMANCE



+	Revenue from 3 <sup>rd</sup> parties flat q-o-q at \$124 mn
+	Cash costs affected by rising electricity prices and ruble appreciation
+	Ni cash costs affected by growing coke prices
+	EBITDA down by 12% to \$35 mn



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# FERROALLOYS SEGMENT PERFORMANCE



Cr 3<sup>rd</sup> party sales up 21% as mining at Voskhod ramped up



FeSi 3<sup>rd</sup> party sales volumes up 17%

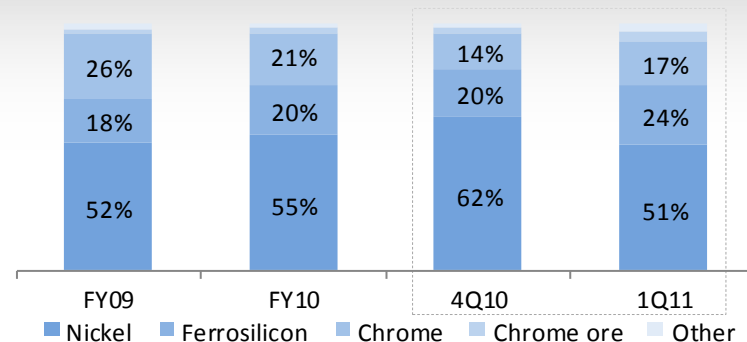


Ni 3<sup>rd</sup> party sales volumes down 29% as certain volumes were carried over to the Q2.

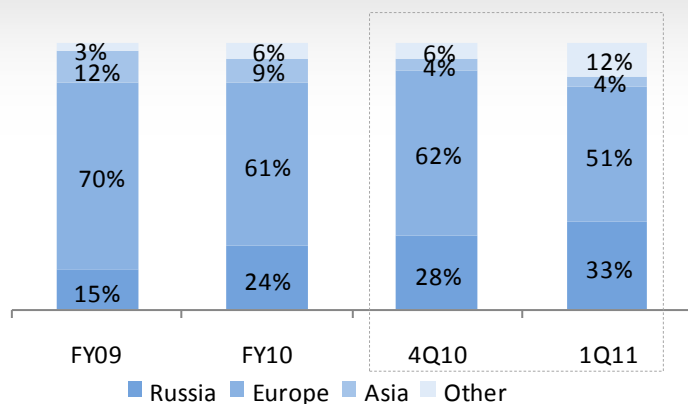


Domestic sales reach 33% in Q1 due to higher FeSi sales and lower Ni sales to Europe

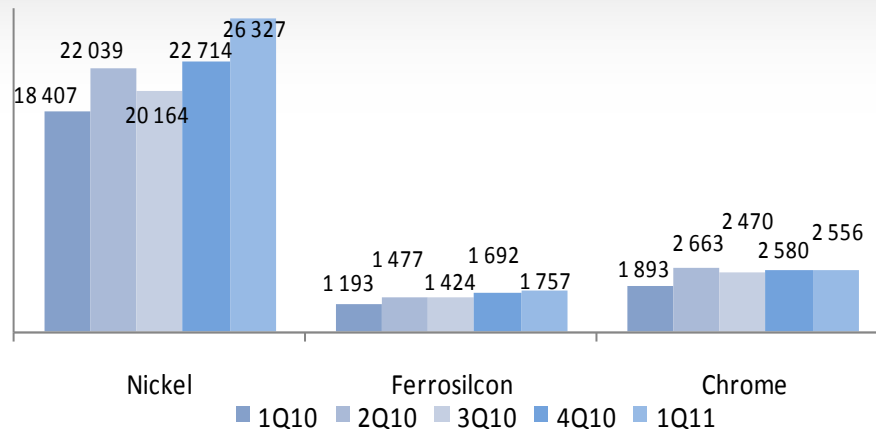
## EXTERNAL SALES STRUCTURE



## REVENUE BREAKDOWN BY REGION



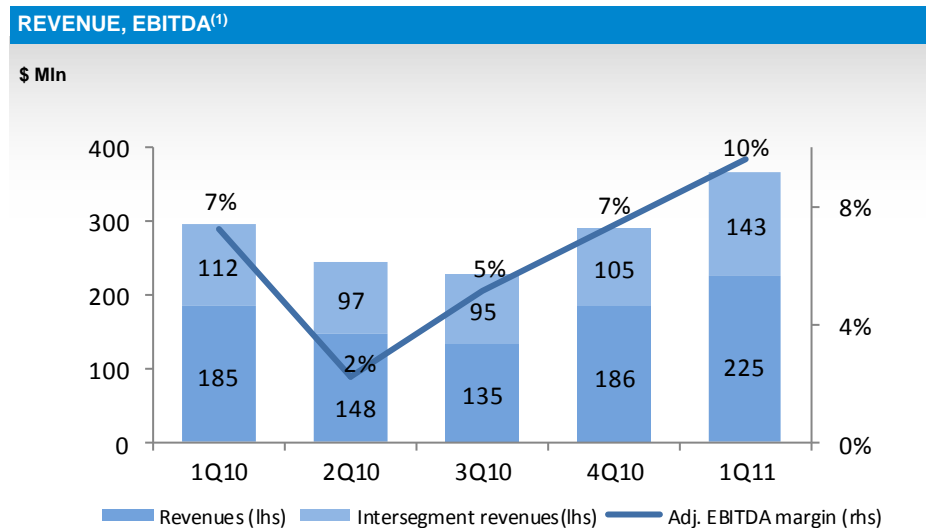
## AVERAGE SALES PRICES FCA, US\$/TONNE



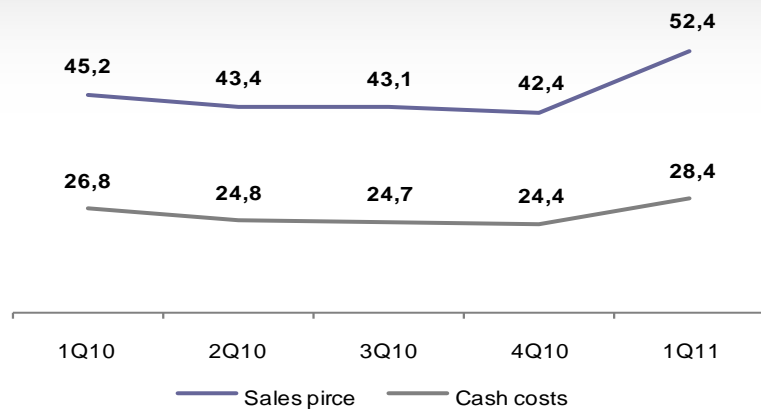
# POWER SEGMENT PERFORMANCE



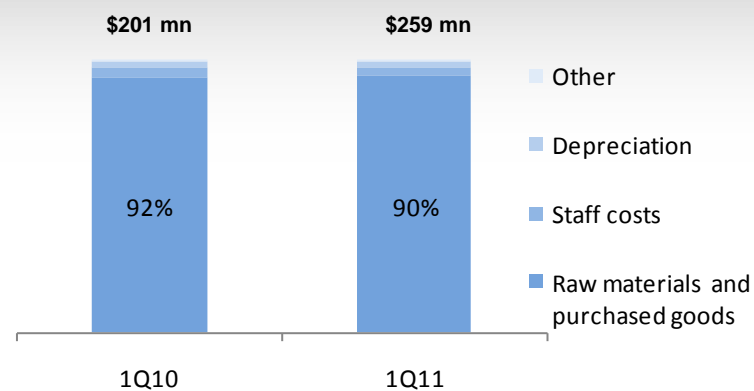
+	Electricity market liberalization drove revenue up 21% q-o-q
+	EBITDA <sup>(1)</sup> grew 65% q-o-q to \$35
+	EBITDA margin reached 10% of the revenue.
+	Net income up 2.5x to \$20 mn
+	Best results dynamics in the Q1



## AVERAGE ELECTRICITY SALES PRICES AND CASH COSTS (RUSSIA), US\$/MWH



## COS STRUCTURE



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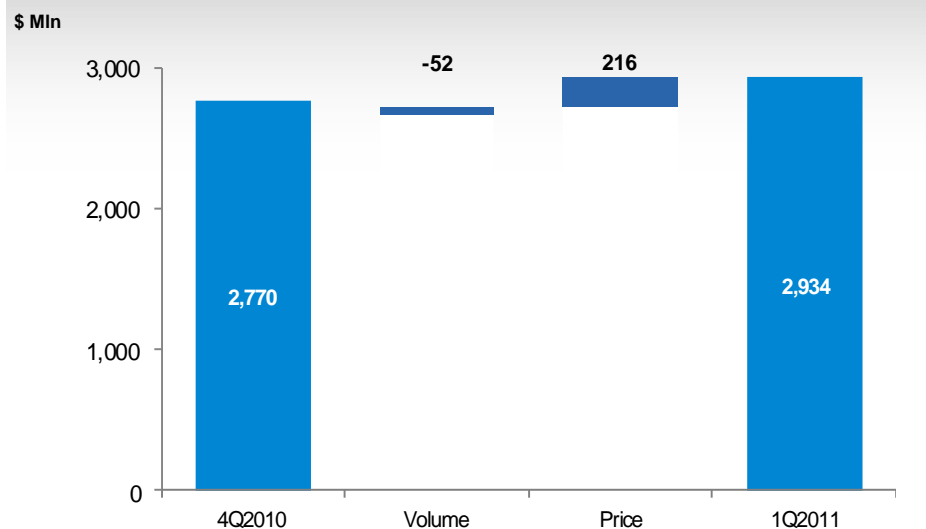
# STABLE FINANCIAL PERFORMANCE



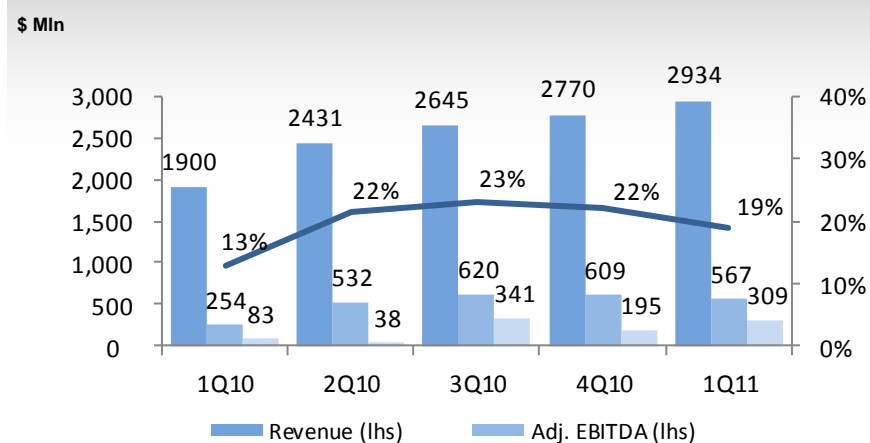
## Sensible improvement in 2010 financial performance y-o-y:

- +** Diversification led to stable financial results
- +** 6% growth in Revenue to \$2.9 bn
- +** EBITDA<sup>(1)</sup> decreased by 7% to \$567 mn
- +** Consolidated Net Income up 1.6x to \$309 mn

## REVENUE DYNAMICS



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



margin (rhs)

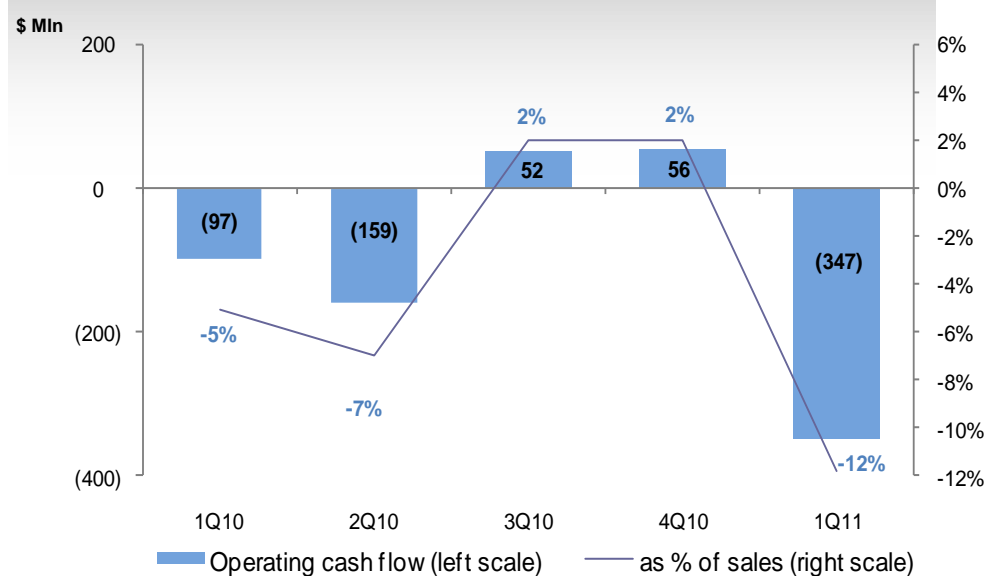
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# CASH GENERATION CAPACITY

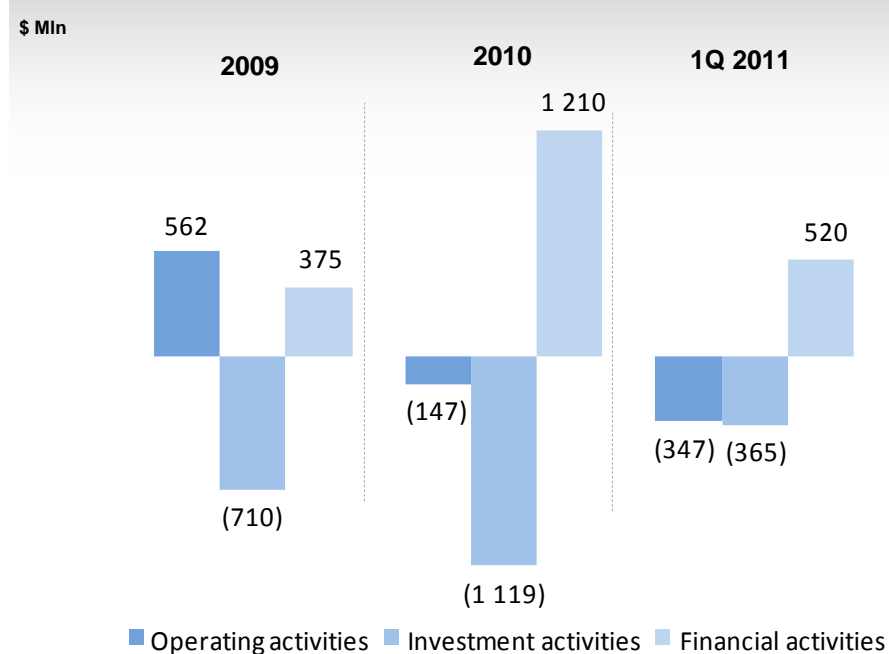


- + \$700 mn invested in working capital in Q1 due to seasonal restocking, expansion of MSG in Europe
- + Reduction of exports in the Mining segment weighed on the cashflow from operations
- + \$331 mn invested in PP&A in Q1

## OPERATING CASH FLOW



## NET CASH FLOW

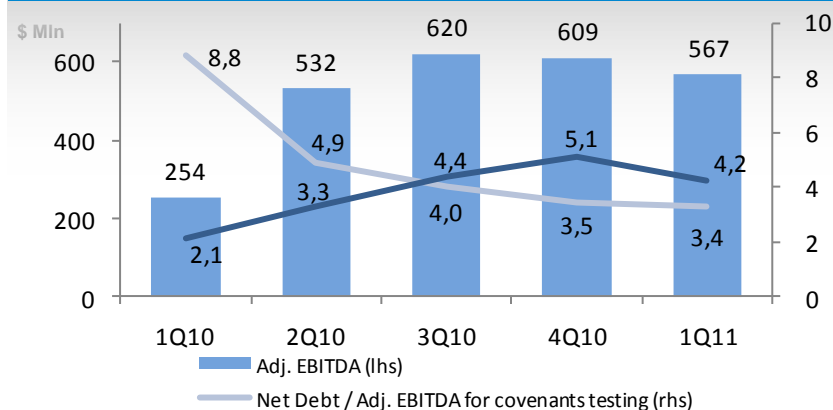


# DEBT PROFILE

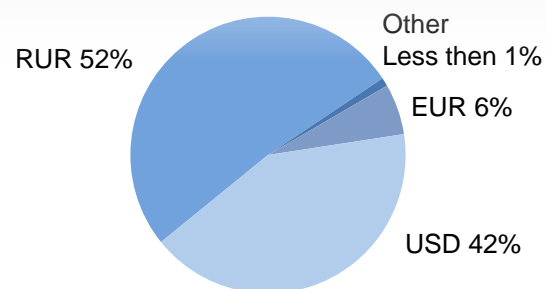


- +\$520 mn long-term debt raised in Q1 to fund capex and operations
- +\$ RUR 25 bn raised in 2011 to date to refinance short-term debt.
- +\$ Unutilized committed credit lines plus cash in hand amount to \$1.9 bn
- +\$ Financial metrics improve as Net Debt-to-EBITDA decrease to 3.4:1 despite challenging quarter.

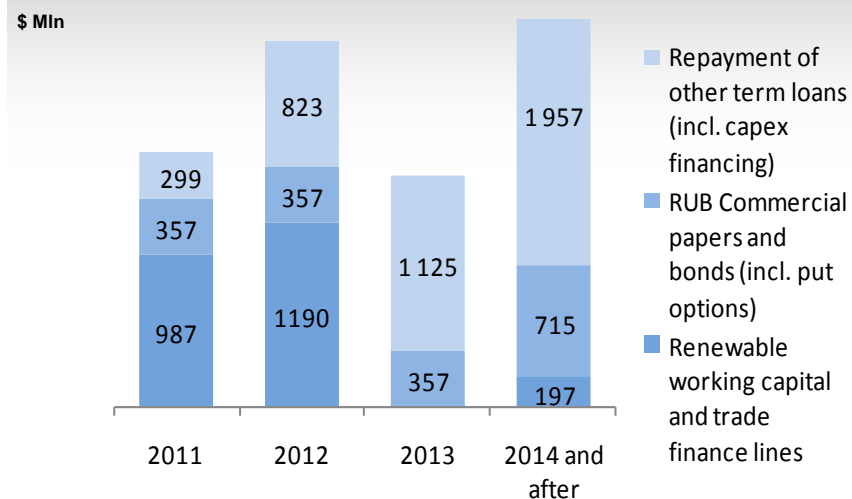
## FINANCIAL RATIOS



## DEBT PROFILE AS AT MARCH 31, 2011



## LOANS REPAYMENT SCHEDULE AS AT MARCH 31, 2011





# FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	1Q11	4Q10	CHANGE, %
Revenue	2,934	2,770	5%
Cost of sales	(1,913)	(1,767)	8%
Gross margin	34.8%	36.2%	
Operating profit	448	496	- 9%
Operating margin	15.3%	17.9%	
Adjusted EBITDA <sup>(1)</sup>	567	609	- 6%
Adjusted EBITDA <sup>(1)</sup> margin	19.3%	22.0%	
Net Income	309	195	58%
Net Income margin	10.5%	7.0%	
Sales volumes <sup>(2)</sup> , '000 tonnes			
Mining segment	4,890	5,526	- 11%
Steel segment	2,024	1,906	6%

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(2) Includes sales to the external customers only



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