



Magnitogorsk Steel

New leader in Russian steel

MMK is a leading steel company operating in rapidly growing markets (Russia and Middle East) and specializing in producing high-tech, high value-added products. The company is a global leader in terms of cost, and in addition to its cutting-edge metals assets, has iron-ore and coal assets in Russia.



- Largest steelmaker in Russia with 14 mln tons of capacity on one site
- One of eight premium quality producers of thick plates worldwide
- Most efficient metals company in 2009, EBITDA margin of 25.3%
- Great play on Russian infrastructure - domestic sales are priced with premium:
 - 17% of the Russian steel market;
 - 64% of sales to the Russian market.
- Vertically integrated in coal, iron ore, scrap and electricity
- Huge potential for the development of new coal and iron ore assets
- One of the strongest balance sheets in the sector
- Disciplined investment strategy focused on further:
 - vertical integration;
 - expansion in high value added segments in attractive markets.

MMK Geography



Interkos-IV
Metals service center and stamped-product factory.

Profit
Covers 100% of MMK's scrap needs.

Priskolsky GOK
Largest iron-ore deposit, more than 2 bln tons of reserves.

Belon
630 mln tons coal reserves
5.9 mln tons mined in 2009.

MMK Atakas
2.3 mln tpy production.
New, modern steel making complex and two service centers.

MMK Metiz
One of Russia's largest metalware producers

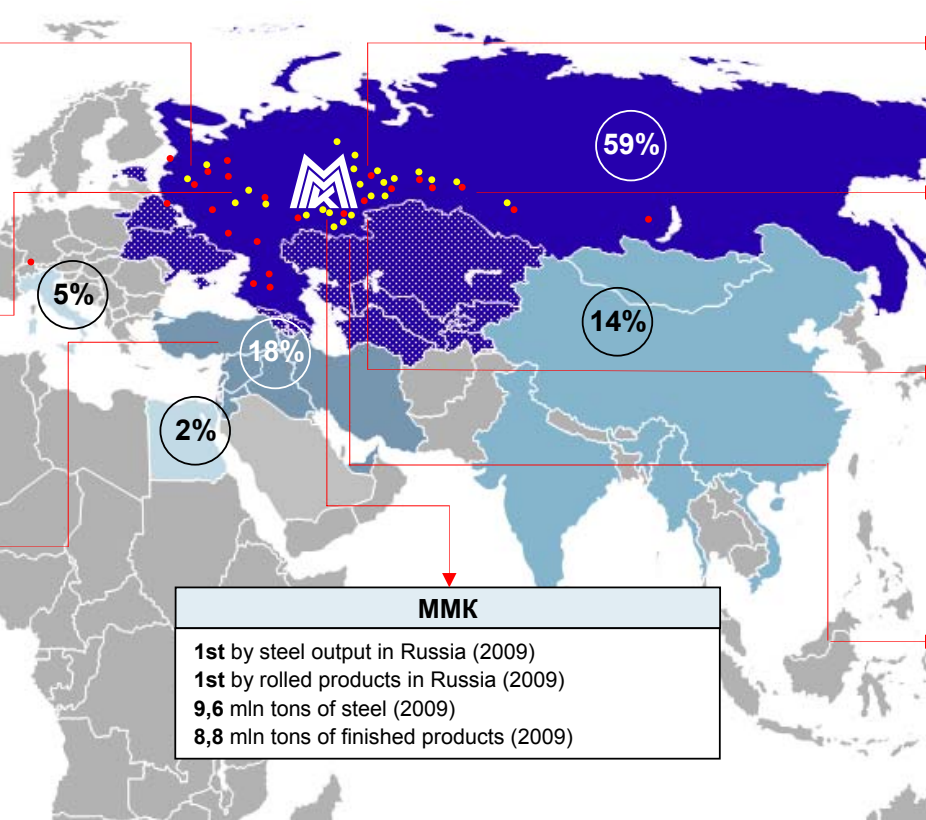
ENRC
Long-term agreement with MMK (to 2017).
Currently MMK's main iron-ore supplier.

MMK
1st by steel output in Russia (2009)
1st by rolled products in Russia (2009)
9,6 mln tons of steel (2009)
8,8 mln tons of finished products (2009)

Fortescue Metals Group
MMK controls 5% of Fortescue Metals Group, one of Australia's largest iron-ore producers.

Markets	
	High-priority (domestic) CAGR (2010-15) = 6,7%
	Priority (export) CAGR (2010-15) = 5,5%
	Major (export) CAGR (2010-15) = 2,3%
	Other (export) CAGR (2010-15) = 5,0%

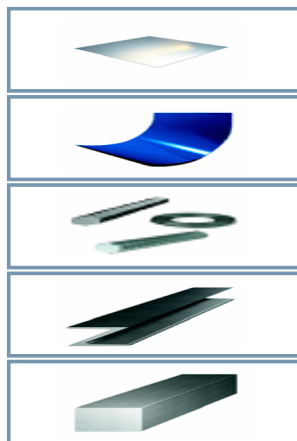
- MMK trading house
- Profit's scrap collecting yards
- % Share of sales, mln tons



Leading positions in the industry



Various Product Types



Hot-rolled sheet
5.51 mln tons (63%)

Cold-rolled sheet
1.09 mln tons (12%)

Long products
1.00 mln tons (11%)

Downstream
1.15 mln tons (13%)

Billets and slabs
0 mln tons (0%)

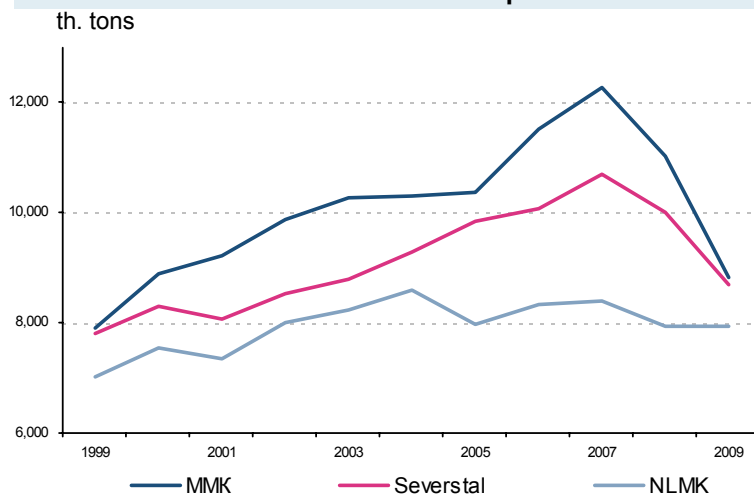
Source: MMK, 2009

Leading position on domestic market

	MMK's share in Russia	Share in MMK's total production	Place in Russia
Hot-rolled sheet	37%	63%	1
Cold-rolled sheet	24%	12%	3
Galvanized flat products	30%	6%	1
Cold-rolled narrow strip	65%	1%	1
Tin plate	100%	2%	1
Special sections	47%	1%	2
Color-coated rolled products	26%	2%	3

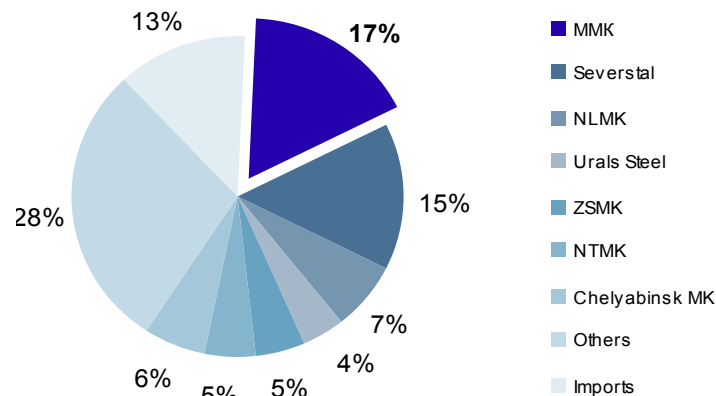
Источник: MMK, Metal Courier

The leader in finished steel production



Source: Company

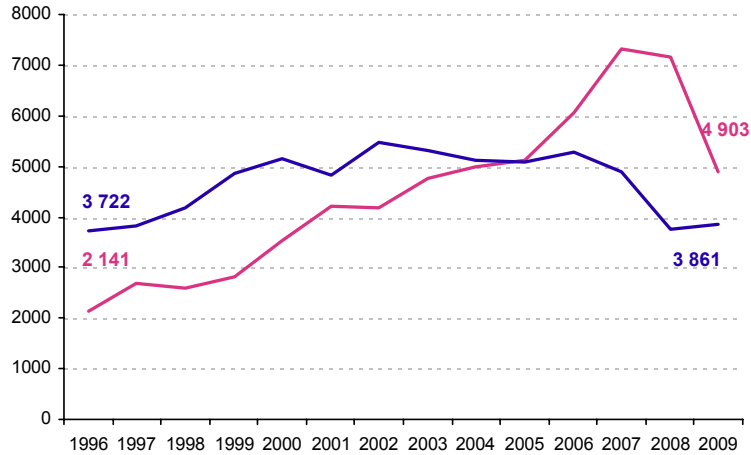
MMK's share of Russian steel market, 2009



MMK's Strong Positions on the Domestic Market

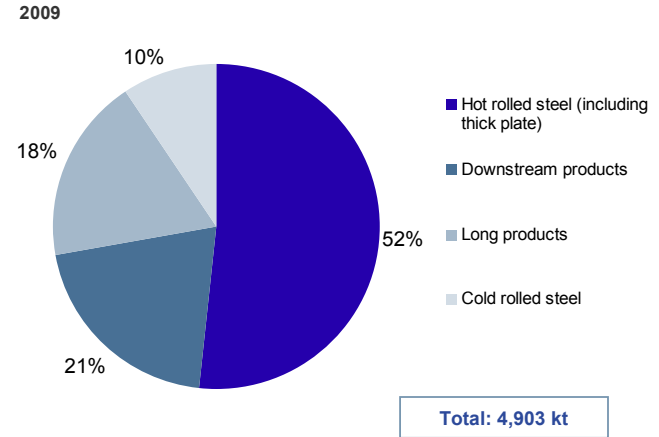


Dynamics of Domestic and Export Sales, '000 tons



Source: MMK

Domestic Sales Structure



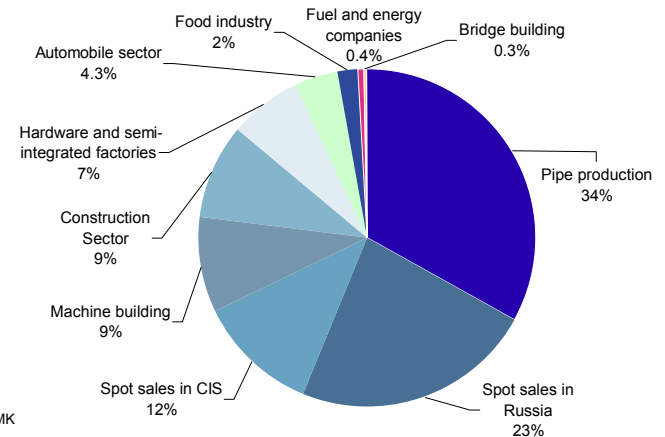
Source: MMK

Domestic Price Premium



Source: MMK

Russian Sales by Sector, 2009

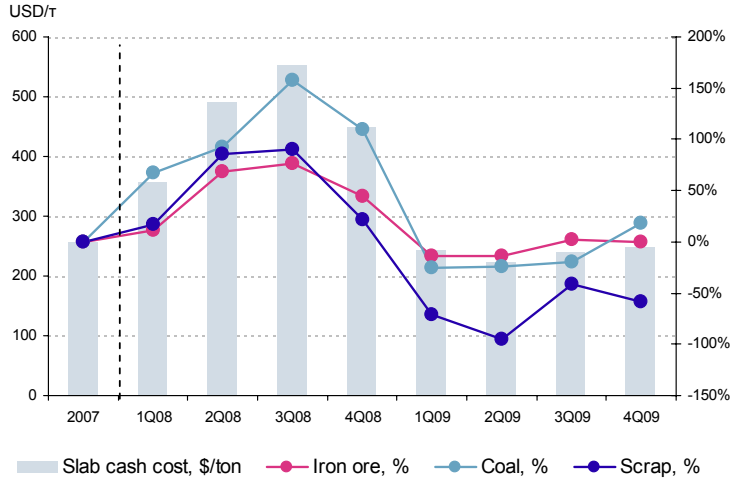


Source: MMK

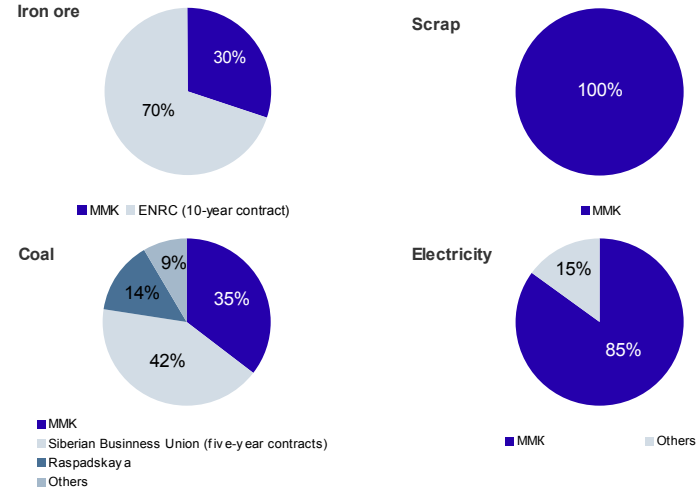
Unique Cost Position



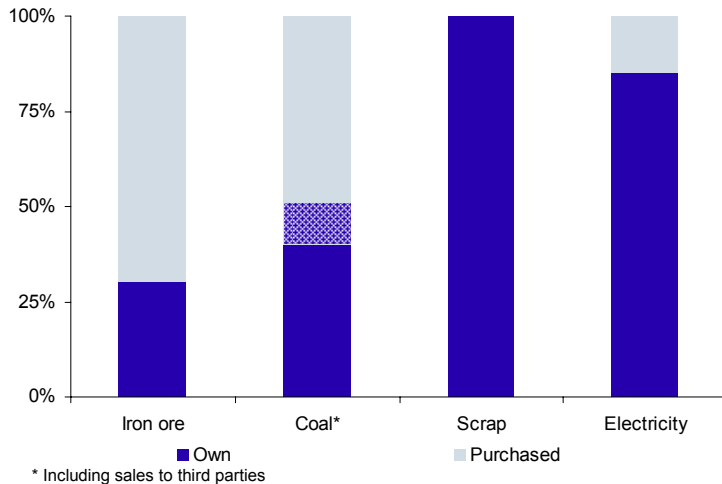
Slab cash-cost and raw-material price changes



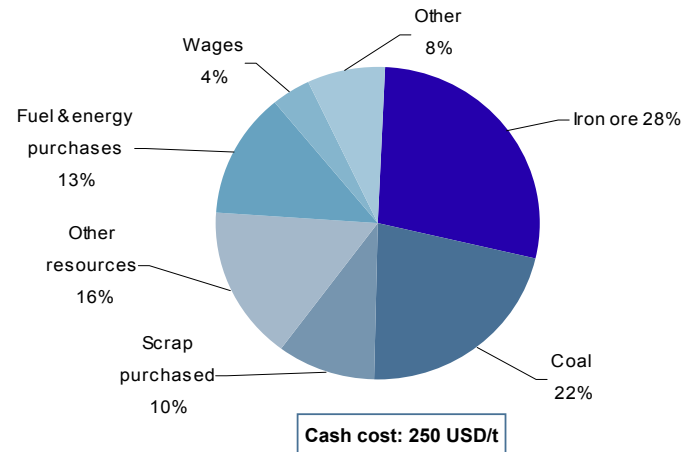
Key raw-material supplier structure



Material and resource self-sufficiency, 2009



Slab cash-cost structure, 4Q09



Strong Presence on Export Markets

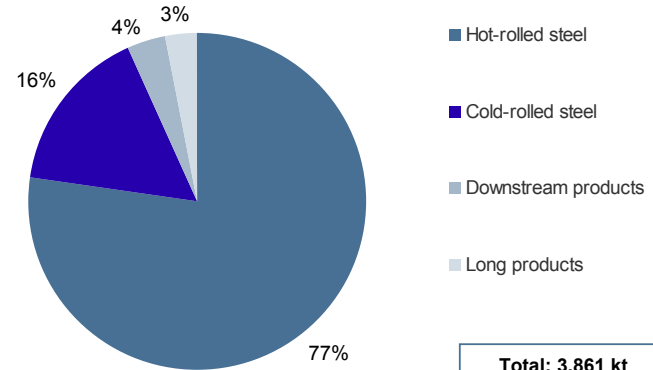


Export Development Strategy

- Company successfully managing export sales
- Key export markets – rapidly-growing markets of Middle-East, Asia and Far-East.
- MMK expanding presence on most promising markets such as Turkey by building new steel making operations and expanding service center network.

Export-Sales Structure

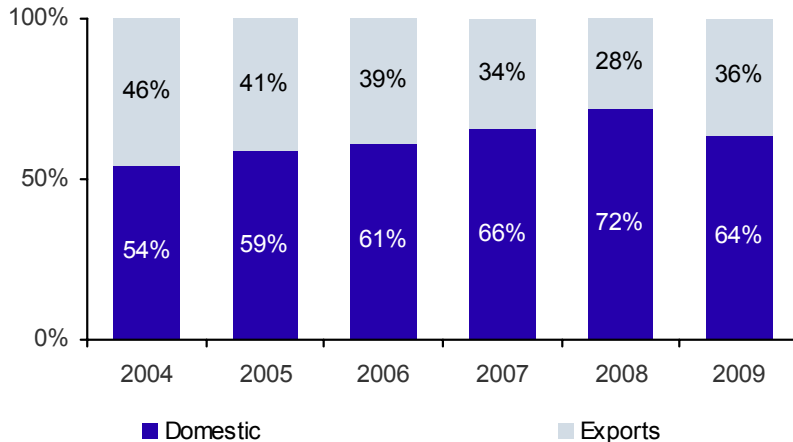
2009 r.



Total: 3,861 kt

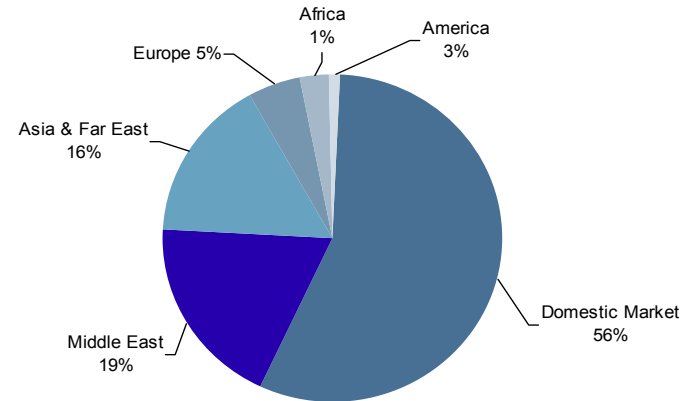
Source: MMK

Share of Export Sales in Revenues



Source: MMK

Regional Sales Structure



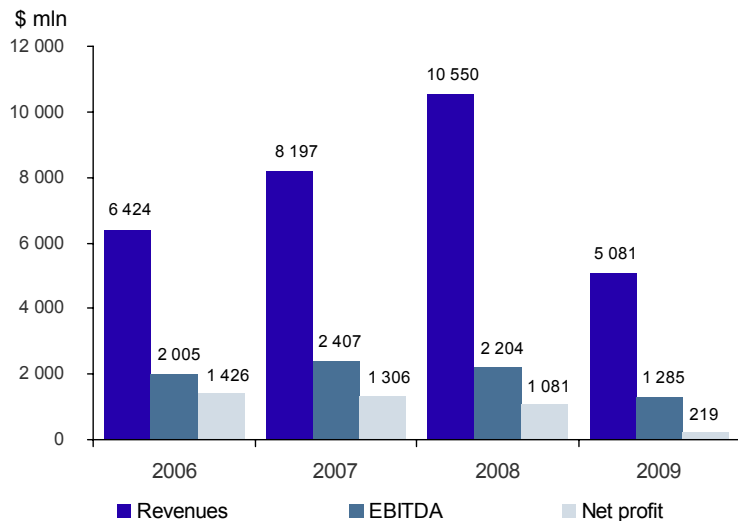
Total: 8,764 kt

Source: MMK

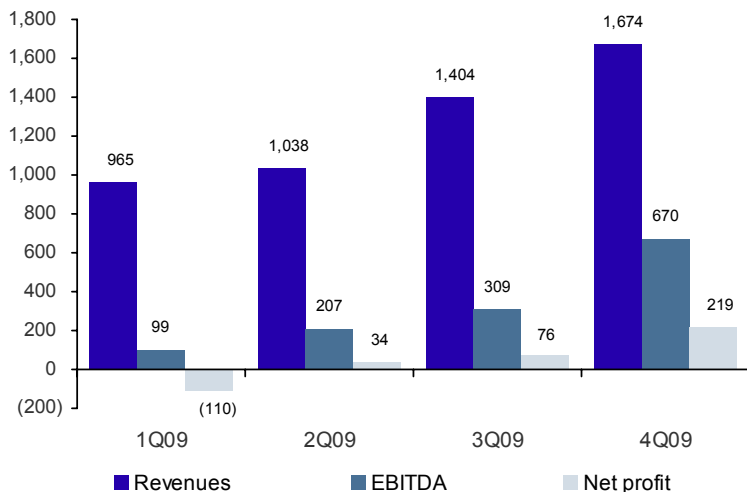
Financials



Key Indicators Trends



Source: Company



Key Indicators

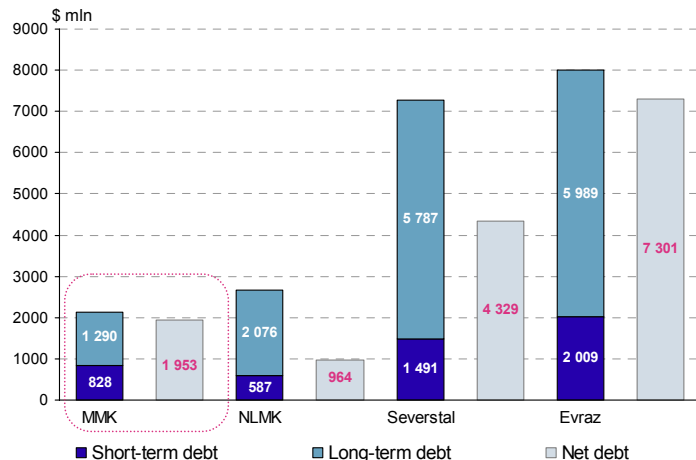
	2009	2008	2007	2006
Crude steel output, kt	9 618	11 957	13 261	12 455
Finished steel, kt	8 764	10 911	12 203	11 346
Revenues, \$ mln	5 081	10 550	8 197	6 424
EBITDA, \$ mln	1 285	2 204	2 407	2 005
<i>EBITDA margin, %</i>	25%	21%	29%	31%
Net profit, \$ mln	219	1 081	1 306	1 426
<i>Net margin, %</i>	4%	10%	16%	22%
Assets, \$ mln	14 833	14 197	15 887	5 689
Credit & loans, \$ mln	2 118	1 726	1 454	1 006
<i>short-term*</i>	828	1 295	1 224	400
<i>long-term*</i>	1 290	431	230	606
Shareholder capital, \$ mln	9 957	9 852	11 786	4 027
Cash, \$ mln	165	1 106	256	338

* includes leasing
Source: Company

MMK Group Indicators Compared to its Competitors

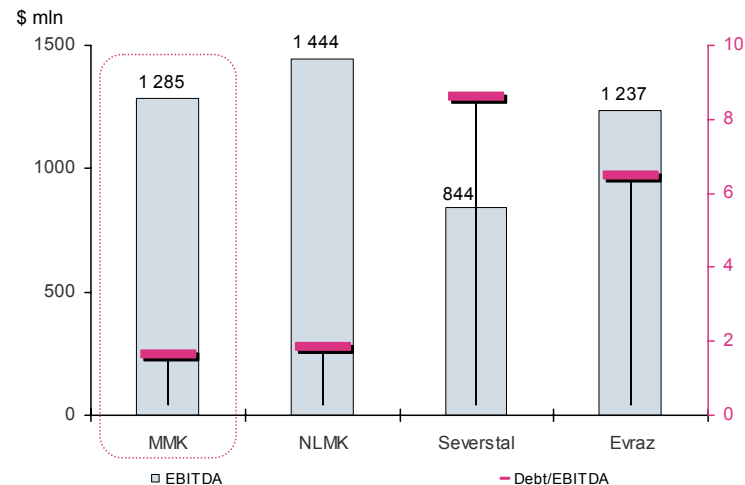


Steel Companies' Debt Loads



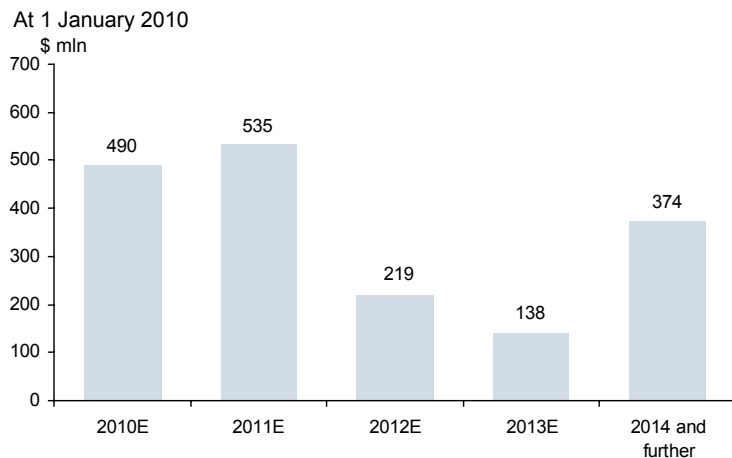
Source: Company data, 12 months 2009

Debt/EBITDA



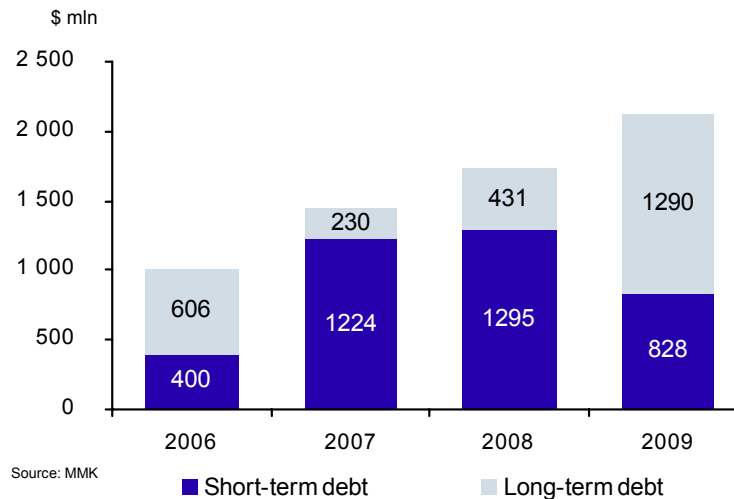
Source: Company data, 12 months 2009

Maturity of Long-term Borrowings



Source: MMK

Debt Structure by Maturity



Source: MMK

Long-Term Investment Program

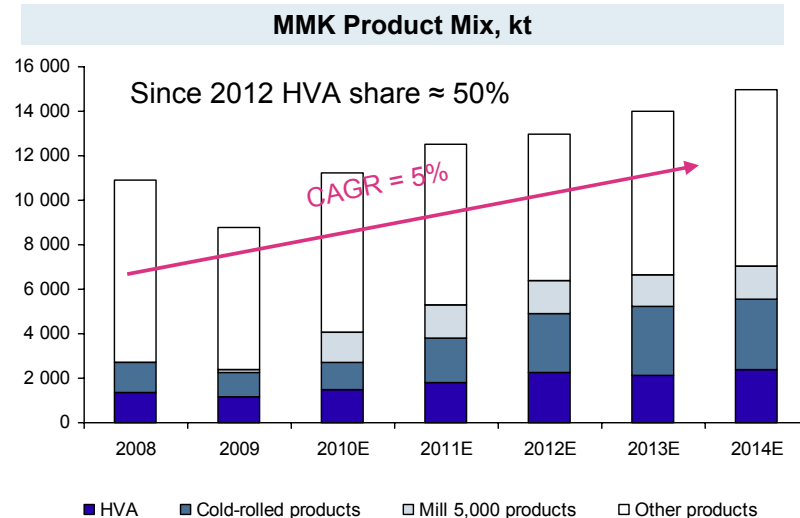
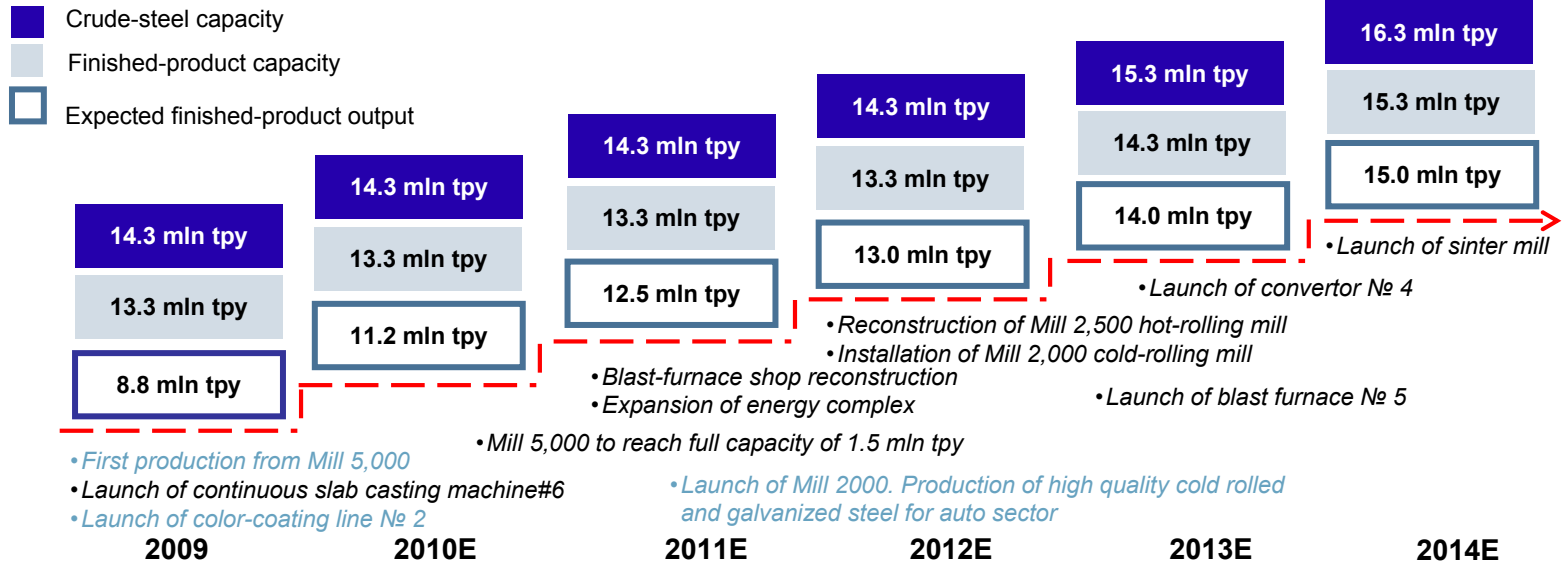


Plate Mill 5000



Only eight producers worldwide (in Germany, France, and Japan) are able to manufacture comparable thick plate.

- Project completion time under SMS Demag contract - 32 months
- November 2007–May 2009: construction of new mill
- July 2009: first production
- December 2009: launch of Continuous Slab Caster # 6
- February 2010: launch of secondary steel-processing complex

Specifications

Launch	2009
Capacity, mln tpy	1.5
Width, mm	up to 4,800
Thickness, mm	8-160
Rolling force, tons	12 000
Length, m	24
Strength class	up to X120

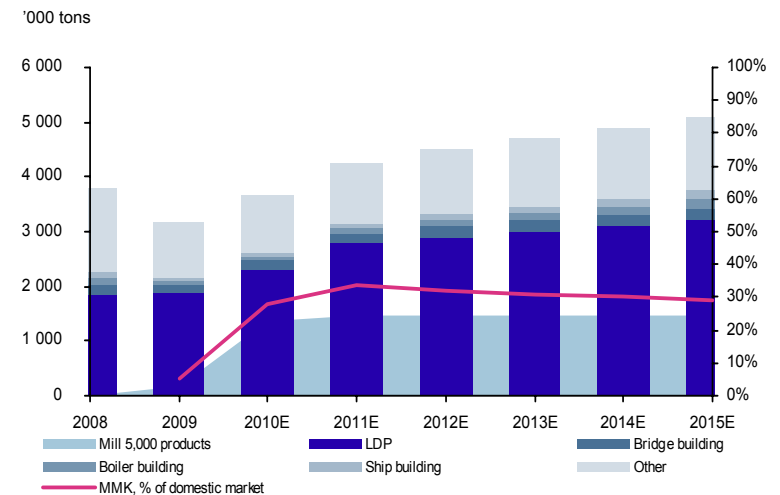
Agreements

- Cooperation agreement with Gazprom
- Strategic cooperation agreement with TMK
- General strategic cooperation agreement with ChTPZ
- Government asked pipemakers to reduce share of imported plate

Future use of Mill 5,000 products



Use of thick plate in Russia by sector

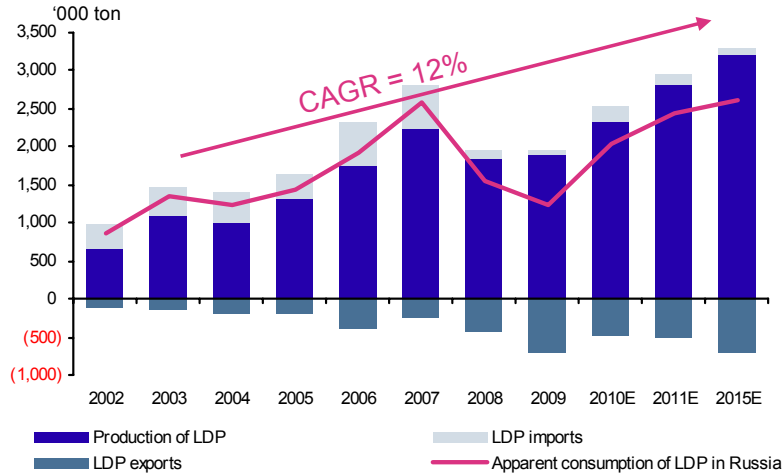


Source: MMK

Mill 5000 - Strengthening Positions in Pipe Sector

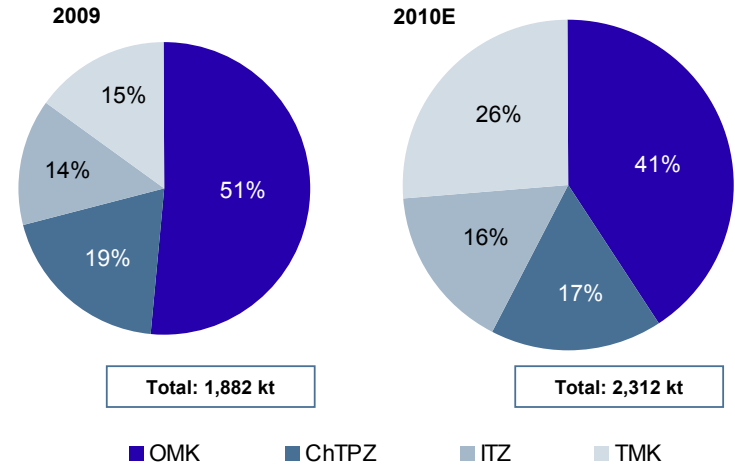


Growth in Demand for LDP in Russia



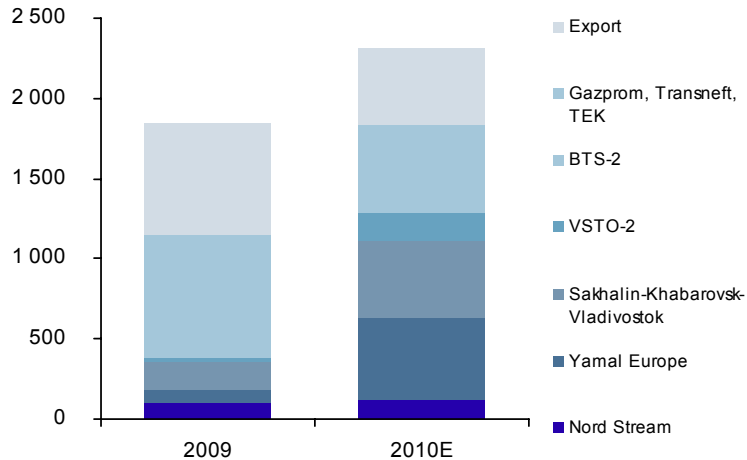
Source: MMK, 2010-2015 outlook

Key Customers of Thick Plate for LDP in Russia



Source: MMK

Use of LDP Produced in Russia by Project



Source: MMK

Geography of Main Pipelines



Strengthening Position in Auto Industry



Mill 2,000 Complex

Key equipment supplier - SMS Demag

Key Mill 2,000 specifications

Capacity, '000 tpy	2,000
Width, mm	850-1,880
Thickness, mm	0.28 – 3.0
Steel grades	HSLA, IF-HSS, BH, biphase, monophase, TRIP

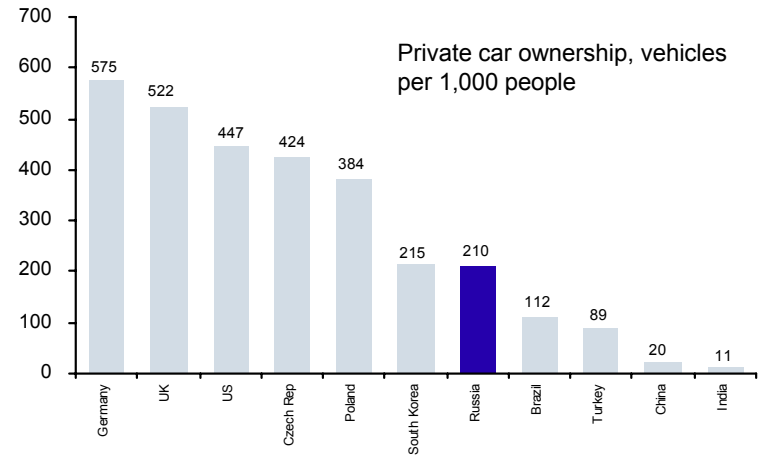
Production volumes:

- 700,000 tpy of galvanized steel annealed
- 400,000 tpy cold-rolled (after annealing) products;
- 900,000 tpy unannealed products;

Key customers:

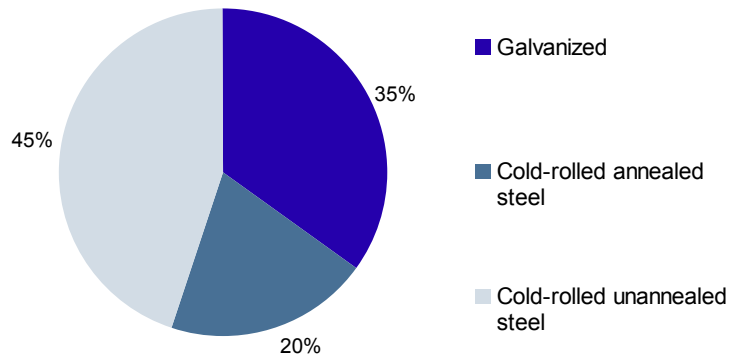
- Carmakers;
- White goods

Private Car Ownership



Source: Global Insight, Rosstat

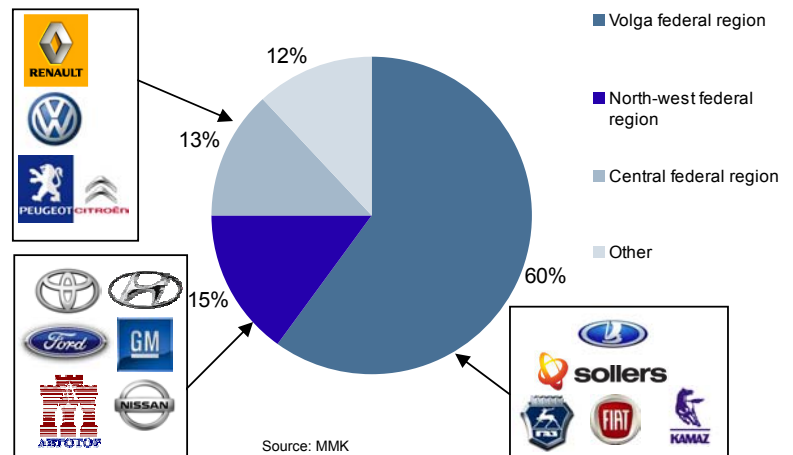
Mill 2,000 Products



Total: 2,000 tpy

Source: MMK

Car-making Projects in Russia to 2015E



Source: MMK

Mill 2000 Cold Rolled Steel Complex



Geography of the Project

Project on construction of a metals servicing center and factory for pressed components

St. Petersburg

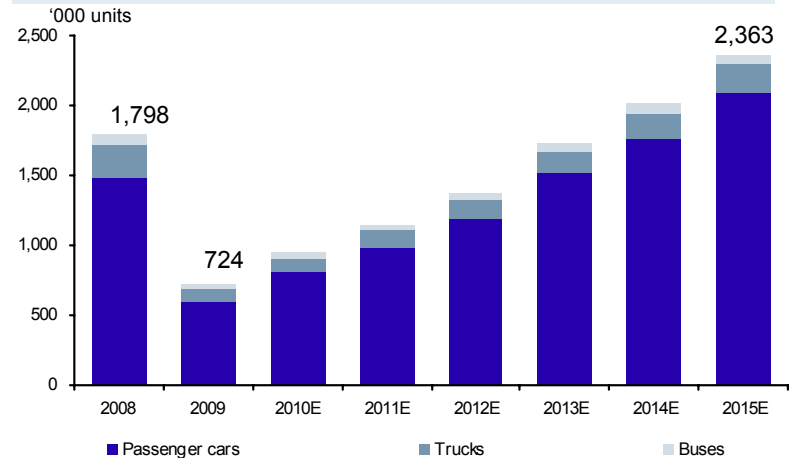


Project Parameters

Goal: Use of OAO MMK's cold rolled and galvanized rolled steel in the Northwest region of Russia through creation of production of pressed and welded components for auto manufacturers and producers of domestic appliances.

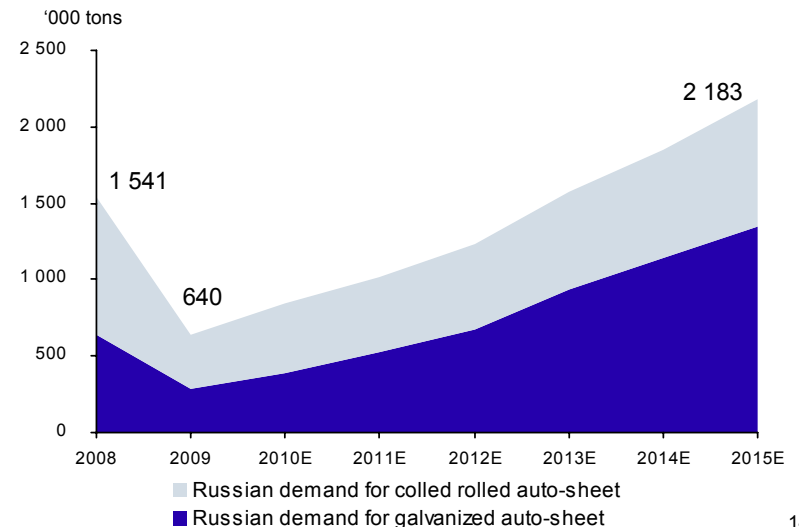
Result: Construction of a metals servicing center and factory for pressed components in the town of Kolpino in Leningrad region, **with an output of 240,000 tons per year of cold rolled and galvanized steel.**

Production Outlook for Russian Auto Industry



Source: MMK

Russian Auto Industry's Demand for Rolled Steel



Source: MMK

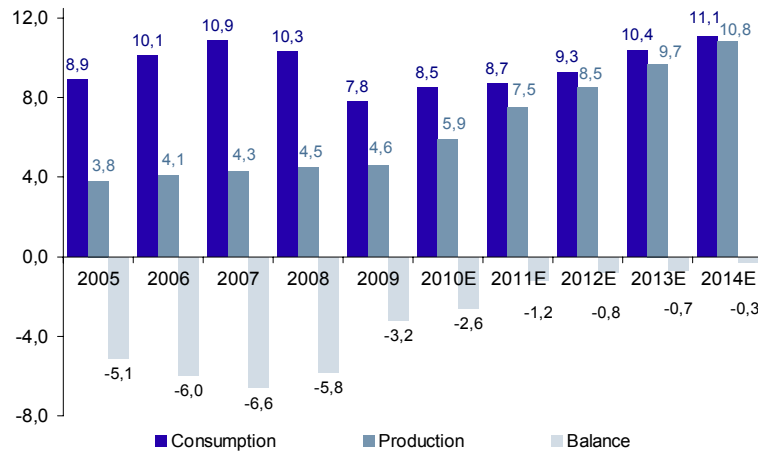
Entry to Rapidly Growing Turkish Market



Locations of Key Markets

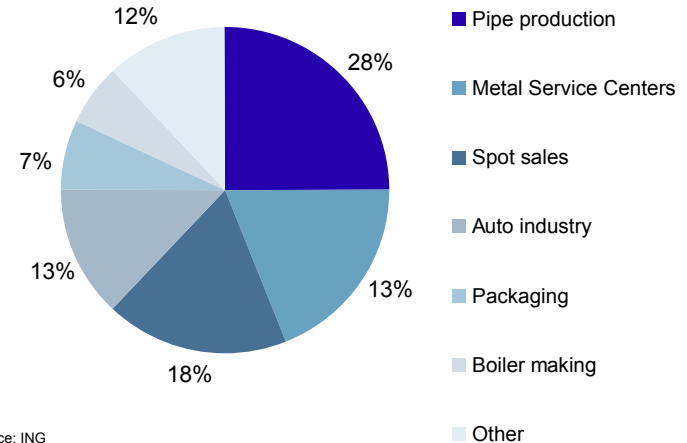


Flat Steel Market in Turkey, mln tons



Source: TUIK – Turkish Institute of Statistic

Turkish Flat Steel Market Structure



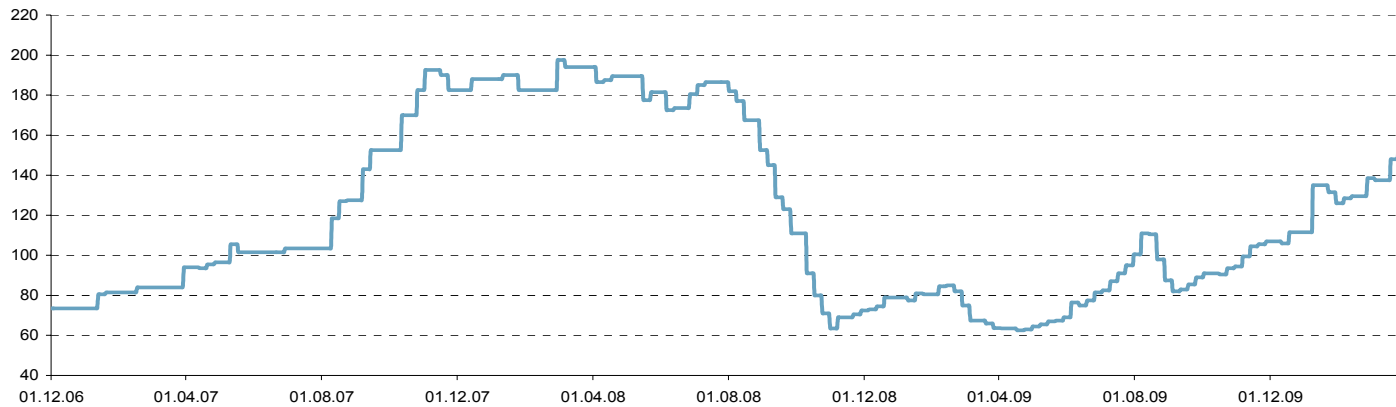
Source: ING

Fortescue Metals Group: Presence in Australian Iron Ore Market



MMK owns 5% shares of Fortescue Metals - one of Australia's largest iron ore producers

China's export iron-ore spot prices, \$/ton



Market price of MMK's 5% stake in Fortescue Metals, \$ mln



Belon Coal Company



MMK owns 82.6% of Belon

Advantages of the deal for MMK:

- Guaranteed supplies of deficit high grade coking coal
- Stable chemical properties of coal used in steelmaking process, lower consumption of coke
- Natural hedge against rising coal prices

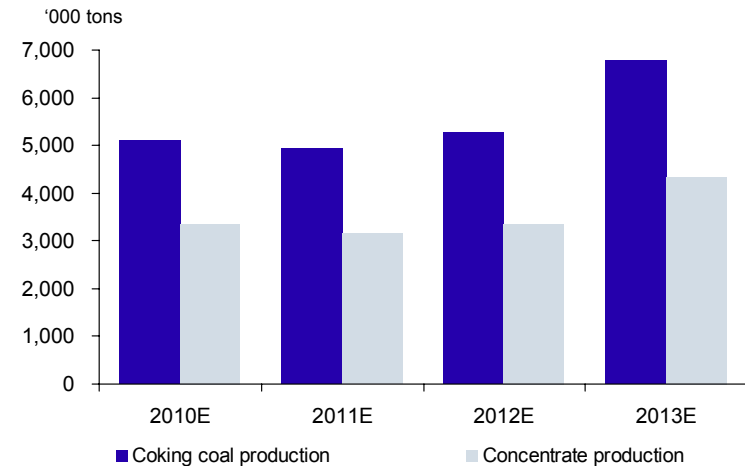
Completion of the Belon development program will allow for:

- An increase in coking coal production to 6.8 mln tons by 2013
- An increase in production of coal concentrate to 4.3 mln tons by 2013

Belovskaya Concentration Plant

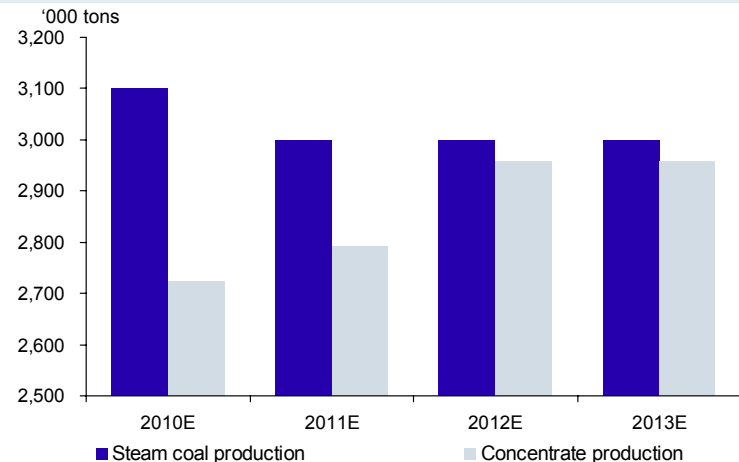


Coking Coal Segment



Source: MMK estimates

Steam Coal Segment

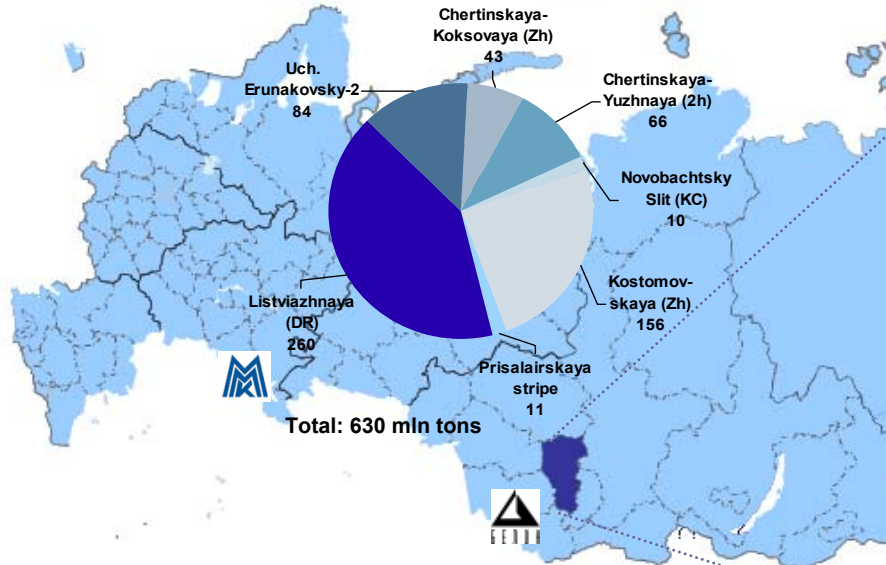


Source: MMK estimates

Geographic Distribution of Belon Assets



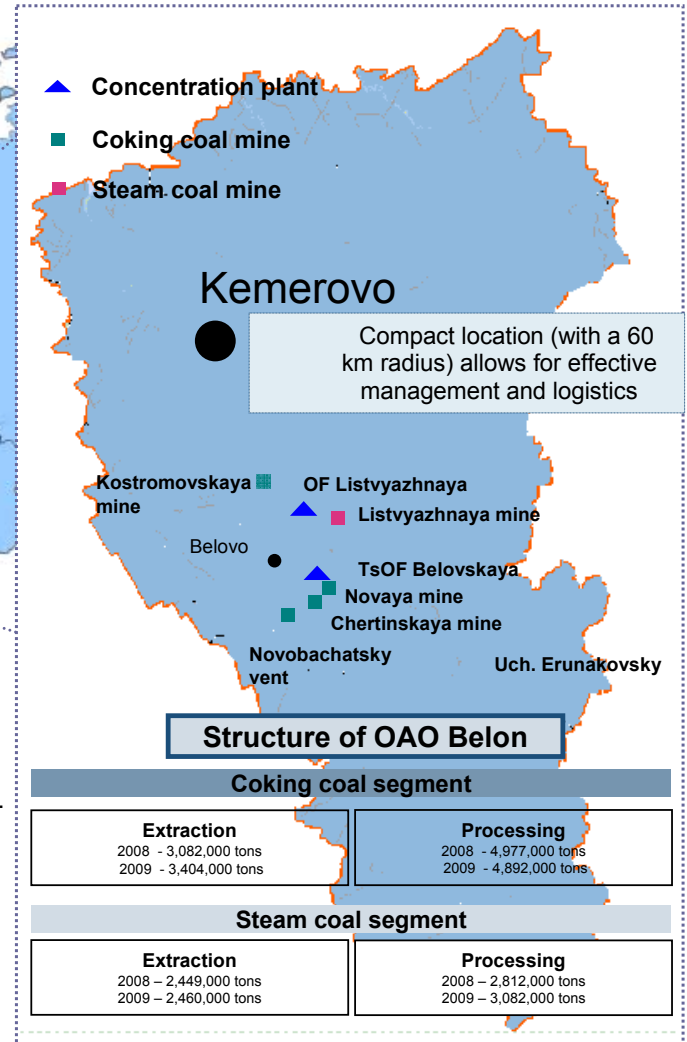
Coal reserves, mln tons



Transport distance – 2,125

Average deals for MMK

- Securing the delivery of the necessary volumes of coking and steam coal.
- Stability in the coal mixture content, reduction in coking coal expenses.
- Natural hedging of MMK financials from changes in coal concentrate prices.

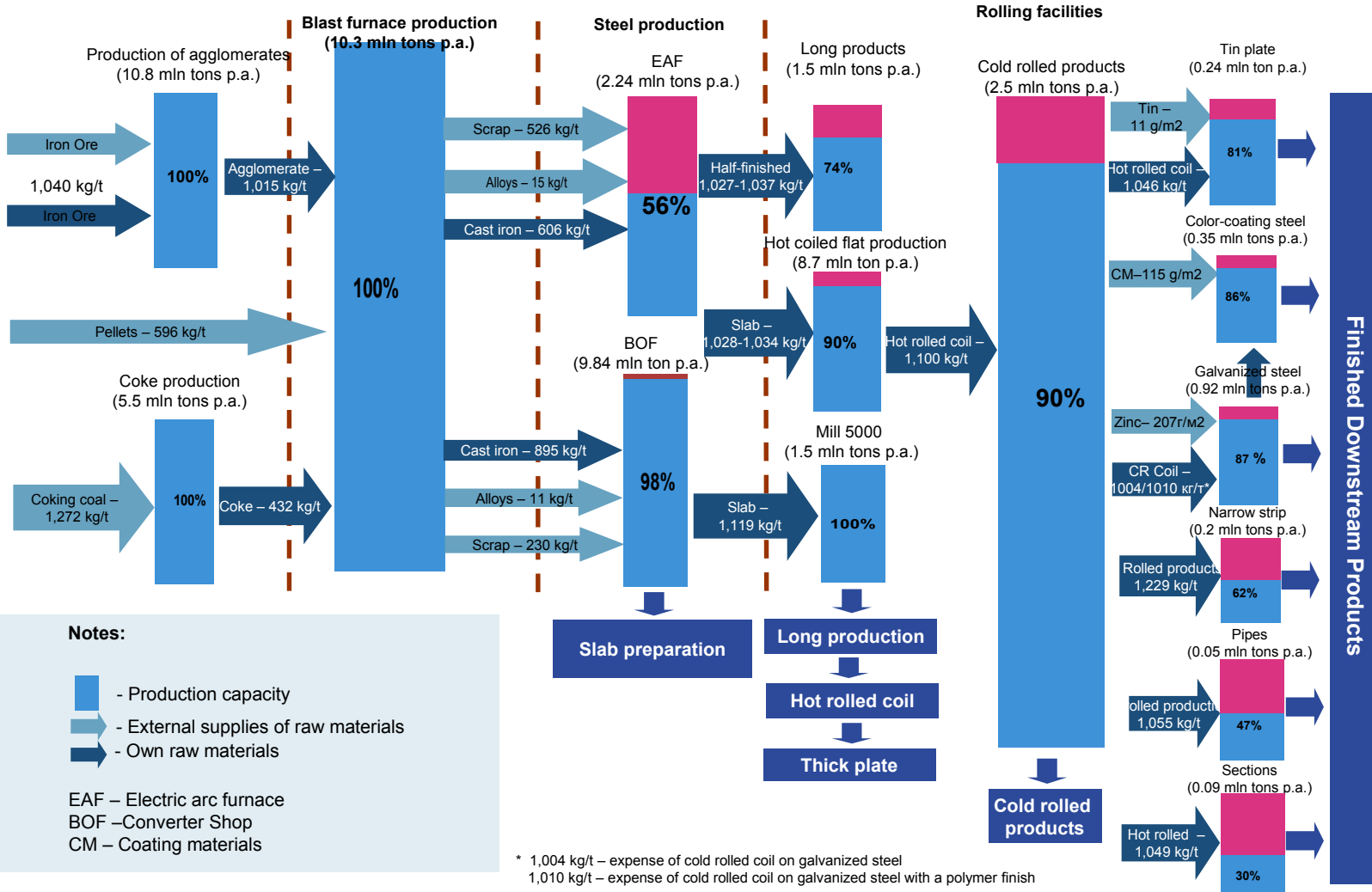




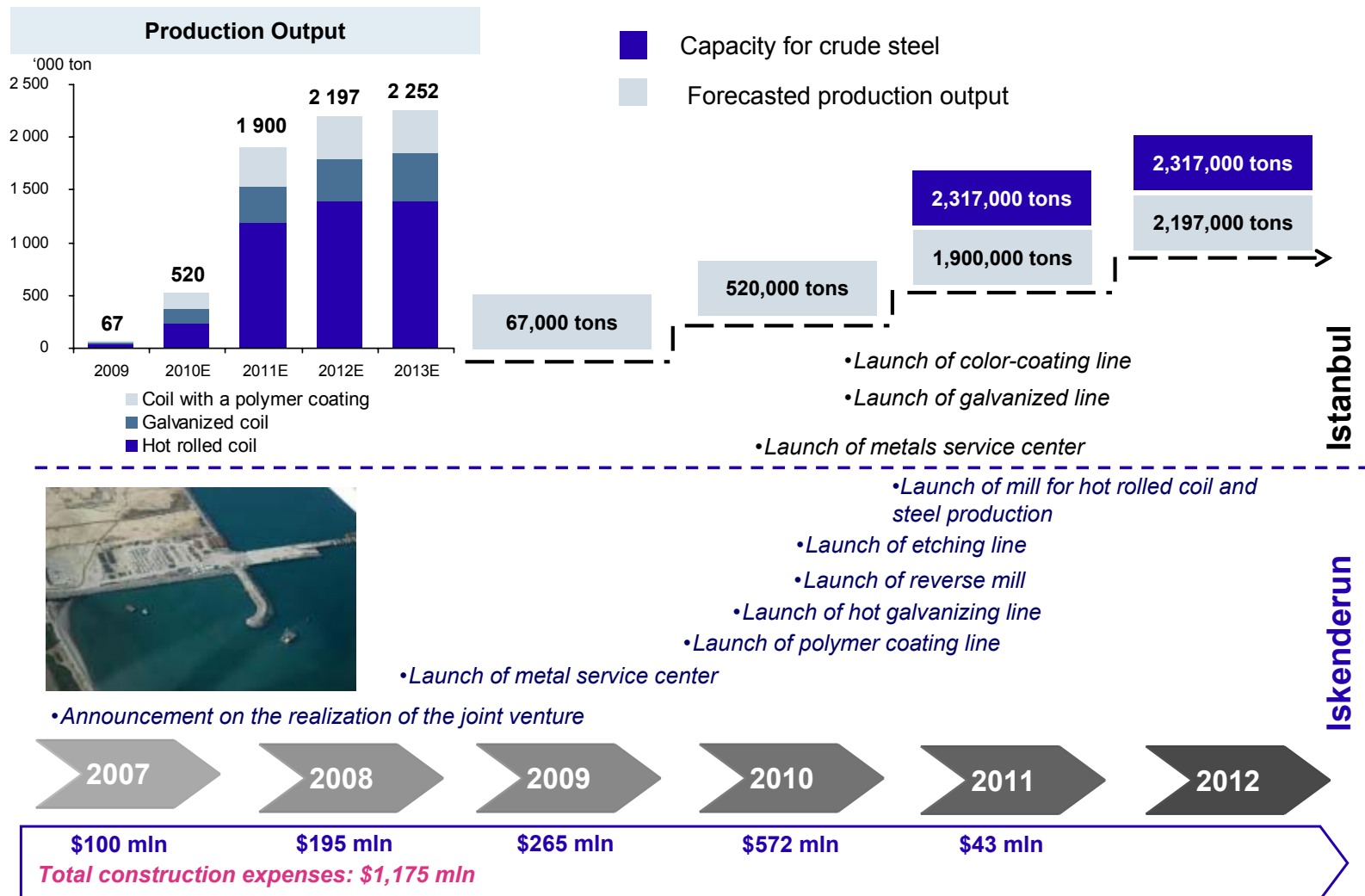
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Appendices

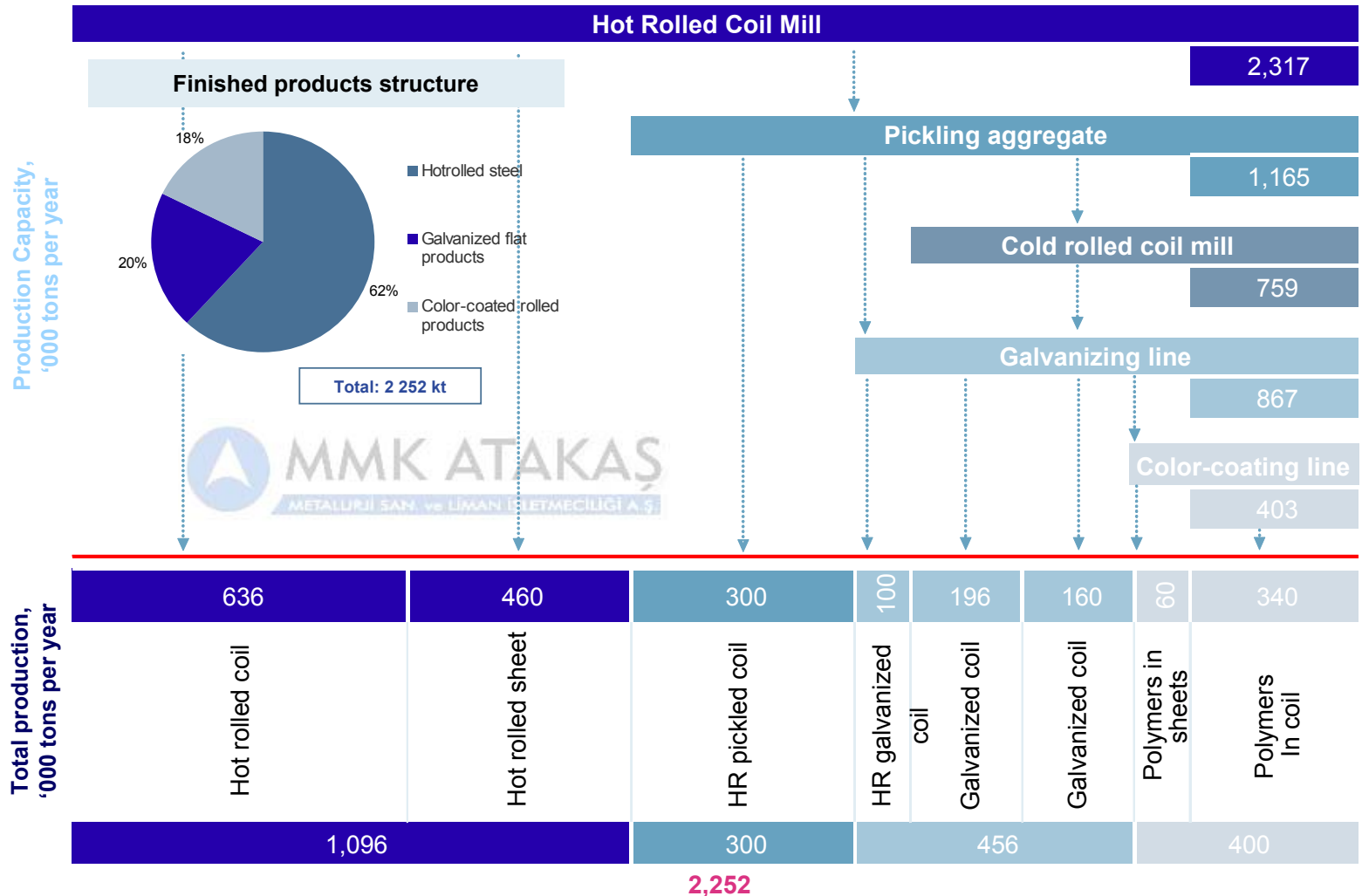
Production Process



Schedule of MMK-Atakash Project and Construction Costs



MMK-Atakas Production Plan



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