



**MAGNITOGORSK  
IRON & STEEL  
WORKS**

OPEN JOINT STOCK COMPANY

# Presentation of MMK Group's financial statements for 1Q 2008 prepared under US GAAP



This presentation contains the selected data of MMK Group's financial statements.  
The details are in MMK Group's financial statements for Q1 2008 prepared under US GAAP.

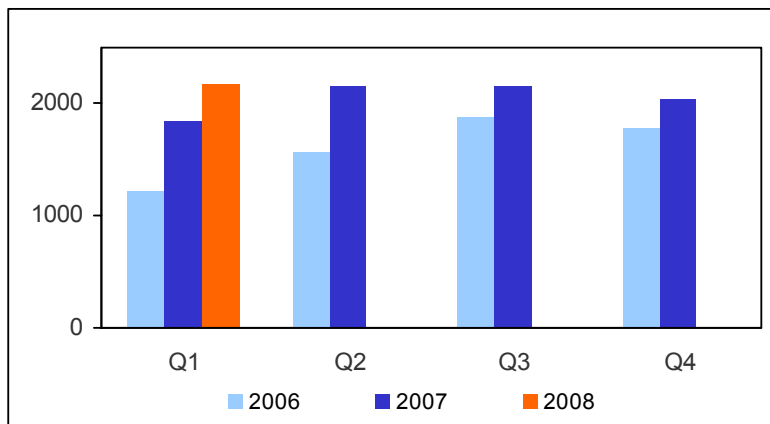
## MMK Group's profit & losses

	Q1 2008	Q4 2007	Change	Q1 2008	Q1 2007	Change
Revenue	2 169	2 047	122	2 169	1 845	324
Operating income	393	453	-60	393	449	-56
<i>Revenue margin</i>	<i>18,1%</i>	<i>22,1%</i>		<i>18,1%</i>	<i>24,3%</i>	
Income before tax and minority interest	455	510	-55	455	471	-16
<i>Revenue margin</i>	<i>21,0%</i>	<i>24,9%</i>		<i>21,0%</i>	<i>25,5%</i>	
Net income	271	379	-108	271	350	-79
<i>Revenue margin</i>	<i>12,5%</i>	<i>18,5%</i>		<i>12,5%</i>	<i>19,0%</i>	
Comprehensive income	477	648	-171	477	406	71
<i>Revenue margin</i>	<i>22,0%</i>	<i>31,7%</i>		<i>22,0%</i>	<i>22,0%</i>	
EBITDA*	465	521	-56	465	507	-42
<i>EBITDA margin</i>	<i>21,4%</i>	<i>25,5%</i>		<i>21,4%</i>	<i>27,5%</i>	

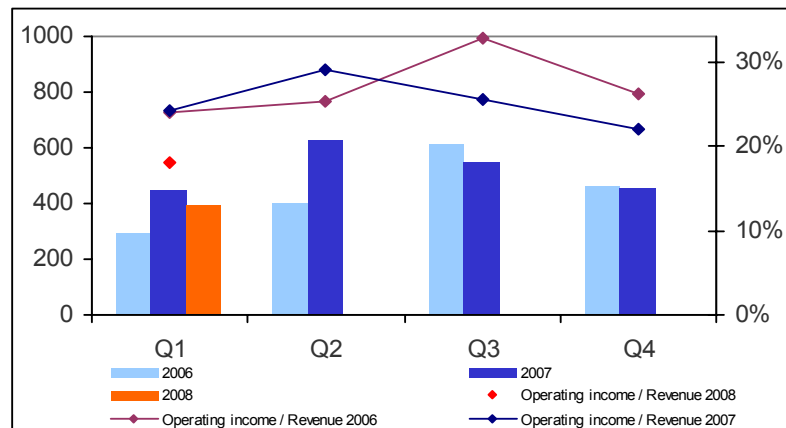
\* EBITDA = Operating income + Depreciation and amortization of the assets + Fixed assets retirement loss

## MMK Group's performance (quarterly-based)

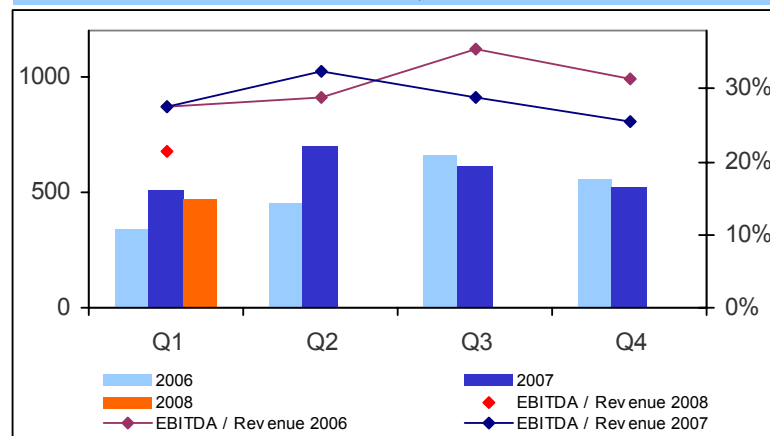
Sales proceeds, \$ m



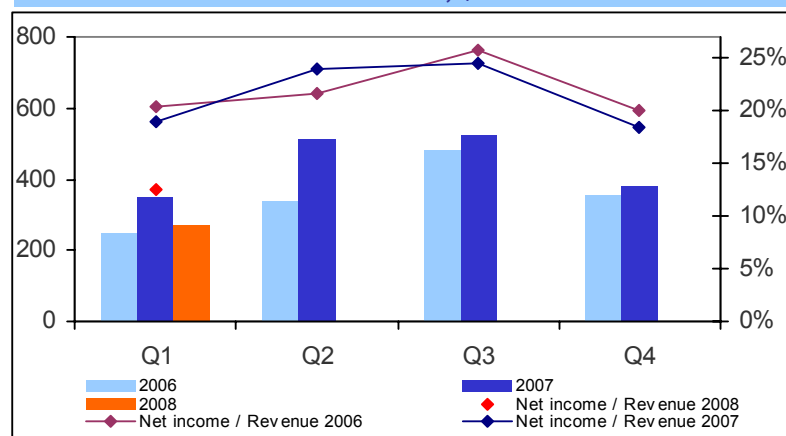
Operating income, \$ m



EBITDA, \$ m



Net income, \$ m



# MMK Group's key financials

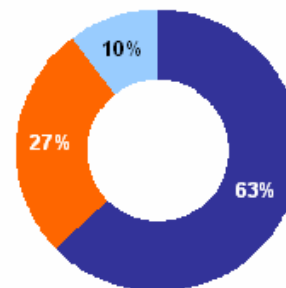
## MMK Group's sales, \$ m

	Q1 2008	Q4 2007	Change %	Q1 2008	Q1 2007	Change %
OJSC MMK revenue	1 364	1 117	22%	1 364	1 072	27%
Revenue of the traders, which are members of the Group	584	731	-20%	584	621	-6%
Revenue of the Group's other companies	221	199	11%	221	152	45%
Revenue, total	2 169	2 047	6%	2 169	1 845	18%



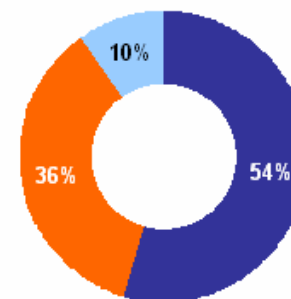
## MMK Group's sales in USD

### Q1 2008



■ OJSC MMK  
■ Traders\*  
■ Other companies

### Q4 2007



\* MMK Steel Trade AG  
MMK Trading AG



# MMK Group revenue structure

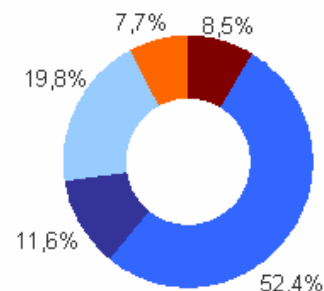
Revenue by products, USD

	Q1 2008	Q4 2007	Change %	Q1 2008	Q1 2007	Change %
Billets and slabs	185	182	1,6%	185	67	176,1%
Flat products	1 135	1 136	-0,1%	1 135	1 047	8,4%
Long products	252	205	22,9%	252	191	31,9%
Downstream products	430	367	17,2%	430	417	3,1%
Other products and services	167	157	6,4%	167	123	35,8%
<b>Revenue, total</b>	<b>2 169</b>	<b>2 047</b>	<b>6,0%</b>	<b>2 169</b>	<b>1845</b>	<b>17,6%</b>



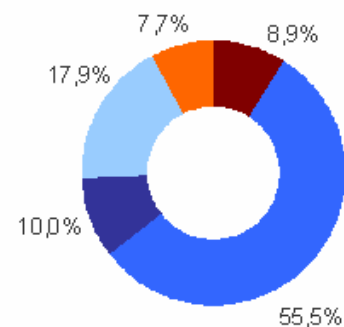
Revenue by products, %

Q1 2008



- Billets & slabs
- Flat products
- Long products
- Downstream products
- Other products & services

Q4 2007



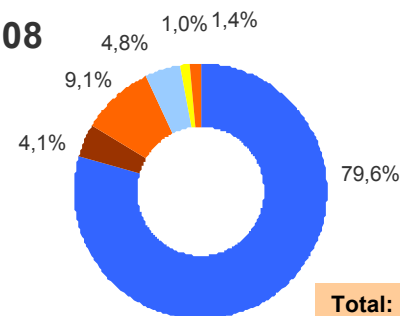
# MMK Group's operating expenses structure

## MMK Group's operating expenses, USD

	Q1 2008	Q4 2007	Change %	Q1 2008	Q1 2007	Change %
<b>Cost of sales (net of depreciation and amortization)</b>	<b>1 413</b>	<b>1 268</b>	<b>11%</b>	<b>1 413</b>	<b>1 110</b>	<b>27%</b>
<b>Depreciation and amortization</b>	<b>73</b>	<b>59</b>	<b>24%</b>	<b>73</b>	<b>49</b>	<b>49%</b>
<b>Commercial expenses</b>	<b>162</b>	<b>152</b>	<b>7%</b>	<b>162</b>	<b>131</b>	<b>24%</b>
<b>Administrative expenses</b>	<b>85</b>	<b>53</b>	<b>60%</b>	<b>85</b>	<b>64</b>	<b>33%</b>
<b>Social expenses</b>	<b>18</b>	<b>26</b>	<b>-31%</b>	<b>18</b>	<b>19</b>	<b>-5%</b>
<b>Taxes excluding income tax</b>	<b>24</b>	<b>26</b>	<b>-8%</b>	<b>24</b>	<b>19</b>	<b>26%</b>
<b>Fixed assets retirement (profit)/loss</b>	<b>-1</b>	<b>9</b>	<b>-111%</b>	<b>-1</b>	<b>9</b>	<b>-111%</b>
<b>Other operating profit</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>2</b>	<b>-5</b>	<b>-140%</b>

## MMK Group's operating expenses, %

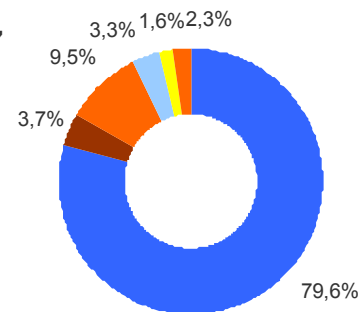
### Q1 2008



Total: USD 1,776 mln

- Cost of sales (net of depreciation & amortization)
- Depreciation & Amortization
- Commercial expenses
- Administrative expenses
- Social expenses
- Other operating profit and expenses

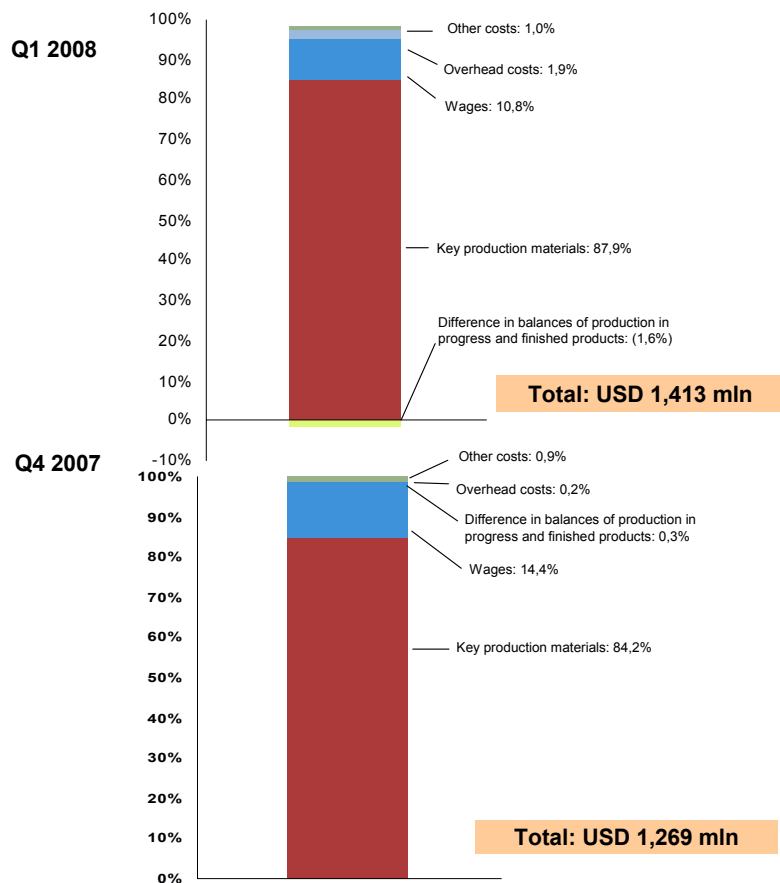
### Q4 2007



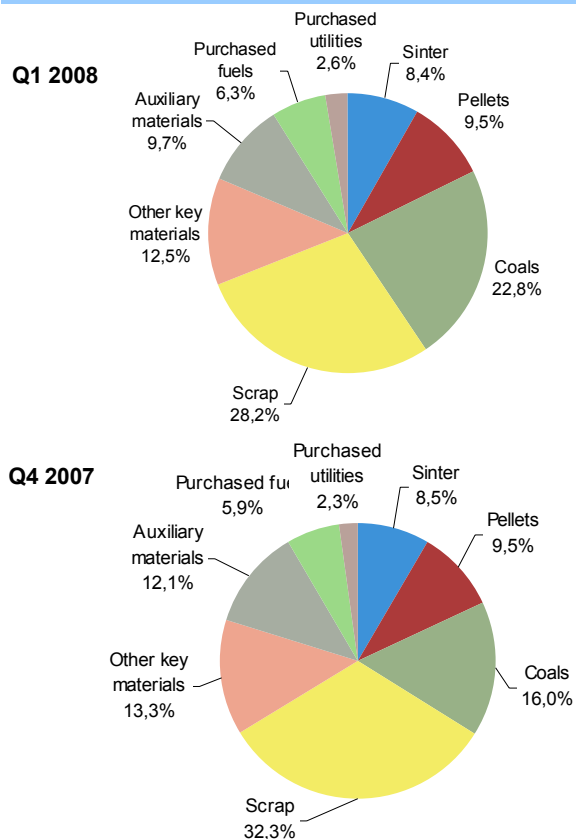
Total: USD 1,594 mln

# Product costs structure

Structure of cost of products sold



Structure of costs for OJSC MMK raw materials, USD<sup>(1)</sup>



Notes  
1. Includes only the expenses for OJSC MMK materials, which build up over 90% of the Group's costs

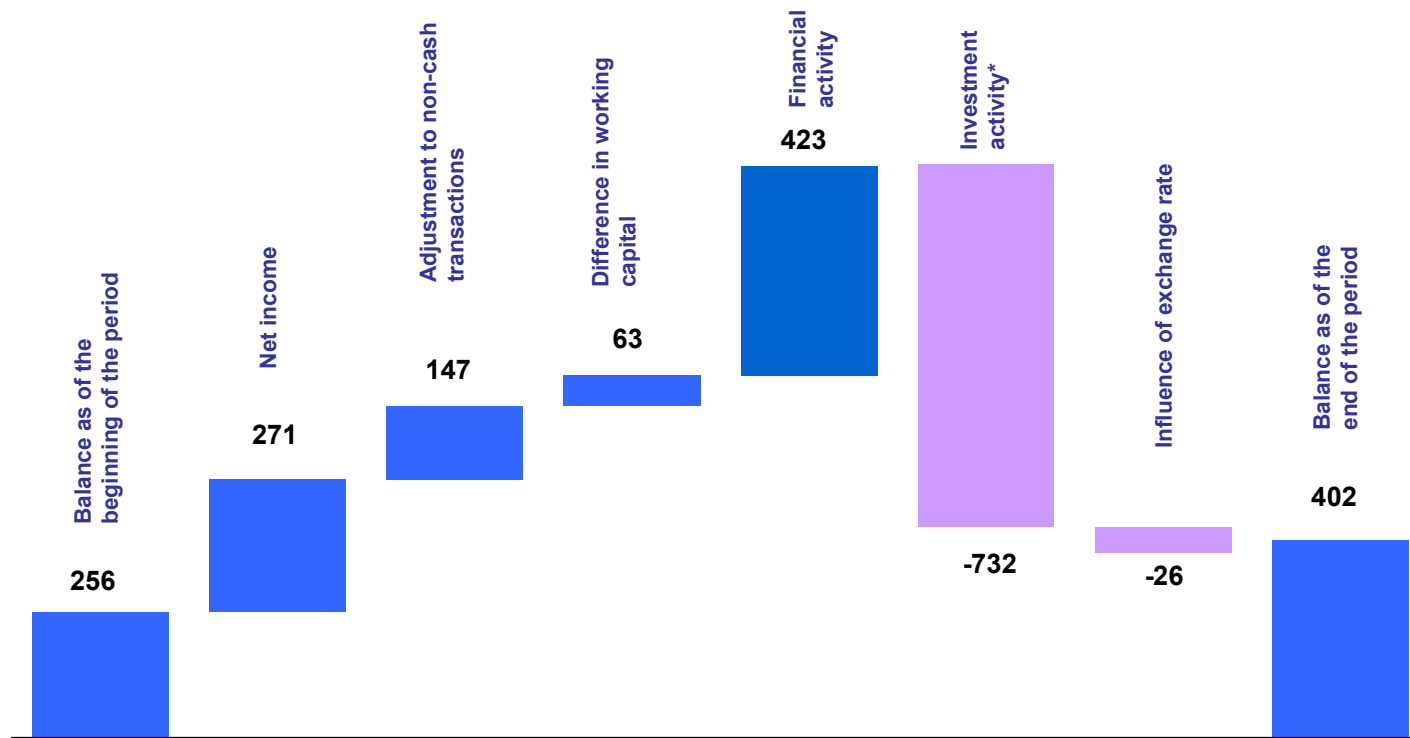
## MMK Group's balance sheet, USD m

	31.03.2008	31.12.2007	Change	%
<b>Current assets, including</b>	4 633	4 291	342	8,0%
<i>Cash and cash equivalents</i>	402	256	146	57,0%
<i>Short-term bank deposits</i>	1 334	1 279	55	4,3%
<i>Short-term financial investments</i>	356	393	-37	-9,4%
<i>Receivables including provisions for bad debt</i>	627	691	-64	-9,3%
<i>Inventory</i>	1075	946	129	13,6%
<i>Other receivables and current assets</i>	839	726	113	15,6%
<b>Non-current assets, including</b>	5 812	5 091	721	14,2%
<i>Fixed assets</i>	4 437	3 879	558	14,4%
<i>Other non-current assets</i>	1 375	1 212	163	13,4%
<b>Total assets</b>	10 445	9 382	1 063	11,3%
<b>Long-term liabilities, including</b>	583	550	33	6,0%
<i>Long-term loans, borrowings and financial leasing indebtedness</i>	215	230	-15	-6,5%
<i>Other long-term liabilities</i>	368	320	48	15,0%
<b>Current indebtedness, including</b>	2 431	1 921	510	26,5%
<i>Short-term loans and borrowings</i>	1 668	1 224	444	36,3%
<i>Trade payables</i>	289	326	-37	-11,3%
<i>Other payables and current liabilities</i>	474	371	103	27,8%
<b>Minority interest</b>	131	87	44	50,6%
<b>Equity</b>	7 300	6 824	476	7,0%
<b>Total indebtedness and capital</b>	10 445	9 382	1 063	11,3%



# MMK Group's cash flow

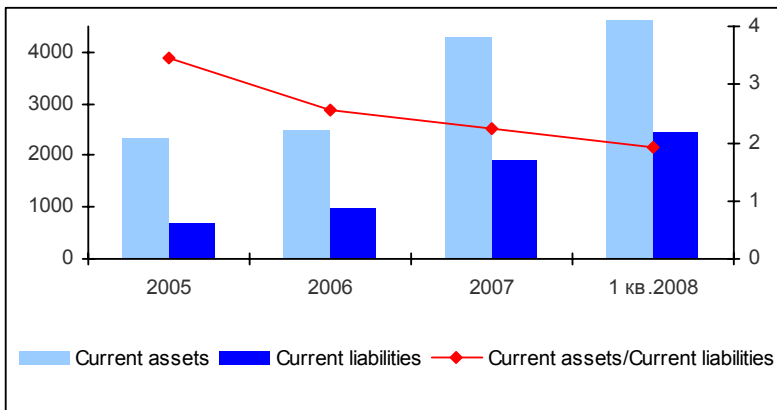
Change in cash balance for Q1 2008, USD m



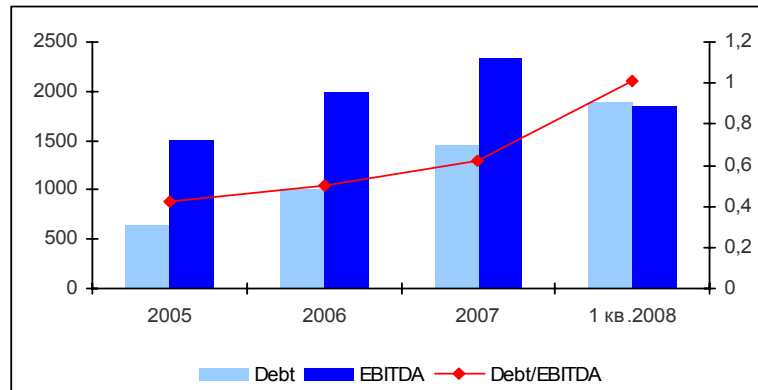
\* Investment activity: USD 499 mln – investments into fixed assets and intangible assets

# MMK Group's financial performance

### Current liquidity

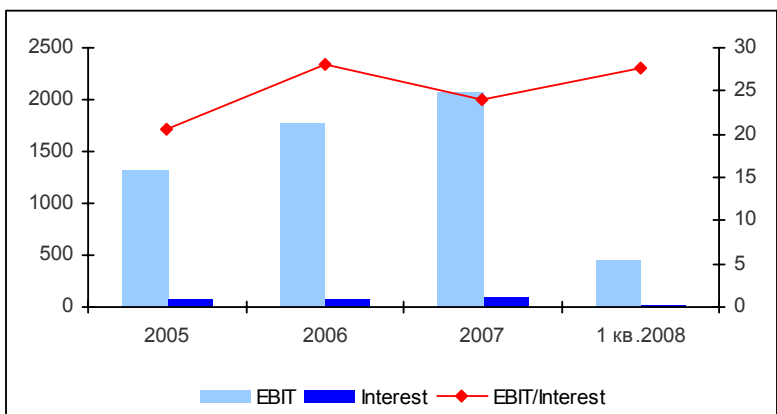


### Debt / EBITDA

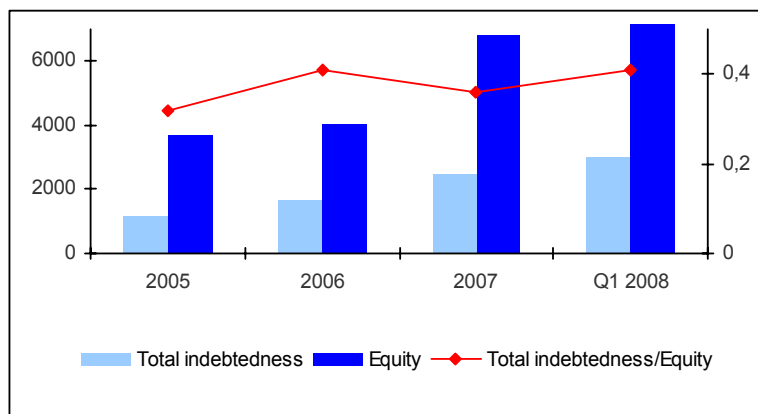


\* EBITDA for Q1 2008 = EBITDA for Q1 2008 \* 4

### EBIT / Interest



### Total indebtedness / Equity



## OJSC MMK production performance

'000 tonnes

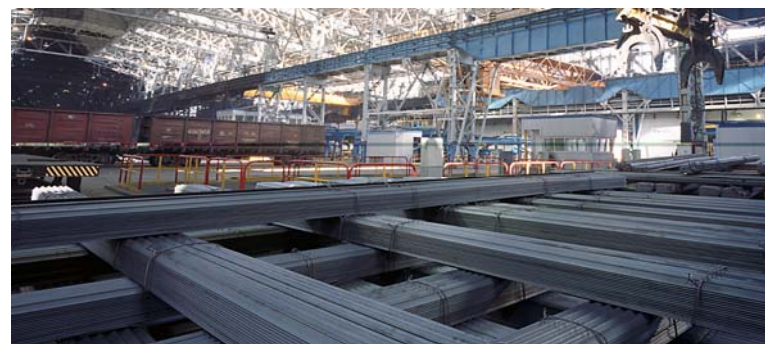
Item	Q1 2008	Q4 2007	Change	Q1 2008	Q1 2007	Change
Coke (6% of moisture)	1 467	1 307	160	1 467	1 287	180
Pig iron	2 613	2 285	328	2 613	2 298	315
Steel (output)	3 598	3 327	271	3 598	3 145	453
<i>Including EAF Shop</i>	<i>941</i>	<i>823</i>	<i>118</i>	<i>941</i>	<i>719</i>	<i>222</i>
<i>BOF Shop</i>	<i>2 657</i>	<i>2 504</i>	<i>153</i>	<i>2 657</i>	<i>2 425</i>	<i>231</i>



## OJSC MMK's commercial steel products structure

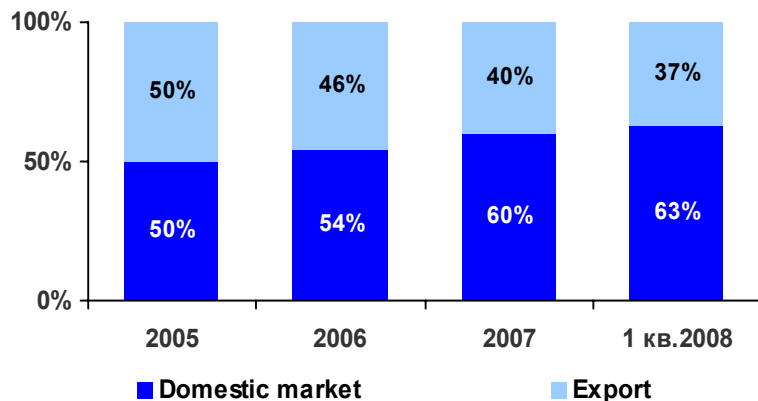
'000 tonnes

Products	Q1 2008	Q4 2007	Change	Q1 2008	Q1 2007	Change
Billets & slabs	431	388	42	431	135	296
Long products	485	404	81	485	456	29
Flat products	2 023	1 957	67	2 023	1 979	43
Downstream products	349	358	-9	349	359	-11
<b>Commercial steel products</b>	<b>3 287</b>	<b>3 106</b>	<b>180</b>	<b>3 287</b>	<b>2 930</b>	<b>357</b>

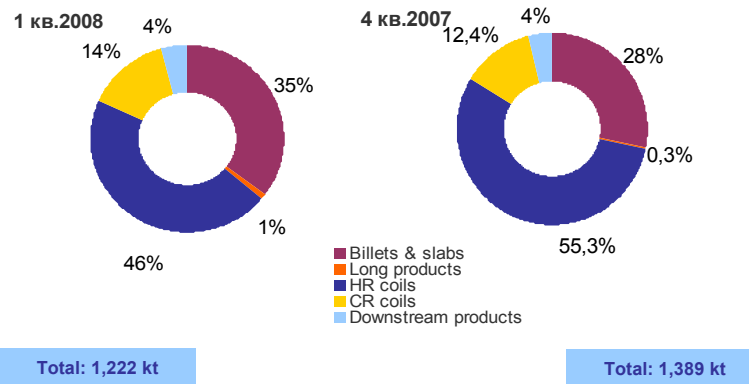


# OJSC MMK's commercial steel products structure by market

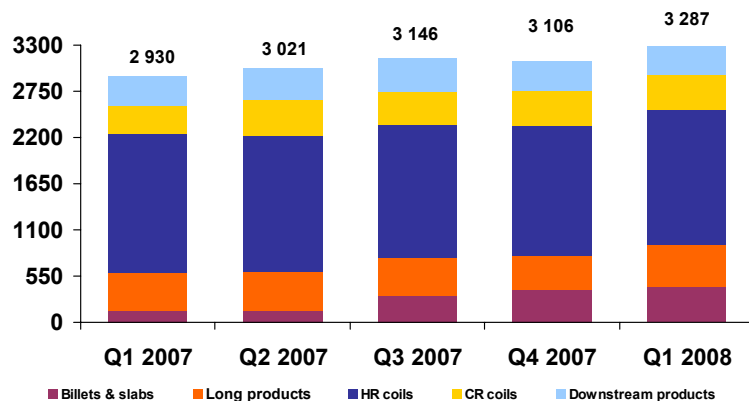
Domestic sales growth, tonnes



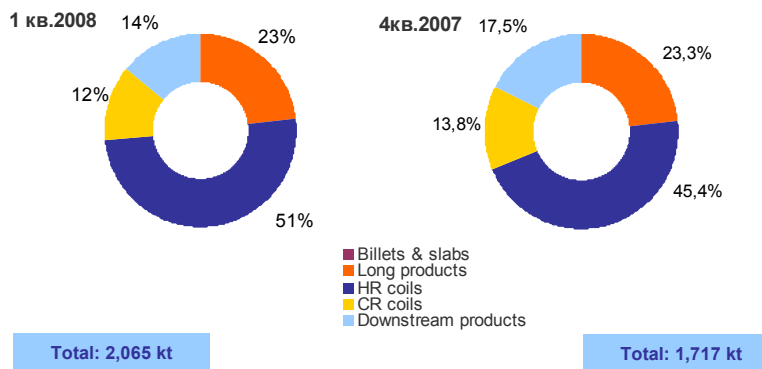
Export shipments structure



Shipments structure, tonnes



Domestic shipments structure



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