

OJSC “MAGNITOGORSK IRON AND STEEL WORKS” (“MMK”)

Announces its consolidated financial statements under IFRS for Q1 2011

Q1 2011 FINANCIAL PERFORMANCE HIGHLIGHTS:

- MMK Group Q1 2011 sales amounted to USD 2,216 mln, 14% higher than Q4 2010.
- Q1 2011 cost of sales rose 11% q-o-q, amounting to USD 1,775 mln.
- Operating profit in Q1 2011 was USD 155 mln, 1.5 times higher than the previous period.
- Q1 2011 EBITDA totaled USD 403 mln.
- Q1 2011 EBITDA margin stood at 18.2%.
- Profit for Q1 2011 amounted to USD 134 mln, representing a more than 3-fold q-o-q increase.
- The share of higher value added (HVA steel) products in MMK Group sales was to 39% in Q1 2011.

MMK GROUP CONSOLIDATED INCOME STATEMENT HIGHLIGHTS

USD mln or %	Q1 2011	Q4 2010	+/-	Q1 2011	Q1 2010	+/-
Sales	2,216	1,944	14%	2,216	1,652	34%
Operating profit	155	107	45%	155	145	7%
EBITDA*	403	407	-1%	403	374	8%
EBITDA margin	18.2%	20.9%		18.2%	22.6%	
Profit for period	134	42	219%	134	94	43%

* EBITDA calculation is presented in Notes to Consolidated Financial Statements

- Sales growth in Q1 2011 was driven by an 8% rise in production volumes, as well as increased selling prices on new product types introduced by MMK and increased demand in both export and domestic markets.
- MMK’s average steel prices continued to increase in Q1 2011, up 14% q-o-q to USD 760.
- Higher production levels and average steel prices contributed to an operating profit of USD 155 mln, 45% higher q-o-q.
- Q1 2011 EBITDA was on level with Q4 2010, amounting to USD 403 mln. The EBITDA margin remained strong at 18.2%.

BALANCE SHEET HIGHLIGHTS

- Total assets as of March 31, 2011 were up 8.0% from Dec 31, 2010, reaching USD 18,082 mln.
- PP&E grew 8.4% during the 3-month period to USD 13,249 mln at the end of Q1 2011.
- The balance sheet remains characteristically stable: equity accounted for 61% of total assets at the end of Q1 2011.
- Total debt was USD 3,951 mln at March 31, 2011. Cash and cash equivalents, including highly liquid assets, amounted to USD 1,650 mln.
- Debt levels are closely tied with the company’s investment activities. MMK invested USD 381 mln in property, plant and equipment during Q1 2011 (USD 543 mln in Q4 2010). Capex levels are decreasing as the company’s peak capex period has passed (total capex reached a record USD 2,209 mln in 2010).
- MMK’s main investment projects are currently in their completion phase, and total capex for 2011 is expected to decrease to USD 1.2 bn.

- The primary investment projects due for completion are the MMK plant in Turkey and Mill 2000 in Magnitogorsk, which is designed to produce high-quality automotive cold-rolled steel. These projects are part of MMK's strategy to increase production of HVA products and substitute imports in the Russian and Turkish markets.
- MMK continues to achieve leading working capital management in the Russian steel sector: inventory turnover in Q1 2011 stood at 60 days.

Q1 2011 OPERATIONAL HIGHLIGHTS

- Crude steel output in Q1 2011 amounted to 3.1 mln tonnes (+12% q-o-q).
- Finished steel products output in Q1 2011 equalled 2.7 mln tonnes (+8% q-o-q).
- MMK Group HVA steel products output was 1,080 thousand tonnes in Q1 2011, at the same level as Q4 2010.

'000 tonnes	Q1 2011	Q4 2010	+/-	Q1 2011	Q1 2010	+/-
Crude steel	3,092	2,765	12%	3,092	2,732	13%
MMK finished steel products	2,707	2,508	8%	2,707	2,453	10%
MMK-Metiz finished steel products	123	120	2%	123	104	18%
MMK-Atakas finished steel products	28	45	-37%	28	18	56%
<i>MMK Group higher value added steel products</i>	<i>1,080</i>	<i>1,079</i>	<i>0%</i>	<i>1,080</i>	<i>842</i>	<i>28%</i>
<i>MMK Group higher value added steel products share</i>	<i>39%</i>	<i>42%</i>	<i>-</i>	<i>39%</i>	<i>34%</i>	<i>-</i>

MMK steel operations in Russia

- Finished steel products output in Q1 2011 reached 2,707 thousand tonnes, or 8% higher q-o-q. This growth was driven by the recovery of global and Russian economies as well as the ramp-up of production of new products at MMK.
- MMK HVA steel products output in Q1 2011 amounted to 931 thousand tonnes, which corresponds to the Q4 2010 level.
- In Q1 2011 MMK maintained shipments to the Russian domestic market, despite the seasonal economic slowdown. The domestic market accounts for 70% of MMK sales.

In money terms, shipments to Russia and the CIS accounted for 76% of total steel products sales in Q1 2011.

- Domestic shipments remained at the same level due to import replacement: MMK produces unique steel product that are in high demand in the domestic market.
- HVA steel products accounted for 43% of domestic shipments.
- Major clients of MMK in the domestic market remain pipe-makers, machinery building and car-making companies, which together accounted for 52% of domestic shipments in Q1 2011.
- MMK's domestic sales are focused in the Urals and Volga regions. Shipments to these regions accounted for 71% of domestic shipments and 50% of total shipments in Q1 2011. Demand for MMK steel in these regions grew by 3% in Q1 2011.
- MMK export shipments increased 40% in Q1 2011 to 809 thousand tonnes. The largest export markets for MMK remain the Middle East and Europe.
- 80% of export sales consisted of hot-rolled steel.

MMK production in Turkey

- Output of finished steel products at MMK-Atakas in Q1 2011 amounted to 28 thousand tonnes, which is 37% lower q-o-q. This decrease was due to the redistribution of commodity flows against the commissioning of new steel-making and rolling capacities and negotiations between owners of the business.

BELON COMPANY OPERATIONAL HIGHLIGHTS - MMK GROUP COAL SEGMENT

- Coking coal concentrate output in Q1 2011 amounted to 766 thousand tonnes.
- MMK coal segment sales in Q1 2011 amounted to USD 158 mln.
- Q1 2011 EBITDA amounted to USD 70 mln, taking EBITDA margin to 44%.
- Belon remains one of the key producers of fat base coking coal in Russia.

MANAGEMENT DISCUSSION OF THE MARKET ENVIRONMENT

Overall we expect Russian steel consumption to grow by 10% in 2011, mostly driven by pipe-makers and machinery builders. We also foresee somewhat stronger demand from the construction sector.

We expect MMK Group steel products output to increase 10-15% in 2011.

MMK's production growth will primarily come from the ramp-up of operations in Turkey and increased capacity utilization in Russia. We intend to continue increasing HVA steel product output as we reach maximum production capacity at Mill 5000 and plan to commission phase 1 of Mill 2000 in July of this year, with a focus on production of high-quality cold-rolled automotive steel.

We almost finished construction of our steel making facilities in Turkey. In late 2010 the cold rolling facility started operations, in March 2011 an electric arc furnace facility at the industrial complex in Iskenderun was commissioned and in May 2011 hot rolling mill was launched. At present the industrial complex is being ramped up to full production capacity.

MMK management will hold conference call on June 24, 2010 at 14.30 pm Moscow time, 11.30 am London time, 06.30 am New York time.

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Financial statements under IFRS is available at: http://eng.mmk.ru/for_investor/financial_statements/

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About MMK

MMK is among the world's largest steel producers and is one of the leaders of Russia's steel industry. The company's operations in Russia include a large steel producing complex encompassing the entire production chain, from preparation of iron ore to downstream processing of rolled steel. MMK turns out a broad range of steel products with a predominant share of higher value added products. MMK realizes MMK-Atakas project in Turkey with annual capacity of 2.3 mln tons of flat steel. In 2010 the company produced 11.4 mln tonnes of crude steel and 10.4 mln tonnes of commercial steel products. MMK Group revenue in 2010 stood at USD 7.719 bn, EBITDA at USD 1.606 bn, profit for the period - USD 232 mln.